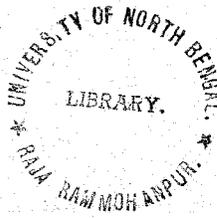


# BUDGET SPEECHES

*(From 1937-38 to 1957-58)*



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**PART I**

**1937-38 to 1947-48**

**Speech by the Hon'ble Mr. N. R. Sarker, Finance Minister, in presenting  
the Budget for 1937-38**

*(Presented on the 29th July, 1937)*

Mr. Speaker, Sir, as I rise to present the Budget Estimates I am imbued with a sense of the gravity and importance of the occasion. Through the vicissitudes of years and the anguish of long-deferred hopes, we have slowly emerged into a brighter day. Now for the first time in our political history a member elected by the people stands before a wholly popular and elected Legislative Assembly to present estimates for the receipts and expenditure of the Province. The recent changes which have rendered this possible constitute a conspicuous landmark on the road to our political freedom. If we are not yet the complete arbiters of our national destiny, we have become important factors in the determination of our fortunes. The fact that we are the first ushers of the change should endow us with a great sense of responsibility. Let it not be said of us that we failed to make the most of a great opportunity or that when the door at last opened to a nation's ceaseless knocking we failed to enter. My heart is filled to-day with both pride and anxiety—pride that it should fall to my lot to be Bengal's first responsible Minister of Finance and anxiety lest the great responsibility which my position entails should prove too heavy a burden for my weak shoulders. But I take heart from the conviction that with our increased opportunities of service will come strength, and wisdom to face our task, and determination on the part of the people to support all honest endeavours to utilise those opportunities for the national good.

Recent developments in the larger sphere of our politics are also very heartening. The decision of the Congress to accept office in the six provinces in which they have secured a majority has, indeed, come at a crucial moment. At a time when a nervous hesitation or unhelpful opposition might have robbed the country of a great opportunity, the premier political party in the country has shown that it prefers to be on the side of service and constructive endeavour. It would have been disastrous if the Congress had not risen to the occasion through wise statesmanship and political sagacity. The remedy for the deficiencies in our constitution lies not in keeping it at arm's length but in discovering and removing the obstacles that appear in our task of mass-uplift. To-day I am happy to feel that all over India, the urgent problems of national reconstruction are being essayed by popular Ministers in full enjoyment of the support and inspiration of popular assemblies. If all of us now move in step undaunted by the heavy task that lies ahead and determined to grapple the problems that confront us, I feel sure that we shall not only succeed in achieving something for the economic welfare of the people but also make considerable progress in our march towards our political goal.

For this happy and almost dramatic turn in the political situation we have to thank the unerring political insight and far-seeing vision of Mahatma Gandhi as well as the generous spirit and high statesmanship of His Excellency the Viceroy. This happy denouement is, however, not an isolated and unrelated phenomenon. The struggle and sacrifice of generations of illustrious sons of India form the background of this political picture. They carried on the national struggle in the past, effected appropriate changes in its strategy and tactics and lived and died for the country's cause. Revered names spring to my mind as I stand here at this significant moment in our political history—Surendranath Banerjea,

Lokamanya Tilak, Motilal Nehru, Dr. Ansari—men who have left their impress on our national destiny. Here in Bengal we had our illustrious generals—Sisir Kumar and Matilal Ghosh, Bepin Chandra Pal, Aurobindo Ghose and Abdul Rasul—all of whom played a prominent role in the national struggle for freedom. And on the threshold of a new epoch in our political history, let us pause to offer our respectful homage to the memory of that great patriot Deshabandhu Chittaranjan Das whose practical idealism, dynamic personality, noble sacrifice and patriotic fervour gave such a wonderful impulse to our national struggle. Nor must we forget Deshapriya J. M. Sen Gupta who knew no fear and allowed himself no respite since he entered the national struggle. Our hearts are also full at this moment with gratitude to the band of innumerable workers, most of them unknown to fame but all high in the roll of honour by reason of their selfless devotion to the national cause. We are richer to-day by the fruits of their labours. Thanks to them and to the zeal that inspired them, we are to-day in a position of great power and even greater possibilities.

But if our powers have largely increased, the task that faces us is also stupendous. To lift the masses from the depths of misery, ignorance and poverty to which they have sunk and to help the nation to march forward as rapidly as possible to its proper political destiny are tasks which not even the most powerful Government can contemplate with equanimity. But I have always drawn cheer from the reflection that we have the strongest and purest motive behind our endeavours, namely, the progress and emancipation of the nation. If the task, therefore, is formidable, we have also a formidable reason for boldly facing the task, for it is but the task of advancing the nation. It does not indeed make our problems any easier of solution, but this thought should sustain our faith and act as a spur to our endeavours.

The task, however, is made more onerous by the legacy of accumulated obligations which we have inherited from the past. The problems that loom very large in our national economy to-day are to no small extent the result of inadequate attention given to them in the past, although the benefit of past wisdom and past endeavour is always present in some measure. As the problems all over the country are similar and equally onerous, I look forward to the prospect of a constant interchange of ideas among the responsible Ministers of different provinces. This will not only be a great help in finding solutions for some of our problems but will also pave the way for an effective tackling of many of our wider problems of an all-India character by the Government at the Centre when Federation becomes an accomplished fact. I personally feel that it is in the broad national interest that an attempt should be made as early as possible by nationalist parties of every shade to get down to brass tacks, to turn from the familiar methods of agitation and accusation to genuine introspection on a national scale, to examine our resources in men and material and to marshal them for the achievement of our common aim. The precise extent of the scope the present constitution offers, only actual working will reveal. Once the start is made, as it has been, the Ministers will have need of all the help which the Legislature and the public at large can render, help which comprises not only full support where possible but intelligent criticism, wherever necessary.

It might seem that I have made a somewhat lengthy preface to the remarks which are really germane to a Budget. But it will be appreciated, I hope, that the task of a Finance Minister in a responsible Government is not that of a mere accountant in a business house. Though he is

answerable for the preservation of the soundness and stability of the finances of his Province, he has the obligation to find the ways and means of accomplishing what the Legislature may accept as immediate social ends. These two tasks are never wholly reconcilable; and the Finance Minister has often to deny the one in the interest of the other. As constituting the first Assembly under provincial autonomy, honourable members are doubtless eager that the Government should lose no time in putting its hand to the tasks of nation-building and should unloose the strings of the provincial purse as freely as might be needed. I have myself, in the past, while on the benches opposite, contributed greatly to the fusillade of criticism which my predecessors of the old regime had to face. Far be it from me then to throw cold water upon the ardour and aspirations of the honourable members of this popular Assembly. But it is just as well to emphasise that it is no reflection on one's enthusiasm for popular uplift to remember, on the one hand, the immensity of the problems and, on the other, the limitations of our financial resources, and to recognise that all our tasks can be tackled only in a particular order of priorities and in conformity with our limited resources. The need then is to keep our ideals undimmed and our energies unabated during the time we carry out a rigorous examination of the conditions in which we have to work.

In the normal course the Budget for 1937-38 would have been presented during the closing months of 1936-37, but that could not be done because the new Constitution did not come into force until the 1st April, 1937. It was not possible, therefore, for the new Government straightway to have a Budget prepared and passed by the new Legislature. This difficulty was forestalled by an order of His Majesty in Council providing His Excellency the Governor with special powers by which he could sanction grants which would be necessary for carrying on the work of administration during the first few months of the transition, until a proper Budget could be framed and presented to the Legislature.

On the 1st of April there occurred not only a vital change in the constitutional position, but also considerable changes in our financial position and prospects. We have, to a large extent, gained fiscal autonomy *vis-a-vis* the Government of India, our control over the finances of the Province has greatly increased and the actual financial position at which the new regime commences is better than it has been for many years. It is an auspicious omen that the inauguration of provincial autonomy in this Province coincides with the emergence for the first time after ten years of an appreciable surplus of revenue over current expenditure. Honourable members are aware of the reasons behind this extraordinarily long run of ill luck; and I will not dwell on what is now a matter of history. The extent of the improvement that has occurred in our financial position as a result of the constitutional change will be better understood if we compare our present position with that during the last sixteen years under the Meston Award.

I will not detain the House with a spoken account of our difficulties under the Meston Settlement. I append to the printed copies of this speech a note which gives an account of them (*vide* Appendix I). The Meston Settlement was a source of strength to some provinces, but unfortunately it was a great handicap to Bengal. From the very beginning its consequences were felt acutely in this Province.

At the commencement of the Reforms of 1920-21 we opened with a balance of 2.72 crores. The resources left to this Province under the Award were so inadequate that this balance was speedily exhausted, and only by

measures of retrenchment and taxation was a budgetary equilibrium maintained even during the period of prosperous trade that ruled during 1923-24 to 1929-30. Then came the great depression which began in 1930-31, and it brought about a complete collapse of our revenues. There were large deficits from year to year and we could only meet such deficits by borrowing from the Centre. As a measure of *ad interim* relief pending a fresh settlement under the coming Reforms the Centre voted for our benefit annually from 1934-35 a subsidy consisting of 50 per cent. of the net proceeds of the export duty on jute grown in this Province. This only served to arrest the rot, and when the new Act was passed we stood with insufficient resources, even after considerable further retrenchment of expenditure and adoption of further new measures of taxation. We owed at this time to the Government of India a heavy burden of debt amounting on the 31st March, 1936, to 4½ crores on account of overdrafts alone for meeting working deficits year after year.

With the inauguration of the new Reforms, however, the situation has undergone considerable change. Our debts to the Centre, amounting in total to 8 crores and 41 lakhs inclusive of the deficit borrowings as they stood on the 31st March, 1936, were cancelled on the basis of the Niemeyer Report. This has reduced our annual expenditure on interest alone by 23 lakhs; and our share of the Jute export duty has been raised from 50 to 62½ per cent. resulting in an increase of our immediate resources by about 45 lakhs. The Niemeyer Settlement is no doubt a great improvement on the Meston Award in providing a much needed financial relief to Bengal. Even so it has not met in full the legitimate claim pressed by her for the distribution of the whole of the net proceeds of the Jute duty among the jute-growing provinces. We shall, of course, continue to press for the whole; and under section 140 of the Act the whole can be given to us either by an order of His Majesty in Council or by an Act of the Federal Legislature.

Here I must pause to acknowledge the deep debt of gratitude which this Province owes to His Excellency Sir John Anderson, but for whose understanding of our financial position and championship of our cause, the finances of this Province might have indefinitely continued in a deplorable state. To Sir John must go the credit of restoring to Bengal the rightful place and influence in the counsels of the Central Government, which she had almost totally lost after the transfer of the Imperial capital from this City. Thanks to Sir John's genuine solicitude for the progress of the Province, Bengal has come in for greater attention from the Centre in respect of her needs and requirements.

In the wake of the new Constitution have come great functional changes in connection with our finances. We used to depend upon the Centre for our Ways and Means, namely, for the maintenance of sufficient resources to meet our out-goings day by day. We are now to be responsible for our own Ways and Means. We used to bank with the Centre: now we have to bank in our own name with the Reserve Bank of India; with whom, in lieu of ordinary bank charges, we have to maintain a minimum balance of 25 lakhs. Under the old Act, we could raise no loan without the sanction of the Government of India who had authority to determine its amount and its conditions. We are now practically free agents; we need only seek the sanction of the Central Government if a loan granted by that Government is still outstanding or if we propose to borrow outside India. The old Act provided that we could not, without the previous sanction of the Governor-General, impose any taxes for provincial purposes, except taxes on amusements, betting, advertisements, luxuries, succession and

non-agricultural land, certain stamp duties and registration fees. Under the new Act, we have freedom over the whole field of taxation covered by the Provincial Legislative List and the Concurrent List.

Turning to the question of our freedom of making appropriations of the available revenues it will be remembered, in the first place, that while under the old Act the control of the Legislature over votable supplies was limited by the fact that the Governor's power of compelling supply extended to the whole of the wide field of what were then known as "Reserved Subjects," under the New Act, the Governor's power of intervention in the matter of votable supplies is limited to the somewhat narrower field of "Special responsibilities" enumerated in section 52 of the Act. Under section 78(3) however, certain items of expenditure known as "Charged on the revenues," are placed beyond the pale of the vote of the Assembly though on most of such items discussions are allowed and will no doubt take place in the Assembly. Apart from the salary and allowances of the Governor and his staff, such "charged revenue" embrace items like interest charges, salaries and allowances of Ministers, the Advocate-General and the Judges of the High Court, administrative expenses of the High Court, as well as items declared as so charged by Act of the Provincial Legislature such as the Dacca University, Leper Hospital, Grant to Calcutta Corporation under the Motor Vehicles Act and a grant for the new Howrah Bridge. If honourable members will kindly refer to page 4 of the Budget Estimates they will find that out of a total revenue expenditure of 12·2 crores in 1937-38, the amount charged is 1·7 crores and of this amount 14½ lakhs is charged on account of statutory grants mentioned above provided by legislation passed by the provincial Legislature under the previous Constitution.

That any part of public revenues should be kept outside the control of the Legislature is, doubtless, a qualification of the principles of representative government and particularly of the popular control of the public purse; the removal of this qualification must await the realisation of full self-government to which the present reforms are admittedly but a step. But it serves no useful purpose to exaggerate the practical significance of this limitation.

In connection with the separation of our finances from those of the Centre I may invite the attention of the House to another important change. As the House is aware, there are a variety of non-Government deposits which are included in the Public Account for the liquidation of which the State is responsible, such as provident fund deposits, and the balances of municipal and other local authorities. These hitherto were banked with the Government of India. They now pass to the Government to whose administration they are related. With effect from the 1st April, the liabilities appertaining to Bengal have been passed on to us. But—and this is the point I wish to emphasize—we were not given the corresponding funds. Sir Otto Niemeyer came to the finding that the balances in these deposit heads were likely to grow rather than diminish, the incomings in any one year exceeding the outgoings: in other words, that the transfer of the function in question would itself bring to Bengal sufficient funds to enable her to liquidate indefinitely the connected liabilities from year to year. He therefore recommended that the balances in these deposit accounts, instead of being given to us, should be written off as a return, in part, for the Government of India's cancellation of our debt. This was done; and as a matter of some interest, I may mention, that according to our estimates we shall receive into these deposit accounts during 1937-38 18½ lakhs more than we shall pay out of them. Thus under the new

arrangement, our estimate of receipts being in excess of outgoings, we shall be in a position to meet our normal obligations in this respect, though the funds themselves have not been transferred to us. The success of this arrangement may, however, be jeopardised by a sudden increase in the extent of our disbursements unsupported by a connected income, such as might be entailed, for instance, in any drastic amendment of the Bengal Tenancy Act regarding landlords' transfer fee. The deposits so far made in respect of this transfer fee exceed 50 lakhs, and if the fee is to be abolished by an amendment of the Act stopping the income on this score we should find ourselves saddled with a liability of 50 lakhs to be liquidated in the course of five or six years, with practically no specific resources to meet such a liability. This will not only adversely react on our Ways and Means position, but will also entail an uncovered obligation to be liquidated in the course of a very short period. We shall have, therefore, to husband our resources *vis-a-vis* this new responsibility with the usual caution expected of bankers. The income is not provincial revenue available in the ordinary sense for general purposes. Nor are the outgoings provincial expenditure susceptible in the ordinary sense to retrenchment in times of emergency.

There is one more financial implication of the constitutional change that occurred on the 1st of April. In pursuance again of the Niemeyer proposals the Government of India placed at our disposal 98 lakhs to start with as our opening balance for specific purposes. In the first place, 25 lakhs were placed to our credit in the Reserve Bank, this being, as I have already stated, the minimum balance which we are required to maintain in that Bank. Secondly, we have been given 24 lakhs in cash in the Treasuries, this being the amount of loose cash outside our banking account which has been estimated to be required for working purposes in the tills, as it were, of our treasury officers. Thirdly, we have been given an unspent balance amounting to nearly 48½ lakhs of funds created and of grants obtained for specific purposes as indicated on page 2 of the Civil Budget Estimate. The House will therefore notice that the whole of our opening balance of 98 lakhs is earmarked for specified purposes. It has been given to us to meet certain definite liabilities.

According to the customary practice, I now pass on to review the accounts of three years—the year 1935-36 for which the accounts have been closed, the year 1936-37 which has closed but for which only revised estimates are available and the current year for which I present the budget estimates to-day.

### **The Year 1935-36**

The year 1935-36, according to the budget estimates, was to have closed with a revenue deficit of about 68 lakhs. Actually it closed with a deficit on revenue account of 4 lakhs. Expenditure was below estimate by 19 lakhs, while receipts were 45 lakhs above estimation and 44½ lakhs above those of 1934-35. "Stamps" contributed 10 lakhs of this increase, Betting and Amusement taxes, one lakh, Electricity Duty and Tobacco tax, 16 lakhs, Jute Duty, 9 lakhs. The improvement was due partly to the new taxation measures adopted in 1935, but mostly to economic recovery.

### **The Year 1936-37**

The revised estimate of receipts on revenue account for the year 1936-37 is higher than the original by 44½ lakhs. "Land Revenue" is up by 17 lakhs, "Stamps" by 10 lakhs, "Jute Export Duty" by 9 lakhs and "Famine Relief

Fund" by 9 lakhs. The growth under "Land Revenue" (nearly all under arrear collections) and under "Stamps" and "Jute" is due to sustained economic recovery. The growth under "Famine Relief" is not really an improvement; for it represents increased withdrawal from the "Famine Relief Fund" in order to finance expenditure on the relief of agrarian distress. The revised estimate of receipts on "Capital Account" is 42 lakhs lower than the original estimate. The difference occurs under borrowings from the Government of India. It was originally proposed to borrow 87½ lakhs—51½ lakhs to finance some capital projects and a number of loans to local bodies and 36 lakhs to cover an expected deficit of that amount on the whole of our account for the year. Owing mainly to the inability of various local bodies to take their loans, and partly to the improvement in revenue receipts, this estimate of 87½ lakhs drops to 45 lakhs in the Revised Estimate. I am glad, moreover, to be able to report that, from figures recently to hand, it is now almost certain that the account for 1936-37 will balance without our having to take any loan from the Government of India.

The estimate of expenditure in 1936-37 on both "Revenue" and "Capital Account" was originally placed at 13 crores. Supplementary grants to the extent of 47½ lakhs were voted during the year, raising the amount available for expenditure to 13 crores 47½ lakhs. Against this the revised estimate is placed at 13 crores 25 lakhs. The savings are due mainly to smaller expenditure on "Capital projects" and on "Loans to local bodies".

### The Year 1937-38

I now come to the estimate for the current year.

#### RECEIPTS.

On the "Receipts" side, we expect a total revenue of 12 crores 55 lakhs. This marks an improvement of 60 lakhs over the revised estimates for the previous year. I may point out at once that 45 lakhs out of this 60 are due to the 12½ per cent. increase in our share of the export duty on jute. For the remaining 15 lakhs the estimate has been framed on the basis of an expectation of larger yields from "Stamps," "Excise" and "Land Revenue". It is hoped that the economic recovery which was visible last year will maintain its progress throughout the current year and enable these heads of revenue to make a better showing. And so an improvement of 3 lakhs has been provided for under "Stamps," of another 3 lakhs under "Excise". Under "Land Revenue" we expect our improvement of 6 lakhs owing to heavy settlement recoveries.

A glance at the Civil Estimates will show that our three biggest heads of receipt are "Land Revenue," "Stamps" and "Customs"—the last head representing our share of the export duty on jute. As in 1936-37, our receipts from "Land Revenue" are still swollen by the collection of arrears; but these are likely to drop to some extent after arrears have been realised.

In regard to "Stamps" the estimate is bound to be conjectural to some extent, as an accurate estimate has not yet become possible in respect of our receipts under the "Bengal Agricultural Debtors Act". The net financial effect of the Act on Government revenue cannot yet be clearly foreseen, and it is just possible that the realisation of Stamp revenue under this Act may synchronise with a fall in Court fees realised in Civil Courts. The Government are, however, keeping a careful watch over the working of the Act.

As for the revenue from the export of jute, the provincial share depends on the total export duty collected by the Centre. This total has in the past fluctuated between very wide limits even in periods of comparative stability of trade conditions; but I see no risk in assuming for the purpose of our estimate that the total yield this year will be the same as in the previous year.

The estimate of receipts for the current year includes a sum of 30 lakhs representing the proceeds of certain additional measures of taxation which were introduced in 1935, viz., the Indian Stamp (Bengal Amendment) Act, the Court-fee (Bengal Second Amendment) Act, the Bengal Amusements Tax (Amendment) Act, the Bengal Tobacco (Sales Licensing) Act and the Bengal Electricity Duty Act. These measures are due to expire in 1938; and I must inform the House that unless these are renewed in time, there will be a substantial fall in our revenue for 1938-39.

### EXPENDITURE

I next turn to our proposals for expenditure.

We provide for an expenditure on "Revenue Account" of 12 crores 21 lakhs which is 29½ lakhs more than the Revised Estimates for 1936-37. This, however, does not fully indicate the improvement on the expenditure side. The Revised Estimates for the last year embrace items of expenditure which do not recur in this year's estimate. The most important of these are 12 lakhs for the reduction of debt, 39 lakhs for interest charges, and 8½ lakhs for the last general election. If due allowance is made for these, it will be seen that we propose to spend on revenue account 89 lakhs more than what was spent last year under normal heads. This increase is accounted for in Appendix II attached to the printed copy of this speech.

A special reference may be made to such increases in expenditure as have been entailed by the constitutional changes. The enlargement of the legislature and the addition of an Upper Chamber have involved an additional expenditure of 1½ lakhs and the setting up of the Public Service Commission, 1 lakh. The new reforms have also imposed on the Provincial revenues a liability for expenditure to the extent of 16 lakhs on account of interest charges on State Provident Funds.

My honourable colleagues will in due course explain the details regarding the demands for grants relating to their respective departments. They are set forth in detail in the Finance Secretary's Memorandum which has been circulated to you. I would like to point out, however, that the Budget has had to be got ready within the very short period of two months. In order to present it in July we had to frame it early in June. We have, however, tried to do what little could be done within this short time and endeavoured to do something in most of the beneficent departments, I hope that in judging our performance honourable members will remember our handicaps. If it has not been possible to take up any elaborate schemes in respect of some of our grave economic problems, it is only because we have not had the time at our disposal for that careful and minute investigation which we consider essential for undertaking the execution of such schemes. It is not difficult to suggest a scheme which is theoretically sound. But it has, in the first place, to be examined and tested against a background of given conditions; and, in the second place, it has to be considered not in isolation but as a part of a definite and comprehensive economic policy relating to our social and economic life. Its implications have to be clearly realised and its details fully worked out before it can be incorporated in a Budget.

We have provided for increased grants to Universities and other educational institutions. Both the Universities of Dacca and Calcutta made demands for larger grants to extend their activities, and the estimates provide for an additional grant to them of about 1½ lakhs. The University of Viswabharati at Bolpur, which plays a significant role in our educational system, and has helped to bring India and the outside world into closer cultural contact, has also received some measures of assistance. A larger grant has been provided for the Islamia College. The needs of technical education for the backward classes have also received attention. Enhanced provision has been made for primary education. Agriculture and Industry have received additional grants of 1½ and over 2 lakhs respectively. This money is intended to finance an Agricultural Institute at Daulatpur, a dairy farm at Dacca, and developments of handloom and sericultural industries. Provision has been made for the extension of rice research, for a grant to the Industrial Credit Syndicate and for an enquiry into the development of fisheries. Co-operative Credit will receive an additional grant of 2 lakhs.

The additional provision under the head "Medical" is 2½ lakhs. The actual increase under "Public Health" amounts to 7 lakhs. This increase is partly accounted for by enhanced provision for rural water-supply (1½ lakhs), additional quinine grants (60 thousand) and kalaazar charges (30 thousand). We have also made an additional provision of 1½ lakhs for more public health units in rural areas, and of one lakh for grants to sanitary and drainage schemes.

Under "Civil Works" a very substantial increase in expenditure has been provided for. Special mention may be made of the provision for an expenditure of nearly 30 lakhs in the current year in excess of what was spent last year on road development, buildings and improvement of communications. The Government have been examining the feasibility of capitalising a portion of the Provincial share of the Road Fund with a view to execute all the approved schemes of bridge construction with the least possible delay.

I would draw the attention of the House to certain projects taken in hand by the Government as being of special importance to the irrigation and waterways problems of West and East Bengal. The survey in connection with the Damodar-Hooghly flushing scheme, as provided for in the Budget is alone calculated to cost 1½ lakhs. This scheme together with expansion in the operation of the Bengal Development Act will, it is hoped, go a long way to meet the irrigational needs of West Bengal. It has, again, been proposed to establish a Waterways Board under the Bengal Waterways Act, 1934, and 1¼ lakhs have been provided for making a beginning. The Board, it is hoped, will help towards an effective tackling of the inland waterways problem of East Bengal. Provision has been made for the electrification of Government buildings in the mufassil districts. This is a measure which will be of great help to mufassil electric supply companies.

With a view to extend the operation of the Bengal Agricultural Debtors Act throughout the Province, an additional sum of 14½ lakhs has been provided for the establishment of debt conciliation boards in all the districts. A sum of 28 thousand has been provided for the constitution of a Labour Department, the utility of which will, I hope, be readily appreciated by the House.

The estimates also include a sum of 50 thousand for the appointment of a Commission for making an enquiry into the system of land revenue administration in this Province.

The estimates contemplate that the year will close with a surplus on revenue account of nearly 34 lakhs this year.

I have given in bare outlines the Budget proposals for 1937-38. It will be clear that the year immediately preceding the introduction of the new Reforms makes a better showing than apprehended. While it was feared that 1936-37 would reveal the same tale of deficits and borrowings from the Centre as had almost become the order of the day, we were able to balance the Budget without incurring further obligations. And 1937-38, the first year of the new Reforms, synchronises with a substantial improvement in our financial position. For the first time in a decade we are on the right side of the Budget by the not inconsiderable amount of Rs. 34 lakhs. And if we take into account the opening balance of 98 lakhs, the increased expenditure of 89 lakhs and the surplus itself, it will be seen that the improvement in our finances, though not of course in our recurring income, may be computed at over 2 crores. This is a position from which a Government circumstanced as we are should feel happy to make a start.

But, I may freely admit, that our means are still far from adequate for the needs of national reconstruction. At this stage it is obviously my duty to enable the House to appraise the resources of the Province, as they may be expected to be in the coming years, from the standpoint of our requirements. I shall endeavour, first, to specify the main tasks that lie ahead of us, to clarify the Government's approach towards their solution, and to indicate the resources which we are likely to have in the future for these purposes. From the nature of the stupendous task confronting us and on account of the limits of our available resources it will be evident that we shall be called upon to follow a certain consecutiveness in the matter of tackling our problems, and it would be as unwise as it would be inexpedient to refuse to recognise this fact and to be either over-zealous or unnecessarily diffident. For some years to come it may not be possible to take up simultaneously or to the full extent all the problems of our national reconstruction, but I hope it will not be very long before we shall be in a position to prosecute a comprehensive programme with profit and success.

It will be generally agreed that in all the ameliorative measures which the Government of the Province will take in hand, the main, if not the sole, objective should be the betterment of the condition of the masses. Let me add in fairness that in making the masses the beneficiaries of Government's solicitude, the classes will be showing not so much a selfless altruism as an enlightened self-interest. For whether in the political or economic or cultural sphere, our progress is hampered by the fact that our national life is muddied and poisoned at its fount by the backward condition of the masses. The need then is to resurrect the average man who in this predominantly agricultural country is a cultivator. I would like to stress here the necessity of viewing our problems against a human background. We should always remember that behind a nation's problems is the nation itself. Were our problems, whether social or economic, merely a conglomeration of absolute and unrelated questions, human artifice would surely have been able to provide solutions by this time. Science would have made our soil richer, improved methods would have made our industries more economic and remunerative, legislation would have provided for better prices, we could with one broad sweep of our legislative arm wipe out our indebtedness and arrange for adequate credit. But the fact that our problems do not yield to such simple treatment proves that an intangible and subjective factor enters into our calculations. For, behind the plough is the man with the plough, with his ignorance and his superstitions, his crusted traditions and his rusted implements, his

thriftlessness and his tragic fatalism. At present the agriculturist is illiterate, steeped in debts, handicapped by a land system which is by no means the most scientific, a victim of disease and pestilence, a stranger to modern scientific methods of cultivation or marketing. If agriculture is a crucial problem in our country, the agriculturist is an even greater one. We should never, while looking at the crop, forget the pathetic figure behind the crop.

As we all know, Indian agriculture, never very prosperous, fell on evil days during the depression; and even to-day when the revival is believed to be three or four years old, the life of the agriculturist in India continues to be one of great hardship. What is true of India as a whole is even more true of Bengal. And her disproportionate dependence of one agricultural product, namely, jute, has made her more susceptible to the fluctuations of world trade.

Though agriculture is the mainstay of our people, the cultivator too often finds his occupation unremunerative under present conditions. Such sporadic economic enquiries as have been conducted suggest that the price of the product often fails to cover the bare costs of production and does not yield sufficient return even for the low standards of living of the masses of this country. The cultivator is in fact the weakest link in the economic chain. And due to this penurious state of the workers in the biggest industry of the land, the co-operative movement, which depends primarily on the credit-worthiness and solvency of the cultivator, has made conspicuously little headway.

Nor have industrial and commercial activities provided the much-needed relief against the uneconomic pressure on land. This has been due to a large extent to a traditional preference for investment in land on the part of those who by virtue of their resources should have taken the initiative in industrial and commercial enterprise. The opportunities of industrial development have therefore been more readily seized by more enterprising immigrants from other provinces. Even so, there is still a conspicuous lack of balance between agriculture and other aspects of our economic life.

This lack of industrial enterprise has necessarily narrowed the scope for employment, particularly for the educated middle class. The existing factories have not been able to absorb any substantial proportion of the surplus agricultural population of this province, not to speak of the middle-class unemployed. This is due not only to the inadequate number of factories but also to an aversion to vocations other than the traditional ones. Our factories are therefore in many cases manned by imported labour.

The condition of industrial labour also is very depressing. They suffer in most cases from the same economic ills to which the agriculturists are exposed and are by no means the healthiest factors of production in our economic life.

It is against this background of our economic life that our policy has to be formulated. The primary condition of our economic progress is the restoration of the cultivator to the position of an efficient and solvent factor of production. The efficiency depends on the extent to which we are able to release him from his present handicaps and to better equip him for the improvement of his condition. And his solvency can only follow the provision of adequate relief from the various burdens weighing on him. And for positive progress, it is largely a question of enabling him, by providing the necessary instruction and material equipment, to increase the productivity of his labour.

As I have already said, the improvement of the human material is the foremost task before us. The remedy which readily suggests itself is the adoption of free and compulsory primary education. The circumstances in which the Primary Education Bill of late Mr. Gokhale was introduced in the old Imperial Legislative Council and rejected by the Government and the consistent failure subsequently to tackle this problem have created the feeling that the foremost task of an autonomous provincial government is to introduce a system of free and compulsory primary education. While I should be the last to acquiesce in the continuance of the present mass of illiteracy, which is justly regarded as a reproach to our national self-esteem, I feel that schemes for primary education need to be supplemented by other measures if we are to get any early results. We can leave aside for the moment the question of cost. Judging it in terms of human values we must realise in the first place that the direct effect of the immediate adoption of free and compulsory primary education is the creation of a bare literacy in the adult population of two decades later. While such literacy will not have gone a long way to improve the cultural standards or the productive efficiency of the masses, there will remain in the meanwhile a prodigious mass of ignorance and many-sided backwardness in the adult population of to-day to be liquidated. This will act as a stumbling block to our progress in every sphere and particularly to the success of our attempts to increase the efficiency of the worker. Let it not be forgotten that if we do not devote sufficient attention to those sections of the population which are now engaged in productive activity, we shall to that extent be handicapping ourselves for future progress. In the conditions of two decades ago, the progress of the masses, no doubt, depended on providing primary education and providing instruction through the printed word. But to-day broadcasting and visual representation of movies and even talkies provide us with the means of educating even an illiterate adult population in all matters essential to a healthy social life. I say, therefore, let us by all means make our best endeavours to remove the handicaps on the children of to-day and the slur on our national self-respect. But let us at the same time throw ourselves heart and soul into the task of sweetening the lives of those whose outlook, economic and cultural, has been darkened by the sad omissions of the past. After all, education is not so purely a matter of the three R.'s, and very fruitful results can be achieved in dealing with our practical problems by means of such educative propaganda as I have just referred to.

For my part, I attach the greatest importance to the pursuit of a properly drawn up scheme of popular propaganda and look to it to increase the effectiveness of the ameliorative measures which we may propose to adopt. I may inform the House that both the scheme for free compulsory primary education and a scheme for the setting up of machinery for conducting educative propaganda amongst the masses are receiving very careful attention of the Government.

One of the gravest problems that needs to be immediately tackled relates to the relief of agricultural indebtedness. We have already made a beginning in this direction and I envisage the prospect of conciliation of debts being accomplished within the space of a year or two through a network of debt conciliation boards set up throughout the Province. These boards, according to the provisions of the Bengal Agricultural Debtors Act, are intended to scale down the amount of the debts to comparatively manageable proportions and the debtors are given the facility to pay such composed debts by easy instalments. The relief proposed to be given will not, however, yield any permanent results if steps are not taken at the same time to prevent the raiyats from relapsing into the same hapless

state through incurring further unproductive debts. And they will also have to be provided with proper credit facilities for their long-term and short-term requirements. How best such facilities can be given—whether through co-operative credit societies or land mortgage banks—is receiving the careful consideration of the Government. The Government are also considering if it would be possible to include the village money-lender in the scheme of supplying rural credit which may eventually be adopted. His methods hitherto have not been always above-board, but it cannot be denied that he has played an important role in supplying credit to the rural population. He belongs to a class which is of considerable importance and if after proper reform of his methods and outlook he can be induced to form part of a scientific machinery for the supply of rural credit, this would greatly facilitate the solution of the problem. This aspect of the question is also receiving the attention of the Government.

The incidence of land tenure also constitutes a hardship for the agriculturist. Our land system is so complicated and unsuited to the changing conditions that there is a country-wide demand for its revision. The Government are fully aware of the urgency of the problem and the Hon'ble Minister for Revenue will shortly introduce a Bill for removing *the most pressing disabilities of the tenants*. But a *comprehensive and scientific* revision of our land system will naturally require very careful investigation and it is proposed to set up a Commission to go carefully into various aspects of the question such as the effect of the system of sub-infeudation on economic holdings, the incidence of rent payable by the agriculturist, the narrowing down of intermediary interests, the possibility and methods of State acquisition of proprietary interests through the grant of compensation and various other allied questions.

I realise, however, that the problem that is of paramount importance to the cultivator is the improvement in the prices of agricultural commodities. There is perhaps an expectation in the minds of the people that the establishment of popular Government will help to raise the level of prices. But I would like you to realise that a provincial Government's powers in this respect are very limited. Apart from the fact that agricultural prices depend on world conditions we have not in the provinces the power to adjust such factors as currency or tariff which may lever up the level of internal prices. These matters come, as you know, under the purview of the Central Government. To the extent, however, that it may be possible to stimulate prices through improved methods of production, better marketing facilities and enhancing the holding power of the raiyats, I can assure honourable members that these questions are receiving the most anxious consideration of the present Government.

I have no doubt in my mind that when the ground is prepared by the revision of agricultural debts and tenancy laws and the cultivator is rescued from his present penury and educated into new habits of thrift and prudence, there will be a happy metamorphosis of our economic condition and most of our problems will become much easier of solution. But for this it is necessary to instil into the minds of the people the true spirit of co-operation and to rouse them to a sense of enlightened self-interest. Awaken the people to a sense of intolerance of dirt and disease, of poverty and idleness, and there will be forthcoming co-operative effort of a purely spontaneous kind to accomplish work that is of benefit to the community as a whole. Marshes can be filled, mosquitoes killed, waterways cleared, embankments repaired, squalor removed, all by the voluntary efforts of the community thus greatly lessening the need for money payments.—In a country in which surplus labour is the most conspicuous form of wealth

and land is almost the only form of capital, to be obsessed unduly with the ideas of a money economy is to be imprisoned in a vicious circle which it is impossible to break. In a country where nature is so bountiful, improvement in the standard of living of the people does not necessarily depend wholly on the money income. Intelligent use of our natural resources and properly disciplined self-exertion can materially improve the conditions of life of the agricultural population, particularly in regard to the primary necessities of life. Better food is not necessarily costlier food in this country and if the farmer is properly educated to recognise the value of healthier physical and social conditions, he will be able to a considerable extent to help himself even though his money income does not immediately improve.

It is to these ends that our efforts and our resources should be directed in the initial stages. When the raiyat, who forms the backbone of our economic system, is converted into a more potent factor of production, the chief source of our national revenue will have been strengthened and we can then look forward to greater prosperity and progress. With a large agricultural population in possession of an increased purchasing power, the products of industry, big and small, will find a readier and a more remunerative market within the country and the national economy, with a balanced industrial and agricultural activity, will find and preserve its equilibrium with a steady and rapid increase alike in production and consumption. The unemployed would be slowly absorbed in various kinds of productive and distributive activity in the sheer momentum of economic progress.

May I say a word here regarding labour which in the rapidly expanding conditions of to-day is everywhere receiving more attention? We have also set up a separate portfolio for labour and the Hon'ble Minister in charge is impressed with the necessity of creating some machinery for safeguarding the interest of the workers. The Government have accordingly decided to appoint a Labour Officer and other officers to look after the welfare of the labourers. A careful investigation will also be made into the mode of life and standard of living of the labourers and efforts will be made to raise it. The Government will also encourage the growth of trade unions along healthy lines for through such associations and co-operative efforts are the interests of the labourers best secured.

But may I sound a note of warning here against the evil of creating disaffection amongst the labourers and making them resort to strikes on slender grounds. Strikes are no doubt useful weapons in the hands of labour for ensuring the right of collective bargaining. But if abused, strikes cease to become a privilege. Those who induce labourers to go on strike on the slenderest of occasions are helping to make them exhaust the finest weapon in their armoury for very trivial purposes, and when a big occasion comes, their strike will be taken less seriously than if it were reserved for very special circumstances. Besides, frequent labour trouble acts as a drag on industrial expansion. In Bengal where industrial capital is already very shy, it has a tendency to further frighten capital away from avenues of industrial investment. And if industry does not expand, how are the labourers going to benefit?

I may also take this opportunity of impressing on employers the need of recognising the legitimate rights of labour. They can no longer remain indifferent to the demands of the labourers—when such demands are neither exorbitant nor unreasonable. The conditions of labour have to be improved, and it is useless for employers to remain wedded to the attitude of mind of two decades ago.

I now turn to the problem of educated middle-class unemployment which is doubtless exercising the minds of most honourable members of this House. We are all familiar with the hardships which the youth of this Province have to undergo at the threshold of their careers; and who would deny that everything that is possible should be done to alleviate their suffering? Middle-class employment, it will be evident on a little reflection, is not in the same sense productive as the work of farmer or a factory hand. The expansion of commercial activities is a pre-requisite of the creation of the work of a clerk or a supervisor or any other jobs such as our middle-class young men seek. It is often said that unemployment is due to the academic nature of the present-day education and that vocational instruction and the provision of technical training will reduce the evil. The presence of a large number of young men with a high technical training among the unemployed is a standing refutation of that view. It is necessary to clearly understand the position of Government in this respect. The Government by the expansion of their beneficent activities according to their resources can no doubt give employment to some of the unemployed but not to an extent likely to absorb even a fraction of the vast number of unemployed educated youth. The expansion of governmental activity in any direction must necessarily mean more employment. Thus if free primary education is introduced or technical education extended or public health organisations expanded, this will in every instance mean the employment of a fairly large number of young men. Apart from such direct help, however, the Government can also help to enlarge the avenues of employment by undertaking public works on a larger scale. As a matter of fact the Government are considering many such schemes. But while this would undoubtedly lead to better opportunities for employment, there should be in the Province an adequate machinery through which the expansion of State activity would be reflected in benefits accruing to our unemployed young men. If, for instance, the Government decide to build a number of bridges or construct more roads, buildings and canals, etc., the full benefit will not accrue to us if the award of the contract has to go to any firm outside Bengal, or if we have to get our labour from one province, our skilled artisans from another and other employees from somewhere else. I may mention in this connection that there is too often an unreasonable prejudice in the minds of our people against certain classes of work. One has only to think of the many avenues of employment even in the existing conditions which Bengal has virtually thrown away to the people of other provinces to realise how our whole attitude to work needs a speedy and a radical revision. The change can be brought about only by careful propaganda and this is but another instance to bear out the importance which I have all along attached to propaganda. I may tell the honourable members that the Government are considering the appointment of an officer to investigate thoroughly into the question of the opportunities offered by the various channels of employment which are now occupied by men from other provinces and to see what help the Government can render to gradually fit our young men for such occupations. The Government can also help to widen the scope of employment by stimulating industrial and trade activity. Ultimately the solution for unemployment must lie in an expansion of the economic activities of the country. The State, can, of course, give an impetus to such an expansion through provision of technical advice, direct assistance to small industries, cheap capital and in various other ways. When industrial activity expands it will help to absorb both surplus agricultural labour and middle-class unemployment. The Government can also help national industries through a policy of local purchase and preference for indigenous goods. It is under our contemplation to do so on a larger scale. We can also press the

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Central Government for a legitimate share of the benefits that must accrue from their policy of stores purchase and public works. And we are carefully considering what part of the Government of India's requirements we can produce and supply from Bengal and how such a scheme can become practically effective. In order to reap the full benefit of all this, however, it is necessary that there should be adequate economic machinery in the country to cope with the increased opportunities thus afforded. The Government are also considering whether the army can afford a profitable avenue of employment for the young men of Bengal and how to persuade the Government of India to give them such opportunities.

I have digressed a great deal from the main purposes of a budget statement. But my aim is to show that our problems call for the greatest circumspection at each step and that it is only by ensuring one basic condition after another that real progress can be achieved. It is not a question merely of a definite outlay of funds in each project, and on each objective that excites our sympathies. The magnitude of our problems is naturally in direct proportion to the intensity of our poverty. To appreciate this inter-dependence and to adjust from time to time our ends to our means and the means to the ends are to my mind the essence of practical wisdom.

It is true that for the stupendous task of national reconstruction that awaits us our resources are very inadequate. I do not, however, wish to strike a note of despair. On the contrary, I believe that with our present resources and future expectations we can make a fair start in various directions. I would like to emphasise the brighter side of the picture in my statement to honourable members.

There are three directions in which ameliorative measures are most urgent but at the same time very expensive. The first of these relates to Compulsory Primary Education throughout the Province; the second concerns improvement in irrigational facilities which is mainly necessary for Western Bengal where productivity of land has greatly deteriorated; and the third relates to the improvement of inland waterways particularly in districts of Eastern Bengal. For the financing of projects in these three directions we have the benefit of special *ad hoc* legislation. The relative Acts, contain provisions for the raising of specific taxation for these purposes and these beneficent projects will not, it is expected, involve too big a drain on the normal revenue. It will be seen that such direct and immediate benefits will accrue to the people as a result of these projects that these specific taxes should not prove very burdensome. Specific taxation has also the added advantage that it is earmarked for specific purposes which in these instances constitute beneficent measures and the proceeds cannot be diverted to the normal needs of the Government even in times of difficulty.

The five taxation measures adopted in 1935 which are due to expire in 1938 will, I hope, be renewed in time. They would increase our recurring revenue by about 30 lakhs, which would greatly help the expansion of the beneficent activities of the Government.

The estimate of expenditure includes more than half a crore on account of measures taken both as a cure and as a preventive for the anarchist movement. Of this amount more than half is accounted for by the additional staff in the Police and Jail Departments. It can be reasonably hoped that it may be possible to reduce the expenditure considerably under

this head within the course of a year or two. Even if all political prisoners could be released at once, that would not give us an immediate saving of Rs. 54 lakhs. For, the release of detenus is not identical with the complete disappearance of subversive movements, and for some time after such release can be effected, the additional machinery may still have to be maintained to a certain degree to meet the possibility of recrudescence of the terrorist movement or the appearance of other subversive movements. But eventually with an improvement in the position, it may be possible no doubt to effect a saving of nearly the whole amount. But I would at the same time set off against this saving a liability which we cannot ignore. It may prove profitable to spend a portion of this saving on Students' Welfare movements as a more radical antidote to the canker of subversive influences.

Over and above all this is the prospect of our getting a share of the Income-tax Revenue from the Central Government under the Niemeyer scheme as a result of the improvement in Railway finance. It is perhaps too soon to count with any certainty on a surplus in the Railway Budget available for appropriation by the Central Government as the contribution of the railways to the general revenues. But we may note with special gratification the signs that are of late visible of genuine improvement in the railway earnings.

And last but not least it should be remembered that we have to explore new sources of taxation, which though they do not suggest themselves in concrete form, are essential if we are to give effect to a planned programme of national reconstruction. We cannot make bricks without straw; nor can we undertake the stupendous task of national uplift with slender means and a taboo against any increase of taxation. We have, of course, to frame our taxation proposals carefully with due regard to their incidence and impose it only on those who can shoulder an additional burden. I have no doubt that honourable members, eager to implement their promises to the electorate, will offer their full measure of support.

While I have endeavoured, as in duty bound, to make clear the limitations of our financial position, I must also point out that we are not altogether thrown on our own resources in one or two specified matters. Thus for the construction of roads and bridges with a view to improve communications we can expect subventions from the Central Government which together with the proceeds of the Motor Vehicles Tax would prove fairly sufficient for the improvement of our road communications. Likewise, for rural reconstruction, Bengal, will receive a contribution of 6 lakhs a year from the Centre for the next three years. It is no small advantage that we are now starting with a clean slate with no loans outstanding and no interest charges forming part of our normal recurring expenditure. As soon as we are assured of an adequate recurring surplus on revenue account, we shall be in a position to raise loans of some magnitude to finance comprehensive schemes of national welfare.

Sir, I have nearly done. I am afraid I have presumed considerably on the patience and tolerance of honourable members. But I felt that at the commencement of the new epoch we should have a clear idea of the changes that have taken place, the problems that lie ahead and of our resources in money and material with which to face the task. I hope that honourable members have been able to form some idea of the position and liabilities of the new Government, of the problems it seeks to solve and the policy it proposes to pursue. Only when we know exactly where we stand can we resolutely commence the forward march towards our goal.

I take this opportunity of making an appeal to the members of the services, both Indian and European, who form the main limb of the administration and on whose efficiency and loyal co-operation the success of the whole Government very largely depends. On us, the responsible Ministers of the Government, will undoubtedly fall the favours and frowns of the country for the policy which we adopt, but with them, to a very large extent indeed, will rest the successful carrying out of that policy. This will be true in a special degree of the higher or superior services. I am moved to make a particular appeal to the European members of those services. I would ask them to feel that they share with us a sacred trust. If India is the land of our birth, it is no less the land they have chosen to serve. I am confident that the national aspirations which guide us in our endeavours will receive at their hands due honour and unflinching support, and that a critical posterity will never have occasion to say that as self-Government came to India through the door, the ardour of the European members of the services fled through the window. We, in our turn, can assure them along with all other Government servants that so long as they place at the disposal of the new Government the high order of service and efficiency which they have rendered in the past and help us administratively to translate our policy into action, they will always get complete trust and all possible protection from the Provincial Government. I may add from the experience I have gathered in course of the first few months as a member of the new Government through my contact with several members of the higher services that they have given evidence of an excellent spirit both in the districts and in the departments of the Secretariat, and I am happy to bear testimony to the ready help and co-operation that I have received from them.

The Indian members of the services also have a special responsibility to discharge. As responsible members of the administration and as men who will have to shoulder an ever-increasing share of the administration in the future, they owe it to themselves and to the country to bring to bear on their duties the efficiency, loyalty and thoroughness which they have shown in the past. To-day they have an added interest in their work inasmuch as it is an autonomous Government of which they form a part, and they can rest assured of every help and support from Government so long as they discharge their duties under the new conditions with devotion and efficiency.

I am happy to take this opportunity of expressing my grateful thanks to Sir John Woodhead, my predecessor in office, for his conscientious and efficient custodianship of our provincial finances during the difficult years that we have lived through. He laboured hard for the good of this province, and his name will long be gratefully remembered. I trust that in the improved financial position which Bengal now enjoys he will find some reward for all the care and energy which he devoted to the preparation of our case on the eve of the settlement. I must also thank Sir John for the trouble he took in keeping everything ready and smooth for his successor, and I am personally grateful to him for having stayed on nine days after his term ceased on the 31st March to help me in the initial stages during the difficult period of the transition.

It remains for me to perform another pleasant duty before resuming my seat—to thank the officers and the staff of the Finance Department for the ready help and co-operation they have rendered me. But for their ungrudging assistance and unremitting toil, my task would have proved too onerous.

Sir, I have now the honour of presenting the Budget for 1937-38. I ask very respectfully the consideration of its provisions in the hope that members, irrespective of party bias and affiliation, will make an earnest endeavour to examine them on their merits, and offer such criticism as may be helpful and constructive and thus set up a high standard of discussion. The fervent patriotism which illumines the whole of this great land of Hindusthan to-day was first kindled in Bengal. Let us once more attempt to retrieve our heritage through constructive endeavour, and zealous service in the cause of the nation.

*BANDEMATARAM*

## APPENDIX I.

**Bengal Finances under the Montagu-Chelmsford Reforms**

Before the introduction of the late Constitution the revenues of India, to use a summary description, were pooled under the control of the Central Government; the provinces getting out of the pool what they could persuade the Centre to give them under "settlements" that were fixed from time to time. The plan had elasticity and, in the circumstances of those days, it worked.

2. Under the late Constitution the revenues of India were separated into two compartments. Those relating to the subjects for which provinces were to be responsible were allotted to the provinces, and the rest were allotted to the Centre. There was a provision requiring the provinces to make certain contributions to the Centre, but it was short-lived. Apart from a prospect of certain income-tax receipts which never materialised for most provinces including Bengal, each province got the yield within its borders of the heads of revenue allotted to the provincial compartment: just that and no more. The most serious defect of the settlement, and that on which the plan broke down in Bengal, was this: that the yield of the revenues in the provincial compartment differed widely in provinces of comparable size and population and with comparable administrative needs. In Bengal the yield per head of population was a little more than one-third of the yield in Bombay, a little less than half of the yield in the Punjab, and a little less than two-thirds of the yield in Madras. The heads which mostly accounted for the lower yield in Bengal were Land Revenue (owing mainly to the Permanent Settlement) and Excise (owing to traditional low consumption). Had the yield of Excise per head of population been the same in Bengal as in Bombay, or as in Madras, the Bengal revenues, in 1935-36 for instance, would have been higher by 6½ crores, or 3 crores, respectively. The cancellation of the provincial contributions to the Centre made the inequality between provinces worse: for it gave greatest relief to the provinces which by the setting up of separate provincial resources had secured the greatest margin of estimated income over estimated comparative requirements. Bengal was driven into bitter opposition, and canvassed vigorously three claims which, as events have proved, were destined to succeed. In the first place she claimed that the whole of the Central export duty on jute, or the greater part of it, should be given to the jute producing provinces. Secondly she claimed that the provinces should get a substantial share of the income-tax levied within their boundaries; pointing out that Bengal, one of the chief sufferers over the allocation of provincial resources, was one of the two largest contributors to the Central exchequer. Finally, she demanded to be relieved of the loans which she was compelled to raise from the Government of India in order to balance her budgets during the deep depression that began in 1930-31. That depression brought out the facts of Bengal's precarious position as nothing else could have done.

3. Receipts on revenue account, expenditure on revenue account and the consequent surpluses or deficits on revenue account during the sixteen years of the late Constitution were as follows: Separate figures are given for expenditure on "terrorism" and for payment of interest on "deficit loans"

in order to show the place of these items in the total expenditure during the period of highest strain :—

[Figures are in thousands.]

Year.	Receipts.	Expenditure.				Surplus.	Deficit.
		Expenditure on terrorism since 1930-31.	Interest on loan taken to cover deficit.	Total excluding columns 3 and 4.	Grand total.		
1	2	3	3	4	6	7	8
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>A—</b>							
1921-22 ..	.. (a) 9,87,81	..	..	..	(b) 12,03,27	..	2,15,46
1922-23 ..	9,85,39	..	..	..	9,59,64	25,75	..
<b>B—</b>							
1923-24 ..	10,13,28	....	..	..	9,78,07	35,21	..
1924-25 ..	10,34,52	..	..	..	9,76,29	58,23	..
1925-25 ..	10,70,58	..	..	..	10,31,05	39,53	..
1926-27 ..	10,50,36	..	..	..	10,70,95	..	20,59
1927-28 ..	10,81,28	..	..	..	10,85,56	..	4,28
1928-29 ..	10,98,66	..	..	..	10,90,47	8,19	..
1929-30 ..	11,35,87	..	..	..	11,33,63	2,24	..
<b>C—</b>							
1930-31 ..	9,66,34	..	..	..	11,40,79	..	1,74,45
1931-32 ..	9,01,06	22,00	..	10,78,52	11,00,52	..	1,99,46
1932-33 ..	9,38,04	47,00	12,00	10,08,83	10,67,83	..	1,29,79
1933-34 ..	9,05,73	54,00	18,00	10,09,67	10,81,67	..	1,75,94
<b>D—</b>							
1934-35 ..	11,02,73	57,00	22,00	10,29,01	11,08,01	..	5,28
1935-36 ..	11,47,47	62,00	22,00	10,67,17	11,51,17	..	3,70
1936-37 (Revised) ..	11,94,83	58,00	22,00	11,11,52	11,91,52	3,31	..

(a) Includes income-tax receipts 93,00.

(b) Includes fixed contributions (63,00) and fixed assignments (92,05) to the Centre...

The figures fall naturally into the four periods marked A, B, C and D.

4. **Period A (1921-1923).**—In 1921-22 Government budgeted for a deficit on revenue account of 211 lakhs, to be met out of an opening balance of 272 lakhs, and announced that it had lodged in January a protest against the settlement and was hopeful that some relief would be forthcoming before the following year. A depression supervened seriously affecting receipts: savings of 45 lakhs were effected by peremptory orders of retrenchment, but for which the year would have ended with a deficit on revenue account of 250 lakhs. the protest lodged in January resulted in the remission as from 1922-23, of the contribution of 63 lakhs per annum which the province was supposed to pay to the Centre according to the settlement (the remission of the contribution of other provinces followed in 1927-28). The following words were used in the Indian Assembly by the Finance Member in September, 1921, when moving the resolution to remit the Bengal contribution :—

“We have examined the case most narrowly and critically, and it appears certain that with every economy Bengal must have a deficit of 120 lakhs.....Bengal would have that deficit even if it provided only the bare minimum expenditure required to carry on the ordinary administration of the province.”

In 1922, with a view both to producing balanced budgets and to enabling expenditure to be increased in “the nation-building departments”, measures of taxation were passed and a formal Retrenchment Committee was set up. The taxation measures were—

- (a) **The Indian Stamp (Bengal Amendment) Act, 1922.**—This raised stamp duties by various percentages (the majority by 50 per cent., some by less than 50 per cent. and some by more than 50 per cent.). Assuming static conditions, it was estimated that the rise above the stamp revenue of 1921-22 would be about 46 lakhs.
- (b) **The Bengal Court-fees Act, 1922.**—This did the same with the majority of court-fees in Bengal and was expected to produce an increase of about 74 lakhs.
- (c) **The Bengal Amusements Tax Act, 1922.**—This imposed for the first time a tax on tickets of admission to places of amusement (theatres, cinemas, race-courses, etc.) and a tax on betting on horse-races with totalisators or book-makers. It was expected to produce about 22½ lakhs per annum.

This expected increase of 142½ lakhs in all did not, however, materialise. The Amusement Tax fulfilled its promise (for 3 years only, after which it fell off badly under “betting”), but the estimates under Stamps and Court-fees proved to be very wide of the mark. Owing to these measures and to a slight recovery in economic conditions, the year closed with a small surplus on revenue account, but the hopes of being able to provide for much increased expenditure on the “transferred side” were disappointed. In imposing these taxes Bengal led the way in India, and she has never been able to remove them.

The Retrenchment Committee reported in 1923, and retrenchments calculated to reduce expenditure by 37½ lakhs were adopted in pursuance of some of its recommendations.

**Period B (1923-24 to 1929-30).**—During this period receipts rose steadily until they were 1½ crores up on the figures for 1922-23. The improvement was due in the main to rising prices and general economic recovery coupled with the effect of the taxation measures of 1922; but it was partly due to administrative steps taken by Government during this period. Rates of excise duty, rates of recovery in settlement operations, fees in colleges and secondary schools and fees for the audit of Co-operative Credit Societies were raised, and the registration fees leviable on documents relating to property of a value exceeding Rs. 250 were doubled. It is believed that at least 20 lakhs out of the 1½ crores increase is attributable to these measures. This improvement in receipts rendered possible some increase of expenditure, in which the “transferred departments” shared.

**Period C (1930-31 to 1933-34).**—A world-wide depression, far surpassing that of 1921-23 and not yet completely lifted, developed suddenly in 1930-31 and played havoc with the revenues of all the governments in India. Those in the weakest financial position suffered most, and Bengal was one of them. The revenue fell precipitately from 11 crores 36 lakhs in 1929-30 to 9 crores 66 lakhs in 1930-31, whereas the budget provided for an expenditure on revenue account of 11 crores 76 lakhs. As elsewhere in India, action to reduce expenditure was taken immediately. All avoidable expenditure was postponed, expenditure on new works was stopped, expenditure on works in progress was slowed down, travelling allowance rules were deliberalised, a 15 per cent. reduction was imposed on all provincial pays exceeding Rs. 80 both for new entrants and for old servants on promotion to posts carrying higher rates of pay. This was followed (in December, 1931) by a 10 per cent. emergency cut on all other pays (including those of the Imperial services), and by a 10 per cent. cut on grants to educational and other institutions. Another Retrenchment Committee was appointed (in 1932), and the saving involved in those of their recommendations which were accepted was estimated at about one crore (ultimate), including 45 lakhs on a permanent revision of pays (promulgated in 1934). On the other hand expenditure began to mount under “Terrorism” and “Interest on deficit loans,” and there was a constant upward tendency (about 4 lakhs per annum) on account of pension charges, while the 10 per cent. cut in pay had, for external reasons, to be reduced to 5 per cent. in 1933-34 (and to *nil* in 1935-36). The effect of all the retrenchment measures taken in this period was analysed in the Finance Member’s budget speech for 1934-35. He demonstrated conclusively that on a true comparison of the expenditure on revenue account in 1929-30 with that in 1933-34 the aggregate of the reductions in expenditure effected was no less than 94½ lakhs. A number of administrative measures to increase revenue were taken, but resort to further taxation was impracticable owing to resentment in the Legislature at the unfairness of the financial settlement.

**Period D (1934-35 to 1936-37).**—With effect from the year 1934-35, the Central Government and Legislature, being convinced that Bengal had done all that was practicable to help herself and that her debt to the Centre was becoming unmanageable, decided, as an *ad interim* measure of relief pending the advent of a fresh settlement under the New Constitution, to give her 50 per cent. of net proceeds of the jute export duty on jute grown within Bengal. This action on the part of the Centre brought relief to the province as follows:—

1934-35	...	...	...	1 crore 58 lakhs.
1935-36	...	...	...	1 crore 67 lakhs.
1936-37 (revised estimate)	...	...	...	1 crore 78 lakhs.

Not merely did it bring this relief, but it enabled Government to resort to a measure of self-help; in the Spring of 1935 the Bengal Legislature passed the following taxation Bills, calculated to bring in 24½ lakhs per annum (they have actually yielded about 30 lakhs):—

- (1) Bengal Electricity Duty Act, 1935.
- (2) Bengal Tobacco (Sales Licensing) Act, 1935.
- (3) Indian Stamp (Bengal Amendment) Act, 1935.
- (4) Court Fee (Bengal Second Amendment) Act, 1935.
- (5) Bengal Amusements Tax (Amendment) Act, 1935.

Resentment at the Meston Settlement was still, however, sufficiently strong to compel the Local Government to accept amendments limiting the life of all five measures to three years from the date of their being brought into force. That period will expire in mid-1938.

5. Sir Otto Niemeyer visited Bengal in the Winter of 1935-36. He came to the finding that it was imperative to give Bengal under the New Constitution immediate further relief to the extent of 75 lakhs per annum. This he proposed should be brought about by cancelling all her debt to the Centre as it might stand on the closing of the accounts for 1935-36, and by raising her share of the jute export duty from 50 per cent. to 62½ per cent. These proposals were accepted and came into effect on the 1st April, 1937.

