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**Speech of the Hon'ble Pandit
Godavaris Misra, Finance Minister,
Orissa, in introducing the Revised
Budget Estimates of the Province of
Orissa for the year 1941-42.**

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Minister, Orissa, in introducing the Revised Estimates
for the year 1941-42 to the Orissa
Legislative Assembly.**

SIR,

I rise to present to the Assembly the Revised Budget of the Province of Orissa for the year 1941-42, which together with an Explanatory Memorandum, is already in the hands of Hon'ble Members having been posted to them on the 2nd February 1942. As it is not usual to present a Revised Budget to the Assembly in the middle of the financial year, I shall explain why this course has been adopted on the present occasion. A Budget for the whole of the year 1941-42 had been prepared and sanctioned by the Governor in exercise of the powers assumed under the Proclamation issued under section 93 of the Government of India Act. If the Proclamation under section 93 of the Government of India Act had continued, this Budget sanctioned by His Excellency with supplementary estimates to the extent necessary would have remained in force for the whole year. But Government were advised that with the revocation of the Proclamation under section 93 of the Government of India Act the Budget sanctioned by the Governor ceased to have force and the balance of the grants which remained unspent on the date of revocation, i.e., on the 23rd November 1941, could not be available for further expenditure. The unspent balance lapsed so to speak and fresh grants have to be voted by the Assembly for expenditure from the 24th November 1941 to the end of the current financial year. Thus the statutory position made it incumbent on the Ministry to compile a Revised Budget to obtain supply of funds from the Legislature for the unexpired portion of the financial year subsequent to the date of revocation of the Proclamation, and having regard to the shortness of the time at our disposal it has been only possible for us to present a Revised Budget to-day before the House. I will explain briefly the form of the Revised Budget we have adopted to make it acceptable to the Assembly.

2. The method that has been adopted is to make the Revised Estimates of the expenditure for the whole of the current financial year on the basis of the latest available information. These estimates will be found in column 2 of the Revised Budget. In column 3 has been shown the expenditure incurred up to 23rd November 1941. The figures in this column include expenditure up to end of October 1941 as recorded in

the books of the Accounts Office *plus* in the case of pay heads and contributions or grants, expenditure incurred in November 1941 and in the case of other heads, 23/30 of actual expenditure for the month of November. But since accounts are compiled for complete months and appropriation audit is conducted only against the sums provided for the whole year, the figures shown as expenditure up to 23rd November 1941 are based on rough calculations in some cases and will not be utilised for purpose of appropriation audit. The Assembly will be requested to discuss (and in the case of votable expenditure, to vote) such sums (which cannot be accurately specified) as, together with the sums spent up to 23rd November 1941, would make up the Revised estimated expenditure of the whole year. The result will then be that the total sum provided for the whole year will be equal to the Revised Estimates for the whole year and appropriation audit will be conducted against those total Revised Estimates. I believe, I am now clear why the total Revised Estimate is placed before the House though the House is really only concerned with the portion of the expenditure occurring since 24th November 1941 inclusive. I must explain one further point. Ordinarily, the Budget placed before the Assembly contains details of primary units, but in the Revised Budget presented by me to-day only summaries by sub-heads have been given. The details could not be given because accounts of expenditure are not kept by the Comptroller by detailed heads and therefore expenditure incurred up to 23rd November and estimate of expenditure required from 24th November by these detailed heads could not be worked out. Details of the Revised Estimate will, however, appear in the Annual Budget of 1942-43 which will be presented to the Assembly in March next.

3. Before presenting the Revised Budget of 1941-42 I shall endeavour to explain in brief to the House how the Government of Orissa fared during the course of the last financial year, i.e., 1940-41. The year opened with a balance of Rs. 15.90 lakhs. Actual revenue was Rs. 1,99.00 lakhs and expenditure charged to revenue was Rs. 1,87.84 lakhs. There was thus a revenue surplus of Rs. 11.16 lakhs. The transactions under debt, deposit and remittance heads showed a net disbursement of Rs. 11.48 lakhs, i.e., disbursements exceeded receipts by Rs. 11.48 lakhs owing mainly to large investments in treasury bills. The net result was that the year actually closed with a balance of Rs. 15.58 lakhs and this was the actual opening balance of the current year.