#### APPENDIX II

(Figures are in thousands.)

	Revised, 1936-37.	Budget, 1937-38.	Increase.
	(Indian and English expenditure).		
	Rs.	Rs.	Rs.
Education .. .. .	1,32,80	1,37,70	4,90
Medical .. .. .	51,88	54,45	2,57
Public Health .. .. .	(a)27,10	33,98	6,88
Agriculture .. .. .	10,36	11,74	1,38
Co-operative Credit .. .. .	11,69	13,94	2,25
Industries .. .. .	14,59	16,69	2,10
Debt Conciliation Boards .. .. .	2,16	16,62	14,46
Contribution towards Water Ways Board .. .. .	..	1,25	1,25
Damodar-Hooghly flushing scheme .. .. .	..	1,30	1,30
Interest charges on State Provident Fund Deposits .. .. .	..	15,83	15,83
Public Service Commission .. .. .	..	88	88
Provincial Legislative Council and Assembly .. .. .	1,55	3,15	1,60
Provincialisation of the office of the Official Assignee .. .. .	..	1,05	1,05
Reorganisation of the Process Serving Establishment in the Civil Courts. .. .. .	47	2,30	1,83
Statutory grant for the new Howrah Bridge .. .. .	1,00	4,00	3,00
Road Development Works .. .. .	16,14	22,23	6,09
Civil Buildings, etc. .. .. .	83,11	1,04,92	21,81
Total .. .. .			89,18
or .. .. .			89,00

(a) Excluding 9.35 on account of augmentation grants to the District Boards transferred to the head "57—Miscellaneous" from 1937-38.

## APPENDIX III

## Summary of the financial position of the Government of Bengal in 1936-37 and 1937-38

[Figures are in thousands.]

				Receipts		
				Budget, 1936-37.	Revised, 1936-37.	Budget, 1937-38.
				Rs.	Rs.	Rs.
Opening Balance	..	..	..	27,27	41,09	(a)97,78
Revenue Receipts	..	..	..	11,50,53	11,94,83	12,55,03
Capital Receipts	..	..	..	1,34,65	92,97	..
Receipts from Debt, Deposits, etc.	..	..	..	..	..	9,98,48
				<u>13,12,45</u>	<u>13,28,89</u>	<u>23,51,29</u>

				Expenditure		
Revenue Expenditure	..	..	..	11,90,77	11,91,52	12,21,05
Capital Expenditure	..	..	..	1,09,39	1,33,98	12,30
Expenditure on Debt, Deposits, etc.	..	..	..	..	..	9,79,98
Closing Balance	..	..	..	12,29	3,39	1,37,96
				<u>13,12,45</u>	<u>13,28,89</u>	<u>23,51,29</u>

## Net Result

(Exclusive of opening balance.)

Surplus+	} On revenue account	..	..	-40,2	+3,31	+33,98
Deficit -						
Surplus+	} Outside revenue account	..	..	+23,23	-41,01	+6,20
Deficit -						
Total	{ Surplus+ Deficit- }	..	..	-14,98	-37,70	+40,18

Rs.

(a) Minimum balance required to be kept in the Bank and in the Treasuries	..	49,00
Famine Relief Fund	..	3,39
Depreciation Reserve Fund—Government Presses	..	3,42
Subvention from Central Road Development Fund	..	37,11
Deposit account of grant for Development of Industries	..	1,19
Deposit account of grant for economic development and improvement of rural areas	..	2,87
Suspense account	..	80
Total	..	<u>97,78</u>

**Supplementary Statement of Expenditure for 1937-38**

*(Presented on the 20th September, 1937)*

**The Hon'ble Mr. Nalini Ranjan Sarker:** Sir, I beg to present Supplementary Statement of Expenditure for 1937-38.

*(Presented on the 7th February, 1938)*

**The Hon'ble Mr. Nalini Ranjan Sarker:** Sir, under section 81 of the Government of India Act, 1935, I beg to present a Supplementary Statement showing the estimated amount of expenditure that will be necessary for the current year. The total amount of such anticipated expenditure for the year is Rs. 3,42,000 of which Rs. 98,000 is voted and Rs. 2,44,000 is charged. The total grant for appropriations is revised under 8 major heads. The reasons for such anticipated expenditure under the various heads which could not be foreseen at the time of the preparation of the Budget are given in the Statement for the information of the Members, and the Hon'ble Ministers in charge of respective departments will further explain the position in respect of each head of expenditure when they will make their demands: At this stage, Sir, I do not want to take up the time of the House. I present the Supplementary estimate of expenditure for the year 1937-38.

**Speech by the Hon'ble Mr. N. R. Sarker, Finance Minister, in presenting the Budget for 1938-39.**

*(Presented on the 17th February, 1938.)*

Mr. Speaker, Sir, a little over six months has elapsed since I presented my last Budget and as I rise to-day to present the Budget Estimates for 1938-39, I am glad that we now get back to normal practice: to Budget sessions and the voting of supplies before the opening of the year to which they relate. The year which is now expiring was unusual in its budgetary arrangements owing to the change over from one constitution to another. A Governor's grant was made on 1st April 1937, and the Legislature was subsequently called upon to vote supplies for the whole year on a Budget presented towards the end of July and voted in August-September. A disadvantage that has flowed from this is that we have only had six months, instead of the usual twelve, in which to frame proposals and make a Budget for the ensuing year.

I will begin my statement with the good news that the actuals for 1936-37 are better than seemed possible two years ago or even a year ago. The House will remember that under the terms of the Niemeyer Settlement, while we would have been obliged to take a loan to cover any working deficit for 1936-37, should it have ended in one, any surplus would only have been written off as an incident of the cancellation of our debt to the Centre as it stood on 31st March, 1937. Our interest therefore was confined to the avoidance of a deficit, which would have meant starting on our regime of provincial autonomy with a debt on our hands. To sentiment and self interest alike, this would have been distasteful; and we may well congratulate ourselves on the fact that we have avoided it.

Hon'ble members will also be glad to learn that the improvement evident in 1936-37 gained such strength during the first half of the current year that, despite a set-back during the past few months, the revised estimates for 1937-38 are well above the estimates which I presented six months ago. I shall come to details later, but at this stage I should like to mention the two heads which have mostly contributed to the improvement. These are the jute export duty and income-tax. The former is likely to exceed our original estimate by 33 lakhs, and the latter, for which we estimated nothing at all, by 27½ lakhs. But I am giving no secrets away when I say that these figures would have been many lakhs higher but for the disturbing drop in trade figures that set in about two months ago. The case of income-tax is the most noticeable. As the House is aware, during the first five years of the constitution the amount of income-tax receipts assignable to the Provinces depends not merely on the yield of income-tax but also, and indeed mainly, on the yield of Railway earnings: we can get nothing unless the Railways prosper. Well, they did prosper in the first half of the year and, if the improvement had been maintained, we should have got about 40 lakhs from income-tax. But Railway earnings have fallen off so badly during the last two months that, instead of 40 lakhs, we shall only get 27½ lakhs. Our receipts from jute export duty would also have been higher if the improvement in jute exports evident in the first half of the year had been maintained. The deterioration in both cases is due to conditions outside Bengal and, indeed outside India. It is important for us to realise that our acquisition of an interest in jute exports, in the yield of income-tax and in the yield of Railway receipts has forged a further link between our financial fortunes and trade conditions in the world at large. The same process will be carried a step further when we come to acquire an interest in those other federal taxes mentioned in sections 137 and 140 of the Act which are assignable, in whole or in part, to the Provinces, and when we come to impose taxes of our own, such as sales taxes, whose yield in one degree or another will depend upon economic conditions at large. Provincial estimates have now to be framed against a wider background than hitherto.

Is there anything that one can offer in explanation of the recent set-back? The world recovery that began in 1934 showed signs of slackening outside India through the greater part of 1937, and by the third quarter of the year a definite falling-off was noticeable, both in the prices of stock exchange securities and in commodity prices. A reflection of this tendency was evident in India too, though it came later. The Calcutta index number of wholesale prices for commodities as a whole, which rose from 94 in December 1936 to 105 in August 1937, dropped back to 102 in December 1937; while particular commodities such as cereals, pulses, tea, raw jute, cotton manufactures and raw cotton registered an even greater decline. Figures of export have fallen during the last few months. Import figures have not yet dropped, but if the decline in exports continues, an adverse reaction in imports is likely to follow. The world causes that have been at work to produce this set-back are doubtless many and various; but it is safe, I think, to say that conditions in America have had a great deal to do with it and that an improvement in that country would offer the best promise of improvement in India. The slump in the American cotton market, due mainly to a bumper crop, certainly accounts for a large part of the recent falling-off in traffic on the Railways, which would otherwise have been moving the Indian crop to the ports for export. The drop in our jute exports must also be largely due to stagnation in America: for that country takes more than half of our hessian products.

Let us hope that the set-back is only a passing phase and that further deterioration will soon be checked. If America can stage an improvement during the next few months, we shall almost certainly benefit by it in India. As one of the requisites of this improvement appears to be the mere settling of a quarrel between the Administration on the one hand and big business on the other, the position should not be hopeless. While I refuse to be pessimistic, it is obvious that we must budget with caution. In my estimate of revenue receipts for the ensuing year I have assumed that the decline will soon be arrested, but I have not presumed to anticipate a recovery of world markets to the level at which they stood in the earlier half of this year.

It is customary, Sir, in presenting the Budget to review the accounts of three years—the year for which the accounts have been closed; the year which is expiring but for which only revised estimates are available; and the ensuing year for which budget estimates are presented. I would, however, like to depart from this customary practice for once in regard to the year 1936-37 for which accounts have been closed. I have already said all that I want to say about the accounts for that year, namely, that the forecast of a deficit of about 45 lakhs on the year's working has fortunately proved incorrect. I shall now proceed to a review of the accounts of only two years—the current or the first year—although, strictly speaking, from the point of view of framing the Budget, not a complete year, of provincial autonomy, and the ensuing year, which I may call the first normal year of provincial autonomy.

According to the original estimate the year 1937-38 was to start with an opening balance of 98 lakhs and end with a closing balance of 1 crore and 38 lakhs. The revised estimate places the opening balance at 1 crore 6 lakhs and the closing balance at 1 crore 91 lakhs. This improvement by 53 lakhs is the net result of the following: an increase of 8 lakhs in the opening balance; an increase of 88 lakhs in our revenue receipts; a decrease of 14 lakhs in our expenditure on revenue account; and a decrease of nearly 57 lakhs in the balance outside the revenue account, that is to say, in the working of the Capital and Debt Deposit section of the Budget. I will now give a brief explanation of each of these changes.

The opening balance, as I observed in my last Budget speech, represents the amount which was to be given to us by the Government of India in order to enable us to meet certain liabilities. Their description will be found at the foot of page 2 of the Civil Budget Estimate.

This amount was expected to be 98 lakhs, but when the accounts for 1936-37 were closed, it was found to be 106 lakhs. The improvement of 8 lakhs occurred mostly in the figures of subvention from the Central Road Development Account and the figures of the Deposit Account of the grant for development and improvement of rural areas. In other words, we spent less out of these accounts in 1936-37 than was expected.

The increase of 88 lakhs in revenue receipts is mostly due to an increase of 33½ lakhs under "Jute duty", 27½ lakhs under "Income-tax", 12 lakhs under "Land Revenue", 17 lakhs under "Excise", 3 lakhs under "Electricity Duty" and 3 lakhs under "Civil Works", offset in part by a fall of 11 lakhs under "Stamps". The increase under "Jute duty" is due to general improvement in the trade. As I have already explained, when the Budget was framed it was not expected that any share out of income-tax receipts would be available for distribution to the provinces; but it has been ascertained on recent advice from the Government of India that we may expect 27½ lakhs under this head in the current year. The increase under "Civil Works" is due to certain abnormal receipts while the increase

under the remaining heads is due to improvement of economic conditions. The decline under "Stamps" is explained by a drop of 19 lakhs under "Court-fees" compensated by an improvement of 8 lakhs under "Non-Judicial". The causes of the decline under "Court-fees" are under investigation, but it seems probable that the drop is mostly due to the working of the Debt Conciliation Boards and consequent reduction in civil litigation.

The reduction of 14 lakhs in expenditure on revenue account is the net effect of excesses and savings spread over a large number of heads, the details of which are furnished in the Red Book which will be supplied later on. I shall confine myself to the more important variations. Savings of nearly 4 lakhs occur under "Land Revenue" mainly as a result of abandonment of Revisional Settlement operations as desired by the Assembly. There is a decrease of over 2 lakhs under "Irrigation" owing to non-establishment of the Waterways Board. (Rai HARENDRA NATH CHAUDHURY: "Hear, hear".) The Police Budget shows a saving of over 3 lakhs owing to retrenchment, and more than 2 lakhs have been saved under "Jails" owing to the closure of Deoli Jail (cries of "Hear, hear") and a general decrease in jail population. The release of detenus accounts for a reduction of nearly 2 lakhs under "Miscellaneous." A decrease of about 6 lakhs under "Civil Works" is attributable to smaller expenditure on Road Development Works and other original works owing to late voting of the Budget and other causes. On the other hand there is an increase of nearly 5 lakhs under "General Administration" as a result of legislation relating to the emoluments of Ministers and of members of the Legislature which was passed after the presentation of the Budget.

The deficit in that section of the Budget which is outside the revenue account is due to transactions recorded under the head "Cash Balance Investment Account." A word of explanation is needed in regard to these transactions. Under the new banking and accounting arrangements we have to maintain a minimum balance of 25 lakhs with the Reserve Bank and, if our balance falls below this limit, penal interest is leviable. Any surplus over this figure we are, however, free to invest. So we have to watch our bank balance carefully and see, on the one hand, that it does not fall below the prescribed minimum and on the other, that it does not remain at a substantially higher level than the minimum without being profitably invested. The "Cash Balance Investment Account" is intended to exhibit temporary investments of our surplus balance. We have been investing our surplus funds in Government of India 3 months' Treasury Bills. The amounts paid out for the purchase of these are shown as disbursements and when the Bills mature, the same amounts are shown as receipts in this Account. The interest realised is credited to the Revenue head "XX—Interest." The reason for the decrease of 57 lakhs in the balance outside the revenue account is simply this: that Treasury Bills to the value of nearly 70 lakhs have been purchased in the closing months of the current year and will not mature until next year. We started making these investments in July, and the interest realised up to the 31st March will amount to nineteen thousand rupees.

The revised estimate of a closing balance of 1 crore 91 lakhs for 1937-38 is made up as follows:—

Forty-nine lakhs representing the minimum balance to be kept in the Reserve Bank and Treasuries;

Twenty-eight lakhs representing the unspent balance of the Subvention of 43 lakhs for Road Development work;

One crore and 14 lakhs representing the amount available for general purposes.

There are three items outside this closing balance, viz., 33½ lakhs worth of securities originally belonging to the Official Assignee but since appropriated by Government; 1 lakh worth of securities of the Steam Boiler Fund, appropriated by Government on provincialisation of that Fund; and 70 lakhs worth of Treasury Bills.

I now turn to the estimate for the coming year.

I place our total revenue in 1938-39 at 13 crores 13 lakhs. This is 30 lakhs below the expected revenue in the current year. But the real decrease is greater still. Owing to a change in accounting procedure dictated by the Auditor-General, interest on irrigation capital outlay is now to be credited under "XX—Interest" instead of being deducted as hitherto from the expenditure shown under "22—interest". The result is an increase of 22½ lakhs on both sides of the Budget. The real drop in receipts below the Revised for the current year is therefore 52½ lakhs.

The decrease is made up of a number of small increases to a total of about 10 lakhs the details of which will be given in the Red Book which will be supplied to you, counter-balanced by a fall of nearly 63 lakhs under our main heads of revenue. Of this fall of 63 lakhs, 19 lakhs reflect the recent set-back in world markets; on account of which, and in consultation with the Government of India, I have placed our receipts from jute duty 17 lakhs lower, and our receipts from income-tax 2 lakhs lower, than in 1937-38. A further 13 lakhs out of the 63 is accounted for by a drop under "Land Revenue", not because I estimate that collections will deteriorate, but because the amount of arrears to be collected has been greatly reduced and recoveries on account of settlement operations will also be less as recoveries are almost complete in the case of old settlement operations and no new ones have been undertaken.

There is a decline of 4 lakhs under Excise because some large refunds are due to be made and because it is anticipated that, owing to the move for the introduction of prohibition in certain localities, the upward tendency of excise receipts in recent years will be arrested. Finally, there are declines of 7 lakhs under "Stamps" and 19 lakhs under "Other Taxes and Duties." The reason for these is that the taxation measures relating to Stamps, Court-fees, Amusements Tax, Electricity Duty and Tobacco Sales Licensing Fees which were passed in 1935 are due to expire on various dates between June and the end of August 1938. A Bill to continue all of these measures except that relating to Tobacco is on the Agenda of the current session. I trust that it will be passed, but for budgeting purposes I have not presumed to anticipate the decision of the Legislature.

I now turn to our proposals for expenditure. I place our total expenditure for the coming year at 13½ crores—(voted 11 crores 27 lakhs and charged 1 crore 97 lakhs)—which is 1½ crores more than the Revised Estimate for the current year. Out of this, about 22½ lakhs is accounted for by the change in classification of Interest charges on Irrigation Capital outlay to which I have already referred. The balance of about a crore represents expenditure on new schemes for which provision has been included in the Budget. In my last Budget speech, I stressed the necessity of viewing our problems against a human background and observed that our aim was to resurrect the average man, who in this predominantly agricultural country, is the cultivator. In the forefront of a policy and programme directed towards this endeavour, I placed the relief of rural indebtedness, the spread of primary education, and the stimulation of prices of agricultural commodities through improved methods of production and better marketing facilities. Each of these objectives has secured our careful attention and definite steps have been taken towards their realisation within a reasonable period of time.

As the first line of defence against further deterioration of the condition of our agriculturists, the idea of scaling down their accumulated debts through a net-work of Debt Conciliation Boards has been vigorously pursued. Since our assumption of office 1,631 such boards have been created and it is proposed to create over 2,000 new boards next year. The total expenditure on debt conciliation in 1938-39 has been raised to over 24½ lakhs. This will enable a board to function in almost every union in the Province and relief will thus be brought practically to the door of every villager.

Closely linked with this subject is the problem of providing proper credit facilities for the requirements of cultivators, as the scaling down of debts is but an emergency measure which needs to be supplemented by some permanent schemes for meeting the normal requirements of agricultural credit. The success of the scheme of debt conciliation is materially dependent on the presence of facilities such as would ensure regular payment of the composed debts by settled instalments. The expansion of co-operative credit organisation is considered in the present circumstances to be the readiest and most effective means of providing such facilities because by virtue of their direct contact with the borrowers such organisations would act as a deterrent against unproductive borrowing and thus prevent the agriculturists from relapsing into a state of chronic indebtedness. An additional 2½ lakhs has been provided in next year's Budget for placing the co-operative movement on a more satisfactory basis. The Co-operative Department will be thoroughly reorganised and proper training will be provided for officers and workers so that the maximum of benefit may result from their endeavours. It is proposed that two officers of the Department will be deputed to Denmark and other countries in order to study the practical working of the co-operative movement in places where it has met with the largest measure of success.

Government are aware that the security worth of land has been adversely affected by the recent depression as well as by the feeling of uncertainty due to recent legislative enactments affecting rural credit and that the altered circumstances may make it necessary to set up distinct types of credit machinery in the rural areas providing loans against the security of crops and other moveable stocks. I may inform the House that the entire question of providing rural credit facilities through suitable organisations is engaging the earnest attention of the Government.

With regard to the spread of free primary education, which is an item of outstanding importance in our programme for the improvement of the human material several districts have decided to utilise the provisions of the Bengal Primary Education Act with a view to make primary education free and compulsory for the children in their respective areas. Already from the 1st of April 1937, a primary education cess is being levied and collected in the district of Mymensingh. The Education Board of the district have, after a careful survey of the primary educational needs of the district, come to the conclusion that it will require 2,600 primary schools, of which 1,700 have already been brought into existence. From the beginning of the next year, it is proposed to introduce a similar cess in three more districts; and applications from seven further districts are now under the consideration of Government. By way of supplementing such laudable local efforts a provision of 5 lakhs has been made in next year's Budget for the improvement of primary education in addition to the normal expenditure provided for under this head. With a view to improve the quality of teaching in such schools, steps have been taken to provide trained teachers for the institutions already started or due to be

started soon in the aforementioned four districts. Two schemes have been formulated for the training of teachers for primary schools. One is to train a certain number of teachers under the auspices of the Visva Bharati, Bolpur, and the other is to train teachers on a much larger scale by attaching training classes to high schools. The ultimate expenditure involved in the first scheme is 22 thousand, while the second scheme is estimated to cost over 18½ lakhs of rupees. The Budget includes 78 thousand for the first year's expenditure for both these schemes. In order to ensure that the most up-to-date improvements in the system of primary education may be made known to these teachers, it has been proposed to depute three officers of the Education Department to study the methods of primary education in foreign countries, and a provision of 10 thousand has been included for the purpose in next year's Budget.

While on this subject, I may mention that the increased provision under Primary Education does not mean that the needs of University and Secondary education have been neglected. On the contrary, attempts have been made to meet their growing demands as far as possible. A comprehensive survey of the needs of the Calcutta and Dacca Universities was recently made in consultation with those bodies, and our Budget for next year includes provision in full (including an additional 29 thousand for the Dacca University) not only to meet immediate needs but also to cover their needs for some time to come. That notable centre of culture—the University of Visva Bharati at Bolpur, applied rather late in the year for a Government grant. A provision of 6½ thousand has, however, been made in aid of its various educational activities, pending further examination of its proposals. Additional grants of over a lakh have been provided for non-Government arts colleges, and a special additional grant of 4 thousand for colleges under the Dacca Board of Education. About 1½ lakhs has been provided for additional grants to non-Government secondary schools and 70 thousand for additional grants to madrasahs.

The requirements of female education, both Collegiate and Secondary, have also been kept in view. Provision has been included for a Purdah College for girls, the building for which is estimated to cost 5 lakhs. Another scheme for which provision has been made relates to the adaptation of the Christ Church buildings as an extension of the Bethune College at an ultimate cost of about 1 lakh. Over 70 thousand has been provided for additional grants to girls' schools and 5 thousand for additional grants to junior madrasahs for girls. A capital grant of 10 thousand has been provided for the Nepali girls' school at Darjeeling and over 30 thousand has been provided in furtherance of the physical education programme in girls' schools and colleges.

In regard to agriculture, the provisions made in the next year's Budget form the initial steps of a policy to improve the quality and yield of the crops through better and more scientific methods of cultivation. Inasmuch as research, demonstration and propaganda constitute the fundamental basis of a planned attack on our agricultural problems, special attention has been devoted to these in the allotments made. Provision has been made for the establishment of an Agricultural Institute at Dacca which will be equipped in such a way as to provide the most up-to-date training in the theory and practice of agriculture and to undertake allied research work. The idea behind such a central institution is mainly to ensure the supply of an adequate number of trained men such as will be required by the Agriculture Department in carrying out its schemes of agricultural improvement. The Institute will carry on both research and training and the results of research will be tested under actual working conditions in outlying agricultural farms. Pending the establishment of

the Agricultural Institute, provision has been made for imparting agricultural training to six agricultural graduates with a view to making them qualified for employment in the Subordinate Agricultural Service. Provision of 16 thousand has been made for establishing Union Board farms for demonstration of farming methods in villages and 39 thousand has been provided for a District agricultural farm at Midnapore. Cultivators will be encouraged to grow remunerative crops recommended by the Agriculture Department and small subsidies will be granted to reward them for their pioneering work. A sum of 2 thousand has been provided for this purpose in the Budget. Six thousand has been provided for award of prize at exhibitions and 2 thousand for subsidising seed stores where they are not organised by Government. A provision of 6 thousand has been included for a Propaganda Officer. The demonstration grant of the Department has been raised by 12 thousand and provision has been made for the appointment of ten additional demonstrators.

Regarding the stimulation of prices of agricultural products, I need hardly reiterate the observation which I made on the last occasion that it is beyond the power of the Provincial Government to adjust such factors as currency, credit and tariff which may directly affect the level of prices. Even so, an attempt has been made, within whatever limited scope is available to us, to give an impetus to the prevailing prices by instituting measures with a view to providing better facilities for marketing. Two important schemes have been formulated in this connection and included in the next year's Budget. One is the scheme for taking, at a cost of 25 thousand, the necessary preliminary steps in connection with the establishment of regulated markets for jute on the lines of such markets organised for cotton in Berar, and the other is an egg grading scheme involving an expenditure of 6 thousand.

In regard to jute, in particular, two special provisions have been made in addition to the preliminary steps for the establishment of regulated markets. One is a lump provision of 1 lakh for a jute census. Such a census constitutes the first and most essential preliminary to an effective regulation of the crop which is necessary to secure a better adjustment of supply to demand and thus ensure a fair price to the cultivator. It is also calculated to form the basis on which it should be possible to prepare scientific and dependable forecasts of the crop. The other provision is one of  $\frac{1}{2}$  lakh for jute restriction propaganda, which it is considered necessary to continue in the ensuing season for avoiding the likelihood of over-production.

Having regard to the fact that the improvement of agriculture is materially dependent on the improvement of livestock, special provisions have been made on this account in the next year's Budget. Ten thousand has been provided for opening Dairy section at the Dacca Farm and additional staff has been provided for animal husbandry work.

It is hardly necessary to emphasise that Government is anxious that industrial activities in the Province should be expanded and stimulated. In large scale industry, however, the scope for direct action by Government is very limited and we have mainly to depend on private enterprise. But the ways in which Government might within those limits impart a stimulus to large industries are being carefully considered, and the Hon'ble Minister in charge has already prepared a scheme specially for encouraging the small industries. The scheme, whose full operation will take three or four years, is being partially given effect to in the coming year, and I will narrate the main provisions which we have made in this connection. Twenty thousand has been provided for undertaking an expert enquiry into the possibilities of extension of industries on a large

scale. Provision has been made for the establishment of a scientific Advisory Council which will co-ordinate the results of the researches in the various technical and research institutes, suggest new lines of research and advise Government in regard to scientific schemes and proposals mooted by the institutes. As a part of Government's programme, it is also proposed to establish an Industrial Intelligence Branch for the purpose of collecting information regarding the various aspects of industrial activity in the province.

Existing industrial organisations are to be expanded and reorganised and provision has been included for new lines of development. Thus, there is a provision of 25 thousand for reorganisation of the Bengal Tanning Institute, of 63 thousand for extension of the Dye House at the Government Weaving Institute at Serampore and of 18 thousand for extension of the existing power-driven cotton weaving plant at the same place. It is proposed to reorganise the Silk Technological Institute at Berhampore at a cost of 61 thousand. Provision is made for the reorganisation of eight peripatetic weaving schools at a cost of 13 thousand and for the continuance of 28 industrial demonstration parties at a cost of about a lakh. Ten thousand is provided for increased grants-in-aid to technical and industrial schools. With a view to stimulate expansion in new directions, 12 thousand is provided for research and training in varnishes, enamels, leckuers, japans, oil colours, paints and printers' ink and 3 thousand for the establishment of a Research Section in the Dyeing Department of the Government Weaving Institute at Serampore. Provision is made for two Artist designers for the evolution of new and attractive designs and patterns of woven goods likely to command ready sale. Twenty-five thousand is provided for coir spinning and weaving demonstration parties and 7 thousand for demonstration of improved methods of silk reeling. With a view to stimulate the consumption of manufactured jute in the Province, it is proposed to establish a model Jute Weaving Institute at a cost of 4 thousand and to instal a power-driven jute weaving plant at the Weaving Institute, Serampore, at a cost of 45 thousand. Four thousand is provided for continuing the post of the Marketing and Publicity Officer during the coming year. A scheme for the establishment of a Central Institute of Technology and expansion of technical schools in districts is still under examination.

Government have given careful consideration to the immense advantage that would be likely to accrue to the industrial development of the Province from a supply of cheap electrical energy, and a provision has accordingly been made in the Budget for undertaking an enquiry into the possibilities of generating and supplying electrical power on an extensive scale and distributing the same at a moderate charge throughout the countryside. If and when this enquiry is followed by the formulation of a fruitful scheme, it will doubtless mark a great step forward in the process of stimulating the industrial activities of the Province.

To popularise the goods turned out by the industries of this Province it has been decided to organise at a cost of 50 thousand an Industrial and Commercial Museum where contact may be established between the producers and the commercial houses which have dealings with markets in and outside the Province. Provision has also been made for moving exhibitions to carry on propaganda for popularising indigenous goods and to propagate knowledge as to what goods are actually domestically available. Twenty thousand has been provided for participation in industrial exhibitions which have an important educative value. Steps have also been taken to extend Government patronage to the industries of the Province in the matter of purchasing stores for their departmental requirements.

The problem of improving the public health of the Province has to be tackled in a systematic way and the provisions in next year's Budget have been made with that end in view. The first and foremost need in rural areas is the need for an adequate supply of good drinking water. The grant for rural water supply has accordingly been raised from 2 to 7½ lakhs and another 2½ lakhs has been provided on a contributory basis. Government have, however, decided to formulate a comprehensive scheme of rural water supply for the entire province and, in order that the same may be speedily brought into operation, it has been proposed to establish a rural water supply subdivision under the Chief Engineer, Public Health, which will draw up a comprehensive programme in consultation with local authorities, and a provision of 6 thousand has been included in the Budget for this purpose.

The next most important public health problem in this Province is the problem of malaria and with a view to fight this scourge the grant for free distribution of quinine has been raised from 1½ lakhs to 4 lakhs. In addition to the usual provision of 80 thousand for this purpose, a lump provision of 2 1/5 lakhs has been made for anti-malaria schemes. About 40 thousand has been provided for anti-Ludlowii survey and control measures in and around Calcutta.

For maternity and child welfare work, it is proposed to increase the grant from 28 to 35 thousand and to provide a lady superintendent and staff at an ultimate cost of 30 thousand. A capital grant of 50 thousand is proposed for the Ram Krishna Sishumangal Prathisthan in furtherance of their child welfare activities. A grant of one thousand is provided for the Servants of Humanity Society for a similar purpose.

With a view to making an effective drive against the problem of tuberculosis Government have decided to establish a climatic sanitarium for tubercular patients, and for this purpose an initial expenditure of 1 lakh has been provided in next year's Budget. A grant of 1 lakh 36 thousand is proposed for the Jadavpur Hospital which is doing such conspicuously good work in giving relief to victims of tuberculosis. Fifteen thousand has been provided as grants to Sadar hospitals for providing better treatment and nourishment to tuberculosis patients the ultimate cost of which will come up to 75 thousand. Provision has been made for a course of training in tuberculosis work for Medical and Health Officers at an ultimate cost of 25 thousand. Thirty-three thousand has been provided for a tuberculosis survey which is expected to furnish useful materials for a comprehensive scheme of action against this terrible scourge. For necessary clinics in this connection it is hoped that sufficient contributions will be available from the fund started by Her Excellency Lady Linlithgow.

Another matter which is engaging the anxious attention of Government is the control of leprosy, and a lump provision of 50 thousand has been included in the Budget for taking necessary measures in this direction.

Ten thousand has been provided for the establishment of Union Board dispensaries and 3 lakhs for the general improvement of Sadar hospitals.

To encourage research work 10 thousand has been provided for a grant to the Indian Institute of Medical Research.

Thirty thousand has been provided for the creation of a model health unit where training will be given in improved and up-to-date methods of health welfare work. Grants are also proposed for the Indian Red Cross

Society for the establishment of a training school for health welfare workers. Thirty-eight thousand has been provided for improvement of rural sanitation and 1½ lakhs for the reorganisation of rural public health units. Government propose to make medical aid available throughout the Province in a comprehensive manner by the establishment of a net-work of rural treatment centres. The provision for next year represents only the initial instalment of expenditure on this scheme which will entail a considerably large ultimate cost.

In regard to the Irrigation Budget I may mention that in the current year we are spending 57 thousand on irrigation surveys including a survey of the Hooghly-Howrah area and the survey of what is known as the More Project in the Birbhum district. These surveys are progressing and schemes are likely to emerge costing about 2½ crores each. In the Budget for next year we almost treble our expenditure on irrigation surveys and the like and provide for the carrying out of five small irrigation schemes in the districts of Midnapore, Bankura, Malda, Pabna and Nadia.

I may, in this connection, make a few observations in regard to the future irrigational development of Bengal. In connection with the rates for the Damodar Canal project under the Bengal Development Act a controversy has arisen as to the amount of the rates. A Committee was appointed for investigation of the grievances. The Committee has submitted its report which is now under consideration of the Government and I would not like to say anything which might anticipate the decision of Government. There is one aspect of the matter, however, which has a wider significance than merely local views about the merits or demerits of a particular scheme. Considering the huge cost of big irrigational schemes it must be obvious that in the present financial position of the Province it is not possible to meet the cost of such undertakings out of the general revenues. Additional taxation would be inevitable for the financing of such big irrigational projects. So far as my information goes, in the other Provinces also wherever big irrigation schemes have been started, rates for financing the schemes have had to be levied on those benefited by the projects. New taxation is always odious, but if we want the benefits of irrigational development on a large scale we must be prepared to be reconciled to such taxation. And the benefits flowing from the development of irrigation would undoubtedly be great and would have revolutionising consequences. In certain parts, at least, of Bengal, development of irrigation is a necessity for the very life and substance of the people. Central and West Bengal and some districts of North Bengal are the worst sufferers from the lack of irrigation. Expert opinion has pointed out that in most parts of Central and Western Bengal a continuous process of depopulation and deterioration of agriculture has set in. The courses of rivers that materially contributed to the richness of the soil, health and wealth of the population have been deflected and most of them are today silted up, turning the neighbouring areas barren and uninhabitable. Marshes and fallows have taken the place of smiling fields and abodes of contented population have turned into veritable jungles with the result that today disease and death stalk the land. Depopulation and physical breakdown due to malaria and decline in soil fertility have led to a progressive shrinkage in agriculture. Statistics indicate that cultivated land in proportion to the total cultivable area and also the population per square mile have decreased in most of the districts in Central and Western Bengal. The problem in some districts in North Bengal is almost similar though not presenting the same date of decadence as in Central Bengal. The decadence could be successfully arrested only by the development of large scale irrigation schemes under the Bengal Development Act. But if

after a scheme is started, controversy arises as to rates, there is naturally likely to be difficulty in raising loans for the financing of such projects of irrigation. I think therefore that the question should be thoroughly thrashed out before the House, and the House should pronounce its clear opinion on the controversial issues so that irrigational development projects may in future be taken in hand systematically and with confidence.

There is an increased provision of 21½ lakhs in the Civil Works Budget. Part of this is due to a more ambitious scheme of road development than we have hitherto been able to achieve. The subject of road and river communications is so important that I propose to reserve it for separate comments. Here I propose to deal with the more important building projects for which provision has been made. Three lakhs have been provided for executive offices and quarters, 1¼ lakhs for judicial offices and quarters and 1 lakh for registration offices and quarters. The schemes for which provision has been made represent the most urgent among a very large number of pending projects which it was not possible to finance earlier on account of the prevailing financial stringency. One lakh has been provided for remunerative residential buildings, 1 lakh for police buildings, 3 lakhs for educational buildings, 4 lakhs for medical buildings and 2 lakhs for agricultural buildings. There is also a provision of 1 lakh for the construction of a separate building for the Bengal Legislative Council, the ultimate cost of which may exceed 15 lakhs according to present estimates which are now under the consideration of the Government.

I must now say a word about communications, road and river, since the development of these is so necessary to the welfare of the Province. As the House is aware, we have two sources of income which are earmarked for the development of road communications, each of which brings in about 14 lakhs a year. The first is the Bengal Motor Vehicles Tax Act, the bulk of the proceeds of which (after deducting 4½ lakhs payable to the Calcutta Corporation) is given to Municipalities and District Boards for their road schemes. The other is the Bengal share of the Central Petrol Fund. We are very behindhand in our expenditure of the latter, and we are not likely to receive any further monies from the Fund until we have spent the accumulations on account of previous years which were placed at our credit in our opening balance on the 1st April last. Out of a total assignment of 1 crore and 5 lakhs since the Fund was opened, the unspent balance on the 31st March 1936 was 43½ lakhs. We budgeted in 1937-38 to spend 22½ lakhs, but our actual expenditure for one reason or another is not likely to exceed 17 lakhs. We intend, however, to take measures to ensure that the programme of a 26 lakhs expenditure for which we have budgeted in 1938-39 is at least worked up to. A proposal recently submitted by the Chief Engineer for the entertainment of additional engineering staff to speed up the execution of these projects is under examination, and we shall, if necessary, employ additional staff. I trust that by the close of next year we shall have earned the right to receive from the Government of India the two years' accumulation of our share of the Petrol Fund which will then be outstanding. For expeditious expenditure thereafter we shall have the advantage of proposals for a road building plan for the whole of Bengal which are about to reach Government from an officer who has for some time been making a special study of the matter. I may inform the House that the question of improved communications in the villages has also not been overlooked by the Government and a provision of 1½ lakhs has been made on this account in the next year's Budget.

With regard to river communications, we already have the plan of setting up the Waterways Board contemplated by the Bengal Waterways Act of 1934. We had hoped to constitute the Board during the current

year. We now propose to constitute it in the coming year, and have provided in the Budget 2½ lakhs by way of grant to the Board.

Provisions have been included in the Budget with special reference to the needs of Muslims and members of the Scheduled Castes. Special scholarships have been provided for encouraging the pursuit of general, technical and medical education by Muslim students involving an amount of 50 thousand and by students belonging to Scheduled Castes at a cost of 30 thousand. Eight thousand has been provided for the award of State scholarships to Muslims and members of the Scheduled Castes for higher study in foreign countries. Special stipends have been created for girls of backward classes.

Among schemes intended to equip our students properly for their duties as citizens may be mentioned an increased grant of 3 thousand to the Bengal Bratachari Society and a provision of 2½ lakhs for youth welfare schemes. Among provisions made for certain institutions of public utility and cultural interest, mention may be made of the grants of 25 thousands to the Muslim Orphanage, 25 thousand to the Bangiya Sahitya Parishad, 20 thousand for Labour Welfare organisations, 3 thousand to the Statistical Institute, 10 thousand to the Society for the Prevention of Blindness, 10 thousand to the Society for the Protection of Children and 5 thousand to the Girl Guides Association. In the General Administration budget will be found a provision of 1 lakh and 12 thousand for extra staff in the offices of District Officers and Subdivisional Officers. Work in these offices has increased by at least 50 per cent. since the last general enquiry into their staff requirements was made some 30 years ago, whereas their present strength is only 12½ per cent. above the strength that was then considered necessary. The late Government was unable to cope with the situation owing to financial stringency. We placed an officer on special duty to study requirements on the spot, and this provision of 1 lakh 12 thousand is included on the basis of proposals recently received from him which we are about to examine in detail. He proposes certain measures of reorganisation, in other words, of constructive retrenchment, by the help of which he considers that the case could be met by an increase of existing strength by about one-eighth at an ultimate cost of 1 lakh 66 thousand per annum, against an increase of about 30 per cent., costing about 3 times as much, which would have been admissible under the standards set up 30 years ago. I am glad to think that measures are now on foot to relieve the pressure under which our clerks in musassal offices have been working. The Special Officer reports an alarming state of affairs in the offices in the matter of overcrowding, ill-furnishing and unsanitary conditions. These allegations will be looked into. Ameliorative measures for the improvement of Judicial offices include a provision of 22 thousand for the purchase of books for libraries in Civil and Sessions Courts and 25 thousand for improvement of the standard of furniture in these courts.

I want to say a few words about the problem of middle-class unemployment, which of all our problems is the most baffling one. As I said in my last Budget speech, the expansion of the beneficent activities of Government is calculated to create new avenues of employment but not to an extent which is likely to absorb any appreciable fraction of the vast number of unemployed among the educated young men of our Province. As a matter of interest I may mention that our schemes of new expenditure for the coming year which have been worked down to full details are calculated to give employment to 270 more officers, 93 more technical assistants, 2,544 additional clerks, 25 additional typists and 2,280 peons and the like; making a total of 5,212. There are other schemes which are calculated to provide employment for an equal if not for a larger number of men. Thus, for

instance, the scheme for training teachers for primary schools contemplates the ultimate employment of a large number of trained teachers for such institutions which are going to be established in several districts within a very short time. Again, the rural public health reorganisation scheme is calculated to provide employment for a large staff of medical men, health assistants and menials. If these are taken into account, I estimate that the number of new posts will come to about 10 thousand. This may be a small contribution to a large need but it has been worth achieving.

Another step which has been taken towards the solution of this highly complicated problem is provision for the appointment of a special Employment Adviser whose main duty will be to compile relevant data regarding the different avenues of employment in Bengal and the prospects of absorption of future entrants in each occupation and to indicate what training will be necessary to secure the qualification for such employment and where and at what cost this training can be obtained.

I am afraid that my review of the new expenditure, though confined to the more important items, has already taken up much of your time. The details of the expenditure will be found in the Red Book which will be supplied later on. As to the principles and policies underlying the various schemes of expenditure and also those under contemplation, I refrain from making a detailed reference to these, as they will be discussed by my colleagues in the course of moving the demands for particular grants that fall within their respective departments. For the sake of ready reference, however, I have given a schedule (Appendix II) showing the major heads under which the Budget Estimates for 1938-39 register a very appreciable increase as compared with the Revised Estimates of the previous year.

I will pause here for a moment to give a brief resume of the financial results of the working of the coming year according to the estimates now presented to the House. We expect to start the year with an opening balance of 1 crore 91 lakhs. Our Revenue Receipts are estimated at 13 crores 13 lakhs and our expenditure on Revenue Account has been placed at 13 crores 24 lakhs. This means that we have to draw upon the opening balance to the extent of 11 lakhs, and that our balance is accordingly reduced to 1 crore 80 lakhs. In the Capital and Debit Deposit Section of the Budget there is a net deficit of 5 lakhs on the year's working which further reduces our balance to 1 crore 75 lakhs—the figures shown as our closing balance in the Civil Budget Estimate which will be presented to you shortly. This is exclusive of the securities and investments details of which have been furnished on page 5 of that Civil Estimate. A summary in further explanation will be found in Appendix I of the printed copy of this statement.

Let me now make a few general observations on our financial position as disclosed by the working of the budget for 1938-39. It is not so prosperous as it might on first sight appear. The Budget for the coming year is really a deficit budget. As I have just stated, Expenditure on Revenue Account exceeds receipts on Revenue Account by 11 lakhs, which will be met by drawing upon the balance left on Revenue Account for 1937-38.

Another point of great importance is that the estimated large amount of closing balance for 1938-39 is not entirely a free balance, that is, not by any means a measure of our capacity for further expenditure. The estimated closing balance on both Revenue and Capital Account for 1938-39 is 1 crore 75 lakhs, which together with the value of our securities

and investment makes a total balance of 2 crores 80 lakhs. But more than half of this is earmarked on various accounts as follows: 49 lakhs is earmarked on account of the minimum balance which we have to maintain with the Reserve Bank and in the treasuries; 5 lakhs will represent the balance of the amount given to us by the Government of India for expenditure on specified objects such as road development and development of industries; 63 lakhs represents the amount estimated to be left on our hands at the end of the year as a result of the transactions under the Debt Deposit Section of the Budget; 10 lakhs, if the Famine Relief Fund Bill is passed, will be required for payment into the Famine Relief Fund. So the total of these amounts, namely, 1 crore 27 lakhs, though forming part of the closing balance, should be left out of account in assessing our capacity for further expenditure.

In this connection I would like to remind the House of what I have already said about the working of the Debt Deposit Section of the Budget. This section is more or less a banking account where receipts and disbursements represent deposits and withdrawals in respect of a variety of non-Government funds such as the monies of municipal and other local bodies. We normally receive into these deposits accounts more than we pay out of them in the course of the year. The surplus is, however, not provincial revenue in the ordinary sense of the term nor is it available for general purposes. It is true that so long as we hold the money we may invest the surplus and earn some interest which comes into our revenue receipts but this is about all the pecuniary advantage that we can derive from this banking arrangement. Our estimates for the coming year place our receipts under the Debt Deposit heads at 16 crores 73 lakhs and our disbursements at 16 crores 80 lakhs. The latter figure includes 70 lakhs invested in short term Treasury Bills and by making allowance for this the surplus arising out of the transactions in Debt Deposit Section in the coming year has been estimated at 63 lakhs.

A further point to remember is that the amount provided in the Budget does not in all cases represent our full liability in respect of new schemes for which provision has been made. I estimate that at least 50 lakhs would be necessary to fill the gap between the immediate and ultimate cost of the new schemes. If we deduct all these from 2 crores 80 lakhs, we are left with a balance of just over a crore; and if the Legislature will pass the Bill to continue four of the five taxation measures which are due to expire between June September next, we shall get another 19 lakhs which would raise the balance to nearabout a crore and twenty lakhs. This crore and 20 lakhs is all that we shall have to assist us in the event of deterioration in our revenues, in future, or to draw upon for the purposes of expanding our schemes for national reconstruction. In an appendix to this statement of mine will be found figures for the last sixteen years which point to the conclusion that the range of oscillation of our revenues is about 4 crores, and that our revenue receipts now stand about midway: in other words that in the event of a bad depression our revenue may fall below its present level by 2 crores. I personally regard this contingency as sufficient justification for a closing balance of 1 crore and 20 lakhs and for trying to conserve it. If other justification is wanted, then I may point out that many of the new schemes which we have included in the Budget are intended, if they prove successful, to be expanded and intensified. Measured against the future expenditure that we hope to build upon next year's foundations, a reserve of 1 crore and 20 lakhs is very far from being excessive.

What I have just said is only another way of saying that the time is near at hand when we shall have to find new revenues if we are to advance our programme beyond the mere beginnings of national reconstruction that we are fortunately able to finance at the moment from our existing resources. This is a fact which we have to face up to. Like other Provincial Governments, we are now engaged in examining available sources of new taxation, and have already discovered that one of the difficulties that lie ahead of us is to ascertain where the line has to be drawn between Federal and Provincial fields of taxation; for example, between Federal excises and Provincial sales taxes. I hope that there is going to be no friction, and that any points of controversy will soon be settled so that the Provinces may know exactly where they stand. In any new scheme of taxation that we may adopt, we shall of course be guided by the consideration that the burden is to be imposed on shoulders that are most capable of bearing it.

There is a persistent demand in this House, which is also reinforced by public opinion outside, for drastic retrenchment in governmental expenditure, for which, it is thought, there is still ample scope. This demand is only natural on the part of the representatives of the people on whose behalf it has always been maintained that the administrative machinery must be very economical and must be consistent with the means and circumstances of the people and the country, and I fully share their anxiety for economy and simplification of the administrative system. But the scope and implications of retrenchment should first be clearly realised. It is necessary, in the first place, to be alive to the distinction between retrenchment in the sense of mere "lopping-off" and in that of real economy in public expenditure. A drastic reduction in expenditure by means of a "Geddes" or "Swan" axe in times of acute economic crisis may be forced upon Governments as a matter of sheer necessity, which overrules considerations that in normal times would be allowed to prevail. A precipitous decline in public revenues during a severe depression may force a Government to effect severe cuts in administration and also postpone desirable expenditure in furtherance of nation-building services. But these reductions are by no means a reflection on the desirability of such expenditure in better times. In times of economic crisis the public are constrained to forego certain benefits because they cannot pay for them. In examining any scheme of retrenchment today we should be guided by considerations relevant to normal times. The cloud that darkened our horizon—the budgetary deficits caused by the economic crisis and Meston Settlement—has happily lifted. There is therefore no reason to hamstring desirable expenditure, deprive society of many beneficent activities and place its public servants on ration diet. I trust the present demand for retrenchment is not a ban on such expenditure. This is not a time at which we are forced to undertake a policy of drastic "lopping-off" on a mere arithmetical basis in order to make ends meet. Nevertheless, I may assure hon'ble members that Government will always examine all possible sources of wastage and extravagance in administration with a view to avoid them. In demands for retrenchment the stress generally is laid on two things—reduction in personnel and reduction in emoluments. But these though effective are, after all, negative methods and not always economical in the true sense.

There can also be a positive approach: real economy in the public service can, I believe, also be achieved by increasing the efficiency of the service. To employ a parallel, expenditure on a machine can be reduced by cutting down the fuel or the oil, but if you do that the machine will not produce such good results and will probably come to a standstill. True economy lies in so improving the machine itself that it will produce as good or better results on a smaller consumption of fuel and oil. This is what the present Government are aiming at and I may assure hon'ble members that we are

fully alive to the need of a constructive policy of administrative economy and, within the limits imposed on our powers under the Government of India Act, shall strive out utmost to this end. At the same time it must be realised that a democratic scheme of Government, particularly in the initial stages, has to accommodate many fresh demands.

It will be recalled that the previous Government, compelled by the inadequacy of their revenue and the circumstances of the depression, effected drastic reduction in the cost of administration, particularly in regard to scales of salaries of the provincial services. I have, however, noticed that hon'ble members are often prone to criticise Government adversely on the score of their failure to implement all the recommendations of the Swan Committee. With a view to apprising them of the effect given to the recommendations of this Committee, I am arranging to issue a White Paper showing briefly the action taken by Government on each of the Swan Committee's recommendations. Every recommendation which was rejected or only partially accepted has now been re-examined by the department concerned under the direction of the Hon'ble Minister in charge and the results of that review will also be found in the White Paper. An experienced officer has also been appointed to ensure that all lines of possible economy including those remaining over from that review are vigorously pursued as well as to explore methods of preventing wastage and extravagance. I need not add that expenditure of a special nature such as that incurred in connection with detenus is obviously of a temporary nature and with the release of detenus this expenditure is bounded to dwindle gradually, making all this money available for other expenditure.

In scrutinising the field of expenditure, one is apt to look upon the reduction in personnel and in the emoluments of those employed as being the two main heads of retrenchment. Under a developing democratic government, I am afraid, the tendency is all to the other side. The inevitable increase in the work of the administration in response to the popular demand for larger and new additional services naturally necessitates the employment of larger number to cope with the enlarged task. An example of this I have given in Appendix IV to the printed copy of this statement which shows how the enlargement of the legislature under the new constitution is going to result in an increased expenditure of more than 12 lakhs a year. It may be possible by a reorganisation of the system of administration to simplify it and thereby do the work with a smaller number. But the reorganisation of departments and the adoption of new systems with a view to secure economy calls for close study, expert advice, a period of trial in selected departments or areas, all of which take considerable time and cannot be done forthwith if we are to avoid serious dislocation of work. We have inherited an organisation that has been in existence for so long that it is impossible to overhaul it overnight.

As to the emoluments of public servants, a somewhat spectacular reduction in immediate expenditure can be effected only by a drastic cut in the salaries of existing public servants in the higher grades. But here we are confronted with the fact that any reduction in the emoluments of the members of the Imperial Services would require the sanction of the Secretary of State and is beyond our competence; while the salaries of officers in the provincial services on 1st April, 1937, are also protected under the Government of India Act. Apart from this protection, however, Government service is everywhere regarded as on a contractual basis and to impose a cut on our servants' salaries under prevailing conditions may shake their confidence, to the detriment of the efficiency of administration. In the event of an emergency and in that event only it would not be unfair to ask

them to make a sacrifice and I am sure they would also be prepared to do so. But there is no such emergency at present to justify this course. On the other hand a reduction in salaries for new entrants will not immediately produce any large savings under this head. Again it must be remembered that though it may be possible to achieve some saving by further reduction in the emoluments of future entrants in the higher grades of the provincial services, this would probably be more than counterbalanced if the salaries of lower grade officers, whose numbers compared to higher grade officers are very large, are ever revised in an upward direction as several members of this House have already demanded.

In regard to future entrants to public services under the authority of the Provincial Government, their starting salaries have already been drastically curtailed and any further reduction in them will be hardly desirable in view of the salaries which obtain for comparable services rendered in other walks of life. The question whether there is any reasonable scope for further reduction in the maximum salaries in the various grades is now under examination by Government. But in considering all questions of economy in administration there is one reflection which should never be put away: efficiency of administration cannot be sacrificed to economy, and particularly as we have just started on a changed Government we ought to do nothing that might impair the efficiency, strength or integrity of our public services. Strict economy must of course be our watchword in all the departments of the public service, for is not public money a trust to be administered with the utmost care? But in scaling down salaries we must take care to see that the rival ideals of economy and efficiency are never in fatal conflict. This is no plea for perpetuation of too liberal scales of pay. I plead only for a new outlook in which the value of arithmetical comparisons of expenditure will not be exaggerated.

Sir, as far as the formal part of presenting the ensuing year's budget estimate of receipts and expenditure is concerned, I have done. I have endeavoured to give not only a bird's eye view of the financial position but also the detailed implications of some of our financial commitments and projects. We have seen that there is room for guarded optimism; we know that there must be adequate precaution. But may I suggest that, where the problem of national reconstruction is as vast and complex as in Bengal, a budget should be something more than a mere question of arithmetic. It is not merely a task of tapping all possible sources of revenue or of equitable distribution over suitable heads of expenditure. Above everything it is a task of helping in the process of nation-building. Sir, solvency is but a phase in the fortunes of a nation. But it is the nationhood which we must emphasise. The best of budgets can only provide for financial soundness. It cannot provide for better human material, for greater national endurance, for higher ideals. These must come from the nation itself. The final responsibility for national prosperity must, therefore, be with the people, with all those in whom by reason of status or of attainment vests the leadership of the community.

May I also suggest that the time has come when we should revise our inherited ideas about wealth and prosperity. Time was when individual prosperity and accumulation of wealth was the end of individual endeavour. But to-day the tendency is to put the community before the individual. I do not wish to preach rank socialism or communism. But we cannot afford to ignore the fact that it is not an age for a few isolated prosperous men but for a fairly prosperous multitude. Wealth to-day has a wider connotation than the hoarded prosperity of a few millionaires. Nor can it

be otherwise. If wealth still tended to accumulate in isolated crevices instead of spreading over the whole field, the reaction of a rapidly growing intelligentsia would promptly revolt against such an inequitable distribution. By reason of our tradition and heritage such revolt may not necessarily be as violent as in some other countries. But as long as wealth leads to split up society into invidious classes, such revolt is not only logical, but is inevitable.

Living in a machine age we must all be social and economic engineers, or at least try to understand and guide the forces that drive us. It will not do to cherish the old ideals of individual accumulation of wealth, ownership of land and possession of gilt-edged securities or large cash balances in the bank. Prosperity and poverty are not a matter of separate concern for the individual, for the country or for the group. We prosper or fall together in a world of increasing interdependence. A new ideal arises out of the spirit of service in which wealth must be spent in the multiplication of opportunities for the livelihood of the people. It calls for a certain spirit of adventure and boldness in investment, a throwing aside of narrow loyalties, traditions and prejudices, a widening of our horizon.

And unless we realise this, the writing on the wall is clear. If instead of the intelligent manipulation of forces for the general welfare, people strive for individual accumulation of wealth and groups strive against each other with narrow and selfish purposes, the end will be mutual destruction. The fate of other countries will overtake us. The overcrowding of professions and the prolonged privations of the vast masses engaged in agriculture and industry are a formidable threat to the very existence of ordered society. Along with this has to be considered the acute unemployment among the intelligentsia.

The less our graduates are able to find a natural expression in their chosen professions, the more will their energies concentrate on the realisation of political aims which promise by way of radical changes to assure them of a right to live and work. We have to bear in mind, the utter despair of thousands and thousands of parents who saved and slaved a lifetime to give their children an education only to see them in the end unemployed, very often broken in body and in spirit (cries of "oh, oh!"); the impotent wrath and the slow demoralisation of promising young men and women, loaded with degrees and certificates, to whom society denies the opportunity to put to any use of their gifts and their knowledge. These we must remember always and endeavour to give a shape to things to come that will feed our hungry masses and ensure the welfare of all.

Government can but provide the machinery: the motive power must ultimately be supplied by the people. Indeed, it is in the will to prosper that prosperity lies and no nation can be spoon-fed into prosperity by the most benevolent of governments. There are many spheres where government can help only in an indirect way and where the activities of the people taken in the aggregate count for much.

Such being the case, Sir, may I suggest that it is beyond the powers of even the most prudent of Finance Ministers to do more than provide the means with which the nation can commence the journey towards reconstruction and prosperity? To elevate society, to improve the human material, to rouse the masses to a sense of intolerance of their present condition, in short to set the forces that make for progress in motion, is a duty that must finally devolve on the society itself. We can but point to the road. If further taxation is necessary, we must be prepared

courageously to impose it. (Rai HARENDRA NATH CHAUDHURI: "Hear, hear"!)

If further expenditure is considered desirable we must not spare our revenue. If by invoking our legislative powers we can find a way out of our difficulties, we must be prepared boldly to do so. But in the last analysis the urge must not lie with Government but with the people.

Sir, allow me here to digress into what might appear to be an extraneous matter but what is, in my opinion, a vitally important issue. For any scheme of broad-based national reconstruction the most important force is public opinion. A nation must ultimately respond to the trends of popular opinion. This is where the importance of educating popular opinion is obvious. If we fritter away our energies in a profitless and unnecessarily carping criticism of the existing order of things it in no way ensures progress. Criticism is by no means an antithesis to co-operation. What is necessary is the desire to find the greatest common factor of national prosperity. The chief requisite is co-operation—not abject submission to an imposed system but an intelligent participation in a common and great ideal. Viewed from this angle there would appear to be very little difference between the creed of one party and the principles of another. After all, all political parties must ultimately be based on the principles of national advancement. And reduced to fundamentals national advancement must hinge around certain broad issues. What political party does not aspire to improve the lot of the poorer masses, to lift the poor cultivator out of his tragic fatalism into a livelier and better appreciation of his opportunities, to infuse the ray of hope where there now broods the darkness of despair? If all parties have this in common, I venture to hope that, whatever our individual dogmas or creeds, we can make a common cause of humanity.

With these remarks, Sir, I beg to present the Budget Estimates for the year 1938-39.

I thank the members of this House for the patient hearing that they have given me. (Cheers from Ministerial Benches.)

(Cries of "Bande Mataram" from Congress Benches.)

## APPENDIX I.

## Summary of the financial position of the Government of Bengal in 1937-38 and 1938-39

[Figures are in thousands.]

Receipts.				Revised, 1937-38.	Budget, 1938-39.
				Rs.	Rs.
Opening Balance	..	..	..	97,78	1,05,77
Revenue Receipts	..	..	..	12,55,03	32,42,50
Capital Receipts	..	..	..	..	..
Receipts from Debts, Deposits, etc.	..	..	..	9,98,48	15,46,74
				23,51,29	31,76,53
Expenditure.					
Revenue Expenditure	..	..	..	12,21,05	12,06,74
Capital Expenditure	..	..	..	12,30	5
Expenditure on Debt, Deposits, etc.	..	..	..	9,79,98	15,97,38
Closing Balance	..	..	..	1,37,96	1,90,84*
				23,51,29	29,95,01
Net Result.					
Surplus +	} On revenue account	..	..	+33,98	+1,35,76
Deficit -					
Surplus +	} Outside revenue account	..	..	+6,20	-50,69
Deficit -					
Total	} Excluding opening balance			+40,18	+85,07
					-15,86

\*Excludes—

- (a) 33,53 on account of securities of the Official Assignee.  
 (b) 1,00 for securities of the Steam Boiler Fund.  
 (c) 70,00 on account of investment in Treasury Bills.

## APPENDIX II

Statement showing the distribution of increased expenditure  
in 1938-39

[Figures are in thousands.]

	Revised, 1937-38.	Budget, 1938-39.	Increase.
	Rs.	Rs.	Rs.
Forest .. .. .	15,44	17,16	1,72
Irrigation .. .. .	13,62	20,86	7,24
Debt Conciliation .. .. .	12,48	24,63	12,15
Police .. .. .	2,24,48	2,25,55	1,07
Education—General .. .. .	1,26,06	1,42,66	16,60
Medical .. .. .	52,56	58,92	6,36
Public Health .. .. .	32,79	46,71	13,92
Agriculture .. .. .	11,59	16,27	4,68
Co-operation .. .. .	12,35	14,74	2,39
Industries .. .. .	16,18	20,64	4,46
Civil Works .. .. .	1,25,30	1,46,75	21,45
Superannuation allowances and pensions .. .. .	92,65	95,83	3,18
Commutation of pensions .. .. .	9,06	11,00	1,94
Recruitment of a larger number of Bengal Civil Service and Bengal Junior Civil Service Officers.	..	1,00	1,00
Reorganisation of the establishments of Commissioners' Offices, District and Subdivisional Offices.	..	1,12	1,12
Reorganisation of the Legislative Assembly and the Legislative Council Departments.	..	47	47
Appointment of a Director of Rural Reconstruction and a Special Officer for unemployment.	..	48	48
			<hr/> <b>1,00,23</b> <hr/>

## APPENDIX III

[Figures are in thousands.]

Heads of Revenue.	Maximum yield.		Minimum yield.		Estimated yield in 1937-38.
	Since 1921-22.		Since 1921-22.		
	Rs.		Rs.		
1. Share of the Central Export Duty on Jute.	2,59,12	1929-30	1,50,00	1921-22	2,56,50
2. Judicial Stamps (Court fees including Probate and Succession fees).	2,93,02	1929-30	1,99,53	1922-23	2,09,80
3. Excise (on alcohol and drugs)	2,28,56	1925-26	1,34,81	1933-34	1,54,00
4. Non-Judicial Stamps ..	1,37,85	1925-26	71,40	1932-33	95,40
5. Registration fees ..	40,17	1927-28	18,47	1932-33	24,00
6. Entertainment and Betting Tax.	23,73	1923-24	11,22	1933-34	17,80
<b>Total ..</b>	<b>9,82,45</b>		<b>5,85,43</b>		<b>7,57,50</b>

1. Land Revenue, which accounts for one quarter of the present revenue of 13 crores, is omitted because it differs from other heads of revenue in being based on a more or less fixed revenue demand which, if not paid when due, is generally paid in arrear.
2. In the case of the Central Export Duty on jute, the figures represent what this province would have got if the orders which now entitle her to 62½ per cent. of the net proceeds of the duty on jute produced in Bengal had been in force throughout.
3. Receipts in respects of Electricity and Motor Vehicles are omitted because these are taxes on expanding luxuries whose response to bad times is not likely to consist of a falling off in present yield.
4. Receipts on accounts of Income-tax (27½ lakhs in 1937-38) are omitted because our receipts under this head during the first 5 years of the present constitution will depend upon a complicated formula and because the data for calculating what that formula would have yielded had it been in force throughout are not available.

## APPENDIX IV

Comparative statement showing expenditure on the Legislative Bodies  
before and after the 1st April, 1937

[Figures are in thousands.]

## 1936-37.

	Bengal	Legislative	Council.	Rs.
President and Deputy President .. .. .	..	..	..	41
Secretary and Assistant Secretary .. .. .	..	..	..	9
Members .. .. .	..	..	..	..
17 Clerks and reporters .. .. .	..	..	..	30
21 Servants .. .. .	..	..	..	4
Temporary Establishment .. .. .	..	..	..	..
Travelling allowance .. .. .	..	..	..	42
House rent allowance .. .. .	..	..	..	1
Contingencies .. .. .	..	..	..	24
				1,51

## 1937-38 (Budget)

<i>Bengal Legislative Assembly.</i>		<i>Bengal Legislative Council.</i>	
	Rs.		Rs.
Speaker and Deputy Speaker .. .. .	30	President and Deputy President .. .. .	18
Secretary and Assistant Secretary .. .. .	13	Secretary (Part time) and Assistant Secretary .. .. .	5
Members .. .. .	..	Members .. .. .	..
22 Clerks and reporters .. .. .	30	5 Clerks and reporters .. .. .	3
19 Servants .. .. .	5	7 Servants .. .. .	1
Temporary establishment .. .. .	..	Temporary Establishment .. .. .	..
Lump provision for extra staff .. .. .	8		
Travelling allowance .. .. .	1,52	Travelling allowance .. .. .	20
House-rent allowance .. .. .	1	House-rent allowance .. .. .	..
Contingencies .. .. .	25	Contingencies .. .. .	3
	2,64		50
Total for both Houses of Legislature			3,14

## 1938-39 (Budget)

<i>Bengal Legislative Assembly.</i>		<i>Bengal Legislative Council.</i>	
	Rs.		Rs.
Speaker and Deputy Speaker .. .. .	27	President and Deputy President .. .. .	26
Secretary, two Assistant Secretaries and Registrar .. .. .	29	Secretary, Assistant Secretary and Registrar .. .. .	26
Members .. .. .	4,28	Members .. .. .	1,11
42 Clerks and reporters .. .. .	52	15 Clerks .. .. .	10
35 servants .. .. .	8	16 Servants .. .. .	3
Temporary Establishment .. .. .	2	Temporary Establishment .. .. .	..
Travelling allowance .. .. .	5,00	Travelling allowance .. .. .	63
House-rent allowance .. .. .	1	House rent allowance .. .. .	1
Hill allowance .. .. .	1	Hill allowance .. .. .	1
Contingencies .. .. .	39	Contingencies .. .. .	4
	10,87		2,45
Total for both Houses of Legislature			13,32

The above statement does not take into account increases in other directions such as the increase in the Press Budget owing to the larger volume of printing require.

## Supplementary Statement of Expenditure (1938-39)

*(Presented on the 29th July, 1938)*

**The Hon'ble Mr. Nalini Ranjan Sarker:** I rise to present a supplementary statement of expenditure for the year 1938-39, under section 81 of the Government of India Act. The total demand is for Rs. 48,47,000 covering six major heads of expenditure. The largest item is for Rs. 30,10,000 for advances to cultivators distressed by floods and damage to crops in many districts and the Hon'ble Ministers concerned, when presenting their respective demands, will further explain the necessity of and justification for all those supplementary expenditure.

*(Presented on the 6th March 1939)*

**The Hon'ble Mr. Nalini Ranjan Sarker:** I rise to present the supplementary statement of expenditure that may be necessary during this year. The total amount concerned is 34 lakhs 8 thousand of which 31 lakhs 19 thousand is voted and 2 lakhs 89 thousand is charged. Out of this amount 18 lakhs will be given as agricultural loan and 6½ lakhs for gratuitous relief and test work. The reasons for excess expenditure have been given in the explanatory memorandum.

## Speech by the Hon'ble Mr. N. R. Sarker, Finance Minister, in presenting the Budget for 1939-40.

*(Presented on 15th February, 1939.)*

I rise to present the Budget Estimates for 1939-40, and, as is the convention, I also present on this occasion the Revised Estimates for 1938-39 and the actuals for 1937-38: in other words, I rise to prophesy about the coming year, while disclosing the imperfections of my prophecies about its two immediate predecessors. Those uncertain performers, the revenues of the province, which have never yet been known to run according to plan, have given us some anxious moments since last I discoursed about them; added to which the floods which afflicted many districts a few months ago have made an unexpected drain upon our balances. But I am glad to say that things are distinctly better than during the first half of the year, one was sometimes tempted to think they would be. Before I turn to them in detail, let me pass the three years very briefly in review.

It will be remembered that 1936-37 closed with actuals much better than were anticipated owing to an improvement in world trade and that, when I was giving a Revised Estimate for 1937-38 a year ago, I placed the receipts much higher than I had placed them in my original estimate, because the boom had continued well into the year 1937-38. I made what I hoped was sufficient allowance for the signs of a collapse of the boom that had recently revealed themselves. But the position was more serious than I supposed. The receipts for the year were about 46 lakhs better than was originally estimated, but they were a disappointment in comparison with my Revised Estimate.

My estimate of receipts for 1938-39 was based on my Revised Estimate for 1937-38 plus the hope that world conditions would get no worse. On the contrary, they deteriorated considerably. I believe that the deterioration

has now been checked, at least temporarily, but there is no hope of our touching the figures which I ventured to forecast for 1938-39. Our revenue receipts are likely to be 41 lakhs below original estimate. About half of this drop is due to world causes and the rest to a mixture of economic and political causes much nearer home. The deterioration in the world position was, of course, due almost entirely to the threat of war in Europe and its paralysing effect upon confidence in general; but the Munich Settlement was happily followed by a recovery of confidence that checked the slump. It is, however, on the prospects of peace or war in Europe that the fate of world markets in 1939-40 will mostly depend.

Economic conditions in India reflected those elsewhere and, at the same time exhibited special stresses of their own. Between the autumn of 1937 and the summer of 1938 imports so increased and exports so decreased that India's balance of trade dwindled to almost vanishing point. This led to a weakening of the Rupee-exchange which made a heavy call upon the Sterling resources of the Reserve Bank of India. Unsettled conditions invaded the share markets and the Bombay Stock Exchange had to suspend forward trading for a number of weeks. The continuance of the Sino-Japanese War caused a heavy decline in the exports of India's raw cotton, with a consequent depression of the Indian cotton market. Industrial production was, however, maintained at its former level. This in the case of our jute industry meant the continuation of over-production and was therefore a misfortune. Stocks accumulated to alarming proportions, largely owing to the shrinkage in demand in overseas markets; and as a result of this shrinkage the shares and prospective shares of the provinces in the jute export duty declined. The indices of wholesale prices showed a continuous fall till the middle of June. The return of slightly more confidence during recent months is reflected in an improvement of India's trade balance and in some recovery of those provincial receipts which are most directly connected with world trade. We are particularly interested, of course, in the order for 200 million jute bags recently placed in Calcutta. It will benefit both the province as a whole and our Budget. But I wish it had come on a genuine current of improving trade instead of being merely linked with prospects of a destructive war. I will reserve until later my mention of the quasi-political causes nearer home which have recently depressed our revenues.

A resume of the past is always easier than a forecast of the future, especially in times so unsettled as the present. There are those who consider that the hopes of peace which the Munich Settlement evoked have had little since then to reinforce them. The British Premier's visit to Rome has, to all appearances, produced no worthwhile results; and Franco-Italian tension has in no sense eased. While Herr Hitler's speech to the Reichstag has little in common with his previous utterances, the demand for colonies is voiced in the same strident tones as ever before. Never has civilisation approached a new financial year with a more acute consciousness of the terrible responsibilities which will lie upon the shoulders of its statesmen.

In my estimates for the coming year I have assumed that revenues will come in roughly at the level on which they have flowed during the last few months. I have assumed that war in Europe will not break out. If this proves to be correct our chances of getting better revenues than I have estimated will depend mostly upon the course of events in the United States, an improvement in whose markets would almost certainly set up widening ripples of prosperity. The Anglo-American Trade Agreement should be helpful in this direction.

We have to distinguish between the objective facts of the economic situation, the subjective outlook of the business world and the nature of the international economic relations. The objective facts, so far as I am able to appraise them, yield no warrant either for the exaggerated pessimism of a year ago, or the easy optimism which company promoters or extravagant financiers would like to adopt when a depression shows indications of drawing to a close. Of one thing we may be reasonably certain that the recession has not deepened into a cyclical depression. The differences between the depression of 1929 and the set-back which occurred in the second quarter of 1937 have not been lost sight of by any government or business interests. This is hardly the occasion for going into details. It should suffice that while it would be rash to count on a rapid progress of all-round business activity there is little or nothing to suggest a further serious deterioration.

I will now turn to each year in detail.

In taking our last look at 1937-38 we are reminded that this was the first year of Provincial Autonomy. We find in the figures for that year whose accounts have now been closed, the financial position as it was when we began our stewardship, and a notable illustration of the influence upon our financial fortunes that is exercised by world condition is beyond our control. With regard to our stewardship, we took over from the previous administration both assets and liabilities. A valuable asset was the absence of any budgetary deficits and the receipt of substantial additions to revenue on account of the Niemeyer Award. Another fortunate circumstance was the lifting at that time of the world depression which had forced our predecessors to resort to retrenchment and hold up necessary expenditure. But an onerous liability was the large accumulation of undischarged obligations to the people of this province which we inherited from the past. As I said in my first Budget Statement. "The problems that loom very large in our national economy to-day are to no small extent the result of inadequate attention given to them in the past, although the benefit of past wisdom and past endeavour is always present in some measure." To what extent we have succeeded in husbanding these assets and in discharging this liability will be found in the story of the last two years which I shall presently relate. Without entering into any details at this stage, I may say that our best endeavours have been directed towards the amelioration of the conditions of the people without jeopardy to the solvency and the financial prestige of the Province.

In framing the Revised Estimate for the year 1937-38, in my last Budget Statement, I provided for an increase of 88 lakhs in revenue receipts in view of the improvements in the jute trade and in Railway finance, but as I have already indicated, this hope was not realised. Mainly owing to a declension in world trade conditions, but also to certain domestic causes, the revenue actuals for the year were lower by 42 lakhs than the revised. The main contributors to this decline were 18½ lakhs under Jute duty, 2½ lakhs under Income-tax, 11½ lakhs under Land Revenue, 7½ lakhs under non-Judicial stamps and 2 lakhs under Judicial Stamps. (Rai HARENDRA NATH CHAUDHURY: Hear, hear.) The deterioration under the first three heads was mainly due to the economic slump, while that under Land Revenue and Judicial stamps was due to domestic rather than world causes. The decrease under Land Revenue was almost entirely due to the short collection of ordinary revenue from Government estates, while that under Judicial stamps was due to smaller sale of court-fee stamps on account mainly of the formation of Debt Conciliation Boards. These factors still persist during the current year and I shall refer to their implications more fully when I deal with the Revised Estimate for 1938-39.

The actual expenditure on revenue account for 1937-38 turned out to be 24 lakhs less than the figure taken in the Revised Estimate. So the net worsening, instead of being 42 lakhs, was 18 lakhs. The bulk of the savings occurred under three heads, viz., General Administration (8 lakhs), Irrigation (3 lakhs) and Civil Works (5½ lakhs). The savings under General Administration were due to slower progress in the establishment of Debt Conciliation Boards and non-utilisation in full of the supply for the allowances of the members of the legislature. The savings under Irrigation were due to smaller outlay on works and the postponement of the establishment of the Waterways Board. Those under Civil Works were the result of inability to work up to the programme of road construction originally adopted.

On the year's working, the closing balance stood at I crore 36 lakhs against 1 crore 91 lakhs anticipated in the Revised. Out of this decrease of 55 lakhs, 18 lakhs is due to the net worsening under Revenue heads already referred to. The balance is due to transactions under the Debt Deposit section of the Budget and is explained by larger investments in Treasury Bills towards the close of the year than were originally anticipated. The reduction on this account is merely an accounting adjustment and does not connote a real diminution in the provincial balance.

Before I take leave of the year 1937-38, I should like to present the House with what may be called the "commercial account" for the year. The province started on the 1st of April, 1937, with a clean slate and unburdened with debt. On the 31st March, 1938, the total liability of Government on account of unfunded debt (e.g., State Provident funds—4 crores 16 lakhs), Deposit and Advances (e.g., Civil Court deposits—2 crores 21 lakhs) and Remittances stood at 6 crores 55 lakhs. Against these Government had on that date liquid assets amounting to 3 crores 75 lakhs as follows: Closing cash balance—1 crore 36 lakhs, Loans and advances—85 lakhs, Investment in Treasury Bills—1 crore 20 lakhs and Investment in securities—34 lakhs. Against the remaining portion of the debit, 2 crores 80 lakhs out of the total of 6 crores 55 lakhs, Government possess capital assets in the shape of Civil Works and Irrigation projects in which a sum of 6 crores 29 lakhs had been invested.

Judging from these financial results it may be maintained that the first year of Provincial Autonomy was a satisfactory one in many respects. In spite of the reaction in the concluding months, the year ended with revenue surplus of 1 crore 18 lakhs. Government had an adequate cash balance in the Treasuries and in the Reserve Bank throughout the year. The balance in the Reserve Bank was always in excess of the stipulated minimum of 25 lakhs and no ways and means advance had to be requisitioned.

The disquieting feature in the situation, however, was the deterioration in revenue receipts which manifested itself in the closing months. It survived into the year 1938-39 and was there aggravated, under Land Revenue and Court-fees, by domestic developments. These developments demand attention, illustrating as they do that democracy can be expensive not merely in the ordinary sense of that word but also in the other sense of reducing revenues.

In this connection, I would remind the House that nearly 80 per cent. of the total revenue of the province (13 crores) is derived from only five heads, namely, Jute Duty (2 crores 38 lakhs), Land Revenue (3 crores 53 lakhs), Excise (1 crore 55 lakhs), non-Judicial stamps (80 lakhs), and Court-fees (2 crores 7 lakhs). Their main characteristics deserve mention. The income from Jute Duty and non-Judicial stamps depends almost

entirely on world conditions. Land Revenue is inelastic, being based more or less on fixed demands, but has hitherto been a very steady source of revenue owing to the sanctions inherent in our Land Revenue system and the good traditions of the tenantry. Excise revenue used to respond to economic conditions with considerable elasticity, but owing to changes in standards of living and to the temperance movement is never likely to yield again as much as it used to. Court-fees have traditionally held pride of place with Land Revenue as one of our two biggest single sources of income but they have recently let us down very badly owing to decline in litigation. This decline is mainly due to our establishment of Debt Conciliation Boards, but it is also, perhaps, in part attributable to a general weakening of the habit of litigation consequent on economic and political changes on the countryside. If it is true, as I am afraid it is, that Court-fees are no longer likely to be the tower of strength to the exchequer which they were in the past, it means that a considerable change adversely affecting one of Bengal's leading and most honourable professions is taking place.

Before coming to a consideration of the Revised Estimates for the current year I should like to refer to some outstanding domestic events which have in one way or another affected the budgetary fortunes of the year.

The first of these was the widespread floods in as many as 15 districts. These caused acute distress and Government mobilised all their available resources for work in the affected areas. The rules relating to the grant of agricultural loans were liberalised and a sum of nearly 50 lakhs has been distributed as loans to the flood-stricken. The amount spent by Government on test relief works and on gratuitous relief is well over 6 lakhs. Success has attended the measures adopted. There has been no loss of life on account of the floods, and epidemics which generally come in the wake of widespread natural calamities of this nature have been averted by the adoption of timely precautionary measures.

The effect of the floods on the Budget has been threefold. In the first place, there have been heavy outgoings and greatly reduced recovery in respect of agricultural loans. In the second place, there has been considerable increase in expenditure on test relief and gratuitous relief and also on account of the travelling allowance and contingencies of officers deputed to flood relief work. Finally, the floods have contributed, along with other factors to which I shall refer in due course, to a serious shrinkage in Land Revenue receipts. Another consequence which has followed from the floods, though it does not directly affect the Provincial Budget, is of sufficient importance to deserve mention. Education cess had to be suspended in nine out of twelve districts in which it had been imposed and seven out of those nine were districts affected by floods.

The next item of importance to which I should like to refer is the enactment of certain measures affecting our Land Revenue system, conceived in the interest of the tenants and also to satisfy their persistent demands. I refer particularly to the Bengal Tenancy Amendment Act of 1938, which came into effect on the 18th of August, 1938, abolishing landlords' fees on transfer and depriving privileged landlords of the power of realising rents by certificate procedure, and to the suspension for a period of two years with effect from 1st Baisakh, 1345 B.S., corresponding to 14th April, 1938, of the use of certificate procedure in fresh cases for recovery of rents from tenants in Government estates and in Court of Wards estates.

The abolition of landlords' fees on transfer has an adverse effect on the transactions under the Debt Deposit section of the Budget. It will be

recalled that, with the separation of our finances from those of the Centre, liabilities for a variety of non-Government deposits banked with the Government of India were passed on to us without the corresponding assets. It was expected, however, that as the incomings in any one year in respect of these deposits normally exceed the outgoings, the liquidation of the liabilities would present no difficulty. In regard to landlords' transfer fees, we inherited a liability of 49 lakhs on the 1st April, 1937, which was reduced to 45 lakhs on 1st April, 1938. Since further inflow of landlords' fees has stopped, the liability will have to be met from our reserves. The amount of drain upon our reserves on this account during the current year will be about 18 lakhs.

The abolition of certificate procedure as a means of collecting land dues was certain, of course, to have some adverse effect upon the collection of these dues, and part of the considerable fall in land revenue during the current year, both under "Fixed Collections" and under "Collections from Government Estates" is attributable to this cause: precisely how much I am not in a position to say; but it is significant that the deterioration in collections began before the arrival of the floods. The deterioration that was certain to occur was in respect of those on the actual margin of inability to pay; and so long as deterioration does not spread beyond that margin, neither landlords nor the Khas Mahal Department will have just cause to complain. But if it ever happens—or, as some allege, is already happening—that the effect spreads beyond that margin: if people able to pay who used merely to defer payment until a certificate issued, or people who used to pay simply because the power of certification existed, exploit the concession and swell the ranks of defaulters, then the net effect of the concession will be evil, both to landlords, and to the revenues of the province and also to the tenants themselves who will drift into debt which they would otherwise not have incurred. I am not saying that any such exploitation has in fact begun; and, if it does begin, there will be means of dealing with it, including a reversion to certificate procedure in Khas Mahals or some such method for speedy realisation. But I do say that the danger exists and that it is the duty of us all to be on guard against it.

An increase of about 70 thousand in our estimate of expenditure for the current year has been due to a *post*-Budget decision to appoint a number of Committees and Special Officers to investigate various matters affecting the welfare of the people. A list of these Committees and Special Officers will be found in an Appendix to the printed copy of my statement, and I will not give further details here.

Two other enquiries however which are now in progress deserve special mention because of their vital importance to the future economic well-being of the province. Provision for both of these was included in the Budget.

The first enquiry is in connection with our Land Revenue system. A Commission consisting of experts and persons possessing wide administrative and other experience, was appointed in November last under the Chairmanship of Sir Francis Floud to study the Land Revenue system in Bengal, with special reference to the Permanent Settlement and to the various suggestions for changing that system which are nowadays current, including the suggestion that the rights of Zemindars could be purchased by the State at a profit in the long run to provincial revenues, thereby increasing our capacity for expenditure on social services.

The other is an Industrial Survey directed towards a complete examination of the opinion of existing large, medium-sized and cottage industries with a view to ascertain what measures should be adopted for their promotion and future development. In order to place our programme of

industrial development on a scientific and disciplinary basis, we have appointed for this Survey an expert Committee, under the Chairmanship of Dr. John Mathai, whose services have been kindly lent to us by the Government of India.

Both of these Committees have been set an extremely complicated task, but the membership of each is very distinguished, combining expert technical knowledge with administrative experience and we expect to receive from them reports and recommendations which will have far-reaching effects upon the solution of the two chief economic problems that confront us in this province.

The next item to which I should like to refer is the recent release of detenus. When introducing the Budget for 1937-38, I expressed the hope that it might be possible in the near future to effect considerable reduction in the expenditure which the province had to incur on account of measures taken to combat the anarchist movement. My hopes in this respect have been largely fulfilled. The release of detenus has made it possible to reduce the pitch of abnormal expenditure by no less than 22 lakhs. Further economies to the extent of about 3 lakhs have been proposed in next year's Budget, and it is hoped that if the situation continues to be satisfactory, it will be possible in due course to effect further reduction in expenditure. Among the reasons which make larger savings impracticable at the moment is the need to keep a careful watch upon certain forms of subversive activity which are making themselves manifest in different parts of this province. The existence of an illiterate and unformed labour force in the province and the recent release of political prisoners on a large scale are, according to the department concerned, providing a fruitful combination for the preaching of communism by a group of persons who derive their political sustenance from the theories of foreign doctrinaires. The department considers that constant vigilance is required to be exercised over the activities of those among them whose avowed object is to cause a violent upheaval of the existing social order and whose method is to sow seeds of disruption amongst the illiterate workers and peasants of this country by insidious and underground propaganda. The greater part of this work inevitably falls upon the police force, with the result that the bulk of the unavoidable expenditure in this connection occurs in the Police Budget. From the public also there has been more demand for police protection.

Let me now pass on to the details of the Revised Estimate for the current year. According to the original estimate the year was to start with an opening balance of 1 crore 91 lakhs and end with a closing balance of 1 crore 75 lakhs. The Revised Estimate places the opening balance at 1 crore 36 lakhs and the closing balance at 78 lakhs. This deterioration by 97 lakhs is the net result of the following: a decrease of 55 lakhs in the opening balance; a decrease of 41 lakhs in our revenue receipts; a decrease of 31 lakhs in our expenditure on revenue account and a decrease of about 32 lakhs in the balance outside the revenue account, that is to say, in the working of the Capital and Debt Deposit section of the Budget. I will now give a brief explanation of each of these changes.

The opening balance adopted in the Revised Estimate is the actual closing balance of the preceding year. In my review of the accounts for 1937-38 I have already explained that the decrease of 55 lakhs in the estimated closing balance for that year is due first to a falling off of revenue receipts by about 42 lakhs set off by savings to the extent of about 24 lakhs in revenue expenditure, a net worsening of 18 lakhs; and secondly to outgoings under the Debt, Deposit, etc. heads being larger than anticipations by 37 lakhs, owing mainly to increased investment in Treasury bills in March 1938.

The decrease of 41 lakhs in revenue receipts is mostly due to a fall of 9 lakhs under Jute duty, 32 lakhs under Land Revenue and 39 lakhs under Stamps, offset in part by an increase of 18 lakhs under Other Taxes, 7 lakhs under Excise, 5 lakhs under Income Tax and 7 lakhs from unclaimed deposits in the Suitors' Fund and in Civil Courts. The decrease under Jute duty is due to the slump in world markets, which, however, now shows signs of lifting. The decline under Land Revenue is due partly to the effect of floods and perhaps partly also to the withdrawal of the certificate procedure in Khas Mahals. Fixed collections, that is to say, collections from permanently settled estates, have dropped by 7 lakhs while collections from Government estates have dropped by 19½ lakhs. The balance of the decrease under this head is due to smaller recovery of settlement charges. The decline of 39 lakhs under Stamps is made up of a decrease of 13 lakhs under Non-Judicial and a decrease of 26 lakhs under Judicial. The drop under Non-Judicial stamps is explained by the general dullness of trade, while the decline under Judicial stamps is attributable to the reduction in the volume of civil litigation as a result mainly of the working of Debt Conciliation Boards. Among the improvements which compensate partially for this serious decline under the three main heads of revenue, that under "Other Taxes" is due to the passage of the Bengal Expiring Laws Act which provided for the continuance of certain taxation measures which were due to expire in the middle of the current year. The 5 lakhs under Income Tax represents arrear receipts on account of 1937-38 which are being adjusted this year. The increase of 7 lakhs under Excise and of a similar amount under Unclaimed Deposits are unexpected windfalls for which no credit was taken in the Budget.

The decrease of 31 lakhs in expenditure on revenue account is the net effect of excesses and savings spread over a large number of heads the details of which are furnished in the Red Book. I shall confine myself to the more important variations. Savings of nearly 13 lakhs occur under Debt Conciliation owing to the slower progress in the formation of Debt Conciliation Boards. There is a decrease of 11 lakhs under Civil Works owing to smaller expenditure on original works, mostly buildings for which revised plans and specifications with a view to secure economy are being worked out. The Police Budget shows a savings of nearly three lakhs owing to retrenchment and a similar amount has been saved under Jails owing mainly to decrease in the number of inmates. There is a decrease of 4 lakhs under Irrigation owing mainly to non-utilisation of the provision for the Waterways Board. Savings of about 5 lakhs have occurred in the General Administration Budget owing partly to the smaller expenditure under Landlords' fees establishment and District establishment and partly to the absence of a session of the Legislature in November. Savings to the extent of nearly 10 lakhs occur under Public Health, Agriculture and Industries owing to the time required for working out details of certain important projects for which lump provisions had been included in the Budget. On the other hand, there is an increase of 16 lakhs under Famine Relief out of which 10 lakhs is on account of the initial contribution to the Bengal Famine Insurance Fund and 6 lakhs is on account of test relief works and of gratuitous relief in areas affected by flood; and an increase of 2 lakhs under Education for the provision of special educational facilities for Scheduled Caste students.

The decrease of 32 lakhs in the Debt Deposit section of the Budget is the net result of a worsening of 50 lakhs owing to larger disbursement and smaller recovery of agricultural loans than was originally anticipated and a worsening of 18 lakhs owing to cessation of further inflow of landlords' transfer fees; set off to some extent by excess of incomings over outgoings, under State Provident Funds and certain other Funds.

The Revised Estimate of a closing balance of 78 lakhs includes 49 lakhs representing the minimum balance to be kept in the Reserve Bank and Treasuries; 3 lakhs representing the unspent balance of the Scheduled Castes Education Fund and 10 lakhs representing the unspent balance of the subvention for Road Development work already received from the Government of India. The remainder of the closing balance amounting to 16 lakhs is available for general purposes. Thus by far the greater part of the closing balance is earmarked for specific purposes.

There are three items outside this closing balance, viz., 38½ lakhs of securities, 85 lakhs of Treasury Bills, and 10 lakhs invested in the Famine Insurance Fund. These may be described as our reserves for various contingencies including ways and means emergencies.

The budget for 1939-40 contains two changes, constitutional in origin, that are of interest and may be mentioned before we look more closely at the figures for the year. The first change has its origin in section 136 of the Government of India Act, 1935. The definition of provincial revenues which is given in that section has been interpreted to forbid the continued payment direct to local bodies of such monies as the public works cess, fines and penalties leviable by courts under local laws such as the Bengal Municipal Act, the Calcutta Municipal Act, the Bengal Local Self-Government Act, and the Bengal Village Self-Government Act and miscellaneous receipts from ferries and pounds. The provisions of the local laws which contemplated such direct payment were accordingly deleted by an Order in Council made under section 293 of the Government of India Act which takes effect from the 1st April, 1939. The monies in question, amounting to about 93 lakhs, have accordingly now to come into our public account as revenues of the province, and in order to enable local bodies to remain in continued enjoyment of sums which they were hitherto entitled to as part of their own revenues, provision to hand those monies back to them in the form of grants is made on the expenditure side of the budget; so that the net effect on our budget is *nil*.

The second change arises from the difference of wording between the new and the old Acts as regards charging items on the revenues of the province. Sub-section 3(iii) of section 72D of the Government of India Act, 1919, charged (or, as they then said, declared to be non-voted) all items of expenditure "of which the amount is prescribed by or under any law"; and a number of grants to local bodies of which the amount was prescribed by local Acts was in consequence non-voted. Section 78(3)(g) of the new Government of India Act contains no such provision; it says, instead, that such expenditure shall be charged only if it is declared by an Act of the provincial legislature to be charged. An order in Council was made which held up the effect of this change until the year 1939-40, but as we have made no provincial law to continue the charged character of these grants they appear among the votable demands in the budget for next year. The grants in question are a grant of 4½ lakhs to the Calcutta Corporation under section 10 of the Bengal Motor Vehicles Tax Act, 1932; a grant of 5½ lakhs to the Dacca University under section 47A of the Dacca University Act, 1920; a grant of 4 lakhs to the New Howrah Bridge Trust Fund under section 11 of the Howrah Bridge Act, 1926; and a grant of sixty thousand to the Leper Hospital at Gobra under section 7 of the Albert Victor Leper Hospital Act, 1935.

I now turn to the estimates. The year starts with an opening balance of 78 lakhs. Revenue receipts are placed at 13 crores 78 lakhs, or a crore and seven lakhs better than the expected revenue in the current year. Out of this betterness, 93 lakhs is due to the provincialisation of certain revenues of

local bodies to which I have just referred, and amounts to nothing, since we propose to incur equivalent expenditure in the form of grants. The heads of receipts which have been swollen by the advent of this 93 lakhs are as follows:—Land Revenue 67 lakhs, representing Public Works Cess; Administration of Justice 14½ lakhs, representing the proceeds of fines, etc., under various local Acts; Police 4 lakhs, representing receipts under the Cattle Trespass Act; and Miscellaneous 7½ lakhs, representing receipts from ferries and unclaimed landlords' fees. The remainder of the increase over the Revised, amounting to 14 lakhs, is the net result of some improvements and some fallings off. I expect Income Tax to be up by 1½ lakhs, Land Revenue by 8 lakhs, Stamps by 5 lakhs and Civil Works by 6 lakhs; but Administration of Justice to be down by 4 lakhs, Superannuation by 2 lakhs and Other Taxes by 1 lakh. With regard to Income Tax, I had to take account of the recent amendments of the Act read with the poor trading results of the current year. Very likely—I hope this will prove to be the case—my estimate is a conservative one. I have raised Land Revenue because the price of jute is rising and because I hope that the causes, especially the floods, which held it up this year will not be present next year. I have raised Stamps by a few lakhs, despite what I have said about Court-fees, because the yield is so abnormally low this year and because we expect more business in the registration offices owing to the recent amendment of section 26(c) of the Bengal Tenancy Act. The rise of 6 lakhs under Civil Works represents a larger transfer from the Road Development account to finance a larger programme of Road Development. The worsening under Administration of Justice is on account of a windfall of 4 lakhs in the current year which will not recur next year. The decline in Superannuation receipts represents pensionary charges of the Bengal Pilot Service which used to be paid through this Government but which will henceforth be paid direct by India. The decrease under Other Taxes is due to the absence of the Tobacco duties which yielded a little over a lakh in the current year, compensated partly by a growth under the Electricity Duty Act.

Our proposals for expenditure amount to 14 crores 65 lakhs or 1 crore 72 lakhs more than the expenditure in the current year. For purposes of comparison, however, we may deduct the 93 lakhs which, as I have already explained, is to be given to local bodies in return for the provincialisation on the receipts side of our Budget of that amount of revenue which was previously theirs. The heads of expenditure which are inflated by this 93 lakhs are Miscellaneous (89 lakhs) and Police (4 lakhs). Apart from these items, the increase over the Revised is 79 lakhs. This mostly represents expenditure on new schemes. An account of them is given in the Red Book which I will leave my honourable colleagues to enlarge upon when they come to move the demands for their respective departments. I will content myself with a general description—with special mention of the more important items.

The largest increase (24 lakhs) is under Civil Works and is due to an extensive programme of building projects and of road development fund works. The latter accounts for an increase of about 6 lakhs and the balance is due mainly to new buildings belonging to various departments. Among the larger provisions for buildings may be mentioned 2 lakhs for the Purdah College, 2 lakhs for the Eden High School, 2 lakhs for a new Reformatory School, 2 lakhs for a Civil Court at Howrah, 5½ lakhs for police buildings, 1½ lakhs for electric installation in Government buildings and ¾ lakh for the construction of witness sheds.

In regard to the increase under Road Fund works a Special Officer has been appointed for expediting Road Development projects and it is expected that the programme laid down for the coming year will be fully worked up

to. Out of a total assignment of 1 crore 5 lakhs since the subventions were first received the provincial expenditure up to the end of 1936-37 was only 62 lakhs or a little more than half. The unspent balance in hand on 1st April, 1937, was 43 lakhs out of which all but 10 lakhs will be spent by the end of the current year. Next year's programme of road expansion involves an expenditure of 29½ lakhs, out of which 10 lakhs will be met from the balance in hand and the remainder will be available from the Central Government.

The Education budget contains the biggest increase under service expenditure. Although as I have stated earlier in the course of this statement Education Cess had to be suspended in nine out of twelve districts on account of the flood, it is hoped that the set-back is only temporary and considerable progress will be possible next year in the matter of extension of District School Boards. The Budget includes a provision of 5 lakhs for supplementing local efforts for the improvement of primary education in areas where primary education cess is being realised. In addition to this 57 thousand has been provided for grants to primary schools for girls in non-School Board areas, and 21 thousand for the extension of free primary education in Municipalities. Next year's requirements in connection with the training of teachers for primary schools is 1½ lakhs and this amount has been included in the Budget, along with a sum of 2 thousand to enable refresher courses to be provided for primary school teachers.

In addition to the provision for aid to girls' primary schools reference to which has just been made, the Budget includes several special provisions for the improvement of female education. Seventy-one thousand has been provided to enable the Purdah College to be started next year in a rented building, pending completion of its own building for which provision has been made under Civil Works as already stated. Fifty thousand has been provided for the Gokhale Memorial School and 15 thousand for the Saleha Isaque High School at Serajganj. Additional grants aggregating 20 thousand have been provided for various institutions such as the college section of the Kamrunnessa Girls' School, the Nari Sikhya Mandir, the Sarojnalini Industrial School, etc. Provision of 1 lakh has been made for recurring grants to girls' high schools. Fifteen thousand has been provided for the extension and improvement of the Bethune College, and a similar amount has been provided for the teaching of two new subjects, namely, Geography and Elementary Science in schools for girls.

In regard to Collegiate and Secondary education there is provision for a grant of 1 lakh to the Dacca University, as the first instalment towards the cost of construction of a new Muslim Hall at a total cost of 2½ lakhs. Capital grants have been provided for a number of other important educational institutions. 1½ lakhs has been provided for the St. Xavier's College and 1¼ lakhs for the Burdwan Raj College. Sixty-seven thousand has been provided for supplementing the amounts which may be available locally for raising the Karatia College to a first grade college and 7 thousand has been provided for improvement to the attached hostel. There is provision for a grant of 50 thousand for the City College. Thirty thousand has been provided for the construction of Muslim Hostels attached to the Brojomohan College, Barisal; 27 thousand for a building grant to the Maharaja Cossimbazar Polytechnic Institute and 10 thousand for the Prafulla Chandra College, Bagerhat, to enable it to liquidate some old outstanding liabilities. There is a provision of 24 thousand for improvements in the teaching arrangements of the Islamia College and the Presidency College and for the holding of Tutorial classes in order to prepare

candidates for the All-India competitive examinations. Twenty-five thousand has been provided for a grant to the University of Viswa Bharati in aid of its educational activities.

Ten thousand has been provided for practical training in Astronomy in Government Colleges and 61 thousand for the teaching of Geography and elementary science in Government and non-Government secondary schools for boys. A sum of 1 lakh 35 thousand has been provided for additional recurring and capital grants to the latter class of schools.

Among other items in the Education budget may be mentioned an additional provision of 86 thousand for grants to Madrassahs; 10 thousand for grants to Sanskrit *cols*, 5 thousand for grants to Buddhist *cols* and a capital grant of 5 thousand to the Bangiya Sahitya Parishad.

At present a sum of nearly 7 lakhs is spent annually in awarding scholarships, stipends and free studentships in educational institutions. It is proposed to create further scholarships and stipends to enable poor students of all communities to prosecute their studies. As a part of this policy additional provision for scholarships was included in the current year's Budget, 50 thousand being for Muslim students and 30 thousand for students belonging to the Scheduled Castes. In next year's Budget additional provision has been included so that the benefit may be extended to a wider circle of students. It has been found that there are many backward communities who have not been included in the list of Scheduled Castes and it is necessary that provision of scholarships should be made for them as well. An additional provision of 1 lakh has accordingly been included in the Budget for awarding scholarships to deserving students. Out of this 60 thousand will be earmarked for Muslim students, 20 thousand for Scheduled Castes students and 20 thousand for others.

As many really meritorious students find themselves unable to continue their studies on account of pecuniary difficulties, a provision of 60 thousand for special stipends in really deserving cases has been included in the Budget. Out of this amount 50 thousand will be earmarked for Muslim students and 5 thousand for students of the Scheduled Castes and 5 thousand for others.

Provision has also been included for two State Scholarships for Indian women to enable them to study abroad; and for special scholarships for Muslim students at the Ashanullah School of Engineering, Dacca.

Fourteen thousand has been provided as scholarships for the training of students in Agriculture in the United Kingdom; while 10 thousand has been provided for scholarships for technical and industrial training.

For promoting maternity and child welfare activities provision has been made for a grant of 2½ lakhs to the Chittaranjan Seva Sadan which, as the House is aware, is the premier maternity hospital in the province, ministering to the needs of all sections of the people. It has got an attached Children's Hospital, the only one of its kind in Bengal, and imparts training in midwifery to women of all communities. The Budget also includes half a lakh for the establishment of new maternity and child welfare centres in rural areas on a contributory basis and 35 thousand has been provided for grants to existing centres.

There is a provision of 2 lakhs for the improvement of Sadar Hospitals, the grant provided for the purpose in the current year not being fully utilised owing to the absence of a sufficient number of suitable schemes.

Fifteen thousand has been provided for grant to the Association for the Prevention of Blindness in Bengal to enable it to maintain three travelling eye dispensaries. One such dispensary was started in the current year as an experimental measure but there is so much demand for this type of medical relief that it has been decided to provide two more dispensaries in the coming year.

The Irrigation budget contains a provision of 2½ lakhs for the Waterways Board which it has not been found possible to constitute this year but which it is hoped to constitute in the course of the coming year. Ninety-two thousand has been provided for the reorganisation of the Development Circle so as to enable it to draw up urgent Irrigation projects in Eastern Bengal. Irrigation surveys and other schemes estimated to cost ultimately over 4 lakhs are proposed to be taken up next year and a provision of ¼ lakh representing requirements for 1939-40 has been included in the Budget. The most important of these schemes is the Jhargram Irrigation Scheme estimated to cost 2½ lakhs and widening the bed of the Kaliaghya river which is likely to involve an ultimate expenditure of 86 thousand.

In regard to Industry, I have already indicated that a survey is now in progress under the distinguished guidance of the Director-General of Commercial Intelligence and Statistics and it has been decided to await the results of this survey before any important measures of industrial improvement are undertaken. The Budget accordingly contains no important new projects but aims rather at improving the existing institutions. Eighteen temporary peripatetic weaving schools are proposed to be reorganised at a cost of 30 thousand rupees. Thirty thousand has been provided for a grant of the Sarojinalini Memorial Association, and 20 thousand for a grant to the Calcutta Blind School. Provision has also been included for the revival of mining classes in the coal-fields, and for research and training in the manufacture of articles of common use such as metal polish for which there is great demand in the market.

Provision has been made for the expansion of agricultural training and research according to the programme initiated in the current year. It is proposed to establish a District Agricultural Farm at Chittagong at a cost of 58 thousand; 10 thousand has been provided for promoting the cultivation of flax and 8 thousand for selective multiplication of mustard. It is proposed to establish 22 additional Union Board farms and to continue the scheme for the cultivation of long staple cotton with the help of a contribution from the Bengal Mill Owners' Association. Three thousand has been provided for researches in connection with multiplication of fodder seeds. Three important schemes originally initiated by the Imperial Council of Agricultural Research will be financed this year from provincial revenues as the Council have decided to withdraw their aid. These are the establishment of a horticultural station, a station for grading hides and a staff for marketing. The total expenditure involved in these schemes is 18 thousand rupees. For the improvement of live stock it is proposed to import 300 Haryana bulls for districts where stud bulls are at service and also to import 32 Haryana cows for the cattle breeding section of the Dacca Farm. The provision for this purpose amounts to half a lakh. A similar provision has been made for the establishment of poultry multiplication centres. Provision has also been made for additional staff for animal husbandry and for the purpose of carrying out a census of cattle.

I think I have now mentioned all the more important new projects in our Budget, and I will now give a brief resume of the expected financial results of the working of the coming year. The year starts with an opening balance of 78 lakhs, a large part of which, as I have already explained, is

earmarked for specific purposes. Our revenue receipts amount to 13 crores 78 lakhs and we propose to spend on revenue account 14 crores 65 lakhs or 87 lakhs more than our receipts on that account. We have sufficient reserves to cover this difference, but we propose to conserve them by resort to a loan, which will be warranted as I will now explain. An appreciable part of our expenditure which has been or which is proposed to be financed out of revenue or out of the closing balance is in reality expenditure which could appropriately have been financed by loan. Thus in the current year a sum of over 60 lakhs is being advanced as loans to agriculturists and local bodies and it is proposed to make a further advance of 16 lakhs on this account in the coming year. All these loans and advances are interest-bearing, and the outlay is consequently remunerative in character. In the second place, it is proposed to spend 12 lakhs in the current year and 11 lakhs next year on commutation of pensions which is remunerative in the sense that it saves recurring pensionary charges debitable to revenue. It is capitalisation of revenue expenditure and as such might appropriately have been treated as capital expenditure. Finally, our plans of expenditure both this year and next include an attack upon the accumulated building requirements of the province involving a large burden which ought to be spread over a number of years instead of being allowed to unbalance the revenues of a particular year. What is more, in many cases the erection of the buildings will be remunerative in the sense of saving money now expended on rents. The amount of the loan which we propose to take is one crore. Credit has been taken under the appropriate deposit head for this sum of 1 crore on account of a long-term loan, the exact terms of which will be settled in due course in consultation with the Reserve Bank. It is this credit which accounts for the surplus of 94 lakhs under the Debt Deposit section of the Budget.

The net result of the working on the basis of the estimates, therefore, will be a surplus of 7 lakhs which will raise the opening balance of 78 lakhs to a closing balance of 85 lakhs. This will include 49 lakhs on account of the minimum balance to be kept in the Bank and in Treasuries, but as the unspent balances of the Scheduled Caste Education Fund and of the subventions from the Road Development Fund are expected to be used up fully during the coming year, the remaining 36 lakhs will be free balance. In addition to this closing balance we shall have our investments: 12 lakhs in the Famine Insurance Fund, 38½ lakhs in securities and 85 lakhs in Treasury Bills. Of these, the first is usable for famine relief only: the second can be converted into cash, if necessary, and used for general purposes at any moment. The 85 lakhs in Treasury Bills, however, is not wholly available as a reserve for revenue purposes. It is mostly a reserve for Ways and Means purposes, that is, for drawing upon in the lean months during which our outgoings exceed our takings.

But it is not sufficient to say that our Budget for 1939-40 will balance. Not merely does it include the initial expenditure of schemes whose cost per annum will increased hereafter, but it contains no margin wherewith to embark on the many schemes of new expenditure which will have to be undertaken if we are to make any impression upon the needs of the province. In other words, we must face up to the fact, that, with our present resources, we are approaching the end of our tether, and that if we are to make any further progress in nation-building, we must be able to count upon revenues considerably exceeding the expected revenues of the coming year. I am afraid that we cannot count upon a much greater yield from our existing sources of revenue. If trade conditions improve, we might tap an extra 30 lakhs or so under Jute Duty, Income Tax and Non-Judicial stamps; but we have to remember in that connection that our expected revenue from Jute

Duty in the coming year is nearly a crore in excess of what it would be if we again struck slump conditions as bad as those of 1921-22. We also have to remember that certain special receipts which now appear in our Budget are about to disappear: for instance, the sum of 13 lakhs or so representing recoveries on account of Survey and Settlement operations and the 5 lakhs or so which we have for the last few years been getting from the Government of India as special grants for rural uplift work. We must also be prepared for a decrease in Excise revenue if the idea of prohibition gains strength and, as I have already indicated, the prospects of much improvement in our Court-fee receipts are probably remote. Further retrenchment can afford no effective relief. If there is any present expenditure here or there which might be abandoned, I must ask the House to believe me when I say that its amount for immediate purposes will in any case be negligible. We plan, for instance, to make a further reduction of pays and to revise the pension rules; but the consequent savings will only accrue gradually. There is nothing for it therefore but to resort to new taxation. I shall introduce two taxation measures this session calculated to bring us about 12 lakhs per annum (one to impose a betting tax on dog-racing and the other to impose an ungraduated tax of Rs. 30 a year on professions, trades, callings and employments exempting those who do not pay income-tax); and I have other proposals under examination with a view to the possible introduction of further taxation proposals in the monsoon session.

I will not burden this statement by enumerating the needs of the province for which we require further funds, but in an Appendix to the printed copy of it will be found a list of some of them with some observations of my own upon them.

So far as the immediate task of explaining the various implications of this year's Budget is concerned, I have done. But it is also my duty to make clear at the time of the Budget the long view of our task especially in regard to the finances which devolves on us as a corollary of the powers we have obtained. Increasingly and ever more increasingly are the people pressing for every assistance that the Government can render to improve and regulate every sphere of their lives. There is, however, nothing unusual in this demand, for, so long have they lived under conditions of ignorance, superstition and abject fatalism, that with the first suggestion of control over their own destinies through a Government of their making it is but natural that they should now ask the Government to lead them unto a millennium and that immediately. Is it any wonder that they should become impatient and chafe at any delay?

Sir, so appalling is the misery of the masses and so urgent that task of amelioration that every provincial Government realise that a special responsibility devolves on them. It is only necessary to realise that an equally onerous obligation rests on the people and their representatives in the Legislature. The task of amelioration, to which every popular Government is committed, is circumscribed by two important factors. The first refers to the quality of the people. For, as I have so often said, the Government can but provide the machinery, the motive power must come ultimately from the people. To be really efficacious and beneficent, Government intervention presupposes a well-developed civic sense among the people as a whole. Without it, a remedy adopted sometimes proves worse than the disease; society being unprepared for such measures, the measures do not bring the desired results; on the contrary easy attempts to remedy wrongs often aggravate the wrongs in unanticipated ways. In fact, I do not believe it is possible, or, even if it were possible, at all desirable, to spoon-feed any nation into prosperity. In the second place, the ambitions of any Government must necessarily be circumscribed by the

available resources both in money and in human material. Sir, the role of a Finance Minister is far from enviable. He is expected to create marvels practically out of nothing. With the ever-increasing variety of the demands of modern democracy, even Aladin's treasures, I am afraid, would soon have been exhausted. But a Finance Minister has to do much more than to think of the immediate demands. He must always have an eye to the future, study the possible repercussions of every new commitment, husband his resources and explore avenues for augmenting them. He must steer the ship of State clear of financial shoals. For, too often in recent history have liberal governments been wrecked on rocks of loose financial policy. This danger must be avoided, but at the same time we must plan to forge ahead.

Sir, I would not like to minimise the difficulties or implications of the stupendous task of mass uplift, to which we have set our hands. We cannot of course work miracles or solve all our problems at once. What we can do is to lay a sound foundation on which, with improvement in resources and as opportunity occurs, might gradually be built a structure that would give a greater measure of security and happiness to the common man. To equip ourselves for this task, it is necessary that we learn the lesson of the times and adjust ourselves to the new outlook in the political and economic sphere. Both history and our own immediate and direct experience teach us that for the proper functioning of political democracy, the masses should be convinced that the Government is on the side of economic justice. The demand for greater economic justice can no longer be left in cold storage. To do so would be only to accelerate the pace of social rupture and invite revolution. Wealth should no longer be regarded as the sole symbol of success, nor should exploitation be acquiesced in as the inevitable concomitant of healthy competition. In fact, the possession of wealth in modern society, as indeed at any time, carries a deep social obligation. It should be spent in the multiplication of opportunities for the livelihood of the people. This represents no adherence to any extreme economic doctrine, but only a realisation of the social function of wealth. Acquisition of wealth should be contingent on the discharge of social obligations. The principal means by which this is secured in modern society is that of taxation. That is the democratic and evolutionary method as opposed to confiscation which is tyrannical. To supply them with necessary funds to carry through ameliorative measures, Government must necessarily seek the co-operation of those able to provide them. And the hand of co-operation should be willingly proffered: for a prosperous and contented populace is an essential condition for ordered progress for all sections of the community. In this machine age, prosperity and poverty can no longer be a matter of separate concern for the individual. It is an age of mutual interdependence, and the whole community must fall or prosper together. The prosperous and the wealthy must increasingly appreciate this inter-relation, and should not grudge the contribution they may be asked to make towards creating a better and richer life all around them.

Sir, to elevate society, to improve the human material, to provide the common man with the barest minimum for a decent life, to open up to him the possibilities for a better and richer life, is a duty which devolves on all of us.

As Government, we shall do all that we can. As the Finance Minister, I shall not spare myself in any way,—either in imposing taxation when it is essential, or in agreeing to expenditure where it is necessary. And whatever I may do, I shall be moved into action by my abiding faith in the common man and the possibilities of evolving a society, which will subserve the democratic ideal of egalitarianism in the economic as much as the political sphere.

While affirming my faith in the aspirations of the people, I should, as a practical administrator, emphasise the difficulties in the way and the need even for curbing uninformed enthusiasm in the interest of concrete achievement. A particular section of the community, for example, demands facilities for itself only without adequate realisation of their unfavourable repercussions on other sections. They forget that if they injure other classes in society, they themselves will intimately be adversely affected. As I have said, the various classes in modern society are interdependent. This is a truth which should be learnt by the poor as much as the rich. I should also like to draw attention to the fact that the demands made on Government are too often conflicting and incongruous. For example Government are asked to launch large schemes of social service without additional taxation; to remove illiteracy by universal free primary education without the payment of a cess; to provide a scientific rural credit organisation under conditions where even debtors able to pay are unwilling to discharge their obligations; to stimulate industry and yet grant labour facilities whose cost industry cannot possibly bear; to spend large amounts on irrigational facilities, and yet to reduce the rates charged for the water brought to fields by such irrigation works and so on. The Government are thus expected to manage without new taxation which is odious to the populace; they are asked to remit even existing taxes in some cases and the demand is also made in the same breath for State provision for national health insurance, sickness benefits, etc., all of which obviously presuppose larger resources. The absurdity of all this is too patent to need comment. However, it has to be impressed on the people that no Government's resources could be unlimited, and while the Government have set in motion such ameliorative work as is possible to accomplish within the limits of the present revenues, any large scale and comprehensive ameliorative programme for the people inevitably depends on the ability to obtain more money through fresh taxation. The attitude to taxation has therefore to change.

As important as the realisation of the need for new taxation is the recognition of the limitation of the sources of provincial revenue. While the entire responsibility for nation-building rests on each province, the heads of revenue allotted to it are limited in their scope and inelastic in their nature. They are insufficient for the purpose and barring only a few, all the heads are also the same as the provinces had before the inauguration of Provincial Autonomy. Apart from the potentialities of sales tax and taxes on agricultural income which have not yet been explored, the other measures are not likely to yield much. The taxes mentioned in List II of the Seventh Schedule to the Government of India Act are not many. And it is out of their proceeds that the entire provincial administration, including District Boards and Municipalities, etc., has to be financed. Inadequate as these resources are, there has unfortunately been a tendency to restrict the scope of even these taxes by a narrow interpretation of the terms. The proceedings before the Federal Court with regard to the interpretation of item 48 of List II, "Taxes on the sale of goods" are still fresh in your memory and doubt has recently been raised as to the interpretation of item 46 of the List "Taxes on professions, trades, callings and employments". It is contended that this tax does not allow graduation by classifying tax-payers into blocks according to their incomes.

Within the scope available to them, the Government will no doubt introduce taxation measures, whenever necessary. For a successful campaign against the accumulated deficiencies of the past, however, we shall need, in addition to finance, an adequate number of trained men competent to initiate and execute schemes and the enthusiastic support of public opinion. With the co-operation and enthusiasm of the public, substantial results can

be obtained in many spheres even without larger capital outlay. Most of the tasks of rural reconstruction, for example, are such that if only the people will think of the benefits of their work to themselves and agree to wait for its fruits instead of insisting on them even at the start in the form of cash wages, the intricate problem of initial outlay will have been largely solved. This country is deficient in capital in the sense of accumulated savings. But the enormous man power of the nation is a form of potential wealth which, if only the people would agree to apply directly to their tasks, can be immediately transformed into kinetic capital. I trust that we will lighten our problems by organising mass effort to the direct achievement of our problems of rural reconstruction. If the average agriculturist who spends about half the year in enforced idleness could be shown ways of profitably using those six months, that itself would bring about a very considerable improvement in his condition and standard of living. This human material could be organised and utilised with equal advantage for promoting the general welfare of the community in such matters, for example, as the construction of small irrigation canals, fighting the menace of water-hyacinth, etc. With little or no expense in this way, the face of the whole village could be changed quite remarkably. In fact, I am inclined to think that a very great deal of our problem of mass welfare resolves itself into one of finding more work and properly organising the human material we possess.

It is only the strong backing of public opinion which could ensure the success of such a drive. Whichever party may be in power, it is the same problems that must be faced, and I think that the problems are so pressing and so much depend on early and radical efforts for their solution that the situation really calls for concerted action from all parties and a drive which is supported by all sections of the public and the press. We know how working on party lines has been suspended in many countries when they were confronted with emergencies such as a war. I think our situation also is, in a sense, one of emergency and calls for the united and concentrated efforts of all sections for waging war against certain scourges, whose poison the lapse of time will only augment. I believe what I am suggesting is not only not unpracticable but it is also in no way irreconcilable with the aims and policy of the different parties. Of the one party which wields the largest influence in the country—I am referring to the Congress Party—I may say that since its tenets are truth and non-violence and objective mass-amelioration, there is no reason why in Bengal that Party should not be able to give its support to measures, even though sponsored by a Government not its own, which do not run counter to its tenets and objective. Press support, similarly, for measures, which are undoubtedly conceived in the interests of the province, would again strengthen the hands of the Government—whatever may be its complexion—to fight the problems which after all are the concern of each and all of us.

I may refer to a few concrete cases to show how in the atmosphere that an enthusiastic public opinion begets it would be possible to achieve many big results with comparative ease and with little expense. If the Government were to have a measure by which each matriculate in the province would have to give a year to the State and devote that time in removing illiteracy among adults, we could in a short time make a considerable headway with the drive against adult illiteracy, and at a small cost to the State. Similarly, in cities and towns, where a large number of doctors practise, and where medical inspection of school children is so essential, if the doctors could each be asked to give their service free for one or two days in a month, the necessary inspection could be very easily accomplished with little expense to the State. But unless such measures are strongly backed

by an enthusiastic public opinion, they will have little chance of success. The Government are, however, anxious to enlist public support for the prosecution of such beneficial measures on a voluntary basis, and intend to make a beginning by organising in the near future a Water-Hyacinth Week with the object of eradicating this menace. But the success of this experiment as well as the possibility of the extension of the method to other and wider spheres would all depend on the nature and extent of public support that will be vouchsafed to such endeavours.

Sir, in view of the stupendous nature of the task that we have to accomplish, is it too much to expect that any measure conceived in the interest of the masses, whose amelioration is the primary objective of all parties, should receive the active support of every shade of public opinion? The present conditions in our province may reasonably be described as a state of emergency, in which the ordinary rules of party government should remain in abeyance till the crisis is over.

Sir, all sections of the House should fully appreciate the fundamental facts of our present situation: the magnitude of our problems, the pitifully inadequate resources at our command, the large demands of the electorate, the natural reluctance to shoulder burdens, and the limited and inelastic nature of the revenues allotted to us. These incongruities are there and must be viewed not as the embarrassment of the party in power, but as the problem of the Government whatever its complexion, indeed of the province as a whole. It would be the duty of all to work for the removal of this incongruity and to create in all the spirit of co-operation.

Sir, this is not a moment for parliamentary obstruction, this is a moment for rapid action; this is not a moment for approaching vital problems as a matter of party scores, this is a moment for an united assault upon them. Sir, there is here no question of even the subordination of principles. For, as to fundamentals and the objective, there is hardly any material difference between the programmes of different parties and groups. The question, Sir, is whether we shall be able to rise to the occasion, to realise the gravity of the situation and willing to face difficulties, sink petty party differences and jealousies, and devote ourselves to the furtherance of the common good.

I apologise to you for the length of my speech. With these words I place before the House the Budget estimate for the year 1939-40.

## APPENDIX I

## Summary of the financial position of the Government of Bengal in 1938-39 and 1939-40

[Figures are in thousands.]

	1937-38. Actuals.	1938-39.		1939-40. Budget.
		Budget.	Revised.	
	Rs.	Rs.	Rs.	Rs.
<b>Receipts.</b>				
Opening Balance .. ..	1,05,77	1,90,84	1,36,01	78,02
Revenue Receipts .. ..	13,00,85	13,12,73	12,71,29	13,77,76
Capital Receipts .. ..	..	..	..	..
Receipts from Debt, Deposits, etc. ..	17,51,86	16,72,96	20,83,54	21,32,61
<b>Total</b> ..	<b>31,58,48</b>	<b>31,76,53</b>	<b>34,90,84</b>	<b>35,88,39</b>
<b>Expenditure.</b>				
Revenue Expenditure .. ..	11,83,13	13,24,27	12,93,01	14,64,56
Capital Expenditure .. ..	-35	-2,98	-2,77	-3,01
Expenditure on Debt, Deposits, etc.	18,39,69	16,80,26	21,22,58	20,41,45
Closing Balance .. ..	1,36,01	1,74,98	78,02	85,39*
<b>Total</b> ..	<b>31,58,48</b>	<b>31,76,53</b>	<b>34,90,84</b>	<b>35,88,39</b>
<b>Net Results.</b>				
Surplus +				
Deficit -				
On Revenue Account .. ..	+1,17,72	-11,54	-21,72	-86,80
Surplus +				
Deficit -				
Outside Revenue Account .. ..	-87,48	-4,32	-36,27	+94,17
<b>Total—</b>				
Surplus +				
Deficit -				
Excluding Opening Balance .. ..	+30,24	-15,86	-57,99	+7,37

\*This is exclusive of investment of 12,00 in the Famine Insurance Fund, 38,33 worth of securities and 85,00 invested in Treasury Bills.