Now coming to the current year, according to the original estimate, this year was to start with an opening balance of

Rs. 4.25 lakhs only, but as stated above the year actually opened with a balance of Rs. 15.58 lakhs. The improvement in the opening balance was brought about by an increase in the revenue receipts and a decrease in expenditure on revenue account. The opening balance of Rs. 15.58 lakhs included Rs. 6.49 lakhs on account of Government account, that is the revenue surplus carried forward from year to year.

4. In the Revised Estimate, revenue is estimated at Rs. 2,05.61 lakhs and expenditure on revenue account at Rs. 1,96.86 lakhs. The year's revenue surplus is therefore expected to be Rs. 8.75 lakhs. This will raise the balance in the Government account from Rs. 6.49 lakhs at the beginning of the year to Rs. 15.24 lakhs at the close of the year.

5. I shall now explain in brief our prospects of revenue under important heads. The original estimate of revenue was Rs. 1,92.74 lakhs. The Revised Estimate which is Rs. 2,05.61 lakhs is better by Rs. 12.87 lakhs. Receipts from taxes on income which are assigned by the Central Government are expected to be Rs. 6.04 lakhs more than was originally budgeted for. Land revenue is likely to yield Rs. 2.51 lakhs more mainly due to realisation of arrears of land revenue and recovery of survey and settlement charges in respect of certain estates in Ganjam. Excise revenue is expected to be more by Rs. 1½ lakhs mainly on account of increased rates of duty on all excisable articles in Ganjam and Koraput. Improvement in Forest revenue is expected to be Rs. 1.54 lakhs due to the larger sale of timber and fuel and supply of timber to the War Board and exceptionally good prices obtained for auction of coupes.

6. Then comes expenditure on revenue account. As already stated above the estimate of expenditure on revenue account has been put at Rs. 1,96.86 lakhs against Rs. 1,90.59 lakhs in the originally sanctioned estimate. Expenditure during the year will therefore be Rs. 6.27 lakhs more than originally budgeted for. Increased expenditure of Rs. 1.35 lakhs has been allowed under 'Land Revenue' mainly due to settlement operations in the Koraput Agency. Expenditure in the Forest Department will be Rs. 0.54 lakhs more solely on account of supply of timbers, etc., to the War Board for which necessary recovery will be made from the Government of India, which has been provided for on the receipt side. Expenditure under 'General Administration' will be more by Rs. 0.68 lakhs mainly under 'Legislative Assembly' and 'Civil Secretariat'. Due to the rise in the jail population and increased rates of dietary articles expenditure in Jails is likely to be increased by Rs. 0.67 lakhs. Civil Works expenditure is expected to rise by Rs. 1.22 lakhs. Separate arrangements have been made in the Orissa

Government Press for the printing and supply of forms which was hitherto being obtained from Bihar on payment. Expenditure under 'Stationery and Printing' is likely to be Rs. 0.66 lakhs more partly on the above account and partly for final adjustments with Bihar in connection with the supply of forms. Nearly half a lakh has been provided under "Miscellaneous" on account of air raid precautions.

7. *Orissa Famine Relief Fund.*—The Famine Relief Fund was constituted under the Orissa Famine Relief Fund Regulation, 1937. The Regulation was amended by an Act of the Legislature, viz., Act IX of 1938. The constitution of the Fund is that if the balance in the Fund at the end of any year is less than ten lakhs the Fund is credited in the next year out of the provincial revenues with a sum which together with such sums as may be spent on the objects of the Funds in that year, will not be less than Rs. 1,25,000 and not more than Rs. 1,50,000. When the Fund exceeds Rs. 10 lakhs the excess may be utilised in the execution of protective irrigation works and other works required for prevention of famine, the grant of loans to cultivators, commutation of pension and subject to certain restrictions laid down in the Act, other capital expenditure. The balance at the credit of the Fund at the beginning of the year consisted of Rs. 1,24,221 in cash and Rs. 9,89,203 invested in Government of India securities. The transactions of the current year consist of a receipt of Rs. 31,910 on account of interest receipt and an expenditure of Rs. 5,000 on account of gratuitous relief so that at the end of the year we will have a balance of Rs. 11,40,334 including Rs. 1,51,131 in cash and Rs. 9,89,203 in Government securities. Happily there was no serious flood in the current year and consequently expenditure on gratuitous relief was not heavy and was met from the excess balance in the Fund.