**APPENDIX II****Special Committees**

A Committee was appointed to enquire into the incidence of rent in the province with a view to devise ways and means for a reduction of rent where considered necessary.

Another Committee was appointed to investigate the rights of the tenants of non-agricultural lands with a view to advise what can be done to protect the tenants from eviction at the will of the landlords.

A Special Officer was appointed to enquire into the grievances of tenants in Government estates and to suggest methods for the improvement of administration of such estates.

Another Special Officer was deputed to enquire into the management of Crown Fisheries and to investigate the possibility of Government control over riverine fisheries.

Special Officers were appointed in a number of selected districts to ascertain whether operations under section 112 of the Bengal Tenancy Act with a view to reduction of rent was required.

In the field of Agriculture, a Committee was appointed to investigate the problem of jute in all its bearings including the regulation of production, improvement of price, marketing and fixation of the price of jute; and a second Committee was appointed to investigate the problem of improving the price of paddy and rice.

In the sphere of Education, a Committee composed of ladies and gentlemen was appointed to investigate the problem of improving primary and adult education. Another Committee was appointed to consider the question of improving Madrasah education in the province. Committees were also appointed to investigate problems in connection with Secondary Education and with the educational requirements of members of Scheduled Castes.

In regard to Forests, a Committee has been appointed to enquire into the problem of progressive denudation of forest in West Bengal and to suggest methods for prevention.

In the field of General Administration a Committee has been appointed to examine the cases of terrorist convicts and to make recommendations to Government regarding the exercise of clemency in these cases. A second Committee has been appointed to enquire into the working of the Chaukidari system throughout the province and to advise Government on the best methods of policing of rural areas and the apportionment of the cost thereof between Government and Union Boards.

Other Committees have been appointed to advise on local items of administrative importance. Thus for instance, a Committee has been appointed to examine the question of a suitable site for the headquarters of the Noakhali district; and another Committee has been appointed to consider the possibility of converting the Medical School in Dacca into a Medical College.

## APPENDIX III

1. *Primary Education.*—The introduction of universal free primary education is an item of outstanding importance in the programme of development. The cost involved in this scheme is of course very large. It depends upon the number of years at school for which provision is required. For the purpose of a rough estimate it may be assumed that four years' schooling between the ages of 6 and 9 will enable the pupils to attain literacy. The number of children in Bengal between these ages is about 53 lakhs. On the assumption that each school would be a three-teacher school for 90 boys, and allowing for the expenses for books, writing materials, teaching apparatus and contingencies, it is estimated that the average cost per child will be Rs. 12 per annum. On this basis, even if 25 per cent. of this 53 lakhs of children between 6 and 9 do not for some reason or other join the primary schools, the total cost is not likely to be less than Rs. 4½ crores per annum. This however is exclusive of the cost on account of site and building, for it may be assumed that these will be provided free by the local people. If instead of a four-year course an eight years' course is desired such as is provided in most advanced countries, the cost will obviously be doubled.

The present expenditure on primary education is about 90 lakhs, out of which 33½ lakhs is met from provincial revenues and the balance is derived from the contribution of local bodies and fees. When the education cess is introduced all over the province it will bring in Rs. 1 crore and Rs. 20 lakhs. Since fees will not be levied a further sum of nearly three crores will be required to give complete effect to the scheme. It is obviously not possible for the province to find such large resources. And it is to the Central Government, who have big and elastic sources of income, that the province must turn for assistance in this matter. The Central Government may be approached to help the province to the extent of about half the amount required, not of course out of its existing resources but from new taxation imposed on suitable items under the taxation powers of the Centre. It is hoped that such a proposal will have the support of all other provinces as they are equally interested in this matter. To persuade the Government of India to offer such help to the provinces will no doubt take some time. The province should meanwhile try to find out other sources, in addition to the cess from which it is going to meet its own share of the expenses of primary education, assuming that the Centre is prevailed upon to contribute the share demanded of it. The scheme of primary education cannot apparently start all at once in all districts. As and when it starts in a district the cess will be levied there and for the balance of charges in excess of the amount of the cess, Government will have to explore fresh sources of revenue.

2. *Secondary Education.*—With the extension of primary education an extension of secondary education will also obviously be necessary, for with increase in literacy the demand for secondary education is bound to increase to a very appreciable extent. Moreover, better facilities for secondary education will have to be provided to the scheduled and other educationally backward sections. Facilities would also have to be extended to those who are too poor to afford the charges of education, and secondary schools would also have to be established in areas where there are none at present. All these would involve a very great extension of the expenses at present incurred for secondary education. Many educational institutions started and maintained by the munificence of particular individuals or associations are now obliged to seek financial assistance from Government as sources of private philanthropy are rapidly drying up. The pressure on the public purse in

respect of such demands is already very considerable and some of the large capital grants in the coming year's budget indicate the extent to which large private educational institutions are in need of financial relief.

Particulars are given below of the additional expenditure both recurring and non-recurring likely to be required in the next few years to meet educational needs in all the various forms. This is a very rough estimate and is not intended to give anything more than an indication only of the extent of the expenditure that would be necessary.

	Recurring.	Non-recurring.
	Rs.	Rs.
Primary education .. .. .	1 crore 56 lakhs.	12 lakhs.
Middle schools and madrasahs and Sanskrit <i>toles</i> .. .. .	20 ,,	2 ,,
Secondary education .. .. .	15 ,,	30 ,,
College education .. .. .	8 ,,	12 ,,
Women's education .. .. .	12 ,,	40 ,,
Special projects .. .. .	5 ,,	25 ,,
(Training college for physical training, commercial college, special institutions for defect- ives.)		
Adult education .. .. .	..	25 ,,
Building grants to universities .. .. .	..	10 ,,
<b>Total .. .. .</b>	<b>2 crores 16 ,,</b>	<b>1 crore 56 ,,</b>

The capital grants may be financed out of loans for which a provision of Rs. 7 lakhs by way of interest charges, etc., would be necessary. For recurring expenses, new taxation measures are obviously required.

Until recently rural credit had been supplied through the agency of money-lenders, co-operative societies and loan companies. But for various reasons all these agencies have come to grief. There is no organisation at present which could cater to the ordinary credit requirements of the cultivators and the rural population in general. A sound rural credit organisation has therefore to be set up. It is not of course possible for the Government to take the entire responsibility for direct financial assistance. The matter must depend consequently to a large extent on private enterprise. But in addition to directing and stimulating that enterprise, under the prevailing condition of things, Government will have to take the initiative in establishing new machinery for both long-term and short-term loans. The establishment of a chain of land-mortgage banks for long-term loans and the reorganisation of co-operative central banks and village societies are essential parts of a programme for the supply of rural credit and the expenditure which they involve is very considerable.

The rapid development of communications is also essential to the welfare of the province. In the absence of good roads it is not possible to provide adequate facilities for the transport of agricultural produce to important centres of trade. A comprehensive programme of road development has now been prepared by Mr. King, the Special Officer appointed for the purpose, and it is estimated that the execution of the programme will involve an outlay of 39 crores and that the maintenance of the roads after the programme has been completed will require a crore of rupees per annum.

There are of course two sources of income which are earmarked for the development of road communications each of which brings in about 14 lakhs a year. The first is the Bengal Motor Vehicles Tax Act the proceeds of which are mostly given to local bodies for expenditure on roads. The second is the provincial share of the subvention from the Central Petrol Fund. But the two of these together will not enable us to improve our roads at anything like the pace at which they ought to be improved, or to maintain them as they should be maintained. It will have to be considered whether it will be possible to augment our resources for road development by an increase in the rate of tax on motor vehicles to the level which other provinces like Bombay have already adopted.

The development of our waterways which must be simultaneously undertaken will also involve large capital and recurring expenditure for which new sources of income will have to be tapped. Government are considering whether any part of the proceeds from the customs duty on jute can be utilised for the improvement of waterways in this province.

### **Supplementary Statement of Expenditure (1939-40)**

*(Presented on the 7th December, 1939)*

**The Hon'ble Mr. Nalini Ranjan Sarker:** Sir, under section 81 of the Government of India Act, 1935, I beg to present a Supplementary Estimate of Expenditure that will be necessary during the current year. The total amount is Rs. 62,19,000 out of which Rs. 60,000 is charged and the remainder voted. Out of that total Rs. 47½ lakhs are on account of loans to agriculturists and Rs. 6¾ lakhs on account of test works and gratuitous relief. The reasons for the anticipated excess have been given in the Explanatory Memorandum under each head and I need not dwell on them at this stage.

*(Presented on the 26th February, 1940)*

**The Hon'ble Mr. H. S. Suhrawardy:** Sir, I beg to present the Supplementary Statement of Expenditure for the year 1939-40.

### **Speech by the Hon'ble Mr. H. S. Suhrawardy, Finance Minister in presenting the Budget for 1940-41**

*(Presented on the 15th February, 1940)*

I have the honour to present the Budget Estimates for 1940-41. I must deplore my misfortune that I have to present a deficit budget to the House and that for the second year in succession we shall have to draw upon our balances in order to cover our revenue expenditure. I deplore this all the more as I have not had time since I assumed charge of this portfolio to appraise the situation sufficiently to suggest concrete remedies.

Since my predecessor, whose absence from the Treasury Benches perhaps no one regrets more than myself, presented the estimates of 1939-40 a year ago, a cataclysm has overtaken the world; forces have been unleashed with dire consequences to world economy.

The major powers are waging war by all indications to an extreme conclusion. It is impossible to prophesy to what extent the other countries of the world will be dragged into the vortex. The immediate effect of the war have been for the most part beneficial to the economy of the

province, but it would be dangerous to enlarge our commitments on the basis of that prosperity and not to take precautions against the slump which all previous experience suggests must inevitably follow. Further, we must be ready and prepared to take our due share in the burden of the war should events move nearer home and involve us more directly and closely. Partly therefore on account of our revenue position which I shall consider unsatisfactory until such time as the income can be increased to meet the natural developments of our nation-building departments, and partly on account of the precautions that we must take against contingencies over which we have no control, the Budget of this year does not contain any spectacular features, nor have the Departments taken up any new long range schemes likely to involve the finances of the province in recurring expenditure of considerable magnitude. In my opinion, it would be fatal to the finances of the province if, deceived by an artificial prosperity due to war conditions, we permitted ourselves to undertake new commitments that we cannot hope to be able to maintain. The position has been very ably reviewed in the recently published report of the Central Board of the Directors of the Reserve Bank and I make no apology for quoting the following extract:—

“On the whole therefore the economic outlook at the end of 1939 appeared to be brighter than at any time during the past ten years, although memories of the aftermath of the last war were sufficiently recent to lead to a fairly general realisation of the fact that war profits are essentially artificial and transient and that in a major conflict of this nature no country can hope to escape the inevitable strain on her economic resources.”

With this brief warning against short-sighted optimism, I turn to the estimates now in the hands of the members. It is usual when considering the estimates to refer to the actuals of the previous year and the Revised Estimates of the current year. In accordance with this usage I propose to refer briefly to the salient features of the final accounts for the year 1938-39.

The Revised Estimates for that year which were incorporated in the Budget for the current year, as presented to the Legislature in February last, disclosed a revenue deficit of 21.72 lakhs. In actual working, the apprehended deficit did not materialise and revenue receipts almost exactly balanced expenditure on revenue account. This was brought about by an increase of over 5 lakhs in receipts and a reduction of over 16 lakhs in expenditure. The improvement in receipts was shared by Land Revenue (5 lakhs), Excise (2 lakhs), and Stamps (7 lakhs), and was partly set off by a drop of a little less than 9 lakhs under Jute Duty. The decrease in expenditure was due to savings of 7 lakhs under Civil Works and of 2 lakhs each under General Administration, Administration of Justice, Police, and Public Health. The decrease under Civil Works was due to slow progress in the execution of building projects. The savings under General Administration were due mainly to smaller expenditure on the legislative bodies, and those under Police and Administration of Justice were distributed over a large number of heads. Savings in the Public Health Budget were due to absence of epidemic diseases for which a precautionary provision had been retained in the Revised.

Against the improvement of 22 lakhs in the revenue position there was a net decline of 9 lakhs in the Capital and Debt Deposit Section of the Budget. This was due to decrease of 19 lakhs in net receipts on account of transactions under “District Funds” and “Civil Deposits” compensated partly by a decrease of 10 lakhs in disbursements under the “Cash Balance Investment Account”. The decrease in the case of “District Funds” was

due to smaller inflow of cess and in the case of "Civil Deposits" to a decline in litigation. The decrease under the "Cash Balance Investment Account" was due to the fact that the state of the Provincial balances did not permit of investment in Treasury Bills to the extent originally anticipated.

The net result of the year's working, therefore, was an addition of 13 lakhs to the closing balance, which was thereby raised from 78 lakhs in the Revised Estimates to 91 lakhs in the final accounts. This figure included a sum of 23 lakhs, representing the balances of certain accounts earmarked for specific purposes. The largest of these balances were 14½ lakhs in the Central Road Fund Account and 4½ lakhs in the Scheduled Castes Education Fund Account.

It should be mentioned, however, that at the end of the year 1938-39 the resources of Government, in addition to the cash balance of 91 lakhs, included investments in Treasury Bills to the extent of 75 lakhs and securities, held outside the public accounts of the nominal value of 38½ lakhs. There was, moreover, a sum of 10 lakhs in securities in the Famine Insurance Fund set up under the terms of the Bengal Famine Insurance Act, 1937.

It will be obvious from the accounts of 1938-39 that the opulence which marked the opening year of Provincial Autonomy had disappeared at the close of the second year. Thus against a revenue surplus of a crore and 18 lakhs in 1937-38, there was no surplus at all on revenue account in 1938-39. The closing balance was down by 45 lakhs, while investment in Treasury Bills was smaller by a similar amount. This change was partly due to the heavy programme of additional revenue expenditure undertaken in 1938-39 and partly to abnormally large payments of loans to agriculturists on account of damages caused by floods. In spite of these unforeseen demands on their resources, Government were able to maintain an adequate cash balance in the Treasuries and in the Reserve Bank throughout the year. There were, however, a few occasions on which the balance at the Reserve Bank threatened to fall below the prescribed minimum and temporary advances had to be taken from the Bank. The aggregate amount of these ways and means advances amounted to 90 lakhs. These advances were all repaid within a period of ten or twelve days. No such advances had been required in 1937-38.

Let me now turn to the Revised Estimates for the current year which has still a month and a half to run. The original estimates placed before the House in February last assumed that the year would start with an opening balance of 78 lakhs. Revenue receipts were placed at 13 crores 78 lakhs and expenditure at 14 crores 65 lakhs or 87 lakhs more than our receipts. On the assumption that investment of the Provincial balances in Treasury Bills would be on the same scale as in the Revised Estimates for 1938-39, ordinary transactions under the Capital and Debt Deposit Section of the Budget were expected to result in a deficit of 6 lakhs. The total deficit thus came to 93 lakhs; 87 lakhs on revenue account and 6 lakhs outside this account. At the time the budget was prepared it was estimated that there would be in existence outside the closing balance reserves to the extent of 85 lakhs in Treasury Bills, 38½ lakhs in securities and 10 lakhs in the Famine Insurance Fund. These reserves would have been sufficient to cover the deficit but at that time it was thought advisable to conserve these reserves and our intention was to raise a loan of 1 crore of rupees. The net result, on the basis of these estimates, was a surplus of 7 lakhs; this surplus with the opening balance of 78 lakhs would have produced a closing balance of 85 lakhs in addition to the reserves.

According to the Revised Estimates the current year starts with an opening balance of 91 lakhs—that is to say, the actual closing balance of 1938-39. Revenue receipts are expected to be 25 lakhs more, and expenditure on revenue account 48 lakhs less than was originally anticipated. There is, accordingly, an improvement of 13 lakhs in the opening balance and 73 lakhs on revenue account or 86 lakhs in all. Under the Capital and Debt Deposit Section of the Budget there has been a net worsening of 16 lakhs. The combined effect of these variations is an increase of 70 lakhs in the closing balance which is raised from the 85 lakhs of the original estimate to 1 crore 55 lakhs in the Revised. But whereas the budget assumed that in addition to the cash balance we should hold 85 lakhs of Government of India Treasury Bills, no such investment has been possible and apart from certain securities with a nominal value of 38½ lakhs and 12 lakhs in the Famine Insurance Fund the revised closing balance of 1 crore 55 lakhs represents the sum total of the province's balance.

The Budget for the current year made one major assumption which subsequent events have proved incorrect. The House will recall that in presenting the Budget for the current year, my predecessor observed—

“In my estimates, I have assumed that revenues will come in roughly at the level on which they have flowed during the last few months. I have assumed that war in Europe will not break out.”

The outbreak of hostilities have naturally upset the calculations on which the Budget Estimates were framed.

Another assumption made by my predecessor was that we should raise a loan of a crore. Some time before the commencement of hostilities in Europe, it was decided not to have resort to a loan. This loan was to have been taken not in connection with any specific scheme of expenditure but in order that our reserves might not be unduly depleted. In view of the uncertainty of world conditions and their unsettling effect on the money market, Government considered it inadvisable to resort to a loan in the open market for the sake of conserving their existing reserves. The sounder alternative appeared to be to utilise such reserves as were immediately convertible and to issue Treasury Bills for short terms to tide over temporary difficulties in the Ways and Means position. As a result, Treasury Bills aggregating a crore and fifty lakhs have been or will be issued during the year: of this amount 90 lakhs are expected to be repaid before the close of the year. Thus, in lieu of a liability for a long-term debt of one crore which was originally contemplated Government will have on their hands Treasury Bills worth 60 lakhs which it is hoped to repay in the course of the coming year.

The main heads of revenue affected by the War are Jute Duty, Income-tax, Land Revenue, and Stamps. The stoppage of exports to Germany, Poland and Czecho-Slovakia has caused an appreciable decline in our receipts from the Jute Duty, and, so far, the increased off-take of the Allies in the form of sand-bags and hessians has not been sufficient to compensate in full for the complete loss of exports to the Central and Northern European countries. The receipts of the Provinces under Section 138 of the Government of India Act are at present linked with, and depend upon the amount of, the contribution paid to Central Revenues by Railways: as a result of the improvement in railway earnings we expect a larger contribution under Income-tax. Greater activity in the share market and better trading results have led to an improvement under receipts from Non-Judicial Stamps. Finally some improvement in Land Revenue collection is expected as a result of the rise in prices of agricultural produce.

On the expenditure side of the Budget there has been an increase on account of certain extraordinary charges necessitated by the War, the most important of which are Air-raid precautions, control of prices and the employment of extra Police for guarding protected areas. The bulk of these charges will eventually be recovered from the Government of India. On the other hand the War has necessitated the postponement or abandonment of certain items of expenditure. In this category may be placed the curtailment of leave outside India involving smaller expenditure on leave arrangements; non-utilisation of State Scholarships tenable in European countries and the postponement of some original civil works, in view of the general rise in the price of materials.

With these prefatory observations let me now turn to the details under the various heads.

The increase in the opening balance has already been explained.

The net increase in Revenue receipts amounts to 25 lakhs. It will be recalled that the Budget includes 93 lakhs on account of provincialisation of certain revenues which used to be paid direct to local bodies. It now appears that the original estimate of these revenues was badly out: they are not likely to exceed 68 lakhs. This figure has been adopted for the Revised. The deflation of 25 lakhs is distributed over the following heads:—Land Revenue (22 lakhs), Administration of Justice (2½ lakhs) and Miscellaneous (half a lakh). It will be seen that if these Adaptation receipts are left out of consideration, the Revised Estimate of Revenue is actually 50 lakhs better than the Budget. Of this improvement 34 lakhs is due to an accounting adjustment designed to bring within the public accounts certain securities hitherto held outside these accounts. The value of these securities has been credited as revenue receipts and a corresponding debit has been shown under the "Cash Balance Investment Account" in the Debt Deposit Section of the Budget. The balance of 16 lakhs is made up mainly of the following:—An improvement of 21 lakhs under Income-tax, 7 lakhs under Land Revenue proper (i.e., excluding Adaptation receipts), 8 lakhs under Stamps, 5 lakhs under Registration and 6 lakhs under Other Taxes and Duties; set off by a decrease of 30 lakhs under Jute Duty receipts. I have already explained the reasons for the variations under Income-tax, Land Revenue, Stamps and Jute Duty. The increase under Other Taxes and Duties is due to the proceeds of the Bengal Finance Act, 1939, which came into operation after the Budget had been passed. The growth under Registration is due to an unexpected increase in the number of registrations.

Of the decrease of 48 lakhs in expenditure on revenue account 25 lakhs is attributable to the fact that the Adaptation receipts which are to be made over to local bodies are smaller by this amount than was originally anticipated. The balance (23 lakhs) is the net result of excesses and savings spread over a number of heads, details of which will be found in the Red Book. I shall here confine myself to the more important variations. There is a decrease of 13 lakhs under Civil Works owing to smaller expenditure on building projects—some of which were postponed on account of the situation created by the War. Savings to the extent of 10 lakhs occur under Medical and Public Health owing to the time required for working out details of some large projects for which lump provisions were included in the Budget. The Irrigation Budget shows a saving of nearly 4 lakhs owing mainly to non-utilisation of the provision for the Waterways Board. There is a saving of 4 lakhs under Debt Conciliation owing to the slow progress in the establishment of Debt Conciliation Boards. Over 3 lakhs has been saved under General Administration

mainly through the non-utilisation of certain lump provisions included in the Budget. Under Administration of Justice there has been a decrease of over 4 lakhs mainly due to smaller expenditure under "Pay of Officers" and "Charges in England". As against these savings there is an increase of 6 lakhs under Agriculture on account of the Jute Registration Survey; of 7 lakhs under Famine Relief on account of relief in areas affected by flood or drought; and 7 lakhs under Extraordinary Charges on account of expenditure arising out of the War, to which a reference has already been made.

The Capital and Debt Deposit Section of the Budget as already stated reveals a net worsening of 16 lakhs. The explanation of this variation is as follows: The Budget allowed for the receipt of one crore on account of a long term loan. The Revised omits this item but includes in lieu a sum of 60 lakhs on account of outstanding Treasury Bills. There is thus a decrease of 40 lakhs in receipts. On the Disbursement side the Budget provided for the investment of 85 lakhs in Treasury Bills. No such investment appears in the Revised but there is an unforeseen item, viz., the investment of 34 lakhs in securities as a part of the accounting adjustment designed to bring these securities within the public accounts to which reference has already been made. There is accordingly a saving of 51 lakhs in Disbursements on account of smaller investments. These transactions would have resulted in an improvement of 11 lakhs (i.e., 51 lakhs less 40 lakhs) but unexpectedly heavy disbursements on account of agricultural loans have converted the improvement to a net worsening of 16 lakhs.

There are two items outside the closing balance of 1 crore 55 lakhs shown in the Revised—namely, securities of the nominal value of 38½ lakhs and a sum of 12 lakhs in securities in the Famine Insurance Fund. And we carry over into 1940-41 a liability for the repayment of 60 lakhs of Provincial Treasury Bills.

I will now turn to our proposals for the coming year. The year is expected to start with an opening balance of 1 crore and 55 lakhs. On the assumption that the existing level of taxation will be maintained and no new sources of revenue will be tapped during the year ending 31st March, 1941, revenue receipts have been placed at 13 crores 97 lakhs as compared with the 14 crores 3 lakhs of the Revised. The decrease of 6 lakhs is due mainly to a fall of 27 lakhs under Extraordinary Receipts and 10 lakhs under Land Revenue, compensated, to a great extent, by an improvement of 20 lakhs under Jute Duty, 2 lakhs under Income Tax, 6 lakhs under Other Taxes and Duties and 5 lakhs under Civil Works. I have already referred to the accounting adjustment of 34 lakhs included in the Revised under Extraordinary Receipts in respect of securities previously held outside the public accounts: the only receipts we can foresee under this head during 1940-41 is a sum of 7 lakhs by way of recoveries from the Central Government on account of War charges met from Provincial revenues in the current year. The decrease under Land Revenue is due mainly to smaller recoveries on account of survey and settlement charges. The increase under Jute Duty is based on hopes of larger exports in consequence of improved shipping facilities. The yield from Income Tax is expected to be higher as a result of improvement in trade. The increase under Other Taxes and Duties is due to larger collections under the Bengal Finance Act, 1939, since collections will proceed throughout the coming year as against a few months in the present year. The increase of 5 lakhs under Civil Works is due to larger transfers from the Road Development Account in order to finance a more extensive programme of road development.

I next turn to our proposals for expenditure.

The estimates provide for an expenditure on revenue account of 14 crores 54 lakhs, which is 37 lakhs more than the Revised Estimates for the current year. In Appendix II, attached to the printed copy of this statement, will be found an enumeration of the main heads under which increased provision has been made. The total increase according to this Appendix is 54 lakhs but against these increases must be set decreased provisions under Agriculture (5 lakhs), Commutation of Pensions (6 lakhs) and Famine Relief (7 lakhs). The reduction under Famine Relief is based on the hope that conditions during the coming year will be normal. Our present financial position will not allow us to repeat this year's provision under Commutation of Pensions. The smaller provision under Agriculture is due to the fact that the revised estimate for the current year under this head includes an abnormal item of 7 lakhs on account of the survey of jute lands. The estimates for 1940-41 do not make provision for any similar expenditure. It will be remembered however that on the first of this month—and after the estimates now before the House had been sent to the Press—Government decided to regulate the coming jute crop by legislation and I have no doubt that in due course it will be necessary to come to you with a supplementary demand for the funds required to meet the cost of the measures necessary to give effect to that decision.

The bulk of the increase in expenditure in the coming year is due to new schemes included in the Budget. My honourable colleagues will, in due course, explain the details of these schemes while moving the demands for grants relating to their respective Departments. I propose, however, to refer to some of the more important items for which provision has been made in the Budget.

Under Land Revenue the Budget provides for revisional survey and settlement operations in the districts of Bakarganj and Faridpur at a total ultimate cost of 40½ lakhs. During 1940-41 the expenditure on this account will be 4½ lakhs.

The Irrigation Budget includes a number of important new schemes. One of these is a contour survey of North Bengal at an ultimate cost of nearly 4 lakhs of rupees. The provision included in next year's Budget on account of this scheme is Rs. 25,000. Other large schemes which it is proposed to initiate in the coming year are the improvement of Tolly's Nullah at a cost of about 1½ lakhs (ultimate), the reclamation of the Madhumati River in the district of Khulna at a cost of about 1 lakh (ultimate), and the improvement of the Aurora Khal in the district of Hooghly at a cost of Rs. 90,000 (ultimate). A provision of Rs. 50,000 has been made with a view to assist District Boards in undertaking small irrigation projects drawn up in consultation with the technical experts of Government.

I would ask honourable members to look on the additional provision included in the coming year's estimates as an earnest of the willingness of Government to take up schemes in the districts of Bengal which will benefit the people in a measure more than commensurate with the cost involved. It is a matter of great regret that the finances of the province have not permitted us to make provision for many such schemes during 1940-41 and I can assure the House that should our finances permit, we shall not hesitate to come before the House for further provision.

The Education Budget repeats the special additional provision of 5 lakhs for primary education in the cess-paying districts and contains enhanced provision in respect of certain important schemes initiated in

earlier years. Thus, there is an additional provision of over 2 lakhs for the training of teachers for Primary Schools; of Rs. 50,000 for grants to Madrassahs; of Rs. 40,000 for the award of scholarships; and of a similar amount for the expansion of the Lady Brabourne College. There is a provision of 1½ lakhs representing the final instalment of the grant of lakhs to the Dacca University for the additional Muslim Hall; and of Rs. 40,000 for a grant to that University in connection with the recently organised Faculty of Agriculture. The Budget also provides for a grant of Rs. 67,500 to the Sadaat College, Karatia, being the second instalment of a grant of a lakh and thirty-five thousand to this institution to enable it to complete its building projects. Rs. 50,000 has been provided for a grant to the Bengal Bratachari Society for the acquisition of land and the construction of buildings and Rs. 20,000 has been provided for a capital grant to the Vidyasagar Bani Bhawan, Calcutta. A provision of Rs. 15,000 has been made for additional building grants to Madrassahs and of Rs. 11,000 for a capital grant to the Faridpur Girls' Junior Madrassah. Rs. 9,000 has been provided for the extension of Primary and Middle English education in the Chittagong Hill Tracts and Rs. 6,000 as a grant to the Bodhana Samiti towards the cost of constructing a segregation camp at Jhargram, in the district of Midnapore, for the reception of juvenile mental defectives. With a view to provide improved hostel amenities for Muslim students it is proposed to extend the dining hall attached to the Muslim Hostel of the Dacca Intermediate College at a cost of Rs. 21,000 and to construct a hostel for Muslim students of the Pirojpur Government High School at a cost of Rs. 15,000.

The Budget provides for an increase of 5½ lakhs under Debt Conciliation for the establishment of additional Debt Settlement Boards. A special provision of Rs. 12,000 has been made to meet the cost of rewards to selected Chairmen and Members of Debt Settlement Boards in recognition of their meritorious services.

There has been a progressive increase of expenditure under Co-operative Credit due primarily to the reorganisation of the staff of the Department, the appointment of additional auditors, increased provision for co-operative training and the expansion of its activities in fields other than credit. This year we have made a provision of Rs. 28,500 to meet the cost of establishing five additional Land Mortgage Banks to provide further facilities for long term credit in rural areas. A change in the policy regarding these banks is under consideration so as to enlarge their usefulness and make them self-supporting in due course.

In June last Government afforded a cash credit of thirteen and a half lakhs to the Provincial Co-operative Bank to supplement its resources and to enable it to provide short term credit to the agriculturists on a wider scale. The favourable returns that the agriculturist has received from his staple crops since the outbreak of war in Europe will, we hope, relieve him from the necessity of having recourse to loans for agricultural purposes during the coming year and the provision on this account in the Loans and Advances section of the estimates for 1940-41 has been limited to the normal precautionary provision of Rs. 5 lakhs. If, however, the occasion demands and the Provincial Bank is unable to meet the requirements from its own resources, Government will approach the House for a supplementary grant and I am certain that the House will not grudge it. The great problem, however, of the Co-operative Credit Department is still the rehabilitation of the movement in the esteem of the people of the Province. For this purpose a scheme designed to bring the demands of the societies down to the level of the paying capacity of the debtors is under preparation. I hope the House will hear more of the scheme in the near future.

The Medical Budget includes a provision of 2 lakhs 65 thousand rupees for grant to the Lady Dufferin Victoria Hospital, Calcutta. Other special grants to hospitals which are proposed for the coming year are:—an annual grant of Rs. 10,000 to the Jadavpur Tuberculosis Hospital towards the upkeep of 10 beds to be reserved for mufassal patients, and capital grants of Rs. 20,000 for the S. K. Hospital, Mymensingh; Rs. 5,500 for the Australian Baptist Mission Hospital at Birisiri in the district of Mymensingh; Rs. 4,500 to the Prince Gholam Muhammad Charitable Dispensary at Tollygunge, and Rs. 3,000 for the Santhal Mission Hospital at Sarenga in the district of Bankura. Rs. 15,000 has been provided for a much-needed increase in the nursing staff of the Medical College Hospitals, Calcutta. An additional grant of Rs. 7,500 is proposed to be made to the Association for the Prevention of Blindness in Bengal with a view to enable the Association to run five travelling eye dispensaries which have given such good service in the districts. It is further proposed to make a grant of Rs. 10,000 to the Indian Institute for Medical Research. Provision has been made for a contribution of Rs. 4,000 towards the establishment of a General Council and State Faculty for the Unani system of medicine and Rs. 1,000 to the Faculty of Ayurvedic Medicine.

The Public Health Budget includes 7½ lakhs of rupees for rural water-supply, 5 lakhs for free distribution of quinine, 2½ lakhs for anti-malaria schemes, and 1½ lakhs for *kala-azar* and other epidemic diseases. Half a lakh has been provided for maternity and child welfare centres. A provision of Rs. 24,000 has been made for a scheme of public health organisation in the Chittagong Hill Tracts. Rs. 18,000 has been provided for a scheme of school hygiene, Rs. 40,000 for a grant to the Ram Krishna Mission Sishu Mangal Pratisthan, Calcutta, and Rs. 5,000 for a grant to the Ram Krishna Medical Society for Women. In furtherance of the policy of making grants from Provincial revenues up to one-third of the total cost of water-supply projects the following provisions have been made in respect of Water Works Improvement Schemes:—1 lakh for Dacca, Rs. 29,000 for Munshiganj, Rs. 26,000 for Pirojpur, and Rs. 18,000 for Jhalakati.

Under Agriculture provision has been made for the establishment of an Agricultural Institute at Dacca at a cost of 1 lakh 28 thousand rupees. The Budget also includes Rs. 66,000 for the electrification of the Manipur Farm, Dacca, Rs. 26,000 for the establishment of additional Union Board Farms and Union Board Demonstration Centres and Rs. 18,000 for the opening of a Physical Section under the Agricultural Chemist. [Dr. NALINAKSHA SANYAL: At Dacca. (Laughter.)] It is proposed to take over the Bhutnath Paul Agricultural School at Chinsura (Laughter) at a cost of Rs. 35,000 including Rs. 21,000 for buildings. A sum of Rs. 2,000 has been provided for a grant to the All-India Cattle Show Society and Rs. 5,000 for the supply of outfit boxes to Livestock Officers and Assistant Livestock Officers. It will be recalled that a sum of Rs. 58,000 was provided in the current year for buildings in connection with a new District Agricultural Farm at Chittagong. There is a provision of Rs. 4,000 in next year's budget to meet the expenses of running this farm.

The increase of 13 lakhs under Civil Works is due mainly to the provision for new buildings and additional road development fund works. The latter account for an increase of about 6 lakhs and the balance is due to building projects belonging to various Departments. Some of these have already been mentioned under the relevant service heads. Among the remainder the provisions which call for special mention are the following:—85 thousand for the construction of worksheds in the Dum Dum Central Jail; 48 thousand for the installation of a fully equipped testing station

for motor vehicles in Calcutta; 46 thousand for providing accommodation for the Garden Reach Police Sub-Section; 27 thousand for the construction of cooly lines at the Royal Botanic Garden, Sibpur; and 25 thousand for the construction of witness sheds in Civil Courts. In view of our straitened financial circumstances and of the rise in price of certain materials, expenditure on building is being limited to projects that cannot be postponed without serious administrative inconvenience.

Three lakhs of rupees is again being placed at the disposal of the District Officers to further the programme of Rural Reconstruction and a further sum of 2½ lakhs has been interspersed under various Budget heads at the disposal of the Department of Rural Reconstruction. The work of Rural Reconstruction is going on solidly and silently, and Pallimangal Samities are being formed not in a spasm of enthusiasm, but broadbased on a genuine appreciation of the benefits of co-operation and voluntary labour and the urge for village uplift. Such a movement contains in it the seed of expansion and permanency. All that it needs is knowledge and guidance. To implement this a training camp has been opened at a village called Bishnupur on the Diamond Harbour Road at which 60 selected Circle Officers are receiving both theoretical and practical training. Manuals are being prepared which will be of guidance not only to them but to all workers in this field. If this experiment is a success, it is hoped that it will be expanded and multiplied so that officials and non-officials and all those interested in service to the masses may be in a position to further the cause of Rural Reconstruction.

There are one or two miscellaneous items that deserve mention.

The Budget includes provision for grants to two highly deserving institutions that cater for the needs of the destitute, namely, the St Joseph's Home for the aged and the Sir Salimullah Muslim Orphanage, Dacca. Twenty-four thousand has been provided for the former and twenty-seven thousand for the latter. In the interest of the labour force employed in our cinchona plantations it is proposed to construct two indoor hospitals at Mungpoo and Munsong at a cost of Rs. 18,000. A provision of Rs. 20,000 has been made for grants to labour welfare organisations and Rs. 10,000 has been provided for committees of enquiry and boards of conciliation under the Trade Disputes Act.

During the course of the current financial year several committees appointed by Government have submitted their reports. The recommendations of the Jute and the Paddy Committees are now under consideration. The Adult Education Committee has submitted a preliminary report, so also has the Committee for Primary Education. The Industrial Survey Committee has made certain preliminary recommendations. The Land Revenue Commission is expected to submit its report in March. The Special Officer appointed for electricity survey has made certain suggestions that are of far-reaching importance and require close examination. The Chaukidari Committee will shortly publish its report, and its recommendations may call for drastic financial adjustments.

Government may have to come before the House for provision to give effect to the decisions arrived at after the examinations now in progress have been completed.

Before I pass to the summary with which I shall conclude my statement on the estimates, I must refer briefly to two spheres in which Government have recently taken noteworthy action. Although one of these spheres concerns me more by reason of my holding charge of the portfolio of

Commerce and Labour than as Finance Minister, both are of such far-reaching importance to the economy of the province that I make no apology for mentioning them today.

The first concerns the measures aimed at securing for the growers of jute an adequate price for their produce.

Government can, with some degree of pardonable pride, claim to have materially assisted the agriculturists in obtaining an adequate price for their jute. (Laughter.) The steps taken to stem the decline in jute prices when the new crop came on to the market were effective and the advice given by Government to the jute-growers not to be stampeded by rumours and by market manipulations has borne beneficial results. The advent of war, the general rise in prices consequent thereon and Government orders for jute fabrics have given an upward stimulus to the price. The jute-growers therefore have this year been able to obtain a very fair price for their produce and this has been reflected in our finances. We trust that the agriculturists, remembering the trying days of depression through which they have just passed, will not fritter away this windfall but will utilise it to free themselves from the incubus of debt and once more face the world with courage and faith in their future destiny. Government have now definitely embarked on a policy of compulsory control of jute production, as they feel that the agriculturists should be given adequate guidance to enable them to secure a profitable return. In order to ascertain the best ways and means of securing this object, an expert committee will shortly be appointed to which will be entrusted a matter only less important to the prosperity of the province than that now under enquiry by the Land Revenue Commission.

The declaration of war was followed almost immediately by a sudden rise in the price of commodities and a panic wholly unjustified prevailed in the market for a few days. The Government of Bengal took immediate measures to allay the panic, measures which were highly commended at the time by the Press and the public. A Chief Price Controller was appointed. This officer is assisted by an Advisory Board composed of representatives of all sections of the public. District Officers were invested with similar powers and are assisted by Advisory Committees. The result has been eminently successful and prices have been kept within bounds. We have had unfortunately from time to time to take action against those who wished to take undue advantage of the present emergency and to profiteer, but on the whole our regulations have been obeyed, and the discontent and disturbances that would have followed if the prices had been uncontrolled, have been avoided. No attempt has ever been made to control the price of agricultural commodities. If the war continues, this Department may have to be expanded. The cost, however, will be recovered from the Government of India.

Let me review the financial results of the working of the coming year according to the estimates just presented to the House. We expect to start the year with an opening balance of 1 crore 55 lakhs. Our revenue receipts have been placed at 13 crores 97 lakhs and our expenditure on revenue account at 14 crores 54 lakhs. This means that we have to draw upon the opening balance to the extent of 57 lakhs and our balance is accordingly reduced to 98 lakhs. In the Capital and Debt Deposit Section of the Budget there is a net deficit of 26 lakhs on the year's working. This deficit is due mainly to the repayment of 60 lakhs of Treasury Bills outstanding from 1939-40 counterbalanced to a large extent by a surplus under Loans and Advances where we hope our recoveries will be considerably in excess of disbursements. The deficit of 26 lakhs under the Capital

and Debt Deposit Section of the Budget further reduces our balance to 72 lakhs—the figure shown as our closing balance in the Civil Estimate for 1940-41. The only items outside the closing balance are our investment in the Famine Insurance Fund (about 12 lakhs) and securities of the nominal value of 38½ lakhs.

The Budget presented to this House a year ago was a deficit Budget. It was estimated that expenditure would exceed revenue by 87 lakhs. We now expect that the deficit for the current year will be considerably smaller. As a result of an accounting adjustment of 34 lakhs the deficit in the Revised Estimates now before the House appears as 14 lakhs but excluding this accounting adjustment the amount by which we expect our revenue expenditure for the current year will exceed our revenue receipts is 48 lakhs. This amount will be met from our balances.

This year also the Budget which I have just presented is a deficit one. It will be necessary to draw on the opening balance to the extent of 57 lakhs, and it is anticipated that the closing balance of 1940-41 will be only 72 lakhs, i.e., only 23 lakhs above the minimum balance that we must maintain with the Reserve Bank and in our treasuries. This is an extremely narrow margin and leaves very little in our hands to meet emergencies. Our expenditure has now reached a point at which we are living a little beyond our means, and pending a detailed survey of the possible new sources of revenue, there is no alternative but to mark time. We have been fortunate that we have not had to curtail the many beneficent activities that we have undertaken since we assumed office, but I am sure the House will agree with me that this is not enough. We must expand and expand progressively. There is such a crying need for an immediate expansion of our nation-building departments that to my colleagues, to the honourable members of this House, to all those in fact who know and deplore the conditions in which the ill-educated, ill-housed, ill-fed and malaria-stricken sons of Bengal live this year's Budget must be as great a disappointment as it is to me personally. If this year I have to be content to mark time it is not through any lack of zeal to be up and doing. This year financial stringency precludes our attempting more than we have proposed in these estimates, but let not the House suppose that we are content to sit idle. I am now engaged in a survey of the possible sources of new revenue permitted to provincial governments under the Government of India Act. I anticipate that before the end of the year for which I have just presented the estimates I shall place before the House proposals for new taxation. (Ah! ah!) I consider this step all the more necessary now while thanks to the conditions brought about by the hostilities in Europe we in Bengal have with us at least the semblance of prosperity. As I see it we must seize this opportunity to develop our resources and to build up reserves against the depression that we all fear will follow: we must aim at being in a position to lighten the severity of the inevitable slump by undertaking large scale schemes of civil works, irrigation and drainage. Today, however, I would prefer not to attempt to forecast what the results of my survey will be. It will be sufficient for my purpose today if I remind honourable members of the House that the sources from which we draw our revenues are inelastic and offer little or no scope for large or immediate expansion at will: we might increase our revenue by 5, 10 or perhaps even 20 lakhs by enhancing the rates of our provincial tax acts, such as the entertainment tax, the electricity duty, etc., but the time has come when it is essential, if we are to pursue the programme that we have set before ourselves, to select one or two fields upon which to concentrate and having made that selection to come to you with new taxation proposals that will give us the necessary resources.

I regret to have to paint such a gloomy picture but I shall be failing in my duty if I did not remind you that the estimates of expenditure now before the House are based on normal pre-war prices and have been framed on the assumption that the Provincial Exchequer will not have to meet any demands in connection with the war. We must however remember that we may be called upon to meet unexpected demands arising out of the war and we shall almost certainly have to face higher prices in many directions. And so I must ask my friends in this House and beyond this House not to feel disappointed that I have not already taken steps to raise new funds for the nation-building departments but to be patient and to have faith in the glorious destiny of our motherland.

### APPENDIX I

#### Summary of the financial position of the Government of Bengal in 1939-40 and 1940-41

(Figures are in thousands.)

	1938-39. Actuals.	1939-40.			1940-41. Budget.	
		Budget.	Supple- mentary.	Total.		Revised.
<i>Receipts.</i>						
Opening Balance ..	1,36,01	78,02	..	78,02	91,01	1,54,88
Revenue Receipts ..	12,76,61	13,77,76	(a)5,00	13,82,76	14,02,70	13,97,28
Capital Receipts ..	..	..	..	..	..	..
Receipts from Debt, De- posits, etc.	16,56,64	21,32,61	..	21,32,61	15,50,17	13,11,64
<b>Total ..</b>	<b>30,69,26</b>	<b>35,88,39</b>	<b>5,00</b>	<b>35,93,39</b>	<b>30,43,88</b>	<b>28,63,80</b>
<i>Expenditure.</i>						
Revenue Expenditure	12,76,62	14,64,56	14,59	14,79,15	14,16,57	14,54,23
Capital Expenditure ..	-2,81	-3,01	..	-3,01	-2,95	-3,22
Expenditure on Debts, Deposits, etc.	17,04,44	20,41,45	47,60	20,89,05	14,75,38	13,40,57
Closing Balance ..	91,01	(x)85,39	..	28,20	(y)1,54,88	(z)72,22
<b>Total ..</b>	<b>30,69,26</b>	<b>35,88,39</b>	<b>62,19</b>	<b>35,93,39</b>	<b>30,43,88</b>	<b>28,63,80</b>
<i>Net result.</i>						
Surplus+ Deficit— On Revenue Account	-1	-86,80	..	-96,39	-13,87	-56,95
Surplus+ Deficit— Outside Revenue Account.	-44,99	+94,17	..	+46,57	+77,74	-25,71
Total— Surplus+ Deficit— Excluding balance.	opening -45,00	+7,37	..	-49,82	+63,87	-82,66

(a) Due to the passage of the Bengal Finance Act.

(x) Excludes—  
38,33 worth of securities.

85,00 invested in Treasury Bills.

(y) Excludes 38,33 worth of securities.

Includes a short term loan of 60 lakhs in Treasury Bills repayable in 1940-41.

(z) Excludes 38,33 worth of securities.

## APPENDIX II.

(Figures are in thousands.)

	Revised, 1939-40.	Budget, 1940-41.	Increase.
	Rs.	Rs.	Rs.
Irrigation .. .. .	19,02	24,91	5,89
General Administration .. .. .	1,55,18	1,57,47	2,29
Debt Conciliation .. .. .	17,50	23,12	5,62
Administration of Justice .. .. .	97,86	1,00,89	3,03
Education—General .. .. .	1,54,65	1,56,52	1,87
Medical .. .. .	55,56	58,15	2,59
Public Health .. .. .	41,39	48,43	7,04
Co-operation .. .. .	14,38	15,39	1,01
Civil Works .. .. .	1,46,31	1,59,72	13,41
Superannuation allowances and pensions .. .. .	1,03,95	1,09,46	5,51
Extraordinary charges .. .. .	7,03	12,61	5,58
			53,84

## Supplementary Statement of Expenditure (1940-41)

*(Presented on the 3rd February, 1951.)*

**The Hon'ble Mr. H. S. Suhrawardy:** Sir, I beg to present before the House the Supplementary Statement of Expenditure for the current year. The total covered by the estimate is Rs. 1,67,19,000 out of which Rs. 1,39,000 is charged; the balance is voted. The demands relate to certain items, two of which, namely, the "Interest Free Advances" and "Loans and Advances" are outside the Revenue account. These two grants between them account for a total of 19½ lakhs. Sixty lakhs out of this total amount is on account of loans to agriculturists, the bulk of which is short-term crop loans distributed properly through the agency of co-operative societies. These loans are repayable within a period of 12 months. The demand of 30½ lakhs under "Grant No. 35" represents, essentially, an advance for the purchase of jute and will be adjusted in the course of the year as soon as the expenditure has been booked by Audit under the appropriate Revenue head "40—Agriculture". This advance does not therefore involve any additional expenditure, inasmuch as this expenditure to meet which the advance was taken has already been adjusted under the head "Agriculture". Under the Revenue heads, the largest single demand is under "Grant No. 23—Agriculture" for which 55 lakhs 35 thousand is required. This includes an expenditure of 29½ lakhs on the purchase of jute in June and July last with the object of maintaining an economic price level for the new crop in the current year. The policy underlying this will be dealt with more fully when the demand is actually moved. The rest of the additional expenditure under "Agriculture" is due mainly to the registration of jute land and the regulation and licensing of jute. Ancillary to this is the scheme for making available to cultivators substitute crop seeds which may be grown on areas

released by the impending restriction of jute cultivation and it is proposed to secure a stock of seeds at a cost of 70 thousand rupees in the current year. Much more will be required for the same purpose in the coming year. There are, moreover, charges in connection with an expert enquiry which is now in progress in regard to the Jute and Hessian Futures Markets.

The next largest demand is on account of "Grant No. 19—Education—General" where new money to the extent of 6 lakhs 80 thousand is required to implement the scheme of development of primary education.

Under "Grant No. 16—Police," the demand is for 5 lakhs 82 thousand rupees due mainly to extra staff to maintain law and order in the province.

"Grant No. 15—Jails" comes next with a demand of 2 lakhs 16 thousand rupees. More than half of this is for the purchase of raw materials for jail manufactures which are now in great demand. This expenditure is consequently remunerative. The balance of the demand is on account of increased dietary charges owing to a rise in the number of prisoners as well as in the price of food-grains.

The demands under the remaining heads are comparatively small. The reasons have been set forth in the Explanatory Memorandum and will be done into more fully by the Hon'ble Ministers concerned when these demands are moved.

**Speech by the Hon'ble Mr. H. S. Suhrawardy, Finance Minister, in presenting the Budget for 1941-42**

*(Presented on the 15th February, 1941.)*

Sir, I have the honour to present the budget estimates for 1941-42. The expenditure for which these estimates make provision is very considerably larger than the revenue for which I have budgeted but as I shall remind the House more than once in the course of my speech this morning these estimates do not take into account the expected proceeds of either of the new taxation measures still awaiting the final verdict of the Legislature. The budget that I presented a year ago was a deficit budget and as no new sources of revenue have become available to us in the meantime it was inevitable that the budget for 1941-42 should also be a deficit one—because a progressive Government in the discharge of its manifold responsibilities must necessarily go on increasing its scale of expenditure on nation-building activities.

It is commonly said that Bengal is the richest province in India. If that is true my task should be comparatively simple; but alas, the greater part of the money raised within the borders of this province finds its way into the Central Exchequer and what remains is hopelessly inadequate for the needs of a Government desirous of maintaining decent standards of public service. Our *per capita* income is much less than that of any other major province and inevitably therefore our *per capita* expenditure compares unfavourably with that of the other provinces. For years and years we have been so starved that we have a tremendous leeway to make up: and it is not at all surprising that the standards of administration of many of our departments compare unfavourably with those of other provinces that have had the good fortune to be possessed of plentiful revenue. I may give two outstanding examples. Our Agricultural Department which should be in a position to render most valuable service

to the agriculturists of this province has been so starved all these years that the existing staff cannot fulfil more than a fraction of its obligations. The manner in which another great department which could have been of untold benefit to the people has been starved—I refer to the Irrigation Department—is nothing short of a scandal. From all parts of the province comes the cry of dead and dying rivers, of water-logged areas, of inundation by saline water—*beels* to be drained, canals to be re-excavated, spill areas to be provided for the resuscitation of dying rivers—measures on which depend not only the fertility of the soil but also the health and the life of the people. And yet here again the number of officers in the department is so inadequate that it is impossible for them to tackle more than a fraction of the many complex problems with which the department is flooded. During the past four years in which we have had the honour of serving the province we have endeavoured to broaden the foundations of the various nation-building departments so that we may be in a position to take up comprehensive schemes in a large and generous measure. Our desire to take up measures that we consider essential for the well-being of our people has been urgent but the administrative machinery at our disposal has been inadequate and ill-equipped: and this is, I believe, in a very large measure the explanation why in the past departments have at times been unable to utilise in full the provision for which we have budgeted.

This year we have undertaken legislation to supplement our inadequate resources—and two new taxation measures, one for the purpose of providing better communications and the other to supplement our general revenues for the benefit of the nation-building departments, are still before the Legislature. Until the services it provides are adequate when judged by prevailing standards, no responsible Government can mark time and as I have said above it is inevitable that expenditure on our nation-building departments will increase year by year. I hope I shall not be misunderstood or thought to be disturbing needlessly the peace of mind of potential tax-payers if I say that we shall have to explore still further means of increasing our revenues at no distant date. I know full well that taxation in any form is most unwelcome. There is, however, no use our attempting to shut our eyes to the fact that without further taxation we cannot hope to satisfy the requirements of a province so starved and so ill-equipped as Bengal.

### **The year 1939-40**

Before discussing the details of the estimates for the coming year I must present before the House a picture of the accounts of the year 1939-40. A year ago I told the House that I expected the year 1939-40 to close with a deficit on revenue account of 14 lakhs. Instead we find a surplus of 60 lakhs. Even in normal years it is not always easy to forecast the result of a year's working with accuracy but in times such as those we are now passing through it is asking too much to expect budgeting to pre-war standards of accuracy. In respect, however, of the accounts of 1939-40, I shall show that the discrepancy between our forecast and the actuals was not as large as it appears on paper and our estimates were not as wide of the mark as at first sight the figures suggest.

According to the Revised Estimates for 1939-40 there was to have been a deficit on revenue account of 14 lakhs. In actual working there was a revenue surplus of 60 lakhs. The improvement of 74 lakhs in the revenue account was brought about by an increase of 29 lakhs in receipts and a reduction of 45 lakhs in expenditure. The main contributors to the

improvement under receipts were Jute Duty (22 lakhs), Land Revenue (8 lakhs), Excise (5 lakhs), Other Taxes and Duties (4 lakhs) and Extraordinary Receipts (7 lakhs); but the effect of these increases was partly set off by a decline of 8 lakhs under Stamps and 9 lakhs under Administration of Justice.

It will be seen that by far the largest single increase was under Jute Duty. In January 1940 our receipts under this head had been 16 lakhs: in February we got 18 lakhs: in March we received two instalments totalling 66 lakhs, an increase so large and in view of the shipping difficulties so unexpected as almost to merit the title of windfall.

The improvement under Land Revenue was likewise due to unusually heavy receipts in March. Up to February, Land Revenue had been coming in at much the same rate as in 1938-39. During March 1940, however, the receipts amounted to as much as 1 crore 19 lakhs against 95 lakhs in the corresponding month of 1938-39.

The increase under Excise was due to a larger growth under Country Spirits than had been allowed for in the Revised.

The increase under "Other Taxes and Duties" was mainly in respect of taxes on profession, etc., leviable under the Bengal Finance Act, 1939. It was not possible to prepare a more accurate estimate of the yield from this Act in the first year of its working.

The increase under "Extraordinary Receipts" was due to the following circumstances:—

It will be recalled that the Revised included an accounting adjustment designed to bring within the public accounts certain securities which were being held outside these accounts. The value of these securities was credited as revenue receipts with a corresponding debit under the Cash Balance Investment Account in the Debt Deposit Section of the Budget. The total amount of securities involved in the adjustment proved to be 7 lakhs more than was originally estimated, owing to further securities on behalf of the Official Assignee being transferred to Government towards the close of the year. The debit under the Cash Balance Investment Account has also been raised by an equal amount.

On the other side of the account the decrease under "Administration of Justice" was due to the fact that in the absence of reliable data "Adaptation" receipts had been over-estimated. The decrease under "Stamps" was entirely in respect of court-fee receipts. The Revised had been framed on the assumption that the downward trend of receipts from this source was in a fair way to be checked as almost the full complement of Debt Conciliation Boards was already at work. The assumption proved over-optimistic.

The decrease in expenditure, as already stated, amounted to no less than 45 lakhs. Almost half of this, 21½ lakhs to be exact, occurred under "Miscellaneous" and was due to smaller payments to local bodies in lieu of "Adaptation" receipts. There were two reasons for these smaller payments. In the first place the receipts turned out to be less than the estimate by almost 12 lakhs; and in the second, they could not be paid out in full in the course of the year, the amount left undischarged being about 10 lakhs. This was the first year during which these receipts were brought into the public accounts as provincial revenues and the wide variation in respect of these "Adaptation" figures was due solely to the fact that no previous actuals were available as a guide for the preparation of our estimates.

The rest of the decrease is spread over a number of heads, the most important being 4 lakhs under Extraordinary charges, 4 lakhs under Civil Works, 3 lakhs each under Famine Relief and Education and 2½ lakhs each under Police and General Administration.

The decrease under "Extraordinary charges" is due partly to the fact that the actual expenditure was somewhat less than was originally anticipated and partly to the fact that a considerable portion of it was recovered from the Government of India within the year and the outstanding balance only has been debited under this head.

The decrease under "Famine Relief" was due to the absence of acute economic distress in any part of the province. Under the remaining heads the decrease is insignificant compared to the total amount involved in each of the major heads concerned.

Against the total improvement of 74 lakhs in the Revenue accounts, namely, 29 lakhs on account of increase in receipts and 45 lakhs on account of reduction in expenditure, must be set a net decrease of 13 lakhs in the Debt Deposit Section of the Budget; this decrease was due to a smaller issue of Treasury Bills in March 1940 than had been anticipated in the Revised, partly counterbalanced by larger incomings under "Civil Deposits".

The net result of the year's working, therefore, was an addition of 61 lakhs to the closing balance which was thereby raised from 1 crore 55 lakhs in the Revised Estimates to 2 crores 16 lakhs in the final accounts. This figure included 30 lakhs of borrowed money on account of an issue of Treasury Bills in March 1940. It also included 17 lakhs representing the balances of certain accounts earmarked for specific purposes.

Before leaving the accounts of the year I must add a word of explanation for the benefit of those who hold that we are for ever needlessly raising the cry of deficit. I have said that the year ended with a surplus on revenue account of 60 lakhs. The first point that I wish to stress is that receipts included one large item—a receipt of 42 lakhs under "LI—Extraordinary Receipts"—that was a receipt on paper only; an accounting adjustment designed to bring within the public accounts certain securities hitherto held outside those accounts. The other point I must make is that in considering the accounts of this year as a guide for the future it is necessary to bear in mind that some 10 lakhs of the "Adaptation" receipts which should have been made over to local bodies during the year remained in our hands at the close of the year. If allowance is made for these two factors the surplus on revenue account was really of the order of 8 lakhs instead of 60.

### The year 1940-41

The year that is now drawing to a close has seen momentous happenings beyond the boundaries of India. No thinking man can be indifferent to those happenings or to the varying course of the great struggle between the Democracies and the Dictator Powers, but this morning my references to the War must naturally deal mainly with the effects of the War upon the economy of this province.

I have been told that to other provinces the War has brought comparative affluence. In Bengal the effect has been just the opposite; and the reason is not far to seek. The loss of the Continental markets has been a serious blow to the jute trade and the life blood of this province's economy is jute. This is, I know, a commonplace, but it is one that some of us are apt to forget and one that I feel cannot be repeated too often or

stressed too strongly. It is not only that we expect to receive in a normal year rather more than 2 crores from the export duty on jute but that all our main revenue heads, Land Revenue, Stamps, Excise, depend in a greater or lesser degree upon jute and the circumstances of the growers of jute. In the days when competition and the laws of supply and demand were allowed free play, the loss of the Continental markets and the present shortage of shipping facilities coming on top of a crop larger than any previously known would have spelt disaster to the growers of jute. I do not propose to recapitulate this morning the steps that Government have taken during the year to stave off that disaster and to secure a fair price to the grower. The House is well acquainted with those steps. I do not claim that we are out of the wood yet but I do claim—and it is with great pride that I make this claim on behalf of the present Government—that we have succeeded in securing to the growers of jute a price that would not have been possible had the forces of competition been allowed free play and the raiyat had no protection against the superior bargaining position enjoyed by other interests and for the first time in the history of this province Government have secured the co-operation of the Indian Jute Mills' Association in an endeavour to obtain fair prices to the growers and to stabilise conditions throughout the trade. I am glad to have had this co-operation and I hope that in future years it will be forthcoming in increasing measure.

In moving the supplementary demand under "40—Agriculture" earlier this week, the Minister-in-charge apprised the House of the financial implications of the measures taken by Government to ensure a fair price to the grower for his jute, and I feel that members will not wish me to re-traverse that ground this morning. Of the other post-budgetary liabilities undertaken by Government during the current year two only appear to me to call for special mention. In June last Government felt that it was essential that funds over and above those included in the Budget estimates should be made available during the course of the current year to enable larger contributions to be paid to District School Boards for the extension of primary education. In accordance with that view and in anticipation of the approval of this House, Education Department was authorised to make contributions to District School Boards to the extent of 8 lakhs over and above the provision included for that purpose in the original estimates. The only other post-budgetary liability that calls for special mention is one relating to the Capital and Debt Deposit Section of the Budget. For some time past the necessity for providing short-term credit for agricultural purposes has been engaging the attention of Government. An experiment in this direction was initiated last year by the issue through Co-operative Societies of crop loans to the value of 13 lakhs. The success of this experiment, the results of which were not fully known until after the Budget for 1940-41 had been presented, appeared to justify its extension and Government authorised the distribution during the current year of crop loans to the extent of 60 lakhs. Out of this amount 50 lakhs have been distributed through Co-operative Societies and the other 5 lakhs utilised by District Officers for distribution to cultivators in the form of crop loans.