8. The Fund created for buildings needed for the new Province had a balance of Rs. 34.69 lakhs at the beginning of the year. The effect of the current year's transaction is a net addition of Rs. 2.22 lakhs, so that at the end of the year the Fund's balances would stand at Rs. 36.91 lakhs.

9. I now proceed to mention certain important schemes dealt with in the Revised Estimate.

10. *Survey and Settlement operations.*—Under the provisional settlement programme it was intended to take up the survey and settlement of the Agency tracts in the Ganjam district next after the settlement of the plains area of that district which was first taken up. Later on it was decided that the survey and settlement of the whole of the

Koraput district should be taken up next in order, by opening six camps in Nowrangpur taluk in addition to theodolite traverse operations by the Bihar survey party in 5 per cent of all villages in the taluk. A total provision of Rs. 1,49,000 has been included in the Revised Budget for the settlement operations. The cost of the settlement is roughly estimated to be Rs. 25 lakhs which will be spread over a period of 10 to 12 years.

11. *Prohibition Scheme*.—The budget for the year as originally authorised assumed that the experiment of opium prohibition should be continued during the current year though at a reduced cost and a total provision of Rs. 45,398, viz., Rs. 35,248 for preventive Excise staff and Rs. 10,150 for curative medical staff was made in the Budget originally sanctioned and this sum has been allowed to stand in the Revised.

12. In the Forest Department an extra Rs. 43,000 will be expended this year for supply of timber to the War Board and the cost will be recovered in full.

13. In the Irrigation Department, it was necessary to undertake repairs to certain canals and embankments as protective measures on the recommendation of the Orissa Flood Advisory Committee. Important among them are protection of the embankment at Danpur (cost Rs. 14,700), special repairs to the Baitarani Right Embankment (cost Rs. 10,000) and reconstruction of the abandoned Khandaria and Dhanua right embankment (cost Rs. 10,000). Besides a provision of Rs. 1.18 lakhs has been allowed in the Revised Budget for maintenance and repairs to Orissa Canals and embankments in the Orissa Circle.

The Project Division which was constituted to examine minor irrigation schemes has not made considerable progress in its investigation and the division was, therefore, abolished from September last though the subdivisions under it still exist. The Tank Restoration Subdivision at Berhampur has been tagged on to the Ganjam Division to enable the investigation of tanks in the Ghumsur Taluk to be continued. The progress made so far shows that the investigation of tanks will be completed by the end of August 1943. The Project Subdivision at Angul, which was created to look after the Patrapara Scheme, has been tagged on to the Sambalpur Division and the life of the above subdivision has been extended up to 31st March 1942.

The creation of a temporary division for drainage and flood control work was sanctioned from 1st April 1938 and the temporary division is being continued, its activity being confined to collection of data, and investigation of other works recommended by the Flood Advisory Committee. The Committee

has not yet finished its labours but effect is being given to some of its more important recommendations as opportunity arises and funds permit.

14. Expenditure from the Government of India's grant for economic development and improvement of rural areas has been slow in the past. A sum of Rs. 2,74,388 was received from the Governments of Madras and Bihar up to end of 1938-39 on account of Orissa's proportionate share in the unspent balances of the grants made by the Central Government before 1st April 1936. Subsequently the Government of India sanctioned grants of Rs. 1,27,000 in 1939-40 and Rs. 1,00,000 in 1940-41 for rural development against their promised grant of Rs. 4 lakhs for Orissa. Against the total sum of Rs. 5,01,388 received so far expenditure on rural water-supply and communications has been as shown below:—

				Rs.
1936-37	...	...	...	1,01,543
1937-38	...	...	...	84,997
1938-39	...	...	...	53,594
1939-40	...	...	...	1,35,845
1940-41	...	...	...	65,857
				<hr/> 4,41,836 <hr/>

Expenditure on several other items, e.g., cattle-breeding operation and expenditure on an Agriculture Farm in the Khond area at G. Udayagiri was also authorised by the Government of India out of the above grant. Total expenditure up to end of 1940-41 on these schemes was Rs. 23,640. The total expenditure incurred up to 31st March 1941 on the various schemes mentioned above therefore stood at Trs. 4,65 against a grant of Trs. 5,01 received. There was therefore a balance of Trs. 36 at the end of 1940-41. As stated above Orissa having received Rs. 2,27,000 out of the promised grant of Rs. 4 lakhs, has yet to receive the balance of Rs. 1,63,000. A provision of Rs. 91,000 has been made in the Revised Estimate and the Government of India will be approached for necessary grants. At the end of the year there should therefore be a balance of about Rs. 1,08,000 held by the Government of India for expenditure in Orissa.

15. The War brought about a need for expanding the Police force and the Police expansion scheme was sanctioned in 1939 to provide guards for buildings against sabotage, for watching the coast and other purposes. An increase in the force was, therefore, made in 1939 and provision for this has been continued in the Revised Budget which provides Rs. 66,000

for the scheme out of which Rs. 53,000 is expected to be recovered from the Central Government. The War also impressed on all the need for an Emergency Police force which was entertained at Cuttack for a period of one year in the first instance from 1st December 1939 with a staff of one Superintendent of Police, one Sergeant-Major, 2 sub-inspectors, 8 armed havildars and 100 armed constables and the staff is being continued and will do so till it is found possible to convert it into a Provincial Armed Reserve recruited and trained locally. A provision of Rs. 68,000 has been included in the Revised Budget for this force. A provision of Rs. 3,000 has been included in the Revised for expenditure on Civic Guards. Owing to the nearer approach of the War, it may be necessary to incur greater expenditure under this head and proposals for increasing the guard are under examination.

16. In the Education Department Government have created additional posts of lecturers in English, Philosophy and Oriya in the Ravenshaw College as a result of the great increase in admissions of students. The cost involved in the current year is Rs. 4,000. Provision for teaching of Honours in Oriya, which should have been made at the beginning of the session in July 1941, was made so late as January 1942 because of the demand. I am glad to say that it has proved very popular and hope that it will open up the way to speedy development of the Oriya language and literature on which, to a great degree, depends the growth of the province. It will be understood that the efficiency of the Honours teaching will determine how soon post-graduate teaching in the Ravenshaw College in Oriya can be started. A provision of Rs. 5,000 has been included in the Revised Budget for aiding Sanskrit institutions in South Orissa as it was apprehended that a large number of institutions would have to be closed if additional grant was not sanctioned. In the Government Middle English school for girls at Sambalpur the opening of class IX was authorised in the current year.

While still on the Education Department, it will not be out of place to refer to the commitment made by Government in connection with the establishment of a University Training Corps in Orissa. The Oriyas were a great fighting race not in the very remote past and were proud of an extending empire till after the advent of the seventeenth century. Even under British conquest of India Orissa was one of the later kingdoms to fall. This was due to the bravery and skill of her peasant militia. It is unfortunate that the fighting instinct of the people has not been fostered. Even now, when there is an unquestionable need for raising a battalion in this Province, the

matter has not been taken up in right earnest. The recruiting authorities have said that it is at present not necessary to enrol men in Orissa for a regular army. For the defence of our shores which are open to the danger of attack by sea we have, therefore, to look up to soldiers requisitioned from other provinces.

17. Under Medical and Public Health extra amounts have been provided for certain schemes of which the following are noteworthy. A sum of Rs. 1,000 has been provided for a grant to the Jajpur Municipality to complete the construction of a Maternity Ward for the Jajpur Subdivisional Hospital. A sum of Rs. 6,000 has been provided for a grant to the Cuttack Municipality to combat the mosquito menace in the town. A sum of Rs. 18,000 has been provided for certain urgent Public Health Works, viz., flushed septic tank latrine in the Puri Jail and a reinforced concrete water tower at the Cuttack General Hospital.

18. As a result of the partial introduction of the scheme of reorganisation of the Agricultural Department in the current year it was necessary to create three posts of Agricultural Supervisors whose duty is to supervise the work of the Agriculture overseers in charge of demonstration and propaganda work. There was no arrangement before for the supervision of the work of these overseers as most of the time of the Assistant Director of Agriculture was devoted to see to the working of the various research schemes in progress in the Province. A provision of Rs. 4,000 has been included in the Revised for these supervisors.