Let me now pass to the details of the Revised Estimates for the current year. According to the original estimates the year was to start with an opening balance of 1 crore 55 lakhs and end with a closing balance of 72 lakhs. The Revised Estimates place the closing balance at 1 crore 92 lakhs. This improvement of a crore and twenty lakhs is the net result of the following factors:—

An increase of 61 lakhs in the opening balance; a decrease of 15 lakhs in our revenue receipts; an increase of 31 lakhs in our revenue

expenditure; and finally an improvement of a crore and five lakhs in the balance outside the Revenue Account, that is to say, in the working of the Capital and Debt Deposit Section of the Budget.

I will now give a brief explanation of each of these changes.

The opening balance adopted in the Revised is the actual closing balance of the preceding year and in my review of the accounts for 1939-40, I have already explained how this balance has been arrived at.

The decrease of 15 lakhs in Revenue Receipts is made up of a drop of 45 lakhs under Jute Duty, 7 lakhs under Land Revenue, 10 lakhs under Stamps, 6 lakhs under Administration of Justice and 4 lakhs under Extraordinary Receipts; partly compensated by an improvement of 26 lakhs under Income Tax, 15 lakhs under Excise, 5 lakhs each under Industries and Miscellaneous and 3 lakhs each under Forest and Registration. By far the most important of these variations are in respect of receipts under Jute Duty and Income Tax. Under the latter head we have no materials for an independent estimate and the figures adopted are those furnished by the Government of India. Jute Duty, on the other hand, is credited to our accounts in monthly instalments and our revised estimate is based on the progress of actuals. The receipts up to January amounted to a crore and twenty-one lakhs. The January instalment brought in a sum of only 8 lakhs. In these circumstances it does not appear likely that the total for the current year will exceed  $1\frac{3}{4}$  crores. The Revised has accordingly been placed at this figure which is 45 lakhs below the original estimate.

Under Land Revenue there has been a marked decrease in collections from Government Estates. The decline of 10 lakhs under Stamps is made up of a decrease of 4 lakhs under Non-Judicial and of 6 lakhs under Judicial. The drop under Non-Judicial is mainly on account of stamp duties on Bills of Exchange and other commercial documents; while that under Judicial is due to reduction in the volume of civil litigation. The fall under Administration of Justice is due to smaller inflow of "Adaptation" receipts. The decrease under "Extraordinary Receipts" is due to the fact that a considerable portion of war expenditure incurred last year was recovered from the Government of India within the year leaving only a small amount to be recovered and credited as receipts under this head in the current year.

On the other side, the growth under Excise is due to larger consumption of country spirit and other excisable articles. The improvement under Industries is due to an expansion in the sale of Government quinine coupled with a rise in its price. The increase under "Miscellaneous" is due mainly to a refund as a result of a revision in the flat rate payable by Government for electric current in Calcutta—a revision that is applicable to payments made since the middle of 1937. The increase under Forest is due to special orders for the supply of timber to the Supply Department while that under Registration is due to an unexpected increase in the number of registrations.

The increase of 31 lakhs in expenditure on revenue account is the net effect of excesses and savings spread over a large number of heads the details of which are furnished in the Red Book. I shall confine myself to the more important variations. There is an increase of 55 lakhs under Agriculture owing to the special measures undertaken with a view to secure an economic price for jute. Under Education there is an increase of 7 lakhs as a result of additional funds being provided for implementing the scheme of development of primary education. There is an increase of

6 lakhs under Police due mainly to the enlistment of additional forces, including Civic Guards, as an emergency war measure, which I find honourable members even of the opposition so keen for Government to undertake. On the other side there is a saving of 9 lakhs under Civil Works owing to slow progress of expenditure on buildings and other original works. Public Health shows a decrease of 6 lakhs owing to non-maturity of sewerage, water supply and anti-malaria schemes for which provision had been included in the Budget which has been due to a change in the policy regarding local contribution. A reduction of 7 lakhs occurs under Miscellaneous because payments to local bodies on account of "Adaptations" will be smaller than was anticipated. Extraordinary charges incurred as a result of the War are likely to be 5 lakhs below the Budget. Finally savings to the extent of 3 lakhs occur under each of the heads General Administration, Debt Conciliation and Administration of Justice and are due to a variety of circumstances.

It remains now to explain the improvement of 1 crore 5 lakhs in the Capital and Debt Deposit Section of the Budget, if it can be called an improvement. This is due mainly to transactions on account of Treasury Bills. The Budget assumed that 60 lakhs of Treasury Bills would be outstanding on the 31st March 1940 and provided for the repayment of this amount in the current year. The amount of outstanding Treasury Bills, however, provided to be 30 lakhs only. Consequently there was a saving of 30 lakhs under repayment of Treasury Bills. Our budget estimates made no provision for the issue of Treasury Bills during the year. The Revised provides for the issue of Treasury Bills worth 2 crores 40 lakhs and the repayment during the year of 1 crore 95 lakhs including the 30 lakhs of Bills carried over from 1939-40. Thus borrowed money to the extent of 75 lakhs is expected to remain in our hands at the close of the year, which we shall have to pay this year. There is thus a total gain in our resources of a crore and five lakhs. The increased off-take under Loans and Advances necessitated by the issue of crop loans on a large scale is compensated by increased recoveries as well as by increased receipts under Education Cess and under Civil Court Deposits.

### **The year 1941-42**

There is a change of classification in the budget estimates for 1941-42 to which I feel some reference is necessary. Prior to the coming into force of Part III of the Government of India Act, 1935, certain items of expenditure, as for example, the compensation payable to the Corporation of Calcutta under the Bengal Motor Vehicles Tax Act were "non-voted" in terms of sub-section 3(iii) of section 72D of the Government of India Act, 1919, which exempted from the vote of the Legislature any expenditure the amount of which was prescribed by or under any law. Under paragraph 4 of the India and Burma (Transitory Provisions) Order, 1937, such expenditure continued to be charged up to the end of 1939-40. After that year such items became "Voted" and were shown as such in the budgets for 1939-40 and 1940-41. As a result of the passage of the Bengal Revenues (Charged Expenditure) Act, 1940, these items are once again charged on the revenues of the Province. Again, under section 3 of the same Act grants to local bodies in lieu of "Adaptation" receipts which have hitherto been treated as "Voted" become charged from 1941-42. The total amount affected by this change of classification in the budget for 1941-42 is 72 lakhs.

## THE ESTIMATES.

I now turn to the estimates. The year starts with an opening balance of 1 crore 92 lakhs which is the anticipated closing balance for the current year. Revenue receipts are placed at 14 crores 3 lakhs or 21 lakhs better than the Revised. Our proposals for expenditure on revenue account amount to 15 crores 37 lakhs which is 52 lakhs more than the anticipated expenditure in the current year. On the basis of these estimates there will be a deficit on revenue account of 1 crore 34 lakhs. The working of the Capital and Debt Deposit Section of the budget is also expected to result in a deficit of 25 lakhs. The joint effect of these deficits is to reduce the opening balance by 1 crore 59 lakhs so that the estimated closing balance stands at 33 lakhs only. At this point I must emphasise that the budget estimates do not include any receipts from either of the new taxation measures which still await the final verdict of the Legislature, nor do they include any provision for the charges of collection. (RAI HARENDRA NATH CHAUDHURI: Only case made out?)

*Receipts.*

Let me now explain briefly the reasons for the variation between the Revised and the Budget. The increase of 21 lakhs in revenue receipts is due to an anticipated improvement of 5 lakhs under Jute Duty, 5 lakhs under Income Tax, 5½ lakhs under Land Revenue, 4 lakhs under Extraordinary receipts and 1½ lakhs under Subsidised Companies.

The increase under Jute Duty is based on the assumption that shipping facilities will improve to some extent. Some growth is allowed under Income Tax on the latest advice received from the Government of India. If these two increases do not materialise, namely, jute duty and income-tax, the deficit will be still greater and therefore the need for taxation still more imperative. (Mr. SURENDRA NATH BISWAS: How much?) The improvement under Land Revenue is due to anticipated realisation of arrears from Government Estates and also to larger recoveries on account of survey and settlement charges. The increase under Extraordinary Receipts is in respect of recovery of war expenditure incurred in the current year; while that under Subsidised Companies represents recoveries from the Darjeeling-Himalayan Railway on the basis of an arbitration award.

*Expenditure.*

I have already observed that the Budget provides for expenditure on revenue account 52 lakhs in excess of the Revised Estimates for the current year. If however we take into account the expenditure of 28 lakhs included in the Revised for the purchase of jute for which no provision is included in the coming year's estimates, the expenditure contemplated in next year's estimates is 80 lakhs more than we are likely to spend in the current year. Practically the whole of this increase is under the nation-building departments.

The main items that account for this increase are set out for convenience of reference in Appendix II attached to the printed copy of this statement. My colleagues will in due course explain the details of the increased provision under the several heads while moving the demands for the grants relating to their respective departments. These details are also set forth in the Red Book which will shortly be placed in the hands of members. All that I propose to do at the moment, therefore, is to place before the House

the more important items of new expenditure so that the House may know the main directions in which Government propose to apply the new revenues that we have asked the Legislature to make available.

### *Civil Works.*

Under Civil Works there is an increase of nearly 18 lakhs. Of this 2 lakhs is due to a more extensive programme of road construction and funds to meet this will be found from the Road Development Fund. A sum of 5 lakhs represents next year's requirements in connection with the scheme of removal of the headquarters of the Noakhali district to Begumganj. As the House is aware this removal has become urgently necessary owing to the continued erosion of the river Meghna as well as of the khal running through the town of Noakhali. The expenditure on this account is consequently unavoidable.

A third item which contributes to the increase under Civil Works is a provision of 8 lakhs for the acquisition of land near the High Court upon which it is proposed to build offices to house a number of Government offices that are at present located in hired buildings. Although it is calculated that the project will show a net saving it is not our intention to proceed with the building immediately after the acquisition of the site. Our view is that this is one of the large building schemes that may well wait until prices of building materials return to more reasonable levels and may form part of a Government building programme to relieve any post-war depression. The reason why provision is included in the budget estimates for the acquisition of the site is that Government is not the only party in the market for one of the plots and unless this plot is purchased by Government it may be sold to a third party.

The balance of the increase under this head is due mainly to the following items:—

The existing arrangements in the Bengal Engineering College at Sibpur for the supply of electrical energy have outlasted their normal span of life and are in need of immediate replacement. The capital cost of the new arrangements will be over half a lakh but the new arrangements will be considerably cheaper than the present defective supply.

A lakh is required for the electrification of various Government buildings at stations where electric current is available; and another lakh for the reconstruction of the Police Section House at Alipore and the Police Training College at Sarda.

### *Education.*

The next largest increase—14 lakhs—occurs under Education. Half of this is new money for grants to District School Boards for the development of primary education. The balance is made up of the following: A sum of 1½ lakhs has been set apart for the advancement of education of the members of the Scheduled Castes. A similar amount has been provided as the initial instalment of a grant to the Dacca University towards the cost of construction of the additional Muslim Hall. Additional provision to the extent of 1 lakh 35 thousand has been included in the budget for the training of teachers for primary schools. There is a provision of 1 lakh for additional grants to non-Government Secondary Schools for boys and girls. Among other important items may be mentioned a provision of 79 thousand for adult

education, 71 thousand for opening B.A. and I.Sc. classes in the Lady Brabourne College and a capital grant of 67 thousand to the recently started Fazlul Huq College at Chakhar.

#### *General Administration.*

Under General Administration there is an increase of 9½ lakhs, but the bulk of this increase is due to the transfer of certain charges to this head from other heads of account and does not, therefore, represent any genuine addition to our expenditure. The first of these charges relates to the service of notices under section 26(c) of the Bengal Tenancy Act. Such service has hitherto been entrusted to Sub-registrars and the charges were consequently being booked in the Registration Budget. Owing to a recent amendment of the Act, however, the duty will now be taken over by Collectors and the charges will therefore be exhibited under "General Administration". The next item transferred to this head represents charges on account of pay of clerks under Circle Officers. It was the new work in connection with Debt Settlement Boards that first necessitated the employment of these clerks: up to date their employment has been on a temporary basis and their pay has been adjusted in the Debt Conciliation Budget. The large increase that has taken place in recent years in the general duties of Circle Officers however justifies the permanent retention of these clerks for general purposes and the charges have accordingly been transferred from Debt Conciliation to General Administration. The third item relates to the charge in respect of the Price Controller and his staff. In the current year the charge on account of this office has been adjusted under "63—Extraordinary Charges" on the assumption that it was an item of war charges recoverable from India. It has now been agreed that this charge is a charge properly debitable to provincial revenues and accordingly it has been transferred to General Administration. These three transfers between them account for a total increase of 5½ lakhs under this head.

The balance of the increase is made up as follows: A lakh and 18 thousand is required for the reorganisation of the Rural Reconstruction Department. The special provision for distribution through District Officers for rural welfare has been enhanced by 64 thousand. Increased provision to the extent of a lakh and 13 thousand is required partly under Election charges and partly under travelling allowance for the members of the Legislative Assembly. For recruitment to the Bengal Civil Service and the Bengal Junior Civil Service the charges are expected to be nearly half a lakh more than those in the current year which were abnormally low. Finally a sum of 25 thousand has been provided for replacement of worn-out furniture in District and Subdivisional offices.

#### *Public Health.*

I next turn to Public Health where there has been an increase of 9 lakhs. Two lakhs of this represent additional provision for rural water-supply, the total provision for which now stands at 10 lakhs. The grant for the free distribution of quinine has been raised from 5 lakhs in the current year to 6 lakhs in the coming year. Similarly the provision for anti-malaria schemes has been raised by over a lakh and a half from 1 lakh in the Revised to 2 lakhs 60 thousand in the Budget. The balance of the increase is due mainly to augmented provision in respect of sewerage and water works schemes, and as more schemes are forthcoming more money will be provided.

*Pensionary charges.*

The increase of 5 lakhs under Superannuation allowances and pensions represents the normal annual growth in pensionary charges. Under Commutation of Pensions there is an increase of 7 lakhs. Of this 6 lakhs represent the special provision made to reduce the very heavy accumulation of commutation applications from members of the provincial and subordinate services. The total value of such pending applications is now about 50 lakhs. Besides, expenditure on commutation of pensions is remunerative because it reduces the recurring pensionary charges and the basis of calculation leaves a slight margin of profit in favour of Government. In regard to obligatory commutation cases the expenditure in the current year is abnormally low and the normal provision included in the Budget is one lakh more than the Revised.

*Industries.*

The increase under Industries is four lakhs and a half. Over half of this amount is on account of a scheme for the marketing of cottage industry products. This scheme was formulated, after very careful investigation, by the Bengal Industrial Survey Committee which has been at work for some time now. This year we have decided as an experimental measure to establish at selected centres four sale and supply depots, namely, two for brass and bell-metal articles and two for handloom weaving products. A working capital of 50 thousand will be placed at the disposal of each depot to cover the value of raw materials to be supplied to workers and of finished products taken over from them. The results of this experiment are likely to be of far reaching importance in the development of the cottage industries of the province. Government intend to organise a Department of Fisheries to develop all classes of fisheries, deep sea, estuarine, river and tank and as a first step towards the organisation of this department have provided 80 thousand in the coming year's estimates. The Budget also includes 29 thousand for the establishment of a research and training institute in ceramic, 29 thousand for expansion of the Silk Technological Institute at Berhampur and 20 thousand for grant-in-aid to the Industrial Section of the Institution of Rural Reconstruction under the Viswabharati at Bolepur. The Cinchona Budget includes a provision of 1½ lakhs for the reorganisation of the Cinchona Department. The object of this reorganisation is to extend the cultivation of cinchona with a view to make Bengal as nearly self-sufficient in the matter of its quinine supplies as possible.

*Co-operation.*

The Co-operative Budget shows an increase of 3 lakhs over the Revised. There are two main items which contribute to this increase. The first is a scheme for the training of members and Secretaries of Co-operative Societies which is being financed by the Government of India. The cost involved in this is one lakh 28 thousand rupees. The next one is a provision of 88 thousand rupees for supervisory staff in connection with the distribution and recovery of short-term crop loans. I have already referred to the advance of a sum of 50 lakhs as crop loans in the current year and next year's budget includes a provision of 60 lakhs for the same purpose. Additional supervisory staff is essential for the judicious distribution and timely recovery of these large amounts.

*Irrigation.*

The increase under this head is three lakhs only. The smallness of the figure is due to the fact that the budget includes provision for the commencement only of certain large schemes that are likely to take several years for their completion. The most important of these schemes is the establishment of an Institute for River Research where problems relating to erosion, river training and development of irrigation are to be studied with the aid of laboratory models and systematic statistical analysis undertaken of data relating to rainfall, irrigation, and drainage. Organisation of a well equipped Institute on these lines is essential before large scale irrigation projects can be undertaken with any hope of success and its establishment will, it is hoped, remove to a large extent, the serious handicap under which the Irrigation Department finds itself as a result of past neglect to which reference has been made in an earlier part of my statement. Although next year's requirement in respect of this Institute is 20 thousand rupees only, it is estimated that the scheme will cost 6 lakhs in the next five years. Similarly 50 thousand rupees has been provided for the Bidyadhari Peali Scheme designed to improve the drainage arrangements in the 24-Parganas district at an ultimate cost of over 3 lakhs. For the improvement of the Karnapara Khal in the Dacca District next year's provision is 20 thousand rupees while the ultimate expenditure is expected to be a lakh and 82 thousand. A similar provision of 20 thousand rupees has been made for the improvement of the Bemorta Khal in the District of Khulna which will ultimately cost three-fourths of a lakh. There are also several smaller schemes details of which will be found in the Red Book.

*Land Revenue.*

Under Land Revenue there is an increase of 2½ lakhs in consequence of the progress of the major Settlement Operations in the districts of Bakarganj and Faridpur. These operations which were initiated in the current year are developing according to programme.

*Police.*

There is an increase of 2 lakhs under this head. The bulk of this is due to the anticipated employment of the emergency force throughout the coming year as against a few months only in the current year; and also to an increase in the training reserve in the rank of Sub-Inspectors of the Bengal Police.

*Miscellaneous.*

I propose to conclude this review by a reference to one item of expenditure for which specific provision has not been included in the Budget but which will nevertheless have to be incurred. As the House is aware, Government drew up, in July last, for which specific provision has not been included a scheme for giving financial relief to low-paid Government servants who would be affected by a substantial rise in the cost of living caused by the war. It was decided that a rise in price of the cheapest common rice to 8 seers per rupee would bring the scheme into operation. This price level has now been reached and the scheme has accordingly been put into operation from the beginning of the current month. The cost of the scheme in a full year is likely to be 8 lakhs of rupees.

*Financial results.*

Let me now summarise very briefly the financial results of the working of the year according to the estimates now before the House. The estimates anticipate a deficit on revenue account of 1 crore 34 lakhs and provide for a closing balance of 33 lakhs only. The latter amount is hopelessly inadequate as a working balance and is less even than the minimum balance that we are required to maintain with the Reserve Bank and in Treasuries. Earlier I emphasised that the budget estimates do not take account of the receipts that we hope to get from the Sales Tax and it will be obvious that no Government could present a budget of this nature were it not confident that the Legislature will empower it to raise large new revenues. My task this year has been a particularly difficult one. When the budget was under preparation, the Sales Tax Bill by which I aimed to balance my budget and to undertake certain new expenditure had just passed through the Select Committee. The Select Committee had not only reduced the rate of tax proposed in the Bill from 2 per cent. to one pice in the rupee or 1 9/16 per cent. but had also added a number of exemptions. The following questions naturally arose:—

- (1) Will the Legislature pass the Bill?
- (2) If it does, what will be the rate of tax finally adopted?
- (3) To what extent will the additional exemptions already recommended by the Select Committee and any others that may be added by the Legislature affect my original estimate of the proceeds of this tax?

These were questions to which no answer could be given. The only course open to me was to assume that the Legislature would pass the Bill in a form that would give Bengal sufficient additional new revenue to balance its budget and to permit our undertaking some extension of the existing services in the fields of primary education, rural sanitation and rural water supply and perhaps the introduction of some at least of the new services that Government has been so eager to bring into existence. The result is now in the hands of members.

If the House has previously entertained doubts regarding the necessity for new taxation—and I am aware that there have been doubts and shakings of the head even among some of the supporters of Government—and if I have not already been able to dissolve such doubts, I hope that the manifest care and restraint with which these estimates have been prepared will complete my task of satisfying members that new revenues are essential and that the present Ministry can be trusted to see that such revenues are utilised in the best interests of the province.

I must however make it plain that, in the unlikely event of the Legislature refusing to empower Government to raise the necessary additional revenues, although there will be no time for us to prepare and present fresh estimates and the House has perforce to be asked to vote on the estimates now in Members' hands, Government could not regard such grants as anything more than a makeshift to be used so that administration may proceed in constitutional form. It would of course be necessary to subject the whole Budget to drastic reductions, reductions that will not only paralyse any attempts to extend our beneficent activities but will seriously jeopardise the continuance of a number of essential services now in operation.

Earlier I said that this morning my references to the war would be limited mainly to the effects of the war on the economy of the province but I felt that before I resume my seat some general statement of the Ministry's policy in relation to India's war effort will not be out of place.

In certain quarters it is held that at the present juncture the correct course for the provinces is to abandon all idea of development or extension of their social services and to leave the full additional taxable capacity of the provinces free to be tapped for the paramount requirements of the Centre. The main ground for the holding of this view is the belief that every rupee spent on the provinces over and above the sum necessary to carry on the general administration at the minimum cost is a rupee diverted from India's war effort. My colleagues and I do not share that view. We fully recognise that until victory is finally won it is essential to subordinate the needs of the province to the paramount claims of the Centre's war effort, but in our opinion though at the present time to hold in abeyance all ideas of development may be appropriate enough in the case of those provinces that have for many years enjoyed standards of administration considerably higher than those obtaining in the nation-building departments in Bengal such a course is not possible in the case of Bengal where the administration of the province is only just beginning to recover from the effects of years of starvation. Nor can we agree with the view that every rupee spent in this province over and above that necessary to maintain the administration at last year's level is a rupee diverted from India's war effort. That is a short-sighted view. This province is playing no small part in India's war effort and it is our view that to the extent that we can raise the standards of living and in particular can improve the conditions of those on the subsistence level—workers and peasants alike—we increase the efficiency of the province and thereby contribute materially to the Centre's war effort.

## APPENDIX I

[Figures are in thousands.]

Receipts.	Actuals, 1939-40.	1940-41.		Budget, 1941-42.
		Budget.	Revised.	
	Rs.	Rs.	Rs.	Rs.
Opening Balance .. ..	91,01	1,54,88	2,16,67	1,92,58
Revenue Receipts .. ..	14,31,66	13,97,28	13,82,10	14,03,14
Capital Receipts .. ..	..	..	..	..
Receipts from Debt, Deposits, etc. ..	15,75,02	13,11,64	19,01,32	17,96,69
<b>Total</b> .. ..	<b>30,97,69</b>	<b>28,63,80</b>	<b>35,00,09</b>	<b>33,92,41</b>
<b>Expenditure.</b>				
Revenue Expenditure .. ..	13,71,24	14,54,23	14,85,40	15,37,38
Capital Expenditure .. ..	-3,03	-3,22	-2,89	-2,71
Expenditure on Debt, Deposits, etc. ..	15,12,81	13,40,57	18,25,00	18,24,83
Closing Balance .. ..	(a)2,16,67	(b)72,22	(c)1,92,58	(d)32,91
<b>Total</b> .. ..	<b>30,97,69</b>	<b>28,63,80</b>	<b>35,00,09</b>	<b>33,92,41</b>
<b>Net Result.</b>				
Surplus +				
Deficit —				
On Revenue Account .. ..	+60,42	-56,95	-1,03,30	-1,34,24
Surplus +				
Deficit —				
Outside Revenue Account .. ..	+65,24	-25,71	+79,21	-25,43
<b>Total.</b>				
Surplus +				
Deficit —				
Excluding opening balance .. ..	+1,25,66	-82,66	-24,09	-1,59,67

(a) Includes a short-term loan of 30 lakhs in Treasury Bills repayable in 1940-41 but does not include Securities worth 46,89 (face value).

(b) Does not include Securities worth 46,89 (face value).

(c) Includes a short-term loan of 75 lakhs in Treasury Bills repayable in 1941-42 but does not include Securities worth 46,89 (face value).

(d) Does not include Securities worth 46,89 (face value).

## APPENDIX II

## Statement showing the distribution of increased expenditure in 1941-42

(Figures are in thousands.)

	Revised, 1940-41.	Budget, 1941-42.	Increase.
	Rs.	Rs.	Rs.
Civil Works .. .. .	1,50,64	1,68,31	17,67
Education (General) .. .. .	1,63,16	1,77,45	14,29
General Administration .. .. .	1,54,30	1,63,81	9,51
Public Health .. .. .	42,90	51,75	8,85
Commutation of Pensions (financed from revenues) ..	4,03	11,20	7,17
Superannuation Allowances and Pensions ..	1,08,79	1,13,72	4,93
Industries—Industries .. .. .	14,70	19,20	4,50
Co-operation .. .. .	14,60	17,76	3,16
Irrigation .. .. .	23,40	26,54	3,14
Land Revenue .. .. .	31,05	33,31	2,26
Police .. .. .	36,49	2,38,45	1,96
			77,44

## Supplementary Demands for 1941

(Presented on the 18th February, 1942)

**The Hon'ble Dr. Syamaprasad Mookerjee:** Sir, I beg to present before the House the Supplementary Statement of Expenditure for the current year. The total covered by the estimate is Rs. 2,39,44,000, out of which Rs. 2,75,000 is charged and the balance voted.

About this time last year, during the general discussion of the Budget, it was urged by some honourable members that in view of the prevailing financial stringency, additional expenditure should be avoided in 1941-42 and that if any urgent necessity for additional expenditure did arise, supplementary estimates should be placed before the Legislature without loss of time. The late Finance Minister gave an assurance that Government would not embark on any large commitments without previously obtaining the sanction of the Legislature. Unfortunately, this assurance could not be implemented. In view of unexpected developments both at home and abroad the late Government had to undertake very heavy commitments without securing the prior assent of the Legislature. An idea, however, of some of the unbudgeted liabilities in the current year was furnished by the late Finance Minister when introducing the Bengal Raw Jute Taxation Bill in the July session of the Assembly. The enumeration of unbudgeted liabilities given at that time was necessarily sketchy and far from complete. No reference was made by him to expenditure on A.R.P. and allied emergency measures which were then being undertaken. But even if the enumeration had been exhaustive, it is only fair for me to add that it would have been but a poor substitute for the normal procedure outlined in the Act for obtaining the assent of the House in additional supplies. I am not here to justify the delay in presenting the Supplementary Demands on the part of the past Government, but I must ask the House to realise that the times through which we are now passing are far from normal. In the swift onrush of events the anticipations of today are very often belied by the developments of tomorrow and decisions have to be made and emergent expenditure undertaken at very short notice. It may not be always possible in these circumstances to seek the prior concurrence of the Legislature to schemes of new expenditure, but I can assure the House that every attempt will be made to approach it in good time for additional supplies and not to allow unsanctioned liabilities to accumulate up to the very end of the financial year.

Let me now turn to the details of the estimate. Out of the total demand of 2 crores 39 lakhs, over 99 lakhs is on account of loans to agriculturists. The House is already aware of the circumstances under which distribution of agricultural loans on an unusually heavy scale had to be undertaken in the current year. Given favourable crop conditions these loans are expected to be recovered in the course of two years.

The other demands included in the Supplementary may now be considered.

By far the largest of these items, amounting to nearly 71 lakhs, relates to emergency measures of Civil Defence. In my Budget Statement yesterday I set forth the salient features of our Scheme of Civil Defence as well as of the new Agreement made with the Centre for the allocation of financial responsibility in regard to it. I will not tax the patience of the House by repeating these details but will merely point out that the extra 71 lakhs included in the Supplementary is merely the Provincial share of the total additional cost of Civil Defence measures. I now pass on to some of the other important items.

An expenditure of nearly 28 lakhs over and above the Budget provision is involved in the relief of distress brought about by floods, drought and other natural calamities. A little over 12½ lakhs is required under "Police" for the expansion of the Civic Guard organisation and the employment of emergency staff for the maintenance of internal security in the abnormal situation created by the War. Under "Agriculture" the original provision of 22 lakhs for the regulation of the jute cultivation has to be supplemented by a little over 10½ lakhs, as the actual cost of checking and licensing work has proved to be greatly in excess of the original estimate. The demand of about 8¾ lakhs under "Jails" has been necessitated mainly by an increase in the number of prisoners and in the price of food-grains. Under "Land Revenue" an additional 3¼ lakhs is required mainly as a result of the enhanced cost of settlement operations in Bakarganj and Faridpore. The demand of about 2¾ lakhs under "Other Taxes and Duties" is for the administration of the Sales Tax which came into operation after the Budget was passed. The excess of nearly 2 lakhs under "Miscellaneous" is due mainly to payment of gratuitous relief to sufferers from communal riots in the district of Dacca.

The demands under the remaining heads are comparatively small. Most of these relate to obligatory items of expenditure. Thus the demand under "Stamps" is due to larger discount payable to vendors as a result of increased sale of non-judicial stamps. The excess under "Interest on Debt and other obligations" arises from additional borrowing which had to be undertaken for ways and means purposes. And finally the excess under "Commutation of Pensions" is due to an unexpected increase in the number of cases in which commutation of pension is obligatory on the part of Government.

One more item and I have done. This relates to the extra demand of 68 thousand rupees under "Cinchona". As a shortage of chemicals and packing materials is apprehended, it was considered advisable to lay by a reserve of these materials so that the work of production and distribution of quinine may proceed without interruption. The additional expenditure was necessitated mainly by this measure of precaution.

The reasons for all the demands presented to the House have been set forth in the Explanatory Memorandum and will be gone into more fully by the Hon'ble Ministers concerned when these demands are moved.

**Speech by the Hon'ble Dr. Syamaprasad Mookerjee, Finance Minister, in presenting the Budget for 1942-43**

*(Presented on the 16th February, 1942)*

I rise to present the Budget for the year 1942-43.

The situation which confronts us today is without parallel in the history of our country. The war is now at our door. So long as hostilities were confined to Europe and Africa, the war seemed a long way from Bengal. But now with a new and powerful enemy so close to her borders, this Province finds itself all but in the front line. Constitutionally situated as we are, we can neither organise nor direct the military defence of Bengal. Our budget therefore has nothing to do with active military defence. But I believe I shall voice the feelings of all sections of the people of Bengal when I say that it is only by a proper co-ordination of a nation's fullest efforts both in respect of Military Defence and Civil Defence that it may successfully face a modern war with confidence, courage and determination. Our budgetary plans have to be so modified

as to reflect a proper appreciation of current events beyond our borders. In a limited sense therefore my budget is in the nature of a War Budget, dealing as it does with schemes of Civil Defence of considerable magnitude. In the estimates that I shall place before the House this afternoon, "Nation-saving" takes the place of "Nation-building".

It can be argued that expenditure on Defence is not a proper charge on provincial revenues and that under the Government of India Act the whole responsibility for Defence falls on the Centre. I shall have more to say on this question later but, whatever the correct constitutional position may be, it must be appreciated that the days when a non-combatant population went about its normal work free from molestation and slept peacefully at night behind the shelter of well-held frontiers are gone and now even though the enemy is held by land and on the sea there is no saying when air-borne raiders may not rain down death and destruction from the sky. The possibility of attack from the air, from which no city however strongly fortified is nowadays completely immune, gives rise to problems intimately connected with the day-to-day administration of the province. A huge army of civil defence workers has to be organised and trained in A.R.P. duties. Fire-fighting organisations have to be expanded and multiplied. There must be squads of trained rescue workers to extricate persons trapped in bombed buildings. Additional hospital accommodation has to be provided for the treatment of casualties. Suitable arrangements have to be made for the supply of food and shelter to those who may be rendered homeless by air raids. Alternative sources of drinking-water have to be provided. Special provisions have to be made for the maintenance of internal order and security and for prevention of panic and alarm. These are some of the elementary precautions against the effects of air raids and there can be no question that they constitute primary obligations that no Government can neglect today without exposing itself to charges of blindness and incompetence. I shall revert to this subject later but let me emphasise that while elaborate schemes have been worked out on the basis of expert advice and experience gained elsewhere, the successful execution of them will depend on the fulfilment of two essential conditions. In the first place, there must be fully co-ordinated efforts on the part of Government, speedy decisions and actions, unhampered by the traditional red-tape. In the second place, there must be sincere and whole-hearted co-operation on the part of all sections of the people who in spite of local differences must stand solidly united and face the common danger in a spirit of calmness and courage. The expenditure involved in emergency measures of Civil Defence is so far beyond the resources of the Province that we have no alternative but to rely on the Centre to supplement our inadequate resources and to enable us to discharge our obligations. All parties in the House will agree that so long as the present emergency continues, there can be no diversion of the resources of the Province to purposes that can wait. This must be the guiding principle of our budgetary plans for the coming year. We must bid adieu for a time—short or long as Providence may ordain—to the normal standards of peace-time budgeting.

### **The year 1940-41**

Let me now address myself to a very brief exposition of the financial results of the year 1940-41. In our Revised Estimates for that year we had expected to end with a revenue deficit of a crore and 3 lakhs. The actual deficit turned out to be 91 lakhs. This improvement of 12 lakhs was brought about by a decrease of 40 lakhs in expenditure set off by a decrease of 28 lakhs in revenue receipts. Outside the Revenue Account,

the surplus of 79 lakhs forecast in the Revised turned out in the end to be a deficit of 16 lakhs—a worsening of 95 lakhs. The combined effect of the improvement of 12 lakhs in the Revenue Section and the deterioration of 95 lakhs outside it was to reduce the closing balance by 83 lakhs. According to the Revised our closing balance was to have been a crore and 93 lakhs. The actual closing balance stood at a crore and 10 lakhs only.

Within the Revenue Account the deviations of the actuals from our Revised Estimates, viz., 28 lakhs on the Receipt side and 40 lakhs on the Expenditure side, represent only 2 per cent. and 3 per cent. respectively of the totals and I do not think I need trouble the House with the reasons for the variations under the several heads that account for these small deviations. The deterioration of 95 lakhs in the Debt Deposit Section of the budget, however, calls for a word of explanation. The Revised was framed on the assumption that Treasury Bills worth 75 lakhs would have to be issued in March, 1941, in order to maintain our minimum balance in the Reserve Bank during the first week of the month when central receipts would be cleared. An arrangement with the Central Government whereby the provincial share of the Income-tax receipts was paid at the beginning of March instead of on the last day as had previously been the practice, obviated the necessity for the issue of Treasury Bills. The absence of 75 lakhs of borrowed money accounts for the bulk of the worsening under Debt heads. The balance of the deterioration is attributable to the fact that the recovery of agricultural loans and the realisation of education cess both fell somewhat below expectation on account of the unfavourable economic situation.

The year 1940-41, ended, as I have already observed, with a balance of a crore and 10 lakhs instead of a crore and 93 lakhs as estimated in the Revised. But whereas the balance according to the Revised Estimates was to have included 75 lakhs of borrowed money, the actual balance was entirely our own.

### The year 1941-42

According to the Budget Estimate the current year was to start with an opening balance of a crore and 93 lakhs and to end with a closing balance of 33 lakhs. The Revised Estimate places the opening balance at a crore and 10 lakhs and the closing balance at a crore and 15 lakhs. Revenue receipts are expected to be a crore and 25 lakhs higher than the original estimate and expenditure on Revenue Account is likely to exceed the budget figure by 94 lakhs. Outside the Revenue Account, the budget provided for a deficit of 25 lakhs; but according to the Revised there will be a surplus of a crore and 9 lakhs, an improvement of 1 crore and 34 lakhs.

The increase of 82 lakhs in the closing balance is thus the net result of the following variations:—

- a decrease of 83 lakhs in the opening balance;
- an increase of 1 crore and 25 lakhs in our Revenue receipts set off by an increase of 94 lakhs in our expenditure on Revenue Account; and
- finally, an improvement of a crore and 34 lakhs in the section outside Revenue Account.

It will be observed that budget forecasts for the current year have been considerably upset. The large deviations are due in part to the War and in part to domestic events which could not be foreseen when the budget was framed. The seasons in particular have been most unkind. Early in

the year the *boro* paddy was severely affected by drought in a number of districts, while abnormally heavy rain in April and May inundated the low-lying areas in Eastern Bengal districts and did considerable damage to jute. On the 25th and 26th May a severe cyclone attended with heavy rain swept over the districts of Bakarganj, Noakhali and Tippera, causing terrible damage to crops and houses and a good deal of mortality among men and cattle. While heavy rain caused floods in the districts of Chittagong and Mymensing, several districts in Western Bengal, notably Birbhum and Bankura, suffered badly from the effects of drought.

Considerable additional expenditure had to be incurred for the relief of distress caused by these natural calamities. Steps had to be taken to restore schools, thanas and other Government buildings damaged by cyclone. Gratuitous relief had to be provided on a very large scale and considerable expenditure undertaken on the organisation of Test Relief works. Special loans were granted to poor middle-class non-agriculturists in the district of Bakarganj to enable them to rebuild their houses. Loans were also advanced to weavers and artisans who were in distress in other districts.

A further heavy drain on the provincial exchequer was caused by the protected communal disturbances in the town and district of Dacca. The House is already well aware of the loss of life and of the widespread destruction of property that resulted from those tragic happenings and this afternoon I merely remind the House that the restoration of order, the relief of the victims, the enquiry into the causes of the riots and the trials of those apprehended have necessitated considerable additional expenditure from provincial revenues.

An important factor affecting our budgetary position for the current year was the passage of three measures of taxation, namely, the Sales Tax, the tax on Motor Spirit and the Raw Jute Sales Tax. These measures were passed in the middle of the year and no account could consequently be taken in the budget of the probable yield from these sources. It is now estimated that the revenue in the current year will be 25 lakhs from the Sales Tax, 2 lakhs from the Petrol Tax and 8 lakhs from the tax on sales of raw jute—a total of 35 lakhs in all. This will constitute a welcome and much-needed addition to our resources.

A further accretion of 31 lakhs to our Revenue receipts resulted from the sale in September last of the jute purchased in June and July of the previous year with the object of securing an adequate price level for the 1940 crop as it came on to the market. This of course is not really additional revenue but merely a conversion of assets into cash.

Let me now pass on to the effects of the war on the provincial budget. Two of our main heads of revenue have been affected by the war in opposite directions. Income-tax receipts have improved owing mainly to the expansion of industrial activities as a result of the war. On the other hand, the yield from the export duty on jute has gone down considerably owing to further restriction of export facilities as a result of the recent developments in the Pacific.

By far the most serious effect of the war on the provincial budget however relates to the expenditure on A.R.P. and kindred emergency measures booked under the head "Extraordinary charges in India". This expenditure started unostentatiously in 1939-40. Immediately after the declaration of war the Provincial Government had to employ a Press Censor and other emergency staff, to intensify the measures for combating

subversive activities and to finance propaganda in support of war measures. The expenditure amounted to 3 lakhs in 1939-40 and 7 lakhs in 1940-41, and the Central Government agreed to meet these charges in their entirety. In the current year the total expenditure under "Extraordinary charges in India", for which provision was made in the budget, was only 7 lakhs and a half. Early in the year, however, it became evident that expenditure on A.R.P. was likely to reach a very much higher figure than seemed likely at first and in April last the Centre advised the Provinces that the growing scale of expenditure on A.R.P. measures combined with a deterioration in the financial position of the Centre as compared with that of the Provinces no longer justified the promised measure of liberality and the Centre found itself compelled to call on the Provinces to shoulder the major portion of "defence measures falling within the provincial field"; the Centre bearing merely 25 per cent. of it.

As a result however of discussions between representatives of the Centre and of the Government of Bengal in Simla in May last, it was decided to abandon the attempt to allocate the financial responsibility for A.R.P. measures on the basis of the constitutional position and the working arrangement reached was that all A.R.P. expenditure would be shared between the Centre and the Provinces in the following proportions:—

- (1) The first crore—half and half;
- (2) All expenditure above a crore—the Centre would bear 75 per cent. and the Provinces 25 per cent.

As Bengal was not in a position to meet its share of the pooled expenditure out of current revenues, the Central Government agreed to make interest-free advances repayable over a period of 5 years.

In practice the Agreement did not work as well as was hoped because the scope of the Agreement had been insufficiently defined and action was frequently held up pending settlement of the question as to whether a particular item of expenditure would be poolable or not. After the declaration of War by Japan it was felt that a modification of the Agreement, or at any rate, an extension of its scope, was urgently needed in order that emergency measures of Civil Defence might not be delayed by arguments as to who should pay. The Centre, too, was in favour of a revision of the Agreement though on somewhat different grounds. In December last it became known that the amount of income-tax distributable to the Provinces would be some 2 crores in excess of what had been anticipated at the Budget stage. Upon this, the Government of India suggested that the amount of Central contribution payable to the Province in respect of A.R.P. expenditure in any year should be reduced by an amount equal to the amount by which the Province's receipts from income-tax in that year exceed the estimate of the provincial share in the Budget for 1941-42. At the instance of the Government of India a conference was convened in Delhi to consider the question of revision of the Simla Agreement. This conference was attended by representatives from all Provinces and after careful deliberation it was decided that the allocation of Civil Defence expenditure between the Centre and the Provinces should be on the following lines:—

- (1) The expenditure of each financial year will be treated separately.
- (2) The expenditure of each year will be divided into slabs.
- (3) The first slab, which will be fixed at approximately 4 per cent. of the provincial revenue after exclusion of "Adaptations" and certain other receipts, will be borne entirely by the Province.

- (4) The second slab—of 50 lakhs—will be shared equally between the Centre and the Province.
- (5) Of the third slab—also of 50 lakhs—75 per cent. will be allocated to the Centre and 25 per cent. to the Province.
- (6) All expenditure above this point will be allocated between the Centre and the Province in the proportion of 87½ per cent. to 12½ per cent.

The rigidity of the Central Government's administrative control over A.R.P. measures initiated by Provinces will be relaxed, securing speedier disposal of cases, and the Central Government will henceforth act rather as a co-ordinating and advising authority. The list of items included in Civil Defence expenditure for the purposes of the allocation under the new agreement has been suitably enlarged and even in regard to marginal cases some freedom of action has been left to Provincial Governments.

Such in broad outline are the terms of our latest Agreement with India. Although the general principles of the Agreement are applicable uniformly to all Provinces, it was felt that the cases of Bengal presented special features which called for individual treatment. In the first place owing to Bengal's proximity to the Eastern theatre of War the magnitude of her Civil Defence expenditure is far in excess of anything which is likely to be spent on this account by any other Province. Then again while other Provinces will reap the full benefit of the increased Income-tax receipts, Bengal's participation in the increase will be largely neutralised by the heavy decline in her receipts from the export duty on jute—a decline which is every bit as much attributable to the War as the enhanced yield from Income-tax. The House will be glad to know that the efforts of Bengal's representatives to secure proper appreciation of her special problems have met with success. The Government of India have agreed to give Bengal special relief by fixing the Provincial slab of Civil Defence expenditure, both in the current year and in 1942-43, at a substantially lower level than 4 per cent. of our effective revenue. Four per cent. of our effective revenue amounts roughly to 50 lakhs. As against this the Provincial slab has been fixed at 25 lakhs for the current year and 37½ lakhs for 1942-43. We are duly grateful to the Centre for the relief granted to us, and we have every hope that the modified Agreement will result in more satisfactory and expeditious execution of emergent Civil Defence measures by the Province.

With these preliminary observations I shall now turn to an explanation of the variations in the current year's Revised.

The opening balance adopted in the Revised is the actual closing balance of the preceding year.

The improvement of about a crore and 25 lakhs in Revenue receipts is the net effect of variations spread over a large number of heads among which the most important are an increase of 58 lakhs under "Income-tax", 36 lakhs under "Other Taxes and Duties", 30 lakhs under "Agriculture", 14 lakhs under "Extraordinary Receipts" and 7 lakhs under "Excise", and a decline of 20 lakhs under "Jute Export Duty" and of 6 lakhs under "Land Revenue". The increase under "Income-tax" and the decline under "Jute Export Duty" have been already explained. The increase under "Other Taxes and Duties" is due almost entirely to the proceeds of the new taxation measures previously mentioned which came into operation after the budget was passed. Under "Agriculture" the increase is due to the sale of jute which was purchased last year and kept in stock. Out of the increase of 14 lakhs under "Extraordinary Receipts" 9 lakhs represent an accounting adjustment designed to bring into the accounts

certain securities transferred to Government by the Administrator-General and the Official Trustee. This will pass out of the balance by *per contra* debit to the cash balance investment account. The balance of the improvement under "Extraordinary Receipts" is due to an abnormal receipt of 6 lakhs from the Port Commissioners, Calcutta, in settlement of a long-pending dispute. The increase under "Excise" is accounted for by the fact that receipts under "Country Spirit" are likely to be larger than was originally anticipated. The decrease under "Land Revenue" occurs partly under "Fixed Collections" and partly under "Recovery on account of Survey and Settlement charges". The reduced yield under the first head is due to the adverse effect of floods and other natural calamities, that under the second is due to the postponement of the recovery programme in Dinajpur and Mymensingh owing to the unfavourable agricultural situation.

The increase of 94 lakhs in expenditure on Revenue Account is due mainly to heavy additional expenditure under the heads "Famine" and "Extraordinary charges". Under "Famine" the budget contained the normal precautionary provision of about 2 lakhs and a half, but on account of the various calamities to which detailed reference has already been made it now appears that the expenditure under this head will be more than 30 lakhs. Similarly, under "Extraordinary charges" against the original provision of 7½ lakhs the revised estimate now stands at nearly 78 lakhs. This as already explained is merely the Provincial share of the expenses which in their totality amount to no less than a crore and 76 lakhs. Details of the expenditure on war emergency measures have been set forth in the Red Book and need not be recapitulated here. It will suffice if some of the more important items are singled out for individual mention. The Revised includes 15 lakhs for the temporary housing and feeding of persons rendered homeless by air attacks. Sixteen lakhs have been provided for an alternative water-supply in Calcutta by means of tube-wells. About 9 lakhs will be required for the expansion of the Calcutta Fire Brigade and 5 lakhs for fire-fighting services in industrial areas outside Calcutta. The protection of essential Government buildings and emergency hospitals by means of baffle-walls is estimated to cost 9 lakhs, and 10 lakhs will be required this year for the provision of emergency hospitals and motor ambulances for the treatment of persons injured in air raids. In addition to this, very considerable expenditure is involved in the organisation of the various A.R.P. services with which members of the House must now be familiar. Large sums have also got to be spent to protect, and in event of damage to ensure the prompt restoration of, essential municipal services in vulnerable areas.

It remains now to explain the improvement of one crore and 34 lakhs in the Debt Deposit Section of the budget. This improvement has been brought about as follows:—

The budget was framed on the assumption that Treasury Bills worth 75 lakhs would be issued in March, 1941, and repaid in the current year. Thanks to the earlier receipt of our share of the Income-tax pool it was not necessary to issue bills in March, 1941, and no Treasury Bills were carried forward from 1940-41 into the current year. In consequence there was a saving of 75 lakhs. A further assumption which was made when the budget was framed was that no Treasury Bills would have to be issued in the closing months of the current year. In point of fact, however, it is proposed to issue Treasury Bills for 1 crore in March, 1942. This unforecasted borrowing will increase our balance by a crore. Another item of borrowed money which will be in our hands at the close of the year and for which no credit was taken when the budget was framed will be the interest-free advance of 75 lakhs which the Central Government

will make to enable us to meet the Provincial share of A.R.P. expenditure. The total improvement from these three causes amounts to 2 crores and a half. This is, however, partly neutralised by the very large amount of agricultural loans which had to be issued in the exceptional circumstances of the current year. The total of these loans exceeds our estimate by 1 crore and 11 lakhs. The net improvement in the Debt Deposit Section is 1 crore and 34 lakhs.

The estimated closing balance at the end of the current year is, as already stated, 1 crore and 15 lakhs. This however, contains 1 crore and 75 lakhs of borrowed money out of which 1 crore is in Treasury Bills and 75 lakhs is an advance from the Government of India. In point of fact therefore the effective closing balance is a negative figure of 60 lakhs.

### The year 1942-43

I now come to the estimates for the coming year.

The year starts with an opening balance of 1 crore 15 lakhs which as I have already explained is the anticipated closing balance for the current year. Revenue receipts are placed at 15 crores 70 lakhs or 41 lakhs higher than the Revised. The estimate of expenditure on Revenue Account stands at 16 crores 75 lakhs which is 44 lakhs greater than the anticipated expenditure in the current year. On the basis of these estimates the deficit on Revenue Account amounts to 1 crore and 5 lakhs. Outside the Revenue Account the budget anticipates a net surplus of 69 lakhs. The joint effect of the Revenue deficit of 1 crore 5 lakhs and the surplus of 69 lakhs in the Capital and Debt Deposit Section of the budget is to reduce the opening balance by 36 lakhs. The year is accordingly expected to end with a closing balance of 79 lakhs.

Such in broad outline are our budgetary prospects for the coming year. Let me now attempt to fill in the details.

### REVENUE RECEIPTS.

The head of account under which the largest increase is expected is naturally, "Other taxes and Duties", under which the receipts from the three taxation measures brought into operation during the current year, viz., the Sales Tax, the Raw Jute Sales Tax and the Tax on Motor Spirit are credited. The receipts from these taxes will be for full 12 months in the coming year as against a few months only in the current year. The increase under this head is 1 crore and 7 lakhs. This forecast assumes that trade conditions in Calcutta and other important centres will not be seriously disorganised by air raids or other hostile activities. The other head under which we look for an appreciable increase is "Income-tax". On the assumption that industrial development stimulated by the war will proceed according to plan, receipts from Income-tax are expected to be 26 lakhs higher in the coming year. The improvement from these two sources, namely, Income-tax and the new Provincial Taxes, is thus a crore and 33 lakhs. A large part however of this improvement is neutralised by decreases under other heads. Further restriction of transport facilities as a result of the recent developments in the Pacific are expected to reduce our receipts from "Jute Export Duty" by 35 lakhs. Under "Agriculture" there is a decrease of 32 lakhs owing mainly to the fact that the abnormal receipt which accrued this year from the sale of jute will not be repeated in the coming year. Another large decrease occurs under the head "Extraordinary Receipts". It will be recalled that the current year's receipts under this head included first, an accounting adjustment designed to bring certain securities into the Government

account; and, secondly, a lump payment by the Port Commissioners, Calcutta, in respect of some accretions to the Port area. These special receipts will not recur in the coming year. Recovery of War charges will also be smaller as very little of arrears will remain to be adjusted. These three factors are responsible for a total decrease of 20 lakhs.

#### EXPENDITURE.

As I have already stated, the budget provides for expenditure on Revenue Account 44 lakhs in excess of the revised estimates for the current year. That figure however is not the real measure of the additional provision included in the estimates for 1942-43. Hon'ble Members will recall that the revised estimates for 1941-42 include at least one large abnormal charge that we hope we shall not be called upon to shoulder in the coming year. I refer to the very heavy expenditure, 30 lakhs in all, for the relief of distress caused by the cyclone in Eastern Bengal and the Dacca riots. The demand for 1942-43 under "Famine" is limited to the normal precautionary provision—2½ lakhs,—so that the additional provision I have to account for is not merely 44 lakhs but 44 plus 27½, *i.e.*, 71½ lakhs. An Appendix to the printed copy of this statement indicates the main heads of expenditure under which this additional provision is spread.

More than 60 per cent. of the increased provision will be found under the head "Extraordinary charges in India". The net expenditure debit-able to Provincial revenues on account of Civil Defence measures in the coming year is 1 crore and 25 lakhs as against 78 lakhs in the current year, an increase of 47 lakhs.

Part of the balance of the additional provision also relates indirectly to the War or Civil Defence measure. For instance under "Ports and Pilotage" provision has been made for a contribution of 2 lakhs towards the establishment of a Home for Indian Seamen in Calcutta. The need for such an institution has long been felt. The fruition of the scheme is due in no small measure to the sympathetic interest of His Excellency the Viceroy who has agreed to contribute 3 lakhs out of his War Purposes Fund for the provision of amenities for seamen in this Home.

The rest of the additional provision is spread over a number of heads, the more important being—Education, 6 lakhs; Public Health, 6 lakhs; Debt Conciliation, 3 lakhs; General Administration, Jails and Interest, 2 lakhs each.

Before dealing with the Civil Defence schemes which account for the major part of the additional expenditure in the coming year, I should like to refer briefly to some of the more important items for which provision has been made under other heads of the Budget.

#### *Education.*

An additional provision of 5 lakhs for grants to District School Boards for the development of Primary Education accounts for the great bulk of the increased provision under this head. Two years ago a programme for the progressive development of primary education under the Rural Primary Education Act was adopted and the additional provision is needed to implement that programme. The current year's provision of one and a half lakhs for the advancement of education of members of the Scheduled Castes is repeated in the Budget. An extra 92 thousand rupees has been provided for the training of teachers for primary schools in accordance with a scheme initiated in January, 1940. Increased provision to the extent of 80 thousand rupees has been made for the repair of school buildings damaged by cyclone.

An item of expenditure in regard to which a final decision has not yet been reached relates to the grant payable in the coming year to the University of Calcutta. It will be recalled that as a result of the financial settlement with the University in 1937-38, a consolidated grant of 4 lakhs 85 thousand rupees per annum was agreed to for a period of 5 years with the stipulation that the position should be reviewed at the end of this period. The financial position of the University is under review, and the grant admissible to the University next year will be settled on its completion. Government have however agreed to make such additional grant as may be required to meet the charges on account of the Department of Islamic Studies which has been recently organised by the University. Pending this settlement, the existing grant has been repeated for 1942-43.

#### *Public Health.*

The Public Health budget repeats the provision of 10 lakhs made in this year's budget for Rural Water Supply, 6 lakhs for free distribution of quinine and 2½ lakhs for anti-malaria schemes. It repeats the normal provision of half a lakh for maternity and child welfare schemes, half a lakh for anti-tuberculosis schemes and Rs. 20,000 for anti-leprosy work. A special grant of Rs. 35,000 has been provided for the Jadavpur Tuberculosis Hospital which is doing such outstanding work for the relief of tuberculosis. Of this amount Rs. 15,000 is a capital grant and the balance, Rs. 20,000 is to enable the hospital to raise the number of free beds from 80 to 100. A sum of 2 lakhs 20 thousand has been provided for the much-needed improvement of Sadar Hospitals in many of which the standard of equipment and accommodation still leaves much to be desired.

#### *Industries.*

The reorganisation of the Government Cinchona Factory and the Plantation has been undertaken in the current year with the sum of one lakh and a half voted by the Assembly for this purpose. The object of this reorganisation is to extend the cultivation of cinchona with a view to make Bengal less dependent upon outside sources for its quinine supplies. Until the extension of cultivation makes additional supplies of bark available, it is essential to ensure that our dwindling stocks shall not necessitate any curtailment in the free distribution of quinine by the Public Health Department and for this purpose a provision of 3¼ lakhs has been made in the budget for the purchase of 15,000 lbs. of quinine from outside.

#### *Debt Conciliation.*

An increased provision of 3½ lakhs has been made in the budget in order to allow for the establishment of an additional 207 Debt Conciliation Boards in the coming year. This will practically complete the full quota of Boards and it is hoped that the progress of debt settlement which has so far not been as satisfactory as could be desired will now be considerably expedited.

#### *Agriculture.*

In the Agricultural budget provision has been made for the continuance of the regulation and licensing of the area under Jute in the coming year at a total cost of approximately 33 lakhs. Provision has also been made for some small schemes of agricultural improvement which were considered to be urgent. Among these may be mentioned the distribution of improved varieties of seed among cultivators and the demonstration of improved methods of lac cultivation.

*General Administration.*

A lump provision of 1 lakh has been included in the budget for the promotion of communal harmony. Nothing is more regrettable or more calculated to wreck all plans for reconstruction than a spirit of antagonism between the communities whose duty it is to build up the amenities of civilised life in a spirit of mutual tolerance and co-operation. If the atmosphere in which we have to work is poisoned by communal hatred, our plans however well thought out, are foredoomed. It will be one of the foremost endeavours of the present Ministry to restore amity and understanding between the two great communities that have a common interest in the prosperity of the Province.

*Loans and Advance.*

There are three items under Loans and Advances that call for individual mention. The first of these is a provision of 2 lakhs to facilitate the putting into operation of a scheme now rapidly maturing for the removal of beggars from Calcutta. The necessity for an immediate and energetic tackling of this long-standing problem has been brought home in recent months by the additional menace that this human flotsam, unfortunates and reprobates alike, represents in a large city under threat of air raids.

The next item is a provision of 7 lakhs for financing Co-operative Land Mortgage Banks in the Province. Five such banks established some years ago have hitherto been financed by the Bengal Provincial Co-operative Bank and a sum of 5 lakhs is outstanding on this account. It is proposed to establish five more land mortgage banks in the coming year. The making a long-term loans is not a proper function of the Provincial Co-operative Bank and it has been decided that Government will not only assume the responsibility for financing the new banks but will also arrange for the immediate repayment of the outstanding loan due by the existing banks. Provision has accordingly been made in the budget for 7 lakhs in all, namely, 5 lakhs to be made over to the Provincial Co-operative Bank and 2 lakhs for distribution to the ten land mortgage banks to enable them to carry on their business in the coming year.

The third item included under Loans and Advances is a provision of 1 lakh for the re-excavation of tanks under the Bengal Tanks Improvement Act, 1939, in the districts of Birbhum, Bankura, Burdwan, Murshidabad and Malda which are frequently visited by drought. The outlay is expected to be recovered from the beneficiaries in due course.

*Civil Defence.*

Let me now turn to the more important among the Civil Defence measures included in the budget. The total expenditure involved in these measures is a little over 4 crores. Out of this about 2 crores will be required for payment to the personnel of various A.R.P. services. Thirty-five lakhs have been provided for the construction of shelters, 15 lakhs for the relief of persons rendered homeless by air attacks and 49 lakhs for the supply of stirrup pumps, respirators, helmets and eye-shields. The balance of the expenditure amounting to about a crore is spread over a large number of items. Thus 9 lakhs are required for the Civil Nursing Scheme, 5 lakhs for the expansion of the Fire Brigade, 15 lakhs for the organisation of street Fire Fighting Services and 8 lakhs for the Rescue Service and 31 lakhs for hospital accommodation for Air Raid casualties in vulnerable areas. About 2 lakhs have been provided for mass inoculation against cholera and smallpox and 6 lakhs for the establishment of Infectious Diseases Hospitals. Further particulars will be found in the Red

Book which will be circulated to the members and my colleagues will in due course explain in fuller detail the nature and purpose of the various schemes for which provision has been made in the budget.

#### FINANCIAL RESULTS.

Let me now summarise the financial results of the working of the year according to the estimates now before the House. Despite the exclusion of all proposals for new expenditure that could not be regarded as virtually unavoidable, the estimates anticipate a deficit on Revenue Account of 1 crore 5 lakhs. The revenue deficit is more than accounted for by our Civil Defence expenditure which is estimated at a crore and 25 lakhs.

But for this abnormal expenditure we would have had a small surplus. It may be asked whether this is all that the new taxes are expected to achieve when conditions once more return to normal. A certain amount of guarded optimism is permissible on this point. We have, as a result of the present abnormal times, lost heavily on our receipts from the export duty on jute. Those receipts which reached the high level of 2 crores 38 lakhs in the first year of Provincial Autonomy and thereafter remained steady at 2 crores 21 lakhs for the next two years are not expected to exceed a crore and 25 lakhs in the coming year. Here then is a margin of nearly a crore on which we may reasonably bank when export facilities improve on the termination of the war. In the work of post-war reconstruction jute is sure to be in very great demand and this sturdy fibre which has stood us in such good stead in the past may again do so in future. I am not overlooking the fact that our receipts from Income-tax have gone up as a result of expanding war industries. But the current year is the last year of the first period of the Niemeyer Award and even in normal times 1942-43 would have seen a considerable increase in our receipts from this source. In these circumstances I see no reason to be unduly pessimistic over the large deficit anticipated in the coming year despite the substantial accretion to our resources from the new measures of taxation.

A word now about the closing balance. The estimates, as I have said, provide for a closing balance of 79 lakhs. This balance, has, however, been built up with a large amount of borrowed money. The Revised Estimates for the current year provide for an advance of 75 lakhs from the Government of India for financing the Provincial share of Civil Defence expenditure. One-fifth of this advance will be repaid in the coming year leaving 60 lakhs of the loan for future repayment. A further advance of a crore and 25 lakhs from the Government of India will be required for the same purpose in the coming year. The total amount of loan money on our hands at the close of 1942-43 is thus expected to be a crore and 85 lakhs. This is no doubt heavy borrowing; but here again I see no cause for alarm. The terms on which this accommodation has been made available to us are most favourable. No interest will be charged and the repayment will be spread over five years. We may perhaps also draw some comfort from the knowledge that our assets in the shape of outstanding advances to agriculturists and others at the end of the coming year will amount to the substantial figure of 2 crores 26 lakhs in all. In addition to this we shall be holding securities worth 56 lakhs which may be converted for general purposes and further securities worth about 14 lakhs in the Famine Insurance Fund which can be utilised only for the purpose of relieving scarcity and distress. This completes the picture of the financial position as it is expected to be at the close of the budget year.

## CONCLUSION.

So far as the formal presentation of the estimates for the coming year is concerned I have done, but before I resume my seat I should like to say a few words about the serious handicaps which attended the framing of the Budget. It is only two months since the present Ministry took office and it had barely three weeks in which to formulate its budget proposals. Even in normal years three weeks would not be sufficient for this purpose and in times such as those in which we have been called upon to shoulder the burden of office it was obviously out of the question for the Ministry to formulate any more detailed plan than that which I have indicated at the beginning of this statement. Nor must it be forgotten that what a Ministry assuming office at the fag-end of the year takes over is not a clean slate but a running concern with all its commitments, good and bad. Some of these commitments may well call for reconsideration and revision in the wider interest of the Province. I can assure the House that if on further scrutiny we are of opinion that it will be in the best interests of the Province to revise any such commitment, that revision will be undertaken.

Communal discord has in recent years marred the good name of the Province. The Ministry is pledged to carry on its administration in a manner which will be just and fair to all communities and interests; for so alone can confidence in the *bona fides* of Government be restored. It is the intention of the Ministry to approach its problems not in any spirit of partisanship but in a spirit of sympathy and understanding. It will endeavour to carry forward its programme with the maximum support of all sections of the people.

Bengal has had a great past. Even today with the good-will of all parties it is possible to start a new chapter of glory and greatness in the history of this Province. Mutual distrust and suspicion have cast a shadow on the life of the Province. In spite of differences and disputes, there are many fields of activity where Hindus, Muslims and Christians, Indians and Europeans, can work hand in hand for the advancement of the common welfare of Bengal. If we genuinely differ on certain points, let us learn to respect such mutual differences and keep them in the background for the time being. With the war so perilously near our home—a war which must be won if we are to save our heritage—and with great problems of national reconstruction—calling for united and devoted labour in the fields of Health and Education, Agriculture, Commerce and Industry, let all parties represented in the legislature decide wholeheartedly to stand shoulder to shoulder for the advancement of those essential schemes of national defence and welfare on which our very existence depends. It is a sense of common danger that unites contending parties to work together for the common weal. If our ideals do not clash, let us not worry about minor differences. If we once inculcate the habit of working together in a spirit of harmony and understanding on vital matters on which we agree, keeping out of our consideration for the time being other matters on which we do not agree, not only shall we help definitely to advance the cause of progress but what is more important, remove for ever the dark and dangerous clouds of distrust and suspicion which stand in the way of national solidarity and lie at the root of India's relationship with England. Conscious though I am of the limitations imposed by the Constitution, with hope and confidence I ask all sections of the House and also of the public to strengthen the hands of the new Ministry and to give it a chance to serve the real needs of the Province, whose welfare must be the first and foremost concern of every man and woman residing in Bengal, and must be placed above considerations of personal gain or of party interest.

## APPENDIX I

[Figures are in thousands.]

	Actuals, 1940-41.	1941-42.		Budget, 1942-43.
		Budget.	Revised.	
	Rs.	Rs.	Rs.	Rs.
<b>Receipts.</b>				
Opening Balance .. ..	2,16,67	1,92,58	1,09,51	1,14,73
Revenue Receipts .. ..	13,54,50	14,03,14	15,28,53	15,69,79
Receipts from Debt Heads ..	17,20,81	17,96,69	24,08,36	18,63,39
Total .. ..	<u>32,91,98</u>	<u>33,92,41</u>	<u>40,46,40</u>	<u>35,47,91</u>
<b>Expenditure.</b>				
Revenue Expenditure .. ..	14,45,39	15,37,38	16,31,54	16,75,38
Capital Expenditure .. ..	-2,91	-2,71	-2,93	-2,38
Expenditure on Debt Heads ..	17,39,99	18,24,83	23,03,06	17,96,17
Closing Balance .. ..	1,09,51	32,91	1,14,73	78,74
Total .. ..	<u>32,91,98</u>	<u>33,92,41</u>	<u>40,46,40</u>	<u>35,47,91</u>
<b>Net result.</b>				
Surplus+				
Deficit—				
On Revenue Account .. ..	-90,89	-1,34,24	-1,03,01	-1,05,59
Surplus+				
Deficit—				
Outside Revenue Account ..	<u>-16,27</u>	<u>-25,43</u>	<u>+1,08,23</u>	<u>+69,60</u>
<b>Total</b>				
Surplus+				
Deficit—				
Excluding Opening Balance ..	-1,07,16	-1,59,67	+5,22	-35,99

## APPENDIX II

## Statement showing the distribution of increased expenditure in 1942-43.

[Figures are in thousands.]

	Revised, 1941-42.	Budget, 1942-43.	Increase.
	Rs.	Rs.	Rs.
Interest on Debt and other obligations ..	18,59	20,67	2,08
General Administration—General Administration	1,61,34	1,63,10	1,76
General Administration—Debt Conciliation ..	20,00	23,50	3,50
Jails and Convict Settlements .. ..	46,36	48,76	2,40
Ports and Pilotage .. ..	5,12	6,86	1,74
Education—General .. ..	1,73,39	1,79,70	6,31
Public Health .. ..	42,98	48,48	5,50
Industries—Cinchona .. ..	8,29	12,90	4,61
Extraordinary charges in India .. ..	78,25	1,25,29	47,04
			74,94
	Total	..	

## Presentation of the Supplementary Estimates for 1942-43

(Presented on the 18th February, 1943)

**The Hon'ble Mr. A. K. Fazlul Huq:** Sir, I beg to present the supplementary estimate of expenditure for the current year. The total covered by the estimate is Rs. 3,28,27,000 out of which Rs. 4,95,000 is charged and the balance voted. The demand is spread over 20 heads of which two—Interest-free Advances and Loans and Advances—are outside the Revenue Account.

Now, the demand under "Interest-free Advances" amounts to a little over 79 lakhs of rupees. This includes an advance of Rs. 53 lakhs to the Directorate of Civil Supplies for the purchase of food-grains and sugar and the advance of Rs. 15 lakhs to the Civil Transport Officer for the acquisition of motor vehicles for civil defence purposes. Under "Loans and Advances" the demand is Rs. 96½ lakhs. The excess expenditure is due mainly to large scale distribution of agricultural loans in areas devastated by the recent cyclone and flood. The biggest demands under the revised heads are—Rs. 48¾ lakhs under "Famine", Rs. 32 lakhs under "Extraordinary Charges", and Rs. 21½ lakhs under "Police", Rs. 18 lakhs under "Agriculture", Rs. 8½ lakhs under "Miscellaneous" and Rs. 5½ lakhs under "Jails".

The excess under "Famine" is due to the organisation of large scale relief measures for the alleviation of the distress caused by the recent cyclone and flood in the districts of Midnapore and 24-Parganas. Under "Extraordinary Charges" about half of the expenditure is due to the employment of additional wartime police for the protection of vulnerable points. Other important contributory items are the creation of the Directorate of Civil Supplies at a cost of Rs. 4½ lakhs and the organisation of Home Guards at a cost of Rs. 2½ lakhs. Out of the total increase of Rs. 21½ lakhs under "Police" over Rs. 13 lakhs are due to the grants of enhanced dearness allowance and to the Police Emergency Areas Bonus. Of the balance, Rs. 4½ lakhs is due to the expansion of Civic Guard organisation and Rs. 2 lakhs for higher clothing charges on account of the rise in the price of materials. Increase of Rs. 18 lakhs under "Agriculture" is due to the purchase of seeds of various kinds of foodcrops for distribution under the "Grow More Food" campaign. A part of the expenditure will be recouped by the sale of seeds. Under "Miscellaneous" the bulk of the increase of Rs. 8½ lakhs is due to the scheme for the control of vagrancy in Calcutta which had to be taken up directly by Government instead of being left to a local body as was originally contemplated. An additional demand of Rs. 5½ lakhs under "Jails" is due in part to an increase in the number of security prisoners but principally to the rise in the price of foodstuffs, clothing, medicine and other requisites.

I need not trouble honourable members with a recital of the reasons for the demands under the remaining heads which are comparatively small. The reasons for all the demands presented to the House have been set forth in the explanatory memorandum and will be explained more fully by Hon'ble Ministers concerned as each demand is moved.

**Speech by the Hon'ble Mr. A. K. Fazlul Huq, Finance Minister, in presenting  
the Budget for 1943-44**

*(Presented on 16th February, 1943)*

Mr. Deputy Speaker, Sir, I rise to present the Budget for the year 1943-44.

The war has come very close indeed to Bengal since Dr. Mookerjee presented the Budget for 1942-43 a year ago. After the fall of Singapore the flood of Japanese aggression swept through Burma up to the very borders of Bengal, cutting us off from those fertile plains that have for so long served as a reserve rice granary for this Province and from the wells from which we drew the bulk of the oil for our lamps. For months an unending stream of refugees in the last extremities of distress and destitution brought home to the people of this Province the ruthlessness of war. For a time enemy warships closed the Bay to all but a meagre trickle of shipping and in the air Chittagong, Feni and more recently Calcutta have been bombed.

In spite of all, and although the enemy is still entrenched just beyond our southern border, there is none, I make bold to say, who does not face the future with greater confidence than a year ago. That confidence is a compound of many factors the magnificent feats of the Red Army from Leningrad to the Caucasus, the smashing victory of the Eight Army in Libya and Tripolitania, the occupation by an Allied force of several hundred miles of the coast of North Africa, the halting of the tide of aggression in the South-West Pacific and, nearer home, the outstanding successes of the R. A. F. against night raiders.

The ever mounting scale of the operations based on this Province has given rise to many novel and complex problems. Normal trade channels have been seriously disorganised: military demands on rail and river-borne transport have involved the most drastic curtailment of the volume of traffic available for civil requirements and contributed materially to the difficulties of the supply situation: circumstances have compelled Government to enter into hitherto untrodden fields and the activities of the newly formed and rapidly expanding Directorate of Civil Supplies seem likely to entail very heavy outlays from provincial revenues and to be of such a nature that on their success will depend very largely the welfare of the Province throughout the coming year. It would be the height of folly to think that one could change overnight and without confusion from the haphazard distribution of peace-time plenty to a system of distribution that aims at the most equitable and economical use of the supplies available. I shall revert to this subject later.

I shall conclude these prefatory observations by a brief reference to two events, not connected with the war, which have affected our Budget for the current year. The first of these is the campaign of sabotage and hooliganism initiated in August last after the arrest of the Congress leaders. All right thinking men must deplore and condemn the loss of national assets which this campaign involved and the spirit of lawlessness which it sought to engender. It imposed a heavy burden on the administration at a time when the tension due to the menace of hostile aggression was already acute. It is satisfactory to note that Government servants met the situation with courage and resolution. The Police in particular rose nobly to the occasion and have to their credit many conspicuous acts of devotion to duty. Except in the district of Midnapore the movement was speedily brought under control, but not without substantial extra expenditure in the quelling of disturbances and the rounding up of culprits.

The other event to which I must refer is the devastating cyclone and flood which swept over the districts of Midnapore and 24-Parganas in the middle of October last. The area affected by this disaster was some 3,400 square miles with a population of nearly 25 lakhs. About twenty per cent. of the area was laid almost completely waste; fifty per cent. suffered severely and the rest has been affected to a smaller extent. Mortality both among men and cattle was extremely heavy. It is estimated that nearly 60 lakhs will be required for relief operations and about 70 lakhs for agricultural loans to cultivators in the affected areas. A further item of extra expenditure is the cost of repairs to irrigation embankments swept away by the flood, which it is estimated will cost some 30 lakhs.

Let me now turn to the accounts for 1941-42.

In our Revised Estimates for that year we had expected to end with a revenue deficit of a crore and 3 lakhs. The actual deficit turned out to be 56 lakhs only. This improvement of 47 lakhs was due mainly to the slowing down of expenditure in the closing months of the year. Outside the Revenue Account the surplus of a crore and 8 lakhs forecast in the Revised proved in actual working to be 78 lakhs only—a worsening of 30 lakhs. This was because the A.R.P. advance from the Centre which it had been assumed would be 75 lakhs turned out to be 44 lakhs only on the basis of the expenditure actually incurred. The combined effect of the improvement of 47 lakhs in the Revenue Section and the deterioration of 30 lakhs outside it was to raise the closing balance by 17 lakhs. According to the Revised our closing balance was to have been a crore and 15 lakhs. The actual closing balance stood at a crore and 32 lakhs.

Our indebtedness at the close of the year stood at a crore and 44 lakhs out of which 1 crore was on account of Treasury Bills and the balance on account of the A. R. P. advance from the Centre.

Let me now pass on to the Revised Estimate for the current year.

According to the Budget Estimate the year was to start with an opening balance of a crore and 15 lakhs and to end with a closing balance of 79 lakhs. The Revised Estimate places the opening balance at a crore and 32 lakhs and the closing balance at a crore and 54 lakhs. Revenue Receipts are expected to be 2 lakhs lower than the original estimate and expenditure on revenue account is likely to exceed the Budget figure by 46 lakhs. Outside the Revenue Account the Budget provided for a surplus of 70 lakhs, but according to the Revised there will be a surplus of a crore and 76 lakhs—an improvement of a crore and 6 lakhs.

The increase of 75 lakhs in the closing balance is thus the net result of the following variations:—

an increase of 17 lakhs in the opening balance;

a decrease of 2 lakhs in Revenue which coupled with an increase of 46 lakhs in expenditure means a total worsening of 48 lakhs in the Revenue Section; and

finally, an improvement of a crore and 6 lakhs in the section outside the Revenue Account.

Let me now give a brief account of each of these changes.

The opening balance adopted in the Revised is the actual closing balance of the preceding year.

Under Revenue receipts, although the total estimate adopted in the Revised approximates very closely to that in the Budget, there have been substantial variations under certain important heads. The heads which have served us much better than we expected are Income Tax, Excise and Forest while the heads which have let us down are Land Revenue, Stamps and Other Taxes and Duties. Under Income Tax the yield is expected to be 39 lakhs above our original estimate. Excise receipts are up by 48 lakhs. This is attributable to the larger consumption of country liquor as a result of the influx into this Province of large numbers of non-Bengali labourers, evacuees and camp followers addicted to liquor. Forest Revenue is likely to improve by 11 lakhs. About half of this is attributable to the general improvement in the timber market and the remainder is the result of special orders from the Supply Department which were not foreseen at the Budget stage. Against these improvements totalling 98 lakhs there has to be set off a worsening of an almost equivalent amount made up of 15 lakhs under Land Revenue, 25 lakhs under Stamps and 57 lakhs under Other Taxes and Duties. The decline under Land Revenue is due to flood, cyclone and adverse economic factors. The decrease under Stamps is shared equally between "Court fees" and "Non-Judicial Stamps". The decline under "Court fees" is due to the working of Debt Conciliation Boards and consequent reduction in civil litigation. That under "Non-Judicial Stamps" is due to the unsettled conditions of trade.

The decline of 57 lakhs under "Other Taxes and Duties" is the sum total of a drop of 40 lakhs under Sales Tax, 12 lakhs under the Raw Jute Tax and 7 lakhs under Electricity Duty compensated to a very slight extent by a small increase under taxes on betting and entertainment.

In regard to the Sales Tax the House is aware that this is the first year in which the Act has been in operation throughout the whole twelve months and our original estimate was necessarily very largely a matter of guess work. This estimate may have been on the high side even for normal conditions of trade but there is no doubt that the receipts have been very seriously affected by the reduction of private sales of building materials and imported goods. The short fall in receipts under the Raw Jute Taxation Act is due chiefly to the exemption provided in section 3(3) of the Act of purchases made under contracts entered into before the date of the commencement of the Act. The drop under Electricity Duty was only to be expected in view of the rigid enforcement of lighting restrictions.

In regard to expenditure on Revenue Account, the increase of 46 lakhs, constituting as it does less than 3 per cent. of the original estimate of 16½ crores, may not at first sight seem to call for much explanation. Although, however, the net result is inconsiderable it is the effect of very substantial variations under certain heads.

Broadly speaking, the variations consist of an increase of about 50 lakhs under "Famine relief", 32 lakhs under "Extraordinary charges", 20 lakhs on account of dearness allowance spread over almost all heads, and 12 lakhs under "Police", set off by a decrease of 44 lakhs under "Civil works", 10 lakhs under "Education", and 10 lakhs under "Public Health". The figures in respect of "Police", "Civil works", "Education", and "Public Health" are exclusive of dearness allowance, which has been separately accounted for in the foregoing enumeration. I shall now give a brief account of each of these variations.

I have already referred to the heavy financial burden thrown upon the Province as a result of the devastation caused by the recent cyclone and flood. The expenditure during the current year will be of the order of 50 lakhs; this amount is required for gratuitous relief and allied measures

for the alleviation of distress. Large-scale agricultural loans have also been issued, but these are adjusted outside the Revenue section of the Budget.

The increase under "Extraordinary charges" represents the cost of special measures designed to meet the exigencies of the War situation. A little less than half of it is due to the entertainment of additional police for the protection of vulnerable areas. The remainder is due to the creation of a Directorate of Civil Supplies, the organisation of Home Guards, the grant of separation and other allowances in non-family areas, and increased expenditure on Civil Transport.

I have already referred briefly to the activities of the Directorate of Civil Supplies. Hard things have been said and written regarding the Directorate and in due course the Minister-in-charge will have an opportunity of replying in detail to the Department's critics. This afternoon I merely wish to summarise very briefly what has been done and what remains to be done and to emphasise the magnitude and complexity of the task to which we have set our hands.

By July last it had become abundantly clear that the fixation of maximum prices by law was no solution of our problem: the effect was to drive supplies underground—or to what is popularly referred to as "the black market". The control of prices could not be made effective without control of supplies. Accordingly a new Department, the Directorate of Civil Supplies, was set up. One great handicap the new Department has had to face is shortage of trained staff. It has had to set up a new province-wide organisation with raw untrained material or such officers as could be spared from other Departments in which work had been deliberately slowed down as a war measure. But in any case control of supplies cannot be obtained in a day. I am told that in the last war it took England over a year to obtain it effectively. In less than six months we have with the co-operation of the Government of India reached a position where we are assured of actual control of all supplies of imported wheat and *dal*; of domestic coal; of sugar; and, thanks to the co-operation of the Oil of supplies, we have had to deal with repeated emergencies as best we could Companies, of kerosene.

Now that control of the supplies of these commodities is assured, we can turn to the problem of effective distribution. A start has been made and the Distributing Trades Tribunal whose functions have been publicly explained, is a guarantee that the selection of main distributors will be impartial and businesslike. The strictness of our control over distribution must be proportionate to the degree of stringency in supply.

In the case of rice the struggle for control of supplies at fair prices is still continuing and our success will depend in large measure on the realisation by all concerned, from cultivator to consumer, that we mean business and are determined to put a stop to profiteering. During the past six months while we have been negotiating, persuading and fighting for effective control much as it has gone against the grain, we have had to temporise with profiteers and speculators in order to keep supplies going. That phase we hope and believe is coming to an end as our plans for securing control of supplies begin to bear fruit.

The cost of the Directorate during the current year is estimated at 4½ lakhs. An advance of 50 lakhs has recently been placed at the disposal of the Directorate for the purchase of foodstuffs. This amount will be adjusted in the Debt Deposit Section of the Budget.

The increase of 20 lakhs under "Dearness allowance" spread over different heads of expenditure, represents the additional relief granted to employees on moderate pay in order to mitigate the hardship caused by the abnormal rise in the cost of living. Details of the measure of relief, sanctioned from time to time, will be found in the Foreword to the Red Book.

Out of the increase of 12 lakhs under Police about  $4\frac{1}{2}$  lakhs is due to the reorganisation of Civic Guards with a view to improve their efficiency and a further 5 lakhs to the grant of the Police emergency areas bonus to the subordinate ranks. The remainder of the increase is due to a variety of factors such as higher cost of materials and extra transport for improving the mobility of the force.

Among other items of additional expenditure included in the revised there are two which call for individual mention. The first is the scheme for the improvement of food production.

In an attempt to replace the rice Bengal used to obtain from Burma and generally to ensure adequate supplies of food Government launched the "Grow More Food" campaign in the beginning of the current year. Vigorous propaganda for increasing the acreage under cultivation was followed by the purchase and distribution of improved varieties of paddy, mustard, lentil and potato seed. Seeds of various kinds of vegetables and cuttings of sugarcane were also distributed. The outlay on this project is estimated at  $18\frac{3}{4}$  lakhs but a considerable part of it—about 10 lakhs—is expected to be recovered.

The second scheme deals with measures for the control of vagrancy. The House will recall that a provision of 2 lakhs was included in the current year's Budget for a special interest-free advance to facilitate arrangements for the removal of beggars from Calcutta pending the allocation of financial responsibility among the parties concerned. Detailed examination of the proposal, however, made it clear that if the scheme were to be put into operation within a reasonable time it would have to be taken up directly by Government in the first instance, the question of financial liability being left over for decision later on. Considerable difficulty was experienced in the selection of a suitable site and later in obtaining the necessary building materials. The site finally selected is at Mahalandi in the district of Murshidabad where the construction of buildings designed to accommodate 5,000 vagrants has already commenced. The cost of this scheme as now worked out stands at a capital outlay of 13 lakhs and a recurring annual expenditure of 9 lakhs. The high cost is due to the abnormal rise in the price of building materials, clothing and foodstuff. It is anticipated that the outlay in the current year will be  $6\frac{1}{2}$  lakhs.

The increase on account of these and other small items of additional expenditure is offset by minor decreases under other heads.

The heads which are responsible for the more substantial reductions are, as already stated, Civil Works, Education and Public Health. The decrease under Civil Works is due to slowing down of both road and building work partly by design and partly owing to the non-availability of materials. Under Education the decrease is due to smaller grants to those District School Boards which have accumulated large balances. Under Public Health the decrease is due to the dearth of tube-well materials which made it impossible to utilise the Water Supply grants to any great extent.

It remains now to explain the improvement of a crore and six lakhs in the Debt Deposit Section of the Budget. This improvement is due to a loan of  $2\frac{1}{2}$  crores granted to us by the Government of India for Ways and Means purposes. The effect of this much-needed addition to our balance has

unfortunately been largely neutralised by the issue of one crore of agricultural loans in excess of the normal precautionary provision included in the budget and by an advance of 50 lakhs to the Directorate of Civil Supplies for the purchase of food grains; with the result that we have had to ask the Central Government to extend the period for which this loan was made for a further twelve months.

The estimated closing balance at the end of the current year is, as already stated, a crore and 54 lakhs. This, however, includes nearly 4 crores of borrowed money made up as follows:—

Ways and Means advance	...	2 crores 50 lakhs
A.R.P. advance outstanding in respect of 1941-42	...	35 lakhs
Civil Defence advance in the current year	...	1 crore 10 lakhs
<b>Total</b>	<b>..</b>	<b>3 crores 95 lakhs</b>

I now take up the estimates for 1943-44.

The year starts with an opening balance of a crore and fifty-four lakhs, which, as I have already explained, is the anticipated closing balance for the current year. Revenue Receipts are placed at 16 crores and 2 lakhs, or 34 lakhs higher than the Revised. The estimate of expenditure on Revenue Account stands at 17 crores and 55 lakhs, which is 33 lakhs more than the anticipated expenditure in the current year. On the basis of these estimates there will be a deficit on Revenue Account of a crore and fifty-three lakhs. The working of the Capital and Debt Deposit Section of the Budget is expected to result in a surplus of 86 lakhs. The net effect of the deficit on Revenue Account and of the surplus outside it is to reduce the opening balance by 67 lakhs. The year is accordingly expected to end with a closing balance of 87 lakhs.

Let me now explain briefly the reasons for the variation between the Revised and the Budget.

The improvement of 34 lakhs under "Revenue Receipts" is, broadly speaking, attributable to an increase of 20 lakhs under "Income Tax" and 14 lakhs under "Other Taxes and Duties". The growth under "Income Tax" has been allowed on the strength of the latest advice received from the Government of India. The increase under "Other Taxes and Duties" is due to the anticipation of larger receipts from the Raw Jute Taxation Act on the assumption that the provision for the exemption of purchases made under contracts entered into prior to 1st January, 1942, has already worked itself out. There are lesser variations under other heads which practically cancel each other. Thus a decrease of about 11 lakhs under Agriculture due mainly to the omission of the special receipts included in the Revised on account of the "Grow More Food" campaign is offset by an almost equivalent increase in Land Revenue receipts, assumed in the expectation that the coming year will be a normal one, free from widespread natural calamities.

As I have already stated, the Budget provides for expenditure on Revenue Account 33 lakhs in excess of the revised estimates for the current year. That figure, however, is not the real measure of the additional provision included in the estimates for 1943-44. Honourable members will recall that the Revised includes 18 lakhs for the "Grow More Food" campaign.

This provision has not been repeated for the coming year. Then again the bulk of the heavy expenditure required in the current year for the relief of distress caused by cyclone and flood has been omitted from the Budget. The reduction on this account is close upon 38 lakhs. It follows, therefore, that the additional provision to be accounted for in the estimates for the coming year is not merely 33 lakhs but this amount plus 56 lakhs or 89 lakhs in all.

A substantial part of this increase, amounting to no less than 35 lakhs, is attributable to the enhanced rates of dearness allowance. It would be unsafe at this stage to assume that the efforts of the Directorate of Civil Supplies will be so successful as to permit any appreciable reduction in the allowances now in force. Our estimates therefore assume that today's rates will be in force for full twelve months in the coming year as against a few months only in the current year. The bulk of the remaining increase is due, similarly, to the requirements throughout the whole of 1943-44, of schemes which have been in force for only a part of the current year. Thus, an extra 17 lakhs is required for the Home Guards Organisation, an extra 3 lakhs for the Directorate of Civil Supplies and an additional sum of 9½ lakhs for the scheme for the control of vagrancy. A further 7 lakhs is required for the repair of Irrigation Embankments damaged by the flood. I do not propose to tax the patience of the House by a detailed enumeration of minor variation as full particulars will be found in the Red Book.

It will be seen therefore that apart from the increased provision on account of dearness allowance, the additional provision included in the Budget is almost exclusively for the continuation of new measures, mainly connected with the war, which have been initiated in the current year. Two items only may be said to fall outside this category. The budget provision for grants to District School Boards is 8 lakhs higher than the revised; but 3 lakhs of this is intended to permit the payment of a dearness allowance to teachers in primary schools. There is also a new provision of about 1 lakh for the improvement of the silk industry—a scheme of special importance at the present time when there is a large demand for high quality silk for parachutes for the Defence services.

The surplus of 86 lakhs in the Debt Deposit Section of the Budget is due principally to the advance of a crore and 6 lakhs from the Centre in respect of the provincial share of the poolable Civil Defence expenditure in the coming year.

This will be offset to some extent by the repayment of 31 lakhs representing a fifth part of the advances received on the same account in 1941-42 and the current year.

As a result of the many and varied extra burdens thrown on the revenues of the Province by the war, our annual expenditure is now some 150 lakhs more than our revenue.

Outside the Revenue Account also there would have been a heavy deficit during the current year, had we not obtained a Ways and Means advance of 2½ crores from the Central Government in addition to the A.R.P. advance of one crore ten lakhs. As I have already informed the House on the 31st March, 1943, we shall be owing India 4 crores. It should therefore occasion no surprise when I tell honourable members that I consider it my duty to ask the House to empower me to raise additional revenue during the coming year.

I have no intention of trying to balance my budget: I do not propose that we should "pay as we go": that would require additional taxation far beyond anything I can contemplate at the present time. The estimated

yield of the enhanced taxation I have in mind will be about 33 lakhs. We shall still have to borrow one crore six lakhs to meet our share of the poolable Civil Defence expenditure, and after the repayment of one-fifth of the loans taken on this account in 1941-42 and 1942-43 the net increase in our indebtedness will be 75 lakhs, so that on 31st March, 1944, we shall be owing India 4 crores 75 lakhs.

I appreciate that even with an addition of 33 lakhs our closing balance at 119 lakhs will be quite inadequate for times such as these through which we are now passing; nor have I overlooked the fact that our budget estimates do not include any provision on account of a subvention for the Calcutta Corporation—an inevitable liability; but these are difficult times and while I have no hesitation in asking the House to enhance the rates of the duties in the Bill now in members' hands, I am anxious not to do anything that might entail any material addition to the already phenomenally high cost of living for the poorer classes. And so for the time being I am content to meet a part of our war time expenditure with borrowed money; nor do I consider that this course is unorthodox or unsound in the present emergency; or at least for so long as we are unable to reduce the prices of the necessaries of life from the present high levels.

### APPENDIX

[Figures are in thousands of rupees.]

Receipts.	Actuals, 1941-42.	1942-43.		Budget, 1943-44.
		Budget.	Revised.	
Opening Balance ..	1,09,51	1,14,73	1,32,40	1,53,76
Revenue Receipts ..	14,94,28	15,69,79	15,67,53	16,01,87
Receipts from Debt Heads..	25,60,62	18,63,39	28,43,98	26,62,42
<b>Total</b> ..	<b>41,64,41</b>	<b>35,47,91</b>	<b>45,43,91</b>	<b>44,18,05</b>
<b>Expenditure.</b>				
Revenue Expenditure ..	15,50,38	16,75,38	17,21,61	17,54,85
Capital Expenditure ..	—4,63	—2,38	—80	29
Expenditure on Debt Head	24,86,26	17,96,17	26,69,34	25,76,37
Closing Balance ..	1,32,40	78,74	1,53,76	86,54
<b>Total</b> ..	<b>41,64,41</b>	<b>35,47,91</b>	<b>45,43,91</b>	<b>44,18,05</b>
<b>Net Result.</b>				
Surplus +				
Deficit —				
On Revenue Account ..	—56,10	—1,05,59	—1,54,08	—1,52,98
Surplus +				
Deficit —				
Outside Revenue Account ..	+78,99	+69,60	+1,75,44	+85,76
<b>Total.</b>				
Surplus +				
Deficit —				
Excluding Opening Balance	+22,89	—35,99	+21,36	—67,22

**Speech by the Hon'ble Mr. Tulsī Chandra Goswami, Finance Minister, in  
presenting the Budget for 1943-44**

(Presented on 14th September, 1943)

I rise to present the Budget for the year 1943-44.

Five months of the year to which these estimates relate have already passed: and this is now the third time that the estimates for 1943-44 have been before the House but I hardly think I need, or indeed shall be expected, to remind the House of the circumstances in which more than five months into the financial year Government find themselves without due sanction for the appropriations necessary to carry on the administration of the Province. The events of the July session are too fresh in the minds of us all for it to be necessary for me to recall how you, Sir, ruled as out of order Government's proposal to move the demands that had not been voted in March last before the fall of the Fazlul Huq Ministry. We have studied your ruling Sir, and the estimates laid before the House this afternoon have been prepared in the light of the observations contained in that ruling.

I propose to make one reference only to the constitutional aspect of the present proceedings. In the course of your ruling, Sir, you said, "The rules regarding the time for presentation of the budget, etc., could not for obvious reasons be complied with. Section 78 of the Act does not prescribe any time when the annual financial statement is to be presented, though rule 12 of the Governor's Rules does. It is only reasonable to hold that in extraordinary circumstances not covered by the law it should be permissible to place the annual financial statement even after the year has commenced or proceeded further. I do not think there can be any serious objection to such a procedure."

If I may be allowed to say so, I entirely agree, but, with a view to ensure, Sir, as far as possible, that our endeavours to comply with the provisions of the Constitution Act and the Rules made thereunder may not be rendered infructuous on the ground that they contravene rule 12 of the Governor's Rules, the Governor after consultation with you, Sir, has been pleased to make an *ad hoc* Rule to govern the time for the fresh presentation of the estimates for the current financial year.

One word, Sir, about the form of the estimates: Hon'ble members will observe that there has been a change in the form of the budget. In the first place, the customary revised estimates of the preceding year have been replaced by actuals since these actuals are now to hand. In the second place instead of the usual single column headed "budget estimate, 1943-44" or such other year as may be appropriate, the estimates for 1943-44 have been exhibited in three columns: reading from the right, we have first a column in which is shown "Actual expenditure from 1st April 1943 to 24th April 1943": next we have a column showing "Estimated expenditure from 25th April 1943 to 31st March 1944": and finally there is a column in which has been entered the aggregate of the other two columns, representing the estimated expenditure for the whole year.

In deference to the opinion expressed by you, Sir, in your ruling of 7th July, that honourable members were entitled to have at least some indication of the amount of expenditure incurred between 1st and 24th April, the Accountant-General, Bengal, was requested to compile from his account registers as accurately as possible the expenditure during the section 93 administration. He furnished the figures now placed before the House but in doing so he made it clear that since his accounts are compiled for

complete months the figures in question are in many cases based on rough calculations with no pretensions to meticulous accuracy.

I hope, Sir, that the form in which the estimates have now been drawn up and presented will be satisfactory to the House from every point of view.

### The Year 1942-43

Before considering the estimates for the current year I shall review very briefly the working of the past year.

According to the Budget estimate the year 1942-43 was to start with an opening balance of a crore and 15 lakhs and to end with a closing balance of 79 lakhs. In actual working the opening balance stood at a crore and 32 lakhs and the closing balance at 2 crores and 61 lakhs. The improvement of a crore and 82 lakhs in the closing balance is made up as follows: an increase of 17 lakhs in the opening balance; an improvement of 82 lakhs in the Revenue section; and an improvement of 82 lakhs outside the Revenue Account. Let me now give a brief account of each of these changes.

The improvement in the opening balance was due mainly to the slowing down of expenditure in the closing months of 1941-42 as a measure of war-time economy following the entry into the war of Japan.

Revenue receipts amounted to 16 crores 50 lakhs against the original estimate of 15 crores and 70 lakhs and thus proved 80 lakhs better than was originally anticipated. The main variations from the original estimates were an increase of 47 lakhs under Income-Tax and 72 lakhs under Excise, offset by a decline of 34 lakhs under Other Taxes and Duties. The increase under Income-Tax was due mainly to the war boom in industries. The improvement under Excise is attributable in the main to the larger consumption of country liquor as a result of the influx into the Province of non-Bengali labourers, factory workers, camp-followers and evacuees addicted to liquor: but our revenues have also benefited considerably in consequence of the greatly diminished supplies of imported liquor in place of which consumers have turned to "foreign liquor" made in India. The decrease under Other Taxes and Duties is due principally to a smaller yield from the Sales Tax than was originally anticipated. Against the Budget provision of one crore, actuals amounted to 69 lakhs only. This was the first year in which the Act was in operation for a full twelve months and in consequence the original estimate was very largely a matter of guess work. The Budget estimate may have been on the high side even for normal conditions, but there can be no doubt that receipts were largely affected by the reduction of private sales of building materials and of imported consumer's goods.

Under Revenue Expenditure, although the actual, in total, almost exactly equalled the original estimate, important variations occurred under three main heads. There was an increase of 49 lakhs under Famine Relief and 60 lakhs under Extraordinary Charges, set off by a decrease of 92 lakhs under Civil Works. The increased expenditure under Famine Relief became necessary owing to the devastation caused by the cyclone and tidal wave in the districts of Midnapore and 24-Parganas. The increase under Extraordinary Charges was due partly to the intensification of A. R. P. and Civil Defence activities and partly to special measures designed to meet the exigencies of the war situation. Some of the more important schemes under the second category were the creation of the Directorate of Civil Supplies, the organisation of Home Guards, the grant of separation and other allowances in non-family areas and additional war-time police. The decrease

under Civil Works was due partly to the drastic curtailment of work and partly to the delay in the making of an accounting adjustment the effect of which would have been to raise the actuals under this head by over 20 lakhs.

Outside the Revenue Account a surplus of 70 lakhs was anticipated at the Budget stage. In actual working this surplus turned out to be a crore and 51 lakhs. This improvement of 81 lakhs was the result of a loan of 2½ crores from the Government of India, set off by heavier outgoings under special advances and under advances to cultivators. The increase under special advances amounted to 93 lakhs out of which 68 lakhs was for the purchase of food grains and 15 lakhs for the acquisition of motor vehicles for civil defence purposes. Under advances to cultivators the original provision was 15 lakhs only. Actuals however amounted to 94 lakhs, the increase being due to widespread distress of unprecedented severity caused by cyclone and flood.

### The Year 1943-44

I shall now pass to the estimates for the current year.

The opening balance was 2 crores 61 lakhs: the estimates provide for a revenue of 18 crores 44 lakhs and an expenditure on revenue account of 25 crores 80 lakhs. And so in a year in which our revenue is expected to be two crores higher than that of last year, our best year up to date, there will be a deficit on revenue account of 7 crores 36 lakhs!

In Bengal of late we have unfortunately grown accustomed to deficit budgets but a deficit of over 7 crores is something new and something very startling. On the other hand the conditions confronting us today are quite unparalleled. This huge deficit is due entirely to the burden laid on our revenues by measures for the relief of distress in our present misfortunes. In Bengal today there is only one problem that matters: the food problem. Every one who has seen the plight in which Bengal finds herself today will agree that this is no time for half measures and no matter what the cost, Government must afford relief to those unfortunates for whom failure to afford relief may mean death by starvation.

With this brief declaration of Government's policy, Sir, I return to the review of the current year's estimates.

I have said that the deficit on revenue account will be 7 crores 36 lakhs. Experience has taught us that an opening balance of 2 crores 61 lakhs is none too large and so outside the revenue account we propose to borrow such sums as will provide a surplus in the Debt Deposit Section of the Budget sufficient to counterbalance the deficit on revenue account and leave the opening balance intact as the closing balance for the year.

Let me fill in the details of this broad outline.

### REVENUE RECEIPTS

As I have already stated, the estimated revenue for the current year is 18 crores 44 lakhs or one crore 94 lakhs better than the actual receipts in 1942-43 which at 16 crores 50 lakhs represents our best year to date. The main items of improvement are 65 lakhs under Excise, 50 lakhs under Stamps and 75 lakhs under Other Taxes and Duties.

The increase under Excise is attributable in part to increased consumption and in part to the enhancement of the rates of duty on liquor, *ganja* and opium undertaken with the twofold purpose of reducing consumption and mopping up surplus purchasing power.

The bulk of the improvement under Stamps occurs under "Non-Judicial" and is due to an expansion in the volume of transactions, such as transfers of immovable property, involving the use of non-judicial stamps.

Under Court-fees too a slight upward trend is visible after years of almost continuous decline.

Out of the total increase of 75 lakhs under Other Taxes and Duties, some 40 lakhs are due to the enhancement of the rates of levy in respect of Entertainment Tax, Betting Tax and Electricity Duty under the Bengal Finance Act, 1943. The bulk of the remaining increase occurs under Sales Tax and is due mainly to the general rise in the price of commodities and specially of imported consumer's goods.

#### REVENUE EXPENDITURE

The estimated revenue expenditure in the current year is 25 crores 81 lakhs against an actual expenditure of 16 crores 73 lakhs in 1942-43. The increase is thus a little over 9 crores.

Out of this, the loss on the sale of subsidised food accounts for 3½ crores. With a view to meet the acute shortage of foodstuffs in this Province Government have been obliged to undertake large scale purchase and distribution of food grains. For the exhibition of these trading transactions, a new head "85A—Capital outlay on Provincial Schemes connected with the War" has been opened this year in the "Capital" Section of the Budget. Government's outlay on food grains will be recorded under this head and the sale-proceeds will be taken in reduction of the outlay booked under the head. If the sale-proceeds are sufficient to cover the cost of our purchases, the net outlay under the head will be nil and no debit to provincial revenues will be involved. Unfortunately the average cost price of certain essential foodstuffs, particularly of rice, has for some time past been far beyond the capacity of the poorer sections of the public and it has been Government's policy to make rice and other foodstuffs available to such persons at concession rates through a chain of "control" shops and special grain shops both in Calcutta and in the mufassal. Government have also sanctioned the opening of departmental shops for the supply to non-gazetted Government servants drawing pay not exceeding Rs. 300 of certain foodstuffs at concession rates. It is estimated that the loss involved in these sales will be not less than 3½ crores, 2½ crores on account of sales to the public and 1 crore on account of sales to Government employees. This loss is chargeable to revenue and will be adjusted by debit to "63—Extraordinary charges" with a corresponding deduct entry under the Capital head to balance the original capital outlay.

The next largest increase occurs under Famine Relief: Where there is a provision of 3 crores 52 lakhs against last year's actual expenditure of 52 lakhs. Against an average outlay of about 10 lakhs in normal years, the expenditure on relief operations rose last year to 52 lakhs. This was due mainly to the havoc caused by the cyclone and tidal wave in the districts of Midnapore and 24-Parganas. This year there has been a very serious deterioration of the economic condition over the greater part of the Province. Last year's cyclone and this year's floods have a share in the responsibility for the present condition of the Province but the main cause of today's widespread distress is the fantastically high price of rice. The estimated cost of relief operations now stands at 3 crores 52 lakhs of which a crore and 90 lakhs is on account of gratuitous relief and the balance for Test works. In order to minimise the inflationary effect of these relief measures, relief is being given wherever possible in kind.

The next item that calls for comment is an increase of 66 lakhs under Agriculture. This is due mainly to an intensification of the "Grow More Food" campaign which was instituted in the preceding year at a total cost of 21 lakhs. The provision on this account in the current year amounts to close upon 83 lakhs. The more important items on this year's programme are the distribution of 3 lakhs maunds of *aman* paddy seeds, of 50 thousand maunds of wheat seeds and of 42 thousand maunds of gram, lentil and mustard seeds. The distribution of *aman* paddy seeds has already been completed. Among subsidiary items may be mentioned a scheme for irrigation by means of Persian wheels at a cost of half a lakh; a scheme for the cultivation of fodder crops at a cost of 1½ lakhs; and another scheme costing 2 lakhs designed to stimulate the growth of vegetables. The Government of India have agreed to make an interest-free advance in respect of half the cost of seed distribution. This advance will be credited to the Debt Deposit Section of the Budget and repaid immediately after the recovery of the seed loans.

The expenditure on Civil Works in the current year is expected to be some 55 lakhs higher than the actuals for 1942-43. The increase is due partly to the adjustment during the current year of certain charges relating to 1942-43 and partly to the enhanced price of road and building materials.

There is an increase of 27 lakhs under Police more than half of which is due to the supplementary dearness allowance and the balance to such items as reorganisation of Civic Guards Emergency Areas Bonus and increased charges for clothing and equipment.

The increase of 11 lakhs in the Irrigation Budget is due mainly to the repair of irrigation embankments damaged by cyclone and flood.

Interest charges are higher by nearly 15 lakhs as a result of heavier borrowing regarding which I shall have more to say when I deal with the Debt Deposit Section of the Budget.

Another item of increased expenditure is a subvention of 5½ lakhs to the Calcutta Corporation, representing a moiety, of the War Risks (Factories) Insurance Premium and a lump grant of Rs. 5 lakhs as recommended by Mr. Gurner to supplement the Corporations closing balance for 1942-43.

Finally, the expansion and reorganisation of the Department of Civil Supplies accounts for an increase of 31 lakhs. Half of this increase is required to meet the cost of the additional staff first engaged in June last for the purpose of the combined anti-hoarding drive and census of food stuffs throughout the Province and since retained to supervise the work of the food committees brought into being at that time. The balance is required to meet the additional cost of new or expanded officer under the Directorate amongst which particular mention may be made of the office of the Controller of Wheat and Wheat Products with an officer in Lahore whose task it is not only to expedite the despatch of all consignments intended for Bengal, but also to make such purchases outside the basic plan as opportunity permits; of a special relief organisation and of an Intelligence Section to detect and to supervise the prosecution of offenders against the Directorate's statutory orders.

It has not yet been found possible to work out the full details of the cost of rationing which is going to be introduced shortly. Consequently, no provision for this item has been included in the present estimates. The cost is however expected to be considerable and a supplementary demand will have to be put in in due course.

## CAPITAL EXPENDITURE

Let me now turn to the Capital Section. I have already referred to the new head of account, "85A—Capital Outlay on Provincial Schemes connected with the War" which has been opened in the current year for the exhibition of large scale trading transactions undertraken by Government. The schemes for which provision has been included under this head relate to the purchase and distribution of food grains and standard cloth and the building up of a reserve of salt. The outlay on the Grain Purchase Schemes is estimated at 10 crores of rupees and as already explained the loss involved in the subsidised sale of foodstuffs to the public and to Government employees on small pay is estimated at  $3\frac{1}{2}$  crores. This loss will be adjusted by transfer to revenue. The outlay on standard cloth is estimated at  $7\frac{1}{2}$  crores and the whole of this amount is expected to be recovered. The salt purchase scheme involves an outlay of 50 lakhs and as the salt is to be held as a reserve against emergencies the expenditure will remain outstanding at the close of the year. The net expenditure under "85A" accordingly stands at 50 lakhs.

I may add that since the foregoing estimates were drawn up, a scheme has been formulated for the purchase of some 65 lakh maunds of the *aus* crop at an estimated cost of 16 crores of rupees. Arrangements to finance these purchases have been completed with the Imperial Bank of India.

## DEBT DEPOSIT SECTION

I shall now pass to the Debt Deposit Section of the Budget. The surplus under this section in 1942-43 was a crore and a half. The present estimates provide for a surplus of 7 crores. The improvement of  $5\frac{1}{2}$  crores is the result of larger borrowing set off to some extent by a larger issue of agricultural loans.

In 1942-43 our net borrowing amounted to  $3\frac{1}{2}$  crores of which  $2\frac{1}{2}$  crores represented a Ways and Means Advance and 1 crore was an advance in respect of the Provincial share of the poolable Civil Defence expenditure. The present estimates provide for a total borrowing of 18 crores, including general Ways and Means Advances aggregating  $9\frac{1}{2}$  crores, a rice purchase loan of  $5\frac{1}{2}$  crores, a wheat purchase loan of  $1\frac{1}{2}$  crores and a Civil Defence advance of 1 crore. The repayment contemplated amounts to  $7\frac{1}{2}$  crores, including  $2\frac{1}{2}$  crores on account of last year's Ways and Means Advance and 5 crores on account of rice and wheat purchase loans taken in the current year. The net borrowing therefore amounts to  $10\frac{1}{2}$  crores, that is to say, 7 crores more than in 1942-43. On the other hand, owing to the serious deterioration in the economic condition throughout the Province the issue of agricultural loans will be on a very much larger scale in the current year and after taking into account the estimated recoveries there will be a net outgoing of 260 lakhs as against last year's actual net outlay of 70 lakhs.

It will appear from the foregoing analysis that although our revenue is 2 crores higher than last year, it has failed to keep pace with the huge expenditure forced upon us by the exigencies of the present situation and we are faced in the current year with a revenue deficit of over 7 crores.

Our outstanding debts at the close of the current year are estimated at 14 crores made up as follows:—

	Crores
Advance in respect of the Provincial share of poolable Civil Defence expenditure	...
Ways and Means Advance	... 2
Advance for purchase of food grains	... $9\frac{1}{2}$
Advance in connection with "Grow More Food" scheme	... 2
	... $\frac{1}{2}$
Total	... <u>14</u>

It remains for me to give some indication of the measures I propose for reducing the startling gap between our expenditure and our revenue. Tomorrow I shall beg leave to introduce and move for reference to a Select Committee a Bill to impose an income-tax on agricultural incomes. I need not make a secret of Government's decision to introduce latter in the year a Bill to enhance the sales tax.

No revenue can be expected from an agricultural income-tax till 1944-45 and it may not be possible to pass the legislation necessary to enhance our sale tax in time to afford relief during the current financial year. And so for the present there is no alternative but to borrow and it is on this assumption that the estimates relating to the Debt Deposit Section of our Budget have been framed.

In my attempt to delineate a true picture of the financial position of the Government of Bengal, I have had to introduce wearisome details. It is a dismal picture that bears little resemblance to those which were presented before the Legislature in past years under less unhappy circumstances. Bengal, once so richly dowered with Nature's bounties, is today bent double with woe and agony and is a suppliant for neighbourly charity. In the situation in which we find ourselves, there is no choice left to Government but to undertake in the very largest measure the task of relieving distress regardless of cost.

Nature and Man seem to have conspired to inflict on the people of this Province almost unbearable sufferings, in the mitigation of which we may have, from time to time, to violate the accepted canons of public finance with a view to the ultimate good. Within the space of less than a year, Bengal has been visited by two major natural calamities, imposing upon our resources a burden the magnitude of which can be at least patriotically judged by the figures I have given you in regard to our relief operations. It is a commonplace in conversation and journalism today to describe Bengal as a base of military operations. The presence of the large military personnel, the construction of aerodromes, roads and bridges, and the almost unlimited purchases of commodities have inevitably upset the balance of the economic life of the Province and intensified the evil of Inflation. While it is the determined policy of our Government to adopt remedial measures against inflation, it is only too obvious that many of the remedies which might suggest themselves to you or me are beyond the Provincial Government's powers.

It must be remembered that Inflation which is set in motion by war conditions and is the creature of a vicious circle, itself creates vicious circles, in the general economy of a country. Abnormal purchasing power created by and for Government is passed on to the people. But it is so unevenly distributed that, among other evils, that of the "black market" is inevitable; for, as a result of inflation, the rich are richer and the poor poorer. We in Bengal have sought the assistance of the Government of India; we have, at great sacrifice, offered them co-operation. I sincerely hope that assistance will be rendered unto us in the spirit of the proverb: "He giveth twice who giveth soon".

A situation like this must naturally give rise to recriminations; recriminations between Government and people, between one Government and another. Not only do I desire to avoid recrimination, I wish that we the people of Bengal—nay, we the people of India—should prayerfully resolve that, however artfully some sovereign Demiurgus in the stars may have cast our parts, each one of us will be steeled by adversity and impelled to unite in a common endeavour to allay suffering, and in so acting to be the architect of a brighter and more glorious destiny for the land of our birth.

## APPENDIX.

[Figures are in thousands of rupess.]

		Budget, 1942-43.	Actuals, 1942-43.	Budget, 1943-44.
<i>Receipts—</i>				
Opening Balance	.. ..	1,14,73	1,32,40	2,60,46
Revenue Receipts	.. ..	15,69,79	16,49,97	18,43,89
Receipts from Debt Heads	.. ..	18,63,39	31,70,33	44,50,12
	Total	35,47,91	49,52,70	65,54,47
<i>Expenditure—</i>				
Revenue Expenditure	.. ..	16,75,38	16,73,16	25,80,57
Capital Expenditure	.. ..	—2,38	—1,05	50,29
Expenditure on Debt Heads	.. ..	17,96,17	30,20,13	36,63,40
Closing Balance	.. ..	78,74	2,60,46	2,60,21
	Total	35,47,91	49,52,70	65,54,47
<i>Net Result—</i>				
Surplus+				
Deficit—				
(a) On Revenue Account	.. ..	—1,05,59	—23,19	—7,36,68
(b) Outside Revenue Accounts	.. ..	+69,60	+1,51,25	+7,36,43
(c) Net, excluding opening balance	.. ..	—35,99	+1,28,06	—25

## Presentation of the Supplementary Estimates for 1943-44

*(Presented on the 24th February, 1944)*

**The Hon'ble Mr. Tulsī Chandra Goswami:** Sir, I beg to present the supplementary estimate of expenditure for the current year. The total covered by the estimate is Rs. 36,24,48,000. Out of this Rs. 2,18,000 is "charged" and the balance is "voted". The demand is spread over 22 heads of which one, namely, "85-A-Capital Outlay on Government Schemes connected with the War, 1939", is outside the revenue account. The demand under the capital head "85-A" amounts to about Rs. 29½ crores. In the Budget for the current year it was assumed that the unadjusted capital outlay on Government's trading operations at the close of the year would be a sum of Rs. 50,00,000 for the building up of a reserve stock of salt. It is now estimated that, over and above this, capital to the extent of 29½ crores is likely to remain invested in stocks of foodgrains and sugar. A demand has therefore to be made for this amount. It is anticipated that the bulk of the stock in hand will be disposed of in the coming year.

The next largest item is a demand of 2 crores 13 lakhs under "54 Famine". The extra expenditure is due to special measures undertaken for the relief of destitutes from starvation and diseases. Apart from larger expenditure on gratuitous relief in the form of cash doles and free kitchens, the more important items responsible for the increase are 33 lakhs for temporary poor-houses and destitutes camps, 53 lakhs for emergency medical relief centres and 40 lakhs for the free distribution of cloth and blankets among destitutes.

The demand under "63—Extraordinary Charges" is a little over 2 crores. Part of this is due to the expansion of the Department of Civil Supplies and the introduction of rationing in Calcutta and certain industrial areas. The balance is due to the fact that the loss on sale of subsidised food is expected to be larger than was originally estimated.

The extra expenditure of 78½ lakhs under "Jails" is due to a large increase in prison population coupled with greatly increased cost of foodstuff, clothing, medicines and other contingencies.

## Speech by the Hon'ble Mr. Tulsī Chandra Goswami, Finance Minister, in presenting the Budget for 1944-45

*(Presented on the 18th February 1944)*

Mr. Speaker, I rise to present the Budget for the year 1944-45.

The scheme underlying previous budget speeches in this Province has been a comparison, firstly, of the revised estimates of the closing year with the estimates presented twelve months earlier and, secondly, of the budget estimates of the coming year with the revised estimates of the closing year. This was a form of presentation admirably suited to the days when the variation between one year's revenue and expenditure was not likely to exceed a crore at the very most and the principal concern of this House was to see that such new revenue as was available was applied to nation-building departments. In the changed circumstances of today when the expenditure under the three heads "63—Extraordinary Charges in India," "54—Famine" and "40—Agriculture" will account for nearly half the total expenditure of the year and is approximately equal to the whole expenditure of the Province during 1940-41, I doubt if that form of presentation is the

most appropriate and I think I may be able to help Hon'ble members to a truer appreciation of the present state of our finances and the resulting problems if I explain our estimates of the two years' working in broad outline and leave those who wish to fill in the details to study the Red Book where they will find the usual detailed comparisons under each grant and the explanations of the main differences.

I do not propose this afternoon to add yet one more to the many diagnoses of the causes of the famine that ravaged Bengal last year, but no event in recent years has so stirred the public conscience and it is no hyperbole to say that the history of the Province during the two years with which we are concerned today is the tale of that famine and the measures taken to combat it, to deal with its aftermath and to prevent a recurrence: and for those with eyes to see beyond the figures, that tale is told in the estimates under the three heads "63—Extraordinary Charges in India", "54—Famine" and "40—Agriculture".

Let me start with "63—Extraordinary Charges in India". This head of account was first opened in 1939-40 to record extraordinary expenditure necessitated by war conditions and for the first three years the bulk of the expenditure debited thereunder was connected with Civil Defence. The expenditure on Civil Defence finally debitible to provincial revenues during 1943-44 and 1944-45 will be one crore and one crore 30 lakhs, respectively, and this burden which, coupled with the shrinkage in our receipts from the Jute Export Duty and a dearness allowance of moderate proportions, we fondly thought in the first years of the current decade was to be the extent of the war's impact on the finances of the province, looks very small alongside the staggering burdens imposed by the famine. The cost of the Civil Supplies Department which in 1942-43 was under 4 lakhs will be one crore and one crore forty-eight lakhs in 1943-44 and 1944-45, respectively. These figures do not of course include the losses on the Department's trading operations which have been placed at 3½ and 5 crores, respectively. I must explain what these latter figures represent.

The procurement operations of the Civil Supplies Department aim at obtaining physical possession of sufficient stocks to enable Government to ensure the equitable distribution of the available food supplies at reasonable price levels. These operations involve the purchase of stocks at prices in excess of those which it is ultimately hoped to stabilise and in consequence, if Government's operations achieve their purpose, a loss is inevitable. In fact to a great extent Government's loss will be the measure of the success of their operations. Government appreciate of course that the deliberate depreciation of the value of their stocks will not be the only kind of loss for which allowance will have to be made, but it will not be possible to calculate the final result of these operations until the last stocks are disposed of and the accounts closed and the losses for which provision has been made in the estimates are the losses entailed in the sale of stocks below the price at which they were purchased or in the deliberate depreciation of the value of Government's stocks. This provision is not expected to cover the further losses with which we shall undoubtedly be faced one day—shortages, damaged stocks, unsaleable stocks. The writing off of such losses will have to await the final winding up of these newly assumed activities, but as it is part of Government's policy to accumulate and hold large stocks as a provincial reserve and at the same time to use their statutory powers to make periodical reductions in the value of the stocks in their hands, it would obviously be unsound not to make provision in our estimates to meet the inevitable loss. Nor need the tax-payer look askance at a loss of 5 crores: for if Government's operations do no more than ensure that the price of rice does not rise above the price now prevailing, as compared with last year's

expenditure, in countless individual domestic budgets there will be savings that would aggregate ten, perhaps twenty, times the outlay by virtue of which such savings will have been made possible.

In normal times the expenditure adjusted under the head "54—Famine" represents either expenditure on Test Works or the cost of doles to persons for whom test work is not possible or at times when test works are impracticable. In some years extra staff has to be appointed to administer and supervise the distribution of relief and in those years a further item of expenditure—Establishment—will appear in the accounts under this head. But in the year now closing it has been necessary not only to open relief centres, poor houses and orphanages throughout the Province but also to organise special medical relief at a cost approximately equal to the normal annual expenditure under "38—Medical"; in consequence the estimates both for the current and the coming year under "54—Famine" include large provisions for special medical relief and poor or work-houses and orphanages.

In September last when presenting the Budget for the current year I estimated that the cost of relief operations would amount to no less than  $3\frac{1}{2}$  crores. High as that estimate seemed at the time, it has fallen far short of our requirements. Our revised estimate has been placed at 5 crores 65 lakhs. Money, however, has been only a part of our problem: the initial difficulty was of course the procurement of the foodgrains, but the problem of getting the supplies to the areas where they were most needed often presented almost equal difficulties. By October last it had become clear that these twin problems of procurement and distribution were far beyond the unaided resources of the Provincial Government. It was not, however, till His Excellency Lord Wavell assumed his high office and within a few days of assuming office visited Bengal and saw things for himself that assistance commensurate with the needs of the situation was vouchsafed. The people of this Province will ever remember the deep sympathy and understanding that prompted His Excellency's visit. They will recall too with gratitude His Excellency's decision to put the Army on the job. If I may be permitted to say so, that decision was an outstanding decision—realistic and statesmanlike. That decision marked the turning point in our troubles. From that day the famine fighting organisation assumed proportions more commensurate with the task. I do not propose this afternoon to attempt to recount all that the Army has done or how it solved our distribution problem. The story is well known and the services then rendered will be remembered with heartfelt gratitude in the remotest corners of the Province. The assistance given by the Army brought about an immediate improvement in the famine situation and when epidemics—the inevitable aftermath of famine—made their appearance, the Army again came to the rescue.

A score of hospitals with from 100 to 150 beds in each were opened in the worst affected districts and in these hospitals, equipped with the most modern devices for the treatment of war casualties in the field, thousands of sick destitutes learned for the first time what real medical attention means. In addition, some 40 mobile treatment centres have gone into the interior of the districts, giving cholera inoculation and small-pox vaccination and treating malaria and other cases; the number of cases so treated runs into six figures.

To return to the estimates out of the total grant of 5 crores 65 lakhs,  $3\frac{1}{2}$  crores is chargeable to gratuitous relief and  $1\frac{1}{4}$  crores to test works

Gratuitous relief has been administered chiefly in the form of grain doles and of cooked food from free kitchens run in some cases by official agencies and in others by non-official organisations assisted by Government with supplies of foodgrains at subsidised rates. With a view to minimise the evil of inflation doles in cash were given as sparingly as possible.

The expenditure adjustable under Gratuitous Relief will also include an outlay of 40 lakhs for the purchase of cloth and blankets for free distribution among the destitutes and a sum of 5 lakhs for the purchase of imported milk foods for distribution to infants and nursing mothers.