19. Government have retained the control of the Central Co-operative Banks in North Orissa though at a substantial degree of financial assistance. The Revised provides for a grant of Rs. 29,000 to the Central Banks in North Orissa towards the cost of establishment of these banks. The Central Banks in North Orissa were debtors to the Bihar and Orissa Provincial Co-operative Bank and a settlement was made in 1939 by which the Provincial Bank agreed to discharge the debt on receipt of a sum of Rs. 3,75,000 which the Government of Orissa undertook to pay in 8 annual instalments free of interest beginning from 1939-40. The Government of Orissa have made an arrangement to recover the dues from the Central Banks which are now payable to the Provincial Government as successor-in-interest. A recovery of Rs. 59,000 was made in 1940-41 and Rs. 70,360 will be recovered in the current year.

20. Now coming to the Industries Department I should mention that work in the Orissa School of Engineering has expanded temporarily so as to make it more useful for training the mechanics so badly needed for Munition Work. An

extra expenditure of Rs. 13,000 has been provided on account of the War Technician Scheme referred to above the whole of which expenditure will be recovered from the Government of India. Three training centres have been established at Cuttack, Balasore and Rayaghada. But one regrettable feature in this connection is that an adequate number of trainees is not forthcoming in spite of efforts of all kinds. This is said to be associated with the desire of the younger sections of our people from which recruitment is to be made to avoid taking an intimate share in the preparations through which the defence of the country can be provided for.

21. Provision has been made in the Civil Works Budget for expenditure on communications financed from the Government of India's reserve in the Central Road Fund. The following is the list of items which are all works in progress. The amount required for expenditure in a particular year is received as a grant from the Central Government in that year:—

	Rs.
(a) Construction of a bridge between Jajpur and Jajpur Railway station.	45,456
(b) Construction of a bridge and a metalled road from Koraput to Rayaghada.	24,835
(c) Constructing a bridged moorum road from Sohella to Nawapara.	1,13,374
(d) Improvements to the Rairakhol portion of Cuttack-Sambalpur road.	6,000
(e) Constructing a link road from Nawapara to Nawapara Halt Railway station.	1,279
(f) Construction of a bridge over the Malti river on the road from Sambalpur to Deogarh near the Bamra State border.	2,000
(g) Improvement to the road from Bhadrak to Chandballi.	3,30,000
(h) Reconstruction of a bridge over the Barjora nalla on the Cuttack-Angul section of the Cuttack-Sambalpur road.	1,570
Total	5,24,514

There are certain other road projects which are financed from the Province's ordinary share in the Central Road Fund. Let me describe briefly what the Province's ordinary share is. The Government of India distribute certain sums from

their Central Road Fund to the provinces for expenditure on approved projects. So long as there is an unspent balance with the Provincial Government, the Government of India do not actually pay anything to provinces but the accumulated sums are held by the Government of India. The total amount held by them for expenditure in Orissa on 30th September 1940 was Rs. 2,78,425. The following works which are in progress are financed from the provincial allocation which the Government of India had already paid to this province, and of which there was a balance of Rs. 59,000 in the hands of this province at the beginning of this year :—

	Rs.
(i) Construction of a bridge over the Monaguni river on the Cuttack-Madras Trunk road.	2,520
(ii) Constructing a vented road dam over Sapta-dhara river on Katta-Malkangiri road.	18,000
(iii) Constructing a submersible bridge across Kerada Gedda at mile 15/3.4 Parvatipur-Central Provinces road.	3,082
Total	23,602

Besides the above projects Rs. 6,000 has been allotted from the provincial revenues for expenditure during the current year on the project of linking the Angul-Sambalpur road with the Talcher Railway Station.

The Revised Estimates also provide for a grant of Rs. 27,650 to local bodies for improvement of communications and Rs. 10,000 to the Cuttack municipality for the same purpose. These grants form part of the lump grants of one lakh to local bodies in general and Rs. 30,000 to the Cuttack municipality in particular for communications to which Government were already committed.