The estimated expenditure on test relief works, as already mentioned, is a crore and a quarter. The test works were in most cases designed to improve communications, drainage and irrigation facilities so that in addition to providing work for labourers they might help materially in the "Grow More Food" campaign.

The provision included in the estimates for poor houses and orphanages is 33 lakhs. District Officers have been authorised to set up temporary poor houses, orphanages and evacuation camps wherever necessary with proper arrangements for food, sanitation and water-supply. In accordance with these instructions about one hundred poor houses and destitute camps have been opened in different parts of the Province.

The estimates also include a provision of 53 lakhs for the administration of special medical relief in rural areas. This provision is intended to meet the cost of some 60 emergency hospitals of a hundred beds each and 500 hospitals of 20 beds each attached to selected dispensaries in the worst affected areas. In addition to this huge expansion of the existing facilities for indoor treatment—an expansion representing a 200 per cent increase on the number of beds normally available—arrangements have been made to provide outdoor treatment nearer the patient's home by the opening of some 2,800 satellite treatment centres based on existing dispensaries. A further measure designed for the same purpose is the organisation of 250 mobile medical units to tour in the interior and give malaria and general treatment.

Against 5 crores 65 lakhs in the current year, our estimate of famine relief expenditure in 1944-45 stands at 2 crores 61 lakhs. We are hoping that with sustained improvement in the economic situation it will be possible to effect considerable reduction in expenditure on test works and gratuitous relief. The Budget accordingly provides for half a crore under test works and a crore under gratuitous relief. Special medical relief operations will, however, have to be continued for a good part of the coming year and the estimate on this account has been placed at 62 lakhs. The position in regard to orphanages is as follows. Temporary orphanages will have to be kept open for the maintenance of orphan and deserted children while a search is being made for friends and relatives who will be able and willing to take care of them. Orphans without friends and relatives will have to be transferred to approved non-official institutions or to quasi-permanent orphanages which will be set up and equipped for the purpose by Government. The first of these has already been opened at Berhampore. The Budget contains a provision of 32 lakhs for temporary work or poor houses and of 15 lakhs for quasi-permanent orphanages.

It will be seen that the total provision on account of famine relief in the two years is eight crores and a quarter. No separate provision is included in these estimates for the rehabilitation of people who have been ruined as a result of the famine. This matter is engaging the attention of Government and it is certain that large sums will be required for this purpose.

The foodgrains procurement and distribution arrangements represent the first leg of Government's plan to prevent a recurrence of famine conditions. The second leg is the Grow More Food campaign.

During 1944-45 every attempt will be made to bring under cultivation more cultivable waste lands but the main aim of the campaign will be to increase the output of lands already cultivated. The methods by which it is hoped to achieve this aim are the distribution of manure and improved

seeds; the encouragement of the making of composts in villages and the carrying out of such irrigation and drainage projects as promise quick results.

The approved schemes of seed distribution include *aus* and *aman* paddy seeds, *rabi* seeds, fodder crop seeds and such famine crops as *cheena*, *kaun*, *kalai* and barley. To facilitate the working of the various seed distribution schemes a seed store or depot is being established at each subdivisional headquarters. During the coming year it is proposed to introduce, as an alternative to the *sowai* system ordinarily followed in this Province, a system of cash sale with a 20 per cent. rebate. This is reported to be the normal practice in a number of other Provinces and it is hoped that it will prove attractive in this Province also. It is not intended to discontinue distribution on the *sowai* basis: the cultivator will have the option of obtaining his seeds on payment of 80 per cent. of the prescribed cost or on loan, such loan being repayable after the harvest on the *sowai* system in cash or in kind.

The grant under "40—Agriculture" includes a special provision for the Grow More Food campaign of 1 crore 35 lakhs and 50 lakhs in 1943-44 and 1944-45, respectively. The reasons why the provisions for the coming year is so much smaller than that for the current year is that the seeds for several of next year's schemes will be purchased during the current year.

The revised estimate for the current year under "Jails" has been placed at 1 crore 36 lakhs against an actual expenditure of 53 lakhs only in 1942-43. This increase of over 150 per cent. is the direct result of famine conditions: it is true that there has been a large increase in the prison population, but that itself is to a large extent the result of desperation on the part of those who found themselves driven nearer and nearer the verge of starvation.

The bulk of the increase is of course due to the greatly increased cost of foodstuffs. The normal practice is for each jail to purchase in the closing months of each year when the new crops come on to the market a stock of foodgrains sufficient for the whole of the following year. Owing to lack of supplies it was not possible to make purchases on the usual scale during the closing months of 1942-43 and supplementary supplies had to be purchased during the current year at very high prices. There have also been substantial increases in the prices of clothing, medicine and other necessities.

Next year's budget for "Jails" has been placed at 1 crore 11 lakhs on the assumption that the prices of foodstuffs will be lower. In the two years together the expenditure under this head will be a crore and a half above the expenditure of the two preceding years.

The grants under Irrigation for the two years include a provision of 109 lakhs for the repair of the Damodar Embankment breached by last year's floods. The Government of India have agreed to make an interest-free advance for this purpose, the question whether this advance or any part of it shall be repaid being left for settlement along with the general question of financial assistance to the Province in its present difficulties.

The grant under "Industries" includes one novel provision of which I must make mention. I refer to the provision of Rs. 16 lakhs for payment of subsidies to sugar mills in Bengal. Government are satisfied that the price of sugar fixed by the Sugar Controller—this price is uniform throughout India—will not allow sugar mills in Bengal to pay more than 12 annas a maund for cane. Government are of opinion that in Bengal today 12 annas a maund does not represent an adequate return to the cultivator of cane and apprehend that unless he gets a minimum price of Re. 1, the cultivator will not have sufficient inducement to maintain an equal area under cane and sugar production will be adversely affected. At the present time it is of paramount importance to ensure the maximum possible production of sugar.

Government have therefore prescribed a minimum price of Rs. 1 per maund for purchases of cane by mills and have undertaken to compensate mills at the rate of 4 annas a maund. No subsidy will be paid to mills in respect of cane grown on their own plantations.

The revised estimate for the current year under "Public Health" has been placed at 82 lakhs against 36 lakhs in 1942-43. The increase is due mainly to anti-epidemic measures and includes 12½ lakhs for free distribution of quinine, 14 lakhs for the control of cholera and small-pox and 13½ lakhs for the repair and re-sinking of tube-wells which have gone out of order in the affected areas. The requirements for the coming year have been placed at 61 lakhs. The decrease is due to the fact that while measures for combating malaria, cholera and small-pox will have to be continued for some months, the special provision for the restoration of tube-wells will not be required next year.

In the two years the increase in Public Health expenditure over the normal of 36 lakhs amounts to three-quarters of a crore.

One last item which calls for individual mention is a provision of 5 lakhs for payment to the Scheduled Castes Education Fund in the Budget for the coming year. The Fund was created in 1938-39 with an initial contribution of 5 lakh. A lakh and a half was put into the Fund in each of the years 1941-42 to 1943-44. It is proposed to make a payment of 5 lakhs into the Fund during 1944-45.

Let me now review briefly the working of the capital head "85-A". As the House is aware, this head was opened in the current year for the exhibition of large-scale trading transactions undertaken by Government to promote healthier marketing conditions in respect of certain commodities, principally foodgrains.

The schemes for which provision has been included under this head are:—

- (1) purchase of foodgrains other than wheat;
- (2) purchase of wheat and wheat products;
- (3) supply of foodstuffs at concession rate to Government employees including Civic Guards and A.R.P. personnel; and
- (4) purchase of standard cloth, sugar and salt.

The total capital outlay involved in these schemes in the current year is of the order of 76 crores, of which 41 crores is derived from sale-proceeds and represents the turnover of stocks. As I have already explained, the loss involved in these transactions during the current year by the sale of foodgrains other than wheat to the public at less than cost price or by the deliberate depreciation of stocks has been placed at 3½ crores. No loss is anticipated in respect of transactions relating to the purchase of wheat and wheat products, standard cloth, sugar and salt. The book value of the stock likely to remain in hand at the close of the year is estimated at 29½ crores.

The comparable figures for the coming year are—a total outlay of 81 crores—a loss of 5 crores and a carry forward of 12 crores of foodgrains other than wheat and some 56 lakhs of salt.

Hon'ble members will naturally wish to know from what sources capital of this order has been obtained. I shall have more to say on this subject later: at this stage it will be sufficient to say that this huge capital has been obtained from three sources: loans from the Central Government, cash credit advances from the Imperial Bank of India and treasury bills.

I now turn to the receipt side. Our revenue for the years 1943-44 and 1944-45 has been placed at 21 crores 34 lakhs and 21 crores 97 lakhs,

respectively. These figures represent increases over the receipts of 1942-43; our previous best year, of 4 crores 88 lakhs and 5 crores 51 lakhs, respectively.

The heads under which the main increases occur are "Excise," "Other Taxes and Duties," and Stamps." Under "Excise" we look for increases of 1 crore 12 lakhs and 1 crore 33 lakhs, respectively; an increase of 90 odd lakhs under "Other Taxes and Duties;" and a comparable increase under "Stamps." Six months ago, while presenting the Budget for the current year I predicted that our policy of enhancing the Excise duty would achieve the double object of increased revenue and diminished consumption. I have now before me a graphical chart vividly showing the results of our policy. There has been little or no increase in the consumption of excisable articles: in fact there has been a considerable decrease in the consumption of country spirits from which half our Excise revenue is derived. The very large increase in our Excise receipts is the result of the recent steep but judicious up-grading of the rates of duty.

Since May last we have gradually raised the rates of duty on almost all excisable articles. In the case of country spirit the raising of the rates of duty has resulted in an increase in the incidence of taxation of over 150 per cent., the incidence per London Proof gallon rising from Rs. 10-5 in 1942-43 to Rs. 26-9.

During the period May to December 1943 although the consumption of country spirit was only 5.8 lakhs of gallons against 7.9 lakhs of gallons during the corresponding period of the previous year, there was an increase of over 60 per cent. in revenue-receipts for the period rising from 78 to 128 lakhs. This is the graph I referred to.

The enhancement of the rates of tax chargeable under the Amusements Tax Act, including the Betting and Totalisator taxes, and the Bengal Electricity Duty Act accounts for half the increase under "Other Taxes and Duties", the balance coming from increased receipts under the sales-tax and the raw jute sales tax.

Sir, I wish to emphasize that our estimates for 1944-45 have not taken into account either the new revenue I hope to get from the agricultural income-tax or the additional revenue from the proposed enhancement of the sales tax: we have been informed that our receipts from the income-tax pool next year are likely to be 80 lakhs higher than in the current year and it is this expectation that accounts for the increase in revenue for which I have budgeted next year.

Let me now summarise the results of the two years' working on revenue account. The revenue has been placed at 21 crores 34 lakhs and 21 crores 97 lakhs, respectively; against these figures the expenditure is put at 32 crores 54 lakhs and 30 crores 43 lakhs, respectively, so that we face a deficit of 11 crores 20 lakhs this year and a further deficit of 8 crores 46 lakhs next year. Sir, since this statement was sent to the Press for printing I have received intimation from the Government of India that our share of the income-tax receipts is likely to be Rs. 1,10,00,000 more than what was expected in the Budget when it was framed. This addition will reduce our Budget deficits from Rs. 8,46,00,000 to Rs. 7,36,00,000 in 1944-45.

I shall now endeavour to give Hon'ble members a brief summary of the means by which we have secured the funds to meet the outgoing so greatly in excess of our revenue receipts.

In the early months of the year we relied mainly on the Central Government for the necessary accommodation and between June and October last we received loans and advances totalling 12 crores. Later, however, the Government of India indicated that they desired the Provincial Government to make their own arrangements to raise funds in the open

market or through normal trade channels. In compliance with the wishes of the Central Government, arrangements were made with the Imperial Bank for the opening of cash credit accounts for the financing of the various trading operations recovered in our accounts under the Capital head "85-A" and the balance of our requirements has been found by the issue of treasury bills. For the *aus* procurement scheme we arranged a cash credit account with a limit of 8 crores repayable not later than 31st December 1943. The total amount drawn against this account was only 2 crores 21 lakhs. The account was repaid in full on 31st December, 1943. For the *aman* procurement scheme and other cognate schemes we have arranged a cash credit account with a limit of 25 crores repayable not later than 31st December, 1944.

The details of our issue of treasury bills will be found in the second of the three statements in the Appendix to the printed copy of my statement, which will be supplied to Honourable members. We shall carry forward bills to the extent of 15½ crores into the coming year.

In the same Appendix Hon'ble members will find a statement summarising our indebtedness on the 31st March 1944 and 31st March 1945, respectively. In this statement, as in the estimates, I have assumed that the cash credit account with the Imperial Bank for 1944 will have been paid off in full and a new account on similar terms opened for 1945. Two of the figures in this statement will of course depend upon the progress of our procurement operations: I refer to the amounts shown against Imperial Bank cash credit account. If progress is slow and our drawings on this account are smaller than estimated, there will be a corresponding reduction in the stock figures but there will be no change in the net indebtedness.

According to my estimates the coming year's working will close with a negative balance of 10 crores 65 lakhs. This of course is an unworkable proposition and it is obvious that funds must be found to carry on the administration. Let me explain why I have adopted the unprecedented course of presenting a budget in which no steps have been taken to make good the expected depletion of our balance and the closing balance for 1944-45 is shown unashamedly as a minus figure.

In November last the Government of Bengal addressed the Government of India and asked for a subvention: so far no reply has been received from the Government of India, but I am hopeful that assistance will be forthcoming. In September last when presenting the estimates for the current year I said, "Bengal, once so richly dowered with Nature's bounties, is today bent double with woe and agony and is a suppliant for neighbourly charity", but in seeking financial assistance from the Centre in our present difficulties I do not consider that it is charity we are asking for. The financial settlement that governs the allocation of revenue between the Centre and the Provinces was designed for normal times and in the circumstances of today it would be as inequitable as it would be impracticable to suggest that Bengal must work out its own salvation within the limits of the Niemeyer Award. I have come to believe in the motto: "Heaven helps those that help themselves" and when I tell the House that during the course of the two years with which the estimates now in the hands of honourable members are concerned, apart altogether from our larger receipts from income-tax, I hope to raise 10 crores more revenue than was raised in the two precedings, it will, I trust, be agreed that we have bestirred ourselves to good purpose.

On the other hand I do not wish to convey the impression that we have exhausted our own resources or that I shall not be called upon to make further demands on the tax-payer before the end of the year. This is not a threat; nor is it evil foreboding. The day of the presentation of the Budget is a day on which we must look back and look forward. The future is not

a natural and unguided continuation of the past; and in looking forward to the building up a better world for ourselves and for our children we must be fortified by the spirit of the celebrated dictum, that taxation is "an engine of social and national policy". A compulsory abatement of our personal incomes or our power to purchase our individual enjoyments according to our individual choice is a small price to pay not merely for the moral satisfaction of having contributed to the betterment of our neighbours and our surroundings, but also for the very material advantages of improved sanitation and increased security, enlightenment and prosperity of the people. The ever-expanding social functions of the State call for greater elasticity of revenue. If, to a certain extent and in the last resort, the State is Force, a truer conception of organised human society is that the State is Service. And to this end we will, whenever necessary, tax *ourselves*.

Last September I ventured in this House to explain in my humble way the problem of inflation and the economic phenomena for which it is responsible. In view of much loose talk on the subject and especially in view of its impact on the food situation here, I felt that it was my duty to inform the Legislature that, within the limited powers of the Provincial Government, we were in our measures of relief and taxation alive to the problem of inflation and to the necessity of counteracting its effects in Bengal. It is a problem which will be our constant companion during the War and for some time after the cessation of hostilities; and I hope I shall have the guidance and support of the Legislature and the public in my efforts to harness redundant currency to the service of the community.

As if to show that there is an element of good in things evil, it appeared that during the worst stages of the famine it was this circulation of excess purchasing power which kept alive not only many a working class family but also most of the *Bhadralog* families ordinarily with limited and inelastic incomes. But, alas, this is only a pointer to the vicious circles created by inflation in the economic life of the country!

I have already referred to the question of Rehabilitation, which the ravages of the famine have brought to the fore. Short-time schemes, to use current expressions, have actively been taken in hand and will be dovetailed into long-term projects, involving legislation and large financial outlays which aim at a permanent amelioration of the condition of our people. We have been witnesses to scenes of suffering and desolation almost beyond endurance. We have seen and heard of deaths by the thousand in circumstances which might easily make us suspect that all is not well with civilisation based on the Idea of Progress. We have on our hands large numbers of orphans and destitutes, many of them debilitated and diseased who dread to return to their deserted homes and fields. This is the GREAT PROBLEM immediately before us—the After-Famine Problem. But the solution of the problem offers us great opportunities of effecting a true and lasting rehabilitation. As we look forward, not without trepidation, to a successful fruition of our schemes, we derive sustenance for our continued endeavour from the exhortation of the Trojan Leader to his harassed band, words which were my lesson in early youth, words which have been the stand-by of the later part of my own little existence:

.....*forsan et haec olim meminisse iuvabit.*

*Durate et vosmet rebus servate secundis.*

["Perhaps even these (dreadful) things it may one day be pleasing to remember. Toil on and preserve yourselves for happier circumstances."]

## STATEMENT I

## Bengal Budget, 1944-45

[Figures are in thousands.]

	Actuals, 1942-43.	1943-44.		Budget, 1944-45.
		Budget.	Revised.	
<b>Receipts—</b>				
Opening Balance .. ..	1,32,40	2,60,46	2,60,46	2,47,87
Revenue Receipts .. ..	16,46,42	18,43,89	21,34,09	21,97,44
Receipts from Debt Heads .. ..	31,03,77	44,50,12	1,15,49,94	85,35,17
Total .. ..	48,82,59	65,54,47	1,39,44,49	1,09,80,48
<b>Expenditure—</b>				
Revenue Expenditure .. ..	16,79,18	25,80,57	32,53,60	30,43,78
Capital Expenditure .. ..	—56	50,29	29,63,49	—17,20,34
Expenditure on Debt Heads .. ..	29,43,51	36,63,40	74,79,53	1,07,21,72
Closing Balance .. ..	2,60,46	2,60,21	2,47,87	—10,64,68
Total .. ..	48,82,59	65,54,47	1,39,44,49	1,09,80,48

## Net Result.

Surplus+

Deficit—

(a) On Revenue Account .. ..	—32,76	—7,36,68	—11,19,51	—8,46,34
(b) Outside Revenue Account .. ..	+1,60,82	+7,36,43	+11,06,92	—4,66,21
(c) Net, excluding Opening Balance .. ..	+1,28,06	—25	—12,59	—13,12,55

## STATEMENT II

## Treasury bills issued during 1943.44

Date of issue.	Amount.	Date of repayment.
4-8-1943 .. ..	1½ crores	4-11-1943.
17-9-1943 .. ..	50 lakhs	17-9-1944.
4-11-1943 .. ..	4 crores	4-2-1944.
4-12-1943 .. ..	3 "	4-3-1944.
20-12-1943 .. ..	8 "	20-3-1944.
4-2-1944 .. ..	3 "	4-5-1944.
26-2-1944 .. ..	3 "	26-5-1944.
4-3-1944 .. ..	3 "	4-6-1944.
18-3-1944 .. ..	3 "	18-6-1944.
31-3-1944 .. ..	3 "	30-6-1944.

## STATEMENT III

## Provincial indebtedness on 31st March 1944 and 31st March 1945

[The figures are in thousands of rupees.]

			31st March 1944.	31st March 1945.
<b>I. Indebtedness—</b>				
Public—				
Treasury Bills .. .. .	..	..	15,50,00	..
Imperial Bank—Cash Credit account .. .. .	..	..	18,00,00	12,00,00
Government of India—				
Ways and Means, 1942 .. .. .	..	..	2,50,00	2,50,00
Ways and Means, 1943 .. .. .	..	..	3,00,00	3,00,00
Rice Loans—				
Out of 1½ crores .. .. .	..	..	37,50	..
Out of 4 crores .. .. .	..	..	1,00,00	..
Wheat loan .. .. .	..	..	87,50	..
Civil Defence loan .. .. .	..	..	2,04,10	2,78,07
Loan for closing Damodar Bund Breach .. .. .	..	..	1,09,00	1,09,00
Grow More Food loans .. .. .	..	..	63,32	25,00
		Total	<u>45,01,42</u>	<u>21,62,07</u>
 <b>II. Assets—</b>				
Stocks—				
Stocks of foodgrains—				
Other than Wheat .. .. .	..	..	28,00,00	12,00,00
Wheat .. .. .	..	..	1,08,97	..
Stock of salt .. .. .	..	..	56,00	56,00
Stock of sugar .. .. .	..	..	10,00	..
		Total stocks	<u>29,74,97</u>	<u>12,56,00</u>
Closing balance .. .. .	..	..	2,47,87	-10,64,68
		Total assets	<u>32,22,84</u>	<u>1,91,32</u>
Net uncovered indebtedness ( <i>i.e.</i> , I minus II) .. .. .	..	..	12,78,58	19,70,75

## Supplementary Estimates for 1944-45

(Presented on the 24th February, 1945)

**The Hon'ble Mr. Tulsi Chandra Goswami:** I beg to present before the House the supplementary statement of expenditure for the current year. The total covered by the estimates is Rs. 65,73,34,400 out of which Rs. 33,10,200 is charged and the balance is voted.

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A demand of close upon Rs. 49 crores included in these estimates relates to transactions outside the revenue account and is due to larger outlay on procurement and allied operations booked under the Capital head "85-A". In the Budget for the current year it was assumed that sale proceeds of foodgrains and other commodities would exceed the outlay on fresh procurement by 17 crores. According to current plans, however, outlay on procurement operations is expected to be some 29 crores higher than the receipts from the sale proceeds of stocks. This means an excess of 46 crores over the original estimates. The remainder of the demand under "85-A" is due to an extensive programme of boat construction which has been undertaken with a view to facilitate movement of supplies.

Among the items included in the Revenue Section of the Supplementary Estimates, by far the largest, amounting to close upon 10 crores, occurs under the head "63—Extraordinary charges". About 8½ crores out of this is due to a higher estimate of loss on the sale of subsidised food. Against the original budget provision of 5 crores for this item, the revised estimate stands at 13½ crores. This, however, includes 5 crores 89 lakhs on account of loss incurred in 1943-44 but not adjusted in the accounts of that year. There are three other factors responsible for the increased demand under "63—Extraordinary charges", namely, (1) reorganisation of the Department of Civil Supplies, (2) acquisition and maintenance of a fleet of transport lorries, and (3) expansion of the organisation under the Controller of Rationing.

The estimate of additional expenditure under "54—Famine" stands at about a crore and 70 lakhs. The increase is due partly to the fact that special measures for the medical relief of sick destitutes had to be continued throughout the year instead of for six months as originally anticipated; and partly to various additional measures of gratuitous relief for which no provision had been included in the Budget. These comprise such items as the opening of cheap grain shops in distressed areas and free distribution of cloth and blankets to indigent persons.

Under "Public Health" the total supplementary demand comes up to a crore and 16 lakhs. Out of this, 73 lakhs is accounted for by the purchase of mepacrine tablets for free distribution and for sale to the public. The balance is due to continuance throughout the year of the various measures for combating epidemics of malaria, small pox and cholera.

The supplementary estimate under "40—Agriculture" stands at very nearly a crore. About half of this is due to additional schemes of seed distribution under the "Grow More Food Campaign"; 23 lakhs is accounted for by the scheme for the compilation of crop-statistics by a plot to plot survey which was taken up after the budget had been passed. Other items responsible for the increase include the entertainment of experts on poultry breeding, dairy farming and animal nutrition schemes and the expansion of the Department of Agricultural Development.

An extra demand for 60 lakhs under "37—Education" is necessitated mainly by a post-budget decision to grant dearness allowance to teachers in non-Government Primary and Secondary Schools, including Madrasahs, who have been hard hit by the high cost of living.

Under "43—Industries", the supplementary estimate is of the order of 41 lakhs. This is required for giving effect to a scheme of relief to small artisans and craftsmen by the distribution of raw materials, tools and implements on suitable terms.

A large part of the additional demand of 37½ lakhs under "25—General Administration" is due to enhancement of rates of dearness allowance with effect from 1st July, 1944; but there are other contributory items such as the reorganisation of the Publicity Department (5 lakhs), the re-excavation of derelict irrigation tanks under the Rehabilitation Scheme (5½ lakhs) and enhancement of the emoluments of the members of the Legislature (2½ lakhs).

Under "29—Police" the bulk of the supplementary demand of 28¾ lakhs is due to enhancement of rates of dearness allowance, while new construction of buildings and roads accounts for the major part of the increase of 24¾ lakhs under "50—Civil Works".

I need not trouble honourable members with a recital of the reasons for the demands under the remaining heads which are comparatively small. I may remind them that in my budget speech, a few days ago, I explained all the circumstances necessitating this great increase in expenditure.

The reasons for all the demands presented to the House have been set out in the Explanatory Memorandum and will be gone into more fully by the Minister concerned as each demand is moved.

**Speech by the Hon'ble Mr. Tulsi Chandra Coswami, Finance Minister, in presenting the Budget for 1945-46**

*(Presented on the 16th February, 1945.)*

Mr. Speaker, I rise to present the Budget for the year 1945-46.

In presenting the Budget for the year 1944-45, twelve months ago, I made a departure from previous practice and adopted a form of presentation which I thought would help honourable members to a truer appreciation of the state of our finances and the resulting problems. I propose again to adopt that form of presentation this afternoon and explain our estimates of the two years' working with which we are now concerned in broad outline and leave those who wish to fill in the details to study the Red Book in which they will find the usual detailed comparisons under each grant and the explanations of the main variations.

It will be recalled that the budgetary plans for the current year aimed at the attainment of two primary objectives. The first and foremost was to prevent a recurrence of the preceding year's famine. The second was to administer relief in various forms to those who had suffered from that famine and to control the epidemics that followed in its wake. These were by no means easy of attainment. Indeed, in regard to the first objective, doubts as to the possibility of complete success were entertained even in quarters not avowedly unfriendly to this Government. And hostile critics went to the length of predicting, in season and out of season, the imminence of a second famine in a yet more grievous form. Although there was still cause for anxiety, it was my painful impression that such grim forebodings often

proceeded from wishful thinking. But thanks to careful planning and the effective execution of the threefold programme of production, procurement and distribution of food, Government have been able to redeem their pledge: "There shall be no famine in 1944."

The organisation of famine relief and the control of epidemics also presented problems of exceptional difficulty and taxed to the utmost the resources of Government. The question was not merely one of money, although, as honourable members are well aware, money is one of our most serious problems. The task of setting up an efficient civilian organisation when the Army pulled out of famine fighting operations in April last, after having rendered such splendid service, presented very great difficulties from the point of view of trained personnel particularly in the field of medical relief. Notwithstanding all this, the work of repairing the terrible damage caused by the famine was steadfastly pursued and I am thankful that today the victims of destitution and sickness are no longer adrift but have been provided with food and shelter and medical relief. What is more, short-term measures of immediate relief have, in the course of the year, been supplemented by a programme of rehabilitation which aims at more enduring benefit and widespread amelioration.

Let me now present to the House a brief review of the working of some of the more important schemes which have been undertaken in furtherance of our basic objectives.

I will first take up the question of food production. The responsibility for stimulating the production of food in this Province rests primarily on the Departments of Agriculture and Fisheries. It is essential for the proper discharge of this responsibility that the Departments should be adequately reorganised and expanded. The main obstacle to this has been the difficulty of getting adequately trained and experienced men for the more responsible jobs at the top. It has been increasingly borne in on me during the last two years that personnel, even more than finance, is our real "bottleneck". Preliminary steps are being taken to increase the Higher and Lower Agricultural Services by some 300 additional officers from demonstrators upwards. The training of this large personnel involves a considerable expansion of the facilities for agricultural education at present available in the Province. Plans for this are already under way, but some time must necessarily elapse before they start producing results. In the meantime we have had to carry on with the staff we have got, with such help from outside as we have been able to secure. We have recently been fortunate enough to obtain for one year the services of three experts in dairy and poultry farming from the Government of New Zealand, and if they are the men that we hope and believe they are, Bengal will undoubtedly be the richer for their collaboration. Another valuable acquisition from which much is expected is our Agricultural Adviser, Mr. Leonard K. Elmhirst, who possesses the very rare qualification of a combination of highly specialised training with an intimate knowledge and a sympathetic understanding of local conditions. He is devoting himself wholeheartedly to the working out of schemes of agricultural development on a scale commensurate with the needs and standards of modern civilisation. He is the same Mr. Elmhirst who, as a friend and collaborator of Rabindranath Tagore, founded the Sreeniketan and continues to be its guiding spirit.

The reorganisation of the Department of Fisheries has also been taken in hand. It has been decided to create 4 posts of Deputy Directors, 8 posts of Superintendents, 26 posts of District Fishery Officers and 85 posts of field assistants. Here again we are up against shortage of trained personnel, and up till now it has not been possible to recruit more than one Deputy Director, 4 Superintendents, 23 District Fishery Officers and 20 field assistants.

Let me now turn to the schemes which have been taken up by these Departments.

The most important of these schemes are grouped together under the comprehensive designation of "Grow More Food Campaign". They consist in the distribution of improved seeds and manures, the encouragement of the making of composts and the execution of such projects of irrigation and drainage as are likely to increase the yield of paddy and other food crops.

The approved schemes of seed distribution include *aus* and *aman* paddy seeds, *rabi* seeds, potato, fodder crop seeds, famine crops like *cheena* and *kann*, seeds of summer and cold weather vegetables and cuttings of sugarcane. The system of distribution is either cash sale with a 20 per cent. rebate or if the recipient so desires, loan on the *sowai* basis, repayable after the following harvest. To facilitate the working of these schemes seed stores have been established at district and subdivisional headquarters throughout the Province.

The manures selected for distribution are oil cake, bonemeal and chemical fertilisers like sulphate and phosphate of ammonia. In order to bring them within easy reach of the cultivators they have been supplied to stockists at 29 important centres specially selected for the purpose.

In order to turn to account the valuable fertilising material which is allowed to run to waste in villages, 200 workers have been given training in the process of turning farmyard refuse into compost and sent out to rural areas to instruct the villagers. The conversion of town waste into compost has been started in two important municipalities near Calcutta, namely, Howrah and Hooghly-Chinsura, and centres for training in municipal compost-making have also been organised where any municipality can depute a man for training free of cost. It is hoped that many municipalities will avail themselves of this facility and start production of compost which is sure to have a ready market.

Among other schemes included in the "Grow More Food Campaign" mention may be made of the distribution of specially designed Perisan Wheels for lift irrigation purposes; construction of water-hyacinth barricade for the reclamation of paddy lands; and the cultivation of selected vegetables on some 1,700 acres of land in collaboration with the Military authorities with a view to reduce the load of army requirements on the civilian market for vegetables. Finally, in order to increase the area under cultivation Railway side lands are being settled with tenants on a temporary basis and action is being taken to bring as much arable waste under cultivation as possible.

Sir, honourable members are no doubt aware that owing to a variety of causes there has been a serious depletion of the cattle population of the country. Provision of half a crore has been made for cattle purchase loans with a view to enable cultivators to procure a sufficient number of plough cattle for their agricultural operations. Supplies were, however, extremely limited and not much could be done in the way of importing cattle from outside the Province. The only satisfactory solution lies in the establishment of a large-scale cattle breeding station in the Province and a plan for this has already been worked out by our Agricultural Adviser. It involves the acquisition of 7,000 acres of land and a capital outlay of close upon 30 lakhs of rupees. The land is situated in a part of the district of Nadia which has been gradually depopulated by malaria. In selecting this area we have kept in view an additional object, namely, the trying-out of experimental public health measures. Meanwhile several short-term schemes of rapid relief have been taken in hand. Two hundred stud bulls of good pedigree

are being imported from outside for distribution in the important cattle areas of the Province. Schemes have also been initiated for the rapid multiplication of goats and poultry. The goat multiplication scheme is expected to produce as many as 50,000 goats in the first year of its operation. The expansion of poultry multiplication centres which involves a cost of over 3 lakhs of rupees is also expected to make a substantial contribution to the food economy of the Province.

It is greatly to be deplored that notwithstanding the immense possibilities of development of fisheries in this Province, inland, estuarine and marine, there should be a shortage of fish which is almost an indispensable item of Bengal's dietary. Attempts had been made from time to time by the Government of Bengal, especially since 1906, when the late Sir K. G. Gupta, then Senior Member of the Board of Revenue, Bengal, was placed on special duty to report on the fisheries and fish supply of the Province, with a view to encouraging the exploitation of this potential source of food and wealth. But it would not be too unfair to characterise these attempts as spasmodic exertions. I am glad to say, however, that our present miseries have impelled us to action in this direction as in many others. The first essential requisite was to strengthen and reorganise the Department of Fisheries so as to enable it to cope with the work ahead. I have already explained the action which is being taken in this behalf. In the meantime, as short-term "Grow More Food" measures, culture of carp in paddy fields was undertaken in the Sunderbans area; and derelict tanks in that area as well as in the districts of Bankura, Birbhum and Tippera, were reconditioned and stocked with fish fry. Arrangements have also been made to facilitate the transport of fish from Goalundo to Calcutta by making larger supplies of ice available to the fish trade through the agency of an ice-controller specially appointed for the purpose.

Sir, one of the most serious impediments to planned agriculture in Bengal has been the absence of reliable and comprehensive agricultural statistics. Arrangements have been made to undertake collection and compilation, by a plot-to-plot enumeration, of agricultural statistics, for *aus*, *aman* and *rabi* crops from year to year. The cost of the operation is estimated at 23 lakhs per annum. It will be accompanied by a survey to ascertain the acreage of culturable fallow and waste land which is lying uncultivated, and action will be taken under the Bengal Food Production Control Order to bring the maximum possible area of such land under the plough. As a counter-check, the Indian Statistical Institute, under the guidance of the renowned statistician, Professor P. C. Mahalanobis, is to carry out a survey of jute, *aus* paddy and *aman* paddy by the method of random sampling at a cost of 7 lakhs per annum.

The total provision under "Agriculture" and "Fisheries" amounts to 2 crores 25 lakhs in 1944-45 and 2 crores 10 lakhs in 1945-46. These figures do not include the loans for cattle purchase which are adjustable under the "Loans" Budget.

The responsibility for the administration of the second branch of the famine-preventive programme, namely, procurement and distribution of foodgrains, rests with the Department of Civil Supplies. This Department has been expanded and recognised in the course of the year with a view to secure the maximum of administrative efficiency. Four separate Divisions have been created dealing respectively with "Food", "Movement and Storage", "Consumer's goods" and "Enforcement and Public Relations". The first of these Divisions is concerned with problems of procurement and distribution of rice, wheat and other articles of food such as salt and sugar. It includes a special organisation for inspection and control which is entrusted with the duty of testing rice, wheat and other foodgrains purchased

by the Department or stored in departmental godowns. This will enable the Department to obtain timely warning of the possibility of loss through deterioration of stocks and to safeguard the quality of purchases effected by or on behalf of Government. The Division of "Movement and Storage" is responsible for the transport of supplies and for proper storage of foodgrains. Construction and maintenance of storage godowns, provision of transport, like lorries and country boats, and the carrying out of the programme of boat construction, to which I shall refer more fully later on, come within the purview of this Division. The Division of "Consumer's goods" is entrusted with the control and distribution of articles like shoes, textiles, coal, steel and cement. The "Enforcement" Division deals with cases of hoarding, profiteering and corruption and maintains departmental contact with the press and the public.

The cost of the Civil Supplies Department is estimated at 3 crores in 1944-45 and 2 crores 75 lakhs in 1945-46. The larger expenditure in the current year is due to an extensive programme of construction of storage godowns and the acquisition of transport for the movement of foodgrains. The figures I have mentioned do not of course include the loss on the Department's trading operations. These losses are due, in the main, to sale of foodgrains to the public at prices below those at which they were purchased and to devaluation of Government's stocks as a result of progressive statutory lowering of price levels. But there are other contributory factors, like damaged stocks and loss in transit. The original estimates provided for a loss of 3½ crores in 1943-44 and 5 crores in 1944-45—a total of 8½ crores in two years. The present estimates place the total at nearly 17 crores for the same period. The loss in the coming year is estimated at 5½ crores, so that the total for the triennium stands at 22½ crores.

I shall refer later on to the working of the Capital head "85-A" under which receipts and disbursement on account of procurement operations and other transactions of a capital nature are adjusted.

Measures for the relief of destitute persons were readjusted during the year to suit the changing requirements of the situation. The need for test relief works having greatly abated, expenditure thereon was substantially reduced. Under the scheme for administration of gratuitous relief, free kitchens which were functioning in considerable numbers in the earlier part of the year were gradually closed down and replaced by arrangements for the sale of foodgrains at reduced rates to the poorer section of the people. This scheme continued in operation till the end of December when the harvesting of winter paddy somewhat eased the situation. It is estimated that no less than 18 lakhs of people have been benefited by this measure and the expenditure involved is of the order of 80 lakhs. A large number of centres were opened for the distribution of milk food to children and nursing mothers. The bulk of such milk food was obtained from abroad with the assistance of the Government of India and the distribution was effected through the agency of the Red Cross. Some 5,000 gallons of shark liver oil were emulsified and sent out for distribution to under-nourished children through the milk canteens established in various localities. Reports indicate that much benefit has been derived from the use of this tonic. Finally, free grants to the extent of 10 lakhs have been made to homeless destitutes to enable them to rebuild their huts, and free distribution of cloth and blankets to indigent people has been undertaken at a cost of close upon 15 lakhs.

At the beginning of the current year 268 workhouses, 67 poor houses and 88 temporary orphanages were functioning in the distressed areas of the Province. These had all been started on a purely emergency basis with a view to afford relief where relief was urgently needed, and were therefore not based on any very definitely constructive plan. It was decided to replace

them by 60 centralised Destitutes' Homes, each consisting of a workhouse, a home for destitutes and a home for orphans, deserted children and unattached destitute women. Up to date 40 such Homes have already been established, and more are nearly ready for opening. The workhouses attached to these Homes provide work for the able-bodied inmates and also for such of the residents of the locality as wish to work there for a living. The work consists of such items as paddy-husking, rope-making, mat-weaving, cane and bamboo work, spinning and net-making. A sum of two annas is credited to the account of an inmate for each day's work and non-resident workers are paid at rates varying from six to twelve annas per day according to output.

Destitutes are being repatriated to their home areas as soon as they become fit to earn their own living, but before repatriation, the local Union Board is consulted to make sure that it would undertake to look after them till they started maintaining themselves in the ordinary way. In order that they may be able to discharge this responsibility the Union Boards have been authorised to open poor funds with contributions from Government supplemented by subscriptions locally raised.

Government have accepted responsibility for all famine orphans, and, as I have already stated, there are at present some 88 State-managed orphanages in various parts of the Province. The temporary orphanages are now being looked after by the Revenue Department and the inmates will, in due course, be transferred to the permanent orphanages set up by the Education Department where they will be given proper education and vocational training so that they may grow up to be useful members of the community.

The opening of centralised homes for destitutes is a part of our scheme of Rehabilitation. Other items of the programme of rehabilitation are the setting up of properly staffed permanent orphanages re-excavation of derelict irrigation tanks, execution of useful irrigation and drainage projects, and rehabilitation of artisans. For the last named purpose raw materials, tools and implements of various kinds are being distributed among artisans and craftsmen either free or on easy terms so as to enable them to resume their normal occupations which were suspended as a result of the famine. Typical items included in the scheme of distribution are yarn for weavers, nets for fishermen, iron and steel for agricultural implements, etc. The outlay involved in this scheme is of the order of 50 lakhs.

There has been considerable expansion during the current year of medical facilities for sufferers from the after-effects of famine. The number of emergency hospitals has been greatly increased. Sixty-two hospitals with a hundred beds in each, 92 with 50 beds in each, and 441 with 20 beds in each are now open in different parts of the Province for the treatment of sick destitutes. In addition some 200 mobile units have been established for the purpose of carrying medical relief to remote and inaccessible areas. The number of such units could have been substantially increased but for the shortage of trained medical personnel. In our quest for doctors we explored every source. Seven I.M.S. Officers have been borrowed from the Army and 29 Burma Medical Officers have been pressed into service. Other Provinces were approached for the loan of doctors but few had any to spare. Even with this disability the results achieved have been worth while.

The provision for famine relief operations included in the estimates amounts to 3 crores 85 lakhs in 1944-45 and 1½ crores in 1945-46. The decrease is due to further improvement in the economic situation which is anticipated in the coming year. The provision for the Rehabilitation Programme is a crore and 80 lakhs in the current year and a crore and 70 lakhs in 1945-46.

Owing to the persistence of the epidemics of cholera and smallpox and the outbreak of a virulent form of malaria on a province-wide scale, anti-epidemic measures had to be maintained at an unprecedented level throughout the year. The number of satellite treatment centres for attending to outdoor cases, principally cases of malaria, went up from 42 at the end of 1942-43 to close upon 1,400 in the current year. The machinery for the distribution of anti-malarial drugs was progressively expanded and these drugs were made readily available to the people in all parts of the Province. Two hundred and eighty-two million tablets of mepacrine were obtained at a cost of 73 lakhs for sale to the public and for free distribution to indigent patients.

The total provision for the free distribution of quinine and mepacrine amounts to 20 lakhs in the current year and 20 lakhs in 1945-46.

For the control of smallpox and cholera a very large staff of medical licentiates, health assistants and vaccinators was entertained for carrying out vaccinations and inoculations on an extensive scale. Special measures were taken in the city of Calcutta for checking the spread of smallpox. The cost of these anti-epidemic measures is close upon 20 lakhs. The estimates also include 17 lakhs for the repair and resinking of tube-wells which had gone out of order in areas worst affected by the epidemics.

The total provision in the Public Health Budget is a crore and 77 lakhs in the current year and 95 lakhs in 1945-46. The increase in these two years over the pre-1943-44 average of 36 lakhs thus amounts to 2 crores. The reduced provision in the coming year is based on the assumption that there will be an early subsidence of epidemics and that further purchase of mepacrine tablets will not amount to more than 30 lakhs.

The need for organising medical relief on an elaborate scale throughout the Province brought into prominence the inadequacy of medical facilities provided by the great majority of local fund hospitals at Sadar and Sub-divisional headquarters. The difficulty experienced by these institutions in meeting the higher cost of medicine and diet has been greatly aggravated by the larger demand for admission as a result of the famine. In order to enable them to function properly it was necessary, as a temporary emergency measure, to assume direct responsibility for their management and to provide the additional funds necessary for the purpose. The charges on this account amount to 13 lakhs in the current year and 23 lakhs in 1945-46.

The activities of the Irrigation Department have been greatly intensified as a result of the need for speedy execution of a large number of new projects both under the Grow More Food Scheme and under the programme of Rehabilitation. The total value of schemes under these two categories for which provision has been included in these estimates is a crore and 46 lakhs spread over the two years 1944-45 and 1945-46. Two new circles with appropriate staff and equipment have been set up during the year to enable the Department to cope with the increase in work. A third circle has been created for working out the details of the Damodar Flood Control Projects. A contour survey of rivers in North Bengal has been undertaken at an estimated cost of 11½ lakhs of rupees. Among other important works which are being carried out by the Irrigation Department mention may be made of the remodelling of the Damodar Left Embankment which is expected to protect an area of 1,000 square miles from flood. The estimated cost of this project is close upon 3 crores and the Government of India have agreed to bear a 75 per cent. share. The remodelling of other important embankments in the districts of Midnapore and Tippera is also being carried out under a similar agreement with the Government of India.

The question of liberalisation of the rates of dearness allowance had been engaging the attention of Government for some time past. Orders were

issued in October last, after consultation with the Government of India, giving effect to enhanced rates from the 1st of July, 1944. This involves an extra liability of about 9 lakhs per month. Earlier in the year, it had been decided to make special grants to primary and secondary non-Government schools to enable them to pay dearness allowance to their teachers and menial staff. The provision for this purpose amounts to 57 lakhs per annum. The Budget for the coming year includes a provision of 25 lakhs for grants to local bodies for dearness allowance to their low-paid employees. The total provision on account of dearness allowance to Government employees and others is 2 crores 17 lakhs in the current year and 2 crores 81 lakhs in 1945-46.

While immediate objectives have naturally claimed the largest share of Government's energies and resources, planning for the future has not been neglected. A post-war Reconstruction Committee assisted by a large number of sub-committees—each dealing with a special field of administration—is hard at work, drawing up plans for utilising to the best possible advantage the opportunities for development which are sure to arise in the post-war period. The Department of Communications and Works has been provided with a special staff for post-war road planning in close collaboration with the Government of India.

It had become apparent to us that the old machinery of administration in Bengal, which had with occasional adjustments been made to serve changing needs and to perform altering and more diversified functions, should be subjected to a thorough examination. Accordingly Government appointed a Committee, known as the Bengal Administration Committee, under the Chairmanship of Sir Archibald Rowlands, Finance Member-designate of the Governor-General's Council, to enquire into the system and method of work of the various departments of Government and to suggest the means whereby the administrative machinery can be improved and rendered adequate for the efficient discharge of its functions both now and in the foreseeable future. The Committee have already covered a good deal of ground and their report, which is expected to be a valuable document, is awaited with interest.

A Provincial Statistical Bureau has been established with Professor P. C. Mahalanobis as its head. The task of this Bureau will be to effect the maximum possible improvement in the methods of collection, classification, tabulation and analysis of statistical materials by imparting necessary technical advice and assistance to various departments of Government engaged in statistical work.

It has also been decided to open an Organisation and Method Section, under the Finance Department, with the object of securing great efficiency in all offices and departments of Government and particularly in those in which defective methods of operation are likely to involve substantial losses of public money. For this purpose we were fortunately able to persuade Mr. Arthur Ethel, Honorary Organisation and Methods Adviser to His Majesty's Treasury and the Air Ministry in London, to fly to Calcutta and spend several weeks here, about the middle of 1944, and to prepare a detailed scheme for us. Mr. Ethel has agreed to be our Honorary Adviser and to assist us with his advice from London.

Among other items of additional expenditure included in these estimates, there are three which call for individual mention. The first of these is the expansion and reorganisation of the Publicity Department on modern lines at a cost of 6 lakhs per annum. This has been already carried out. The other two items, both falling on next year's budget are an extra 8 lakhs for the spread of primary education and an extra 5 lakhs for the development of secondary education.

Let me now review the working of the Capital head "85-A" under which are exhibited the receipts and disbursements in respect of the following transactions:—

- (1) Purchase of foodgrains other than wheat.
- (2) Purchase of wheat and wheat products.
- (3) Purchase of standard cloth.
- (4) Purchase of salt and sugar.
- (5) Construction of boats.

The total capital outlay involved in the first four of these schemes is of the order of 90 crores out of which a sum of 47 crores is derived from sale-proceeds and represents the turnover of stocks. The figure for loss adjustable in the current year is 13½ crores and the book-value of stock likely to remain in hand at the close of the year is estimated at 60 crores.

The comparable figures for the coming year are—a total outlay of 70 crores out of which 48 crores will be derived from sale-proceeds; a loss of 5½ crores; and a carry forward of stock to the value of 77 crores.

The existence of such large stocks in the possession of Government must necessarily raise important problems of disposal and turning over of stocks. These were recently discussed at a conference with representatives of the Government of India, and it was decided to accelerate offtake within the Province itself, by suitable reductions of prices, with a view to prevent deterioration through long storage and to release sufficient storage space for the new *aman* crop. The Government of India have offered, "as, so to speak, partners in the business", to share all losses arising out of sales at reduced prices in order to secure the necessary turnover. The details of this arrangement and its financial implications are being worked out, and it is hoped that as the result of our final arrangement with the Government of India, considerable relief will have been secured to our overburdened finances.

Under the fifth item, "Construction of boats", has been included the Scheme for building a fleet of some 10,000 boats of 100 maunds and upwards by new construction or purchase from outside the Province. This is urgently necessary for replacing the country boats lost in previous years and for supplementing the existing means of transport for the movement of supplies of all kinds. A number of these new boats will be operated directly by Government and the remainder will be either hired out to contractors for carrying supplies or sold outright or on the hire-purchase system. The provision on account of the boat construction programme is 2 crores 38 lakhs in 1944-45 and 5½ crores in 1945-46.

Finance for transactions relating to foodgrains and standard cloth has been obtained from three sources in the current year, namely, loan from the Central Government, cash credit advance from the Imperial Bank and issue of treasury bills. The Government of India have recently agreed to advance the necessary finance in respect of procurement operations in the coming year. This has considerably simplified our problem of procurement finance. It is proposed to issue treasury bills for providing requisite finance for the construction of boats.

I shall now pass on to a review of the revenue position as it stands according to the estimates in the hands of honourable members.

The Budget for the current year provided for a revenue of 22 crores and an expenditure of 30 crores with a resultant revenue deficit of 8 crores.

The Revised Estimates place our revenue receipts at 36 crores, that is to say 14 crores higher than the budget figure. In ordinary circumstances this should have enabled us to wipe out the estimated deficit and to close the year with a comfortable revenue surplus. But so seriously adverse to our fortunes has been the impact of conditions arising out of the War and the famine that our expenditure has been forced up to the formidable level of 47 crores or 17 crores in excess of our original estimate. In the result, the gap between revenue and expenditure stands further widened—from 8 crores in the Budget to 11 crores in the Revised. Let me summarise the factors responsible for these large variations in receipt as well as in expenditure.

Out of the total improvement of 14 crores in revenue receipts, 7 crores is accounted for by the subvention granted to the Province by the Government of India. In the course of my last Budget statement before the House I mentioned that the Government of India had been approached for suitable financial assistance and that we were hopeful that such assistance would be forthcoming. Towards the end of February, 1944, the Central Government communicated their decision to make *ex gratia* grants equal to half the booked expenditure under "Famine Relief" in each of the years 1943-44 and 1944-45 subject to a maximum of 3 crores in the first of these years and 1½ crore in the second. A sum of 3 crores was, in terms of this decision, adjusted in the accounts for 1943-44 in reduction of expenditure under the head "54—Famine". After considering a further representation from the Province, the Government of India decided to raise the maximum limit of financial assistance to 10 crores in all and to include within its scope half the booked expenditure on "Rehabilitation" and "Loss on sale of subsidised food" in addition to that in respect of "Famine Relief". Three crores out of the ten having been already received in 1943-44, credit has been taken in the current year for the balance of 7 crores.

As I have just explained, half the total improvement of 14 crores in our revenue receipts for the current year is attributable to the subvention from the Government of India. The other important heads which contribute to the increase are "Income-tax", "Excise" and "Other Taxes and Duties". "Income-tax" promises to yield a crore and a half more than was assumed at the budget stage. Under "Excise" we look for an increase of 2½ crores as a result of steep upguarding of the rates of duty. The policy of enhancement of excise duty with the twofold object of increasing revenue and reducing consumption which achieved such striking success in 1943 has been pursued further in the current year with highly satisfactory results. A graphical chart, which has been prepared to indicate the relative position of consumption of excisable articles and revenue derived from it, shows that in the current year, under each head, the inflow of revenue has substantially increased while consumption has been consistently kept at the minimum level. Even the consumption of country spirit, from which the bulk of our excise revenue is derived, has been very definitely reduced in spite of a large addition to the liquor-consuming population which has drifted into the Province from outside.

Under "Other Taxes and Duties" the increase is 1½ crore out of which one crore is due to enhancement of rates of Sales Tax and the balance is distributed over a number of items like Entertainment Tax, Betting Tax, Electricity Duty and the Sales Tax on petrol.

On the expenditure side as I have already stated the total increase is 17 crores. Out of this 8½ crores is due to larger provision for loss on the

sale of subsidised food and the balance is accounted for principally by the following items of additional expenditure:—

Rehabilitation Schemes	...	2	crores.
Liberalization of rates of dearness allowance to Government employees and grant of dearness allowance to teachers in non-Government schools	...	1½	crore.
Expansion of the Department of Civil Supplies	...	1½	crore.
Medical Relief and control of epidemics	...	1½	crore.
Agricultural Schemes, e.g., crop statistics and larger outlay on Grow More Food Schemes	...	1	crore.
Total	...	7½	crores.

The revenue for the coming year is estimated at 29 crores, that is to say 7 crores less than the Revised. The decrease is due to the omission of the subvention received from the Centre in the current year. For the rest, it has been assumed that revenue next year will flow in practically at the same level as in the current year. There are only two exceptions to this. One is an increase due to the expected yield from the Agricultural Income-tax. The Agricultural Income-tax Act came into operation too late to produce any appreciable revenue under this head in the current year; but it is expected to bring in half a crore in 1945-46. The other is a reduction of half a crore in receipts from Income-tax in terms of the latest information furnished by the Government of India.

The estimated revenue expenditure in 1945-46 amounts to 37 crores or 10 crores less than the expenditure in the current year. Out of this, some 8 crores is accounted for by reduced losses on the sale of subsidised food and the balance is due to smaller provision for the treatment of sick destitutes and the control of epidemics.

The estimated revenue deficit in the coming year thus stands at 8 crores.

The actual revenue deficit in 1943-44 in spite of the three crore subvention from the Centre amounted to a little over 3 crores. This year the deficit, after taking into account the further subvention of 7 crores, is expected to come up to 11 crores. In 1945-46, as I have just explained, the deficit is estimated at 8 crores. In an Appendix to the printed copy of my statement, honourable members will find a list showing the amounts included in the estimates to meet expenditure necessitated by the abnormal conditions of War and Famine. These items add up (in round figures) to 14 crores in 1943-44, 29 crores in the current year and 18 crores in 1945-46—amounting to a grand total of 61 crores. This grand procession of figures is a measure of the impact of the War on Bengal.

I have already acknowledged the grant of 10 crores from the Government of India. I now desire to thank them publicly on the floor of this House. The Government of India have themselves labelled their gift as an *ex gratia* grant, thereby, I take it, emphasising its compassionate character. But, while humility is a strong armour in adversity—and it is perhaps meet and proper that I should don the weeds of woe—it is my bare duty to plead that our claim to an adequate financial assistance from the Centre in the present circumstances is based on what I consider to be the irrefutable logic of facts. It is more akin to a claim for compensation in a court of law. We have not sought to avoid our responsibility; nor have we actually spared ourselves in respect of exertion and self-help. The Legislature has recently sanctioned the imposition of a tax on agricultural income and has authorised the doubling of the rates of the Sales Tax. There has been a steep upgrading of

excise duties. And, finally, registration fees and process fees have been substantially enhanced. In comparison with the figures for 1942-43, we are hoping to obtain in 1945-46 an additional 4 crores under Excise, half a crore under Agricultural Income-tax, 2½ crores under Other Taxes inclusive of the Sales Tax and a crore under Land Revenue, Stamps and Registration. It may not on the face of it appear to be a very impressive record; but it must be remembered that our power to raise additional revenue has been seriously restricted by the financial settlement which governs the allocation of revenue between the Centre and the Provinces. This is hardly an appropriate occasion for me to explain at length how and why, from the point of view of what should be a correct basis of federal finance, the Niemeyer Award has been unfair to Bengal. But I wish to assure the House that our complete "case" has been presented to the Government of India by His Excellency the Governor and myself.

It may, however, be a matter of some satisfaction to honourable members that our discussion have not yet reached a stage of finality and that it is reasonable to hope for a comprehensive settlement in the near future which will be free from any taint of injustice or niggardliness. I have already indicated that the Government of India's recent offer to share our "trading losses", under the Capital head "85-A", marks a more realistic approach to the question.

If I have not announced any new measure of taxation it is not because Government have not been considering further possibilities of augmenting our revenues.

To complete the picture, I shall now proceed to give a short account of the debt position of the Province. All our borrowings up till now have been either for the purpose of covering the revenue deficit and providing the requisite working balance at the close of the year; or for financing the large scale trading operations undertaken by Government in the Department of Civil Supplies. Bengal has not been able so far to float any loans for productive purposes, that is to say, for the financing of schemes of development such as large scale Irrigation projects or Hydro-electric Schemes which create additional wealth for the State. In other words, our debts so far have been all unproductive debts, with the possible exception of 2 crores or so spent on the furtherance of the "Grow More Food Campaign". A part of the debt is covered by stocks held by the Department of Civil Supplies but the rest is not covered by any tangible assets.

In an Appendix to the printed copy of my statement honourable members will find a summary of our indebtedness on the 31st March of each of the years from 1944 to 1946. In this summary, the figures for drawal of loans so far as the years 1944-45 and 1945-46 are concerned will, of course, depend on the progress of procurement operations. If progress is slow and the drawal of loans is smaller than estimated, there will be a corresponding reduction in the stock figures but there will be no change in the net indebtedness. It will be observed that in spite of our utmost efforts to help ourselves and in spite of the financial assistance hitherto granted by the Government of India, we shall have more uncovered unproductive debt at the end of 1945-46 than at the end of 1944-45. This debt which stands at 11 crores on the 31st March, 1945, will reach 19 crores on the 31st March, 1946. The dead weight of this heavy burden has no counterpart, either in causation or in magnitude, in any of the other Provinces, large or small.

Events outside India are, at least in the European theatre of war, swiftly moving to a climax. How soon the war will end none of us would dare predict; nor how soon we may be able to set our hands, untrammelled by a

sense of peril, to the arduous but fruitful tasks of reconstruction. Of physical destruction there has fortunately been little in our country; and to that extent our problems of post-war reconstruction may appear somewhat simpler. But the essential problem of reconstruction is the same everywhere, created by the same urge towards new degrees of achievement and organisation, towards a greater fulfilment of life by the assurance of a decent standard of living for each and all. That is the professed aim of all the post-war reconstruction "Plans" that I have seen or heard of.

We have already several non-official "Plans" in India. I do not propose to discuss any of them or attempt to assess their relative merits and their competitive claims to our acceptance. The distressing thought which is uppermost in my mind this afternoon is that Bengal will face the problem of reconstruction without that self-assurance which the other Major Provinces and State of India have been able to acquire. Of these not all have the right to say, as Mysore, moulded by the genius of Sir M. Visweswarayya, undoubtedly has, that their "reconstruction planning is in many directions a continuation or reorientation of past effort". I harbour no feeling of envious resentment against these sister Provinces and States, and, if I am debarred from sharing in their pride and advantage, I sincerely congratulate them on their prosperity and wish them godspeed. Nor would I wrong any of them by a petulant suggestion that hers is not the reward of prudent husbandry.

A number of Sub-Committees of the Government of Bengal's Post-War Reconstruction Committee, composed mainly of non-officials and experts, have been, to use expressions which have recently acquired particular connotation, "fixing targets" for the development of agriculture, education, industry, communications, health and housing, and their "blue-prints" will in due course, be ready. According to the decision of the Government of India, Bengal, along with the other Provinces, will receive during the first five years after the war considerable financial assistance from the Centre for implementing our schemes. But unless we can add our share, out of our own resources, to these contributions, our efforts will have to be considerably more pedestrian. Our most urgent task nevertheless has been, and will for some time continue to be, the rehabilitation of our people. If we attain even a tolerable measure of success in rehabilitating our people, we will perhaps have laid a better and surer foundation for those achievements of security and well-being to which we and others aspire: We will have provided fairer prospects for the latent talent of our people and ensured an ampler scope to emergent Life.

## STATEMENT I

## Bengal Budget, 1945-46

[The figures are in thousands of rupees.]

	Actuals, 1943-44.	1944-45.		Budget, 1945-46.
		Budget.	Revised.	
<i>Receipts.</i>				
Opening Balance .. ..	2,60,46	2,47,87	3,06,61	2,31,55
Revenue Receipts .. ..	23,71,72	21,97,44	35,65,85	28,78,75
Receipts from Debt Heads .. ..	1,06,04,89	85,35,17	1,71,96,87	1,70,66,24
<b>Total .. ..</b>	<b>1,32,37,07</b>	<b>1,09,80,48</b>	<b>2,10,69,33</b>	<b>2,01,76,54</b>
<i>Expenditure.</i>				
Revenue Expenditure .. ..	26,75,18	30,43,78	47,00,67	37,38,47
Capital Expenditure .. ..	30,20,67	—17,20,34	31,49,99	22,71,83
Expenditure on Debt Heads .. ..	72,34,61	1,07,21,72	1,29,87,12	1,38,85,52
Closing Balance .. ..	3,06,61	—10,64,68	2,31,55	2,80,72
<b>Total .. ..</b>	<b>1,32,37,07</b>	<b>1,09,80,48</b>	<b>2,10,69,33</b>	<b>2,01,76,54</b>
<i>Net Result.</i>				
Surplus +				
Deficit -				
(a) On Revenue Account .. ..	—3,03,46	—8,46,34	—11,34,82	—8,59,72
(b) Outside Revenue Account .. ..	+3,49,61	—4,66,21	+10,59,76	+9,08,89
(c) Net, excluding Opening Balance .. ..	+46,15	—13,12,55	—75,06	+49,17

## STATEMENT II

## Statement of expenditure necessitated by war conditions and the famine and its aftermath

[In thousands of rupees.]