22. A certain amount of taccavi loans advanced in villages of the Puri district was found to be irrecoverable owing to deterioration of the economic condition of the cultivators on account of successive failure of crops. Government have therefore decided to write off the outstanding sums aggregating Rs. 5,400 and the Revised provides for a write off of this sum.

23. With the threat to India from the Far East it has become necessary to organise Air Raid Precaution arrangements for Orissa on a very much larger scale than was previously considered necessary. A whole-time A. R. P. officer has been appointed for the Province with effect from

September 1941 and an elaborate scheme has been drawn up for Cuttack for the protection of the town in the event of air raids. Similar schemes on a smaller scale are being drawn up for Puri and Balasore. A total provision of Rs. 52,000 has been included in the Revised Estimate for Air Raid Precautions in the three districts. While framing the Revised Estimates it was thought that a part of the cost would be recovered from the Central Government and consequently a credit of Rs. 5,000 was taken into account in the Revised. The intention then was that the first crore of rupees spent in any province on A. R. P. expenditure would be pooled half and half between the province and the Central Government. But, shortly afterwards, the arrangements were reviewed during a conference held in Delhi in January. The Government of India had found that the commitments of the Central Government on account of the war have increased so enormously that their assistance to Provincial Governments for A. R. P. and Civil Defence must be to some extent reduced, particularly in view of the fact that, owing to an increase in the receipts under Income-tax, unexpectedly large amounts were accruing to the provinces as their share of the tax. It was, at the same time, observed that it was necessary to secure greater latitude to the provinces in putting into effect immediately such measures as were considered necessary for A. R. P. and Civil Defence, since, with the approach of the war, prompt action in such measures is necessary and they cannot be allowed to be held up for settlement of financial details between the provinces and the Central Government, which is necessitated when all expenditure is shared. The revised arrangements have not yet been finally settled, but it is expected that they will be on the following lines, that each province will pay for its A. R. P. and Civil Defence measures up to a certain amount each year; this first slab will vary from province to province, and it is expected that, in Orissa, the first slab will be five lakhs. For the next five lakhs of expenditure on A. R. P. above that five lakhs, the liability will be divided between the province and the Central Government half and half, and for the next slab of five lakhs, the Government of India will pay $\frac{3}{4}$, and, for all subsequent expenditure on these measures in the same year, they will pay $87\frac{1}{2}$ per cent. Thus, of an expenditure of five lakhs in any year, nothing is to be recovered from the Government of India; on the other hand, for expenditure beyond that, the portion paid by the Government of India gradually increases. Thus, in the current year, no recovery is expected from the Government of India. We are now pushing ahead with our A. R. P. measures, and we must recognise that such measures as are

necessary must be taken and that we cannot allow financial considerations unduly to stand in the way. Nation-saving has become more important than nation-building for the time being.

24. The only other large new expenditure is under the head "Stationery and Printing" where, as already stated, a provision of Rs. 40,000 has been made for the opening of a Forms Department in the Orissa Government Press and Rs. 19,000 for additions to Plant and Furniture in that Press. This is in accordance with the recommendation of the Press Committee.

25. To sum up, then, our revenue for the year is expected to exceed our expenditure by Rs. 8.75 lakhs. It is not my business to review the whole course of events from the 1st April 1941, since the Ministry are responsible only from the date when they took office in November. Financial policy in the past has been cautious, partly at one time because it was not clear what effect the general policy in regard to Excise might have on excise revenue, which forms one of the substantial supports of the provincial revenues. Other items of revenue are inelastic, though there has been some increase in the revenue under "Stamps", owing to the amendment of the Stamp Act bringing the rates more or less into line with those in effect in South Orissa. On the other hand, while land revenue remains more or less a fixed amount, our receipts from income-tax have grown somewhat better than might have been expected, and, were we now at peace, there might be some room for cautious expansion. Honourable members will, however, agree that it is impossible in times like these to do more than carry on with care and prudence, making only such improvements as are clearly necessary and as circumstances permit.

I cannot close this speech without a word of thanks which the Finance Secretary and his staff so rightly deserve from me. They had to face the labours of preparing two budgets—one for the latter portion of the current year and the other for the next. It is, as already observed, the former one which involved an unusual amount of care and trouble and required more attention and correspondence. But for their unstinted help it would not be possible for me to present the Budget this morning.