	I.—War.		
	1943-44. (Actuals.)	1944-45. (Revised.)	1945-46. (Budget.)
Civil Defence .. ..	1,06,00	1,23,00	1,22,00
Home Guards .. ..	7,00	10,00	13,00
Extra Police .. ..	20,00	20,00	23,00
Increase in cost of Jail Administration (over 1942-43)	69,00	57,00	58,00
<i>Dearness Concessions—</i>			
(i) Cash dearness allowance .. ..	83,00	2,17,00	2,81,00
(ii) Cost of food concessions .. ..	34,00	46,00	41,00
Subsidy to Calcutta Corporation .. ..	15,50	..	..
Civil Supplies Department .. ..	78,00	3,02,00	2,74,00
Loss on purchase of foodgrains .. ..	3,50,00	13,40,00	5,54,00
<i>II.—Famine.</i>			
Test Works .. ..	1,17,00	15,00	10,00
Gratuitous Relief .. ..	2,90,00	1,35,00	30,00
Blankets and clothings .. ..	40,00	15,00	20,00
Special medical relief .. ..	53,00	1,70,00	71,00
Special public health measures .. ..	32,00	1,30,00	52,00
Poor houses and orphanages .. ..	28,00	35,00	15,00
Rehabilitation .. ..	..	1,81,00	1,69,00
<i>III.—Grow More Food Campaign.</i>			
Gross outlay .. ..	1,00,00	1,12,00	77,00
<b>Total .. ..</b>	<b>14,22,50</b>	<b>29,08,00</b>	<b>18,10,00</b>

## STATEMENT III

## Provincial indebtedness on 31st March, 1944, 31st March, 1945, and 31st March, 1946

[The figures are in thousands of rupees.]

	31st March, 1944.(a)	31st March, 1945.(b)	31st March, 1946.(c)
<b>I. Indebtedness—</b>			
<b>Public—</b>			
Treasury Bills .. .. .	12,50,00	33,00,00	41,00,00
Imperial Bank Cash Credit Account ..	11,24,90	29,40,90	29,40,90
<b>Government of India—</b>			
Ways and Means, 1942 .. .. .	2,50,00	..	..
Ways and Means, 1943 .. .. .	3,00,00	..	..
Ways and Means, 1944 .. .. .	..	10,00,00	10,00,00
Ways and Means, 1945 .. .. .	..	..	22,00,00
<b>Rice Loans—</b>			
Out of 1½ crores .. .. .	37,50	..	..
Out of 4 crores .. .. .	1,00,00	..	..
Wheat Loans .. .. .	87,50	..	..
Civil Defence Loan .. .. .	1,79,95	2,47,53	2,95,40
Loan for closing Damodar Bund Breach ..	20,00	..	..
Grow More Food Loans .. .. .	62,15	47,92	28,17
<b>Total</b> .. .. .	<b>34,12,00</b>	<b>75,36,35</b>	<b>1,05,64,47</b>
<b>II. Assets—</b>			
<b>Stocks—</b>			
<b>Stocks of foodgrains—</b>			
Other than wheat .. .. .	15,71,10	46,99,11	64,21,74
Wheat .. .. .	11,76,68	7,32,27	6,39,73
Salt .. .. .	21,43	83,61	1,00,29
Sugar .. .. .	37,41	83,88	1,62,98
Standard Cloth .. .. .	2,36,62	3,68,32	3,68,32
Boats .. .. .	..	2,04,10	6,68,15
<b>Total Stocks</b> .. .. .	<b>30,43,24</b>	<b>61,71,29</b>	<b>83,61,21</b>
Closing Balance .. .. .	3,06,61	2,31,55	2,80,72
<b>Total Assets</b> .. .. .	<b>33,49,85</b>	<b>64,02,84</b>	<b>86,41,93</b>
<b>Net uncovered indebtedness (i.e., I minus II)</b> ..	<b>62,15</b>	<b>11,33,51</b>	<b>19,22,54</b>

(a) According to the Actuals for 1943-44.

(b) According to the Revised Estimates for 1944-45.

(c) According to the Budget Estimates for 1945-46.

**Speech by the Hon'ble Khan Bahadur Mohammed Ali, Finance Minister, in presenting the Budget for 1946-47**

(Presented on the 24th July, 1946)

Mr. Speaker, Sir, I rise to present the Budget for the year 1946-47.

More than three months of the year to which these estimates relate have already passed. As the House is aware, the Section 93 administration which had been ushered into existence by a somewhat extraordinary set of circumstances, came to an end on the 24th April last and the reins of office were once more assumed by the elected representatives of the people. Thereafter, the Ministry required some time to review the financial position and formulate its Budget proposals. It was obviously impossible in these circumstances to comply with the normal procedure under which the Budget is required to be presented to the Legislature before the commencement of the year to which it relates; and the Governor has been pleased, after consultation with you, Sir, to make an *ad hoc* rule to validate the delayed presentation of the estimates for the current year.

Honourable members will observe that there has been a change in the form of the estimates. In the first place, the customary Revised Estimates of the preceding year have been replaced by "actuals" since these actuals are now to hand. Secondly, in order to furnish honourable members with an indication of the amount of expenditure incurred this year during the Section 93 administration, that is to say, between the 1st and the 24th of April expenditure estimates have been exhibited in three columns instead of in one, as has been the usual practice. Reading from the right, we have first a column in which is shown "Actual Expenditure from 1st April, 1946, to 24th April, 1946"; next we have a column showing "Estimated Expenditure from 25th April, 1946, to 31st March, 1947"; and finally there is a column in which has been entered the aggregate of the other two columns, representing the Estimated Expenditure for the whole year. The figures in the first column have been furnished by the Accountant-General who has compiled them from his account registers as accurately as possible. He has, however, made it clear that since his accounts are compiled for complete months, the figures in question are, in many cases, based on rough calculations with no pretensions to meticulous accuracy.

So much for the changes in the form of the estimates. In regard to substance, the present estimates mark a noticeable departure from the Budget of previous years. For the first time in her long and troublous history the Province has been enabled, through the co-operation and assistance of the Centre, to embark upon a comprehensive and carefully thought out programme of development in every branch of nation-building activity, untrammelled by paucity of resources. Hopelessly incapacitated by the acute financial stringency which has been her lot from the time of the iniquitous Meston Award, the Province has never been in a position to properly organise and develop her nation-building activities. Such provisions as could be made for this purpose from time to time were generally in the nature of temporary expedients to meet the pressing needs of the moment and were seldom sufficiently comprehensive to make any substantial impression on the accumulated deficiency of years. Even these meagre efforts had to be suspended in a large measure on the outbreak of hostilities on the Eastern Front. As the then Finance Minister of the Province put it pithily, "Nation-saving" had to take the place of "Nation-building". The Famine which followed left little scope for anything beyond measures of immediate relief. Although the Province is still a long way from recovery from the shattering impact of the War and the Famine,

we have now, for the first time, been enabled to bend our energies to the supremely important task of raising the economic standard and increasing the general well-being of the people. The current year's cost of Development Projects included in the present estimates amounts to a little over 12 crores—a figure which almost equals the total revenue expenditure of the Province in the last pre-war year, 1938-39. The Government of India have undertaken to make available to the Province the entire amount required for Development Projects in the current year. For productive or self-financing schemes, which, on completion, will yield adequate revenue to cover the working expenses, the maintenance and depreciation charges and the interest on the capital at charge, the Central Government will advance the requisite loan to cover the initial outlay. For non-productive schemes, outright grants will be made from the Central Post-War Reconstruction Fund. The effect of this financial arrangement is that no part of the expenditure relating to Development Projects will have to be met by the Province out of its own resources in the current year; and we can proceed with the execution of these projects without having to worry about ways and means. Such retarding factors as may arise in this connection will consist in lack of materials and trained personnel—not in lack of finance or initiative.

Outside the Development Programme, that is to say in the field of current administration, the financial position continues to be one of acute difficulty. Although the War has mercifully come to an end, the severity of the conditions which necessitated the bulk of the heavy and abnormal war-time expenditure shows no signs of mitigation. It has, if anything, been aggravated by the present shortage of food. The high level of expenditure involved in the procurement and distribution of foodstuff and in the administration of relief has to be maintained and in certain respects substantially enhanced. The persistence of inflated price and the resultant high cost of living has made it necessary to further liberalise dearness concessions and to improve the pay-scales in respect of low-paid employees. Considerable leeway has to be made up in regard to essential repairs and replacements which were all held up during the War owing to non-availability of materials. While these and other factors preclude the possibility of any immediate reduction in expenditure, revenue receipts under a number of important heads show a distinct downward trend owing to the cessation of military activities. Thus a decline in Excise revenue to the extent of 2½ crores is anticipated as a result of the repatriation of military personnel and the disbandment of labour forces employed on military works. In the current year's Budget, revenue expenditure is expected to fall short of receipts by as much as 10 crores. The bridging of this wide gap between receipt and expenditure presents a problem of considerable difficulty about which I shall have to say more later on.

Such, in outline, is the Budgetary position for the current year. Let me now proceed to fill in the details.

Thanks to a subvention of 8 crores from the Government of India, the heavy revenue deficit anticipated in 1945-46 was fully wiped out; and owing partly to this circumstance and partly to larger receipts from the Income-Tax pool, coupled with slower progress of expenditure than was originally anticipated under certain heads, the year ended with a closing balance of 7½ crores. This amount constitutes the opening balance for the current year and large as it is in comparison with the opening balance in previous years, it is no more than what may be reasonably required for an estimated expenditure of over 50 crores on revenue account in the course of the year.

From the estimates in the hands of honourable members it will appear that the total revenue expected this year is of the order of 42½ crores out of which 10½ crores represent grants from the Centre for the financing of unproductive

Development Projects. The yield from normal sources of revenue, therefore, amounts to 32 crores in all. The corresponding figure for the previous year, excluding the subvention of 8 crores to which I have already referred, stands at 37 crores. There has thus been a decrease of 5 crores in revenue. Two crores and a half out of this amount is accounted for by the decline under "Excise" owing to circumstances already explained. The balance is distributed over a number of items. Receipts from Petrol Tax are expected to come down from a crore and 63 lakhs in 1945-46 to 40 lakhs only in the current year owing to cessation of military demands. A decline of ten lakhs is due to the abolition of the Tax on Professions and of 38 lakhs to reduced yield from Betting Tax and Entertainment Tax owing to the repatriation of military personnel. Forest receipts are expected to be down by 48 lakhs owing to stoppage of further orders for timber from the Supply Department. And a drop of half a crore is anticipated under "Stamps" on the basis of the latest trend of actuals.

On the expenditure side the total estimate for the current year stands at 52 crores. As this include 10½ crores on account of Development Projects financed by outright grants from the Government of India, what may be called the "ordinary" expenditure for the year amounts to 41½ crores. The corresponding figure for 1945-46 is 39 crores. There has thus been an increase of 2½ crores in the ordinary expenditure for the current year. Let me explain briefly the reasons for this increase.

The only war-time charge which it has been possible to discontinue in the current year is the expenditure on Civil Defence, Home Guards and Civic Guards amounting to a little over a crore in all. As against this decrease, provision for heavy additional expenditure has had to be included under a number of items.

In order to afford some relief to Government servants against the cumulative effect of increased prices it has been decided, in consultation with the Government of India, to give retrospective effect to the present rates of dearness allowance by making them operative from 1st July, 1944, instead of from 1st January, 1945, the date prescribed in the Government order which had been in force in 1945-46. The effect of this measure on the current year's Budget is an additional liability of 53 lakhs.

Government have undertaken a comprehensive examination of the scales of pay of all classes of employees under its rule-making control with a view to bring such scales more in line with the altered economic conditions which are likely to prevail in the years to come. Pending the conclusion of this examination which will naturally take a considerable amount of time, it has been decided to afford some measure of immediate relief by an *ad hoc* increase of pay in the lower ranges in all branches of administration. The total cost of this concession amounts to a little over a crore in the current year.

The next important item, responsible for the increase in the current year's expenditure is the unexpectedly heavy loss, amounting to a crore and a half, on the Boat Construction Programme. It was assumed, when this Programme was launched in 1944 with a view to urgent replacement of boats lost through "Denial" and other causes, that the boats turned out would find a ready market and that the financial outlay would be fully and readily recouped. Unfortunately this assumption has not turned out to be correct and a loss of 1½ crores on this account which now appears to be inevitable, has been included in the current year's Budget.

Extra expenditure amounting to nearly half a crore is involved in certain measures of much-needed improvement under "General Administration"

and "Police". Under the first head, it has been decided to maintain a fleet of 400 jeep cars and a number of speedy light planes with a view to improve touring facilities for important officials. The cost of this project including the provision of landing strips amounts to close upon 25 lakhs. Schemes of additional expenditure under the head "Police" include expansion of the Thana staff and the Armed Reserve for the Bengal Police and strengthening of the Duty Reserve as well as of the Armed and Unarmed branches of the Calcutta Police. Mechanised transport has been provided for increasing the mobility of the Police force throughout the Province and wireless nets have been set up in Calcutta and in outlying districts as a precaution against the breakdown of ordinary means of communication. These measures, taken in conjunction with the liberalisation of the pay-scales in the lower ranges of the Police force to which reference has already been made, involve a total outlay of close upon a crore. Negotiations are in progress with the Government of India for a substantial contribution towards this expenditure and on the assumption that the outcome of these negotiations will justify our expectations, the net charge on the Provincial Budget on account of these items has been taken as about 25 lakhs in the present estimates.

Extra provision to the extent of 75 lakhs has been made under "Civil Works". This is exclusive of arrear dearness allowance and increase in pay in the lower ranges. An increase of 20 lakhs is due to the resumption of essential repair works which could not be taken in hand during the War owing to non-availability of materials. Ten lakhs have been provided for the purchase of tools and plants and 8 lakhs for the entertainment of additional staff in connection with Post-war Road Planning. Resumption of suspended Road Fund Projects accounts for an increase of 10 lakhs and 25 lakhs have been provided for land acquisition and construction of buildings for additional office accommodation and residential quarters for Government officers. Among minor items may be mentioned a provision of 2 lakhs for Air-conditioning of the Secretariat Buildings in Calcutta, preliminaries for which had already been settled during the Section 93 administration.

There are less important variations under other heads but as full details have been furnished in the Red Book it is not necessary for me to go over them here. I shall conclude this review of "Current charges" with a short account of the provisions under two heads of expenditure which have acquired special importance under present day conditions. These are "Famine Relief" and "Extraordinary Charges". Under the first head, provision has been made for a Directorate of Relief and Rehabilitation with a very senior and experienced officer at its head as Commissioner of Civil Relief. The activities of the Directorate include maintenance of Orphanages, Work-houses and Homes for destitutes; organisation of test works; establishment of cheap grain shops; opening of milk canteens and distribution of relief in various forms. The total provision under Famine Relief in the current year amounts to 2 crores 90 lakhs against an actual expenditure of 3 crores 17 lakhs in the preceding year. The two figures are, however, not strictly comparable. The cost of some 23,000 beds of Famine Relief Emergency Hospitals which was met last year from the Famine Budget has, in the current year, been transferred to the "Development" section of the Medical Budget because these emergency beds have now been converted into quasi-permanent ones in properly equipped Auxiliary Government Hospitals in rural areas. The amount involved is over a crore and a half. If allowance is made for this adjustment, it will be found that the current year's provision for Famine Relief is considerably more than the amount spent in 1945-46. The increase is due to the general worsening of the situation as a result of the world-wide scarcity of food.

While on the subject of "Relief" I must make a brief reference to the recent disastrous floods in Chittagong and other parts of the Province which have rendered thousands of people homeless and destitute. We feel the utmost sympathy and commiseration for the unfortunate victims of this terrible calamity and I take this opportunity to assure the House that Government will take all possible measures for their relief and rehabilitation.

Under the other head "Extraordinary Charges" the provision in the current year amounts to 10 crores in all. This includes a loss of 2 crores on the sale of subsidised food to the public and of 1½ crores, as already explained, under the Boat Construction Programme. The provision for staff and contingencies in the Department of Civil Supplies including Rationing and Enforcement amounts to 6 crores out of which nearly a crore is required for the construction and maintenance of storage accommodation and improvement of roads in certain areas for facilitating transport of foodstuff.

### **Procurement Finance**

Provision has been made under the Capital head "85-A" for large scale transactions relating to the purchase of foodgrains and textiles. The total capital outlay involved in these operations is of the order of 52 crores out of which 48 crores will be found from sale proceeds and represents the turnover of stocks. The figure for loss adjustable in the current year is 2 crores under foodgrains and the book value of stock likely to remain in hand at the close of the year is estimated at 17 crores. Finance for the procurement of foodgrains is to be obtained by way of cash credit advances by the Imperial Bank, the maximum limit of such advances being for the present fixed at 30 crores. In the case of textiles the requisite finance is obtained through Treasury Bills.

### **Development Programme**

Let me now turn to the Development Programme. As I have already explained, this Programme aims at comprehensive and co-ordinated improvement in living conditions and economic standards throughout the Province. It embraces every sphere of nation-building activity, though the degree of emphasis necessarily varies from subject to subject and is in many cases conditioned by the availability of resources in material and personnel. The total provision made in these estimates for schemes included in the Development Programme is 12 crores 10 lakhs out of which 10 crores 45 lakhs falls under the Revenue Account, and the balance of 1 crore 65 lakhs representing the outlay on self-financing schemes, is provided under Capital heads. Appendix II to the printed copy of this Statement shows the distribution of these provisions among the various major heads of expenditure and sets forth the schemes for which provision has been made. Let me refer briefly to some of the more important of these schemes.

### **Land Revenue**

There is a provision of 4 lakhs under Land Revenue for the inception of Revisional Settlement Operations in the Sunderbans area in connection with the plan for liquidating the Permanent Settlement. The House will recall that the Land Revenue Commission gave very careful consideration to this question and recommended that steps should be taken to bring the actual cultivators into direct relation with Government by buying off the interest of all classes of rent-receivers in agricultural lands. The Bengal Administration Enquiry Committee urged very strongly on administrative grounds that Government should give the earliest effect to the foregoing recommendation of the Land Revenue Commission.

According to the scheme which has been drawn up for the purpose, the areas named below are proposed to be taken up in the following order of priority:—

- (1) Faridpur.
- (2) Bakarganj.
- (3) Sunderbans.
- (4) Burdwan, Hooghly and Howrah.

Faridpur and Bakarganj are to be taken up first as Revisional Settlement Operations have been recently completed in the former district and are now in progress in the latter. The Revisional Settlement Operations in the Sunderbans area represent the next stage of the programme. The districts of Burdwan, Hooghly and Howrah are also to be taken up shortly as they are likely to be benefited by major irrigation schemes in the very near future.

### Irrigation

Under Irrigation a sum of 30 lakhs has been provided for the re-excavation and improvement of derelict irrigation tanks, thousands of which lie scattered throughout the Province. This scheme will ensure that in the dry districts the cultivators will not have to depend entirely on rainfall for the production of their crops. It is also hoped that the resuscitation of these tanks will improve the facilities for pisciculture and provide more water for drinking and other purposes. A sum of 20 lakhs has been provided for 47 minor irrigation projects and a number of other schemes of irrigation and drainage for which plans are now ready for execution. Among smaller provisions may be mentioned 2 lakhs for the construction of irrigation wells and 2 lakhs for the collection of hydrological data in the Dacca and Chittagong Divisions. A sum of 5 lakhs has been provided for preliminary work in connection with the planning of a comprehensive drainage and irrigation scheme for Eastern and Northern Bengal. The immediate objective is the putting up of a dam across the Teesta river in Northern Bengal, which will ensure a large scale supply of electrical energy besides facilitating the irrigation of a very considerable tract of land.

Outside the Revenue account, there is a provision of 70 lakhs for the execution of Part II of the Mor Irrigation Project which is estimated to involve a total expenditure of 4 crores 38 lakhs. The object is to set up a barrage across the Mor river near Suri with weirs across the subsidiary channels of Dwarka, Brahmani, Bakreswar and Kopai and a network of irrigation canals. These are expected to irrigate an area of four hundred thousand acres in the districts of Birbhum, Murshidabad and Burdwan which suffer from conditions of chronic scarcity owing to erratic and undependable rainfall. It is expected that the resulting increase in the yield of paddy will be 44 lakhs of maunds per year. The piers of the barrage near Suri have been so designed as to enable them to carry a bridge across the river thereby improving the means of communication with the adjacent Province of Bihar. As the project is expected to be a productive one, it will be financed by loan and the expenditure has been provided under a Capital head.

### Agriculture

In respect of Agricultural schemes included in the Development Programme the provision under the Revenue account amounts to a crore and 29 lakhs out of which 89 lakhs comes under "Civil Works" for the acquisition of land and the construction of requisite buildings.

Outside the Revenue account there is a provision of 41 lakhs for the establishment of 28 seed multiplication farms and one jute seed multiplication farm. The seed multiplication farms will each cover an area of 200 acres and will be devoted to the production of improved seeds of paddy and other foodgrains. The jute seed multiplication farm is to be situated on an area of 1,000 acres out of which 400 acres will be put under the highest grade of jute every year by rotation and in the remaining area paddy and various rabi crops will be grown. It is hoped in this way to secure an adequate supply of improved jute seeds and to distribute them among jute growers on a large scale and at a reasonable price. As these schemes are all expected to be productive ones it is proposed to finance them by loan.

Among unproductive schemes proposed to be financed out of grants from the Centre, the most important is the establishment of a Central Live-stock Research *cum* Breeding Station at Haringhata. The scheme consists of three main parts, viz.,—

- (i) the breeding of high grade cattle, goats and poultry;
- (ii) research relating to all matters affecting the live-stock industry, e.g., animal nutrition, genetics, pasturage and dairy technology; and
- (iii) establishment of a dairy on the most up-to-date scientific and hygienic lines.

The current year's cost on account of this scheme is estimated at 58 lakhs out of which 45 lakhs represent the cost of land and buildings.

A smaller scheme on somewhat similar lines involves the establishment of a multipurpose Agricultural Farm at Kalimpong for the breeding of Siri bulls, hill goats and hill sheep and the raising of improved varieties of hill paddy, maize, flax and pyrethrum. The cost for the current year amounts to 8 lakhs out of which 6 lakhs has been provided under Civil Works for land and buildings.

Other provisions for the improvement of the live-stock industry include 3 lakhs for large scale breeding of goats and 6 lakhs for a live-stock farm for carrying out scientific breeding and management of stock.

With a view to securing rapid and adequate training for the higher technical personnel required for the development of agricultural activities, the Agricultural Institute at Dacca is being suitably expanded and reorganised at a cost of 11 lakhs including 7 lakhs for buildings; while for the training of subordinate technical personnel additional facilities are being provided at an estimated cost of 8 lakhs out of which 6 lakhs is on account of buildings. These include expansion of the Agricultural Institutions at Chinsura and Daulatpur and the establishment of a new institution at Gaibandha.

Other provisions which call for individual mention are 3 lakhs for the expansion of Agricultural research, 4 lakhs for the improvement of Horticulture and 8 lakhs for the establishment of a fully equipped Sugarcane Research station. A sum of 11 lakhs has been provided for land and buildings in connection with a scheme for the provision of seed stores at Thana Headquarters. These stores will form the nucleus of extension activities and will stock seeds of departmental farms, manures and agricultural implements for distribution among cultivators.

### Industries

The total provision in respect of projects of Industrial Development amounts to 1 crore. Out of this, 54 lakhs representing the cost of four productive schemes has been provided under a Capital head outside

the Revenue account. The first of these schemes relates to the Electrification of a semi-rural area, covering about 2,200 square miles and lying within the triangle formed by Gourepore, Burdwan and Krishnagar. The scheme involves the construction of two transmission lines from the existing supply station at Gourepore to Burdwan and Krishnagar, these two towns being joined by a tie line through Navadwip. Sub-stations are to be installed in suitable towns and villages on the route with a view to making electrical energy available to individual consumers. Energy is to be purchased in bulk from the Gourepore Electric Supply Company. The scheme is designed to accelerate industrial development in the area which is well served by roads and railways and the system can be eventually inter-connected with developments in the Damodar Valley and with power stations erected in the coalfields. The current year's provision for this scheme amounts to 20 lakhs.

The next item is a provision of 15 lakhs, designed to secure participation in the Government of India's scheme for the production of artificial fertilisers. It was originally intended to set up a small factory for this purpose in Bengal but in view of the decision of the Government of India to set up a large scale factory at Sindri in Bihar it is now proposed to participate in this project by subscribing 75 lakhs towards the capital cost. The current year's provision represents the first instalment of this subscription.

The third provision under the Capital head is one of 13 lakhs for a scheme of Industrial Centres the object of which is to develop village industries on commercial lines with modern technique through small village factories under a centralised production and marketing organisation. The scheme will be run as a commercial enterprise with the object of making all the Centres self-supporting as quickly as possible.

Finally there is a provision of 6 lakhs for the exploitation of coastal and estuarine fisheries. This scheme provides for the transport of fish from the fishing areas in refrigerated boats to a lighter, also provided with refrigeration facilities, where the fish will be cleaned and frozen and then transported in insulated carriers to the railhead at Khulna. From there the fish will be conveyed to Calcutta in an insulated wagon which the Railway authorities have promised to provide. Orders have already been placed in Australia for motor boats fitted with refrigerators and two boats have recently been acquired from the Royal Navy to serve as carriers. It is hoped to have the scheme in full working before the end of the current year.

In the Revenue account under "Industries", 8 lakhs have been provided for the expansion of the Department of Fisheries. The scheme provides for the appointment of an additional Director of Fisheries and also for an increase in the number of Superintendents, District Fisheries Officers and Fishery Overseers for work in the districts. It also includes a provision for an experimental-cum-touring launch at a cost of about 3 lakhs.

There is a provision of 14 lakhs for the development of the Sericulture Industry, including 5 lakhs under "Civil Works" for the construction of buildings. The schemes include improvement and expansion of sericulture nurseries, reorganisation of the Reeling Institute at Malda and the establishment of a Training Institute for subordinate sericultural staff.

Among other items included in the Revenue account under "Industries" may be mentioned a provision of 4 lakhs for the reorganisation of the Ceramic Institute, 6 lakhs for the expansion of the Textile Institute and 5 lakhs for the development of the Tanning Institute. There is also a provision of 2 lakhs for the appointment of Power Engineers and requisite subordinate staff for the development of electricity in the Province; and of 3 lakhs for a scheme for increased production of quinine.

### Medical

A provision of 2½ crores is included in the Medical Budget with a further crore and a half under "Civil Works" for land and buildings, in respect of Development Projects dealing with the improvement of medical facilities which are at present so hopelessly inadequate. The most important item is concerned with an increase in the number of hospital beds in rural areas. The number of permanent beds at present available is only 6,400 which works out at barely one bed per 9,000 heads of population. Some 23,000 emergency beds were opened in connection with the Famine and it has now been decided to convert the great majority of these into quasi-permanent beds in properly equipped Auxiliary Government Hospitals in rural areas. This scheme involves an outlay of a crore and 70 lakhs in staff and equipment and of 40 lakhs on buildings. For the improvement of existing hospitals 25 lakhs have been provided under "Medical" with a further 20 lakhs under "Civil Works" for additions to buildings. It is proposed to establish a temporary Medical College at the Lake Area in Calcutta with an attached hospital of 1,000 beds. The outlay involved is 2 lakhs for the acquisition of buildings and 19 lakhs for staff and equipment. The next item on the programme is the conversion of the Medical School at Dacca into a Medical College with 500 additional beds at a cost of 20 lakhs under "Civil Works" and 7 lakhs under "Medical". For two other important projects, namely, the conversion of the Campbell Medical School into a Medical College with 100 additional beds and the establishment of an Infectious Diseases Hospital in Calcutta, provisions of 20 and 15 lakhs respectively have been made under "Civil Works" in respect of land and buildings, no provision being required in the Medical Budget till the requisite buildings are ready. Two other projects which call for individual mention are the establishment of a Tuberculosis Sanatorium at Amulia in the district of Burdwan and the opening of a Tuberculosis Hospital at Kanchrapara. For the first scheme 200 acres of land have been secured on the bank of the river Ajoy near Asansol and it is proposed to build an administrative block with requisite equipment as well as cottages and cabins for 200 patients to start with. The current year's provision amounts to 10 lakhs for land and buildings and is included under "Civil Works". For the second scheme, the American Hospital at Kanchrapara has been taken over complete with stores, appliances and equipment. It is provided with its own power station and water station with automatic chlorination and piped water supply. The current year's provision for its conversion to a Tuberculosis Hospital is 11 lakhs under "Medical" and 3 lakhs under "Civil Works". Among other items included in the Development Programme under this head may be mentioned the creation of an Ambulance Service at a cost of 9 lakhs and measures for the control and prevention of venereal diseases estimated to cost about 4 lakhs.

### Public Health

The Development Programme under "Public Health" includes 50 lakhs for a comprehensive scheme of rural water supply which will ensure proper maintenance and repair of existing sources and the setting up of new sources, on a carefully planned basis, at the rate of at least 2,000 tube wells per year. There is also a provision of 20 lakhs for the improvement of water supply and drainage in Municipal areas. A large number of waterworks and drainage schemes drawn up by Municipal authorities are pending for a very long time either through financial stringency or through lack of materials. The object of the provision is to enable such schemes to be carried out without further delay. Other provisions include 3 lakhs for the control of Malaria, 2 lakhs for Maternity and Child-welfare, 1 lakh for the creation

of a Public Health Nutrition Organisation and 6 lakhs mostly under "Civil Works" for land and buildings for the establishment of two leper colonies at Bankura and Peardhoba.

### Education

The total provision for schemes of Educational Development amounts to 75 lakhs out of which 19 lakhs have been provided under "Civil Works" for land and buildings. The largest individual item is a provision of 20 lakhs in connection with proposals designed to improve the prospects of primary school teachers on whose efficient and contented service the success of primary education so largely depends. There is also a provision of 16 lakhs for the training of staff for Primary Training Schools. It is proposed to open two residential training Colleges for this purpose in the current year with attached experimental schools. The bulk of the expenditure will be for the construction of buildings and has therefore been provided under "Civil Works". A large proportion of the trainees will be officers of the Education Department. Ten lakhs have been provided for the encouragement of post-graduate research and 8 lakhs for the immediate improvement of Engineering courses in the Bengal Engineering College, Sibpur, and the Jadavpur Technological College. A sum of 5 lakhs has been provided for the training of students abroad; 4 lakhs for the technical training of ex-service personnel; and 4 lakhs for equipment and machinery for Government educational institutions.

### Other Schemes

Provisions under other heads include 21 lakhs under "Forest" for the training of technical personnel, rehabilitation of existing forests, afforestation of additional areas and improvement of communications, buildings and water supply in Government Forests. There is also a scheme for reorganisation of the Co-operative Department for which a provision of 4 lakhs has been included under "Co-operation".

Among miscellaneous items of Development special mention may be made of a provision of 15 lakhs for the re-housing of *bustee*-dwellers. Model schemes of re-housing have been drawn up by the technical staff of the Calcutta Improvement Trust and plans are under consideration for the setting up of satellite towns within easy reach of Calcutta. Government are also setting up a Housing Board which will enter carefully into all important aspects of the housing problem under present day conditions. The current year's provision represents the first instalment of the expenditure which is likely to be required for the execution of these schemes.

A second important item is the establishment of a properly organised Fire-Service throughout the Province. Before the war, the only fire brigades in Bengal were those in Calcutta and Darjeeling. As a war-time emergency measure an Auxiliary Fire Service was established for Calcutta and its suburbs and the Bengal Fire Service was established for other threatened areas in the Province. It is now proposed to organise a permanent Fire Service for the whole of Bengal and to provide all important urban areas with fire-fighting equipment and personnel. The cost of the scheme in the current year is estimated at 40 lakhs.

There is also a special provision of 50 lakhs for the purchase of such surplus military land, buildings, stores and equipment as may be readily available for utilisation in connection with the Development Programme or the administration of nation-building departments. A special officer of high status has been appointed as Chief Purchasing Agent for this purpose with powers to negotiate direct with the military authorities.

### Civil Works

The total provision under "Civil Works" in connection with the Development Programme amounts to 3 crores 82 lakhs. Out of this amount a crore is required for the construction of Provincial highways and major District Board roads. The balance represents the provision for land and buildings required by other Departments for their respective Development Projects. The distribution among the more important Departments is as follows:—

Medical—1 crore 35 lakhs.

Agriculture—88 lakhs.

Education—19 lakhs.

Police—12 lakhs.

Industries—11 lakhs.

Jails—6 lakhs.

To complete the picture it may be added that the construction of National Highways passing through this Province involves an expenditure of 56 lakhs in the current year. But as the entire charge will be borne directly by the Centre no increase on this account appears in the Provincial Budget.

I have now placed before the House an outline of the Programme of Development chalked out for the current year. Fuller details will be furnished by my Honourable colleagues while moving their respective demands for grants. I need hardly point out that the current year's provisions represent merely the initial stages of the Programme, the final blue-print of which is still under consideration. As I have hinted earlier in the course of this statement unexpected difficulties in the procurement of building materials, tools and plants and particularly of trained technicians may stand in the way of rapid progress. But with earnestness, goodwill and co-operation there is no reason why a substantial part of the programme laid down for the current year should not be successfully executed. So far as the effect on the Budget is concerned, any short fall in Development expenditure will involve correspondingly short drawal from the Government of India of loans or grants, as the case may be, and the net budgetary position will not be affected in any way.

### Financial Results

Let me now summarise the financial results of the working of the year according to the estimates placed before the House. The year starts with an opening balance of 7½ crores. The revenue deficit on the year's working as I have already stated, amounts to 10 crores. And in order to secure a closing balance of 2½ crores, which is the barest minimum necessary for working purposes, not only is the entire opening balance wiped out but an additional 5 crores has to be found by some means or other. For the purpose of the present estimates, it has been assumed that short-term borrowing in the shape of Treasury Bills worth 5 crores will be resorted to during the year. It is repugnant to sentiment and self-interest alike that the Province should, at this stage, be saddled with a heavy burden on unproductive debt. The Centre has, from time to time, been good enough to grant this Province certain measures of *ad hoc* relief representing, in the aggregate, roughly half the cost of the disastrous 1943 famine. The size of our Famine Budget in

the current year and the heavy expenditure on the sale of subsidised food to the public bear testimony to the fact that the conditions created by the terrible calamity of 1943 have not yet passed away: and we hope and trust that we shall not be denied such further assistance from the Centre as may prove necessary to enable us to fight and overcome these conditions. Bengal has never been remiss in its efforts to help itself. Within the Provincial field of taxation there is not a single source of any importance which has been left untapped: and in the great majority of cases the optimum rate has very nearly been reached. I am, however, examining very carefully all further possibilities of increasing our resources and in the present session I propose to seek the assent of the House to a Bill enhancing the rate of Tax on sales of motor spirit by 5½ annas per gallon. This enhancement is expected to bring in an extra 75 lakhs of revenue and possessing as it does the undeniable merit of not adding to the cost of living of the poorer classes the measure, I hope, will receive the ready approval of the House.

### Conclusion

So far as the formal presentation of the Estimates is concerned I have done; but before I resume my seat I should like to say a few words about the stupendous nature of the task that lies ahead of us. This Province finds itself involved in the present acute and world-wide food crisis before it has had time to recover from the effects of the last disastrous famine. To make matters worse, a devastating flood has just taken a very heavy toll of its all too slender resources in food, cattle and material wealth. Government must and will do everything that is possible to alleviate distress and to extricate the Province from its present unfortunate plight. This, however, is not, by itself, sufficient. As I have already explained, the budgetary plans for the current year seek to achieve more than the bare repair of ravages caused by flood, famine and war. They lay down the foundations for the great work of national reconstruction calling for united and devoted labour in the fields of Health and Education, Agriculture, Commerce and Industry. For the successful execution of this noble task we depend on the help and co-operation of all parties and classes and I fervently appeal to all sections of the House—and through them to the country at large—to stand shoulder to shoulder with Government for the fulfilment of our common objective which is the building up of a better, healthier and happier Bengal. I cannot do better in this connection than to recall to the House the sitting words uttered by the Hon'ble Chief Minister immediately on his assumption of office—

“We shall work in a spirit of service, fully conscious of the tremendous burden of our responsibilities; and in this task we shall need the assistance of the best brains of the Province, and from outside the Province where necessary, and the co-operation of men of goodwill.”

## APPENDIX I

## Bengal Budget, 1946-47

[The figures are in thousands of rupees.]

		Actuals, 1945-46.	Budget, 1946-47.
<b>Revenue.</b>			
Opening Balance	.. ..	3,64,81	7,65,50
Revenue Receipts	.. ..	44,82,75	42,50,66
Receipts from Debt Heads	.. ..	1,18,58,82	1,18,42,49
		<hr/>	
Total	.. ..	1,67,06,38	1,68,58,65
		<hr/>	

<b>Expenditure.</b>			
Revenue Expenditure	.. ..	39,05,81	52,20,69
Capital Expenditure	.. ..	-6,46,70	2,22,79
Expenditure on Debt Heads	.. ..	1,26,81,77	1,11,48,75
Closing Balance	.. ..	7,65,50	2,66,42
		<hr/>	
Total	.. ..	1,67,06,38	1,68,58,65
		<hr/>	

**Net Result.**

Surplus+			
Deficit—			
(a) On Revenue Account	.. ..	+5,76,94	-9,70,03
(b) Outside Revenue Account	.. ..	-1,76,25	+4,70,95
(c) Net, excluding Opening Balance	.. ..	+4,00,69	-4,99,08

## APPENDIX II

## Development Programme

## ABSTRACT

[The figures are in thousands of rupees.]

				Budget, Estimate, 1946-47.	
				Voted.	Charged.
<b>A—Revenue Account—</b>					
7—Land Revenue	..	..	..	3,89	15
10—Forest	..	..	..	19,62	1,41
18—Irrigation	..	..	..	73,84	..
25—General Administration	..	..	..	1,17	..
29—Police	..	..	..	2,00	..
37—Education—General	..	..	..	54,76	..
38—Medical	..	..	..	2,46,32	..
39—Public Health	..	..	..	76,00	..
40—Agriculture	..	..	..	41,45	..
41—Veterinary	..	..	..	1,01	..
42—Co-operation	..	..	..	4,30	..
43—Industries—Industries	..	..	..	31,63	..
43—Industries—Cinchona	..	..	..	3,39	..
47—Miscellaneous Departments	..	..	..	1,03	..
50—Civil Works	..	..	..	3,81,85	..
57—Miscellaneous	..	..	..	1,01,19	..
Total (Revenue Account)				10,43,45	1,56
				10,45,01	
<b>B—Outside Revenue Account—</b>					
68—Construction of Irrigation, Navigation, Embankment and Drainage Works	..	..	..	70,00	..
71—Capital outlay on schemes of Agricultural Improvement and Research	..	..	..	41,70	..
72—Capital outlay on Industrial Development	..	..	..	53,68	..
Total (Outside Revenue Account)				1,65,38	..
				1,65,38	
Grand Total				12,10,39	..

**7—Land Revenue**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	
	Voted.	Charged.
Simplification of the existing Land Revenue system on the basis of the Land Revenue Commission's Report ..	3,89	15
	4,04	

**10—Forest**

Improvement of communications, buildings and water-supply in Government Forests .. .. .	7,40	82
Rehabilitation of existing Government Forests .. .. .	4,56	36
Afforestation in the district of Nadia .. .. .	3,29	..
Conservation of private forests and afforestation of private waste lands .. .. .	1,92	23
Provision for training of technical and other personnel .. .. .	1,92	..
Creation of a Soil Conservation Circle .. .. .	53	..
	19,62	1,41
	21,03	

**18—Other Revenue Expenditure financed from Ordinary Revenue**

	Budget Estimate, 1946-47.
Re-excavation of derelict irrigation tanks .. .. .	30,00
Minor provincial irrigation and drainage schemes .. .. .	20,24
Relief and rehabilitation irrigation schemes .. .. .	10,00
Planning of a comprehensive irrigation and drainage scheme for the whole of Bengal excepting Western Bengal .. .. .	5,00
Excavation and re-excavation of silted up small irrigation and drainage channels .. .. .	5,00
Extension of irrigation facilities by construction of wells, etc. .. .. .	2,08
Collection of hydrological data (gauge and discharge observation of principal rivers and silt and salinity observation) in Mymensingh and Eastern Divisions .. .. .	1,52
	73,84

**25—General Administration**

Appointment of additional Circle Officers .. .. .	1,17
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**29—Police**

Increase of self-propelled watercraft for police forces in riverine districts	2,00
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## 37—Education—General

	Budget Estimate, 1946-47.
Increasing the salaries of existing primary school teachers .. .. .	20,00
Encouragement of Post-graduate research .. .. .	10,00
Immediate improvement of the Bengal Engineering College, Sibpur .. .. .	5,00
Equipment and machinery for Government Institutions .. .. .	4,00
Further education and technical training of ex-servicemen .. .. .	3,50
Scheme for sending students abroad for training in various courses of technology .. .. .	2,66
Grants to Jadavpur College .. .. .	2,40
Training abroad of students selected in 1946-47 .. .. .	2,28
Expansion of girls' secondary education to provide more matriculates for primary school training .. .. .	1,50
Strengthening of Headquarters staff for supervision of the new system of education .. .. .	1,05
Expansion of training facilities for graduate women teachers .. .. .	67
Improvement of 50 selected high schools of the province .. .. .	65
Deputation of officers of the Education Department in connection with primary school training .. .. .	46
Training of the staff of Primary Training Schools .. .. .	46
Appointment of Physical training instructresses in the Women's Train- ing Schools .. .. .	8
Training of nursery school trainers and teachers .. .. .	5
	54,76

## 38—Medical

Increase in the number of hospital beds and provision of new beds in rural areas .. .. .	1,70,00
Rehabilitation and improvement of existing hospitals .. .. .	25,00
Establishment of a temporary Medical College at the Lake area in Cal- cutta with a temporary 1,000 bedded hospital .. .. .	19,00
Establishment of T. B. Hospital at Kanchrapara .. .. .	10,76
Creation of an Ambulance Service .. .. .	7,54
Conversion of the Medical School at Dacca into a Medical College and provision of 500 additional beds .. .. .	6,80
Control and prevention of venereal diseases .. .. .	3,97
Improvement of the Indian Mental Hospital at Ranchi .. .. .	1,83
Children's Ward in Calcutta Medical College .. .. .	64
Improvement of nursing system and establishment of a Bengal Nursing Service .. .. .	38
Study leave ex-India to the officers of the Bengal Medical Service (Upper) .. .. .	30
Improvement of Pharmacy and Pharmacy training .. .. .	10
	2,46,32

**39—Public Health**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.
Rural Water-supply scheme .. .. .	50.00
Water-supply and drainage in municipal areas .. .. .	20.00
Malaria control (including intensive Malaria control in the fringe of Salt Water Lake area) .. .. .	3.00
Maternity and Child Welfare .. .. .	1.50
Creation of a Public Health Nutrition Organisation .. .. .	1.00
Establishment of two Leper Colonies—	
(a) At Bankura .. .. .	..
(b) At Peardhoba .. .. .	50
	76.00

**40—Agriculture**

Establishment of a Central Livestock Research-cum-Breeding station	13.55
Improvement of livestock industry .. .. .	5.70
Expansion of the Bengal Agricultural Institute, Dacca .. .. .	3.73
Goat multiplication scheme .. .. .	3.02
Expansion of Agricultural Research .. .. .	3.00
Organisation of the Horticultural Section for developing the fruit and fruit products industry .. .. .	2.02
Establishment of a Livestock Breeding Farm at Kalimpong .. .. .	1.63
Training of lower technical personnel .. .. .	1.63
Expansion of the Department of Agricultural Marketing .. .. .	1.56
Sugarcane reserach .. .. .	1.41
Expansion of the District Agricultural staff for intensified work in de- monstration, etc. .. .. .	1.40
Establishment of Agricultural Centres for training of <i>ex</i> -soldiers .. .. .	80
Establishment of a five-acre potato breeding station .. .. .	64
Development of publicity and propaganda organisation of the Agriculture Department .. .. .	39
Expansion of the commodity grading centres .. .. .	38
Purchase of tents for touring officers .. .. .	34
National Park .. .. .	10
Provision of Plant Protection staff .. .. .	9
Encouragement of the cultivation of fodder crops .. .. .	6
	41.45

**41—Veterinary**

Provision of better facilities for veterinary aid in Calcutta and its suburbs .. .. .	64
Expansion and reorganisation of the Bengal Veterinary College and of Veterinary Vaccine Section .. .. .	37
	1.01

**42—Co-operation**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.
Reorganisation of the staff of the Co-operative Department .. .. .	4,00
Development of Co-operative Irrigation Societies .. .. .	30
	<hr/> 4,30 <hr/>

**43—Industries—Industries**

Expansion of the Department of Fisheries in Bengal .. .. .	8,20
Reorganisation of the Department of Sericulture .. .. .	..
Reorganisation of existing seven nurseries and creation of nine new nurseries for research in mulberry cultivation, etc. .. .. .	7,90
Reorganisation of the Peddie Reeling Institute, Malda Sericultural Development .. .. .	..
Reorganisation of the Bengal Textile Institute, Serampore .. .. .	4,34
Reorganisation of the Ceramic Institute, Calcutta .. .. .	2,91
Expansion and reorganisation of the Bengal Tanning Institute .. .. .	2,46
Appointment of Power Engineers and staff for development of electricity .. .. .	1,86
Sending abroad selected officials of the Department to receive training in specific subjects .. .. .	1,00
Reorganisation of the Department of Industries, Bengal .. .. .	87
Establishment of a Bengal Sericultural Training Institute .. .. .	84
Development of tank fisheries in Bengal .. .. .	80
Fish culture and Malaria .. .. .	32
Development of fisheries in the Sunderbans Abad areas .. .. .	13
	<hr/> 31,63 <hr/>

**43—Industries—Ginchona**

Increased production of quinine .. .. .	3,39
	<hr/>

**47—Miscellaneous Departments**

Establishment of a conciliation machinery for settling industrial disputes .. .. .	..
Development of Trade Unions on sound lines .. .. .	..
Opening of new Labour Welfare Centres and improvement if existing ones .. .. .	83
Establishment of a Labour Advisory Board .. .. .	12
Publication of a Labour Journal .. .. .	8
	<hr/> 1,03 <hr/>

## 50—Civil Works

[The figures are in thousands of rupees.]

Budget  
Estimate,  
1946-47.

## Original Works—Buildings

*General Administration.*

Reconstruction of District and Subdivisional Offices .. .. 5,00

*Jails.*

Improvement of Jails .. .. 6,00

*Police.*

Construction of Police buildings .. .. 12,00

*Education.*

Training of the staff of Primary Training Schools .. .. 15,00

Expansion of girls' secondary education to provide more matriculates  
for primary school training .. .. 2,50

Improvement of 50 selected High Schools .. .. 1,00

Buildings for the Dacca Intermediate College .. .. 50

*Medical.*Increase in the number of hospital beds and provision of new beds in  
rural areas .. .. 40,00

Rehabilitation and improvement of existing hospitals .. .. 20,00

Conversion of the Medical School at Dacca into a Medical College and  
provision of 500 additional beds .. .. 20,00Conversion of the Campbell Medical School, Calcutta, into a Medical  
College and provision of 100 additional beds .. .. 20,00

Provisions of an infectious diseases hospital in Calcutta .. .. 15,00

Establishment of T. B. Hospitals—

(a) At Amulia .. .. 10,00

(b) At Kanchrapara .. .. 3,00

Improvement of nursing system and establishment of a Bengal Nursing  
Service .. .. 3,00Establishment of a temporary Medical College in the Lake area in Calcutta  
with a temporary 1,000-bedded hospital .. .. 2,00

Creation of an Ambulance Service .. .. 1,00

Improvement of Pharmacy and Pharmacy Training .. .. 50

*Public Health.*

Establishment of Leper Colonies—

(a) At Peardhoba .. .. 3,00

(b) At Bankura .. .. 2,00

[The figures are in thousands of rupees.]

Budget  
Estimate,  
1946-47.*Agriculture.*

Establishment of a Central Livestock Research-cum-Breeding Station ..	45,00
Provision of seed stores at each thana Headquarters .. ..	11,00
Expansion of Bengal Agricultural Institute, Dacca .. ..	7,27
Sugarcane research .. .. .	6,83
Training of lower technical personnel .. .. .	6,31
Establishment of a Livestock Breeding farm at Kalimpong ..	6,25
Establishment of Agricultural Centres for training of <i>ex</i> -soldiers ..	2,70
Organisation of the Horticultural Section for developing the fruit and fruit products industry .. .. .	2,10

*Veterinary.*

Expansion and reorganisation of the Bengal Veterinary College and of Veterinary Vaccine Section .. .. .	5,00
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*Industries.*

Reorganisation of the Department of Sericulture .. ..	}	5,00
Reorganisation of existing seven nurseries and creation of nine new nurseries for research in mulberry cultivation, etc. .. ..		
Reorganisation of the Peddie Reeling Institute, Malda .. ..		
Sericultural Development .. .. .		
Expansion and reorganisation of the Bengal Tanning Institute ..		2,73
Reorganisation of the Bengal Textile Institute, Serampore ..		1,86
Reorganisation of the Ceramic Institute, Calcutta .. ..		85
Establishment of a Bengal Sericultural Training Institute .. ..		75

*Miscellaneous.*

Peace-time Fire Service .. .. .	4,00
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**Original Works—Communications**

Construction and improvement of Provincial Highways, Major District Roads, etc. .. .. .	92,10
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 3,81,85
 

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**57—Miscellaneous**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.
Purchase of surplus military stores .. .. .	50,00
Peace-time fire service .. .. .	36,19
Rehousing of bustee-dwellers .. .. .	15,00
	<hr/> 1,01,19 <hr/>

**68—Construction of Irrigation, Navigation, Embankment and Drainage Works**

Mor Reservoir Project .. .. .	70,00
	<hr/>

**71—Capital outlay on schemes of Agricultural Improvement and Research**

Establishment of 28 Seed Multiplication Farms .. .. .	35,33
Establishment of a Jute Seed Multiplication Farm .. .. .	6,04
Creation of a Works and Buildings Section under the Directorate of Agriculture .. .. .	33
	<hr/> 41,70 <hr/>

**72—Capital outlay on Industrial Development**

North Calcutta Rural Electrification Scheme .. .. .	20,23
Participation in the Government of India Scheme for manufacture of fertilisers .. .. .	15,00
Industrial Centres .. .. .	12,63
Exploitation of coastal and estuarine fisheries and provision of fishing fleet .. .. .	5,82
	<hr/> 53,68 <hr/>

### Supplementary Demands (1946-47)

*(Presented on the 27th February, 1947)*

**The Hon'ble Mr. Mohammed Ali:** Mr. Deputy Speaker, Sir, I beg to present before the House, the supplementary estimate of expenditure for the current year. The total amount covered by these estimates is over Rs. 7,16 lakhs out of which 1½ lakhs is for charged expenditure and the balance is voted. I may state here that in my Budget Speech a few days ago I have already explained broadly all the circumstances necessitating the increase of expenditure according to the revised estimates as compared with the original budget estimates and the details under each head have also been furnished more fully in the explanatory memorandum on the budget, that is, the Red Book. The reasons for the present demands in the supplementary estimates have been set out in the explanatory memorandum given under each head and will be gone into more fully by the Hon'ble Minister concerned as each demand is moved. I shall, therefore, now confine myself to a very brief resume of these supplementary estimates. The House will find that by far the largest demand is under "Famine", a demand of nearly 3 crores. This large additional expenditure is mainly due to an increase in expenditure for gratuitous relief, purchase of large stock of preserved foodstuffs for relief purposes, distribution of doles and clothings on a larger scale and intensification in the opening of test relief work. The next major item of demand is under miscellaneous where an additional expenditure over Rs. 2 crores has been found necessary for the relief of riot victims in Calcutta and other places and for the Bihar refugees. Bracketed with this item is an expenditure of half a crore for the Kanchrapara area development scheme for industrial, residential and other purposes which will be financed by loan to be obtained from the Government of India for productive or self-financing development projects. Under Police, the supplementary estimate is of the order of Rs. 37 lakhs; a large portion of this demand is due to the fact that recoveries from the Government of India for increased expenditure on Police are expected to be less than was originally assumed. The balance is mainly on account of larger expenditure on development projects which are being financed from grants by the Central Government and also for the strengthening of the Calcutta and Bengal Police by substantial increase in personnel, provision of new arms, better transport facilities and extension of the wireless system of communication between police-stations within the Province. Under General Administration the extra demand is for Rs. 24 lakhs spread over a number of items as indicated in the explanatory memorandum, the main items being a provision of Rs. 9 lakhs for post-war unemployment relief, Rs. 2 lakhs for purchase and maintenance of aircrafts and jeep cars. The supplementary demand under Loans and Advances Bearing interest stands at very nearly one crore of which 50 lakhs is for advance to cultivators, 19 lakhs for cattle loan and 26½ lakhs for loan to the Calcutta Corporation for certain items mentioned in the Explanatory Memorandum. All these loans are of course ultimately recoverable. Two other items call for specific mention in this connection of token. These are the demands for one rupee each under Education and Medical for the purpose of obtaining the assent of the Legislature to the expenditure from the Muslim Education Fund created from the current year for the advancement of education of Moslim students. These token grants are necessary to meet the requirements of audit. The demands under the remaining heads are comparatively small and as the reasons therefor have been furnished below and head, I need not trouble the honourable members with any further explanation for supplementary demands under those heads.

**Speech by the Hon'ble Mr. Mohammed Ali, Finance Minister, in presenting the Budget Estimates for 1947-48**

*(Presented on the 17th February, 1947)*

Mr. Speaker, Sir, I rise to present the Budget for the year 1947-48.

All right-thinking men must deplore the grave turmoil through which this Province, in common with several other parts of India, has passed in recent months. At a time like this when enormous tracts, devastated by the War continue to be out of production both in regard to foodstuff and other essential commodities, it is imperatively necessary that all the available energy of mankind should be harnessed to the task of overcoming these deficiencies and restoring the normal amenities of life. There can be no greater misfortune than that efforts and resources should, at such a juncture, be dissipated in strife and discord which not only jeopardise the chances of economic recovery but also shake the very foundations of social security. It is earnestly to be hoped that the outburst of insensate frenzy witnessed during the last few months has been but a passing manifestation of malaise in the body politic of the country and that sobered by the experience of what has happened, men will settle down to constructive endeavours in a spirit of mutual toleration and goodwill.

As was naturally to be expected, the disturbed conditions which prevailed in recent months have left their mark on the budgetary prospects of the year. On the receipt side they have impeded the inflow of revenue under certain heads, the most notable instances of diminished yield being 50 lakhs under Sales Tax owing to unsettled conditions of business; and an almost equal amount under country spirits owing to the closure of liquor shops in Calcutta for a considerable length of time. On the expenditure side the effect has been two-fold. On the one hand, very heavy expenditure, amounting to close upon 2 crores has had to be undertaken for the relief and rehabilitation of riot victims and refugees; and expenditure on the maintenance of law and order has also had to be substantially augmented. On the other hand, the emergency having greatly accentuated the difficulties of obtaining suitable material and personnel, the progress of works both within and outside the Development Programme particularly under Irrigation and Civil Works, has been greatly retarded. How far the rate of progress has fallen below expectation can be judged from the fact that the original provision of 12 crores for the Development Programme in the current year stands amended to a little over 8 crores in the Revised.

The Budget for the coming year has been framed on the assumption that conditions will continue to be normal and that no serious obstacle will arise either to the accrual of revenue or to the progress of execution of Budgetary plans. Some idea of the dimension of these plans will be obtained from the fact that the provision for Development Projects included in the Budget for the coming year amounts to close upon 16 crores.

I may here refer briefly to the details of the financial arrangement in regard to schemes included in the Development Programme. The Government of India will make available to the Province the entire amount required for Development Projects in the current year as well as in 1947-48. For productive or self-financing schemes which are expected, on completion, to yield an adequate return over the outlay, the Central Government will advance the requisite amount by way of loan. For non-productive schemes, outright grants will be made from the Central Post-War Reconstruction Fund to cover the actual expenditure in each of the years. The effect of this financial arrangement is that no part of the expenditure relating to Development Projects included in these estimates devolves on the normal

revenues of the Province. In other words what may be called the "basic" Budget is not affected by the Development Programme. Provisions for non-productive schemes financed by outright grants from the Centre have been made under appropriate major heads in the Revenue Section of the Budget while productive projects, financed by loans have been exhibited under Capital Heads outside the Revenue Account.

Turning to details, let me first review the Revised Estimates for the current year.

The House will recall that according to original estimates presented in July last, the total revenue expected in the current year was of the order of  $42\frac{1}{2}$  crores out of which  $10\frac{1}{2}$  crores represented grants from the Centre for the financing of unproductive Development Projects. The yield from normal sources of revenue was thus estimated at 32 crores. The corresponding figures for the Revised are: Total revenue  $38\frac{1}{2}$  crores; Central grant included in this total for financing unproductive Development Projects 7 crores; Normal revenue  $31\frac{1}{2}$  crores. It will be observed that this figure is only slightly less than the original estimate of 32 crores. I have already explained that our receipts from Sales Tax and from Excise Duty on country spirits should have been substantially larger had not conditions deviated so widely from normal in the course of the year. The yield from Income-tax is also expected to be lower than the original estimate by about a crore according to the latest information furnished by the Government of India. Almost the entire amount of these deficiencies has fortunately been made up by improvements spread over a number of heads, the most important being an increase of 60 lakhs under Customs and 50 lakhs under Stamps. The larger yield under Customs is due to enhancement of the Central export duty on Jute with effect from October last; and that under Stamps is distributed evenly between Court-fees and Non-judicial stamps. In total, as I have said, there will be little variation between our original and revised estimates so far as our ordinary revenue receipts are concerned.

On the expenditure side the original estimate was 52 crores including  $10\frac{1}{2}$  crores on account of Development Projects financed by outright grants from the Government of India. The ordinary expenditure for the year was thus estimated at  $41\frac{1}{2}$  crores. The Revised Estimates also provide for a total expenditure of 52 crores but this includes only 7 crores on account of Development Projects. The estimate of ordinary expenditure therefore now stands at 45 crores or  $3\frac{1}{2}$  crores more than was originally anticipated. Compared with the original estimates, there has been an increase of 3 crores under Famine Relief and of a little under  $2\frac{1}{2}$  crores under "Miscellaneous" for the relief of riot victims and refugees. These have been offset to some extent by reduction to the extent of about 2 crores in respect of ordinary expenditure under Agriculture, Irrigation and Civil Works. The increase under Famine Relief is due partly to the distribution of doles and clothing by way of gratuitous relief on a more extensive scale than was originally anticipated and partly to the purchase of larger stocks of accessory foodstuff like Ralston, Milk-powder and Dehydrated vegetables for relief purposes. The additional provision under "Miscellaneous" includes 7 lakhs for the Commission of Enquiry in connection with the Calcutta Disturbances, 51 lakhs for the relief of refugees from Bihar and a crore and 80 lakhs for the relief of other refugees. The decrease under Agriculture amounts to half a crore and is due partly to smaller expenditure on Grow More Food Schemes and partly to large-scale reduction of field staff as a result of the abolition of the Agricultural Development Department. Under Irrigation and Civil Works, the total decrease is  $1\frac{1}{2}$  crore and is due, as I have already indicated, to slower progress of works.

In view of the fact that revenue receipts this year are expected to be slightly less than was originally estimated while expenditure is expected to go up by 3½ crores, the revenue deficit of 9 crores 70 lakhs visualised in the Budget now stands enhanced to 13 crores 28 lakhs. We have moved the Government of India for a suitable subvention to enable us to balance our Budget and though we have had, so far, no indication of their views, we earnestly hope that the merit and urgency of our claim will be duly appreciated. Pending the conclusion of a fair and equitable financial settlement between the Centre and the Province we have no other course open to us than to ask for *ad hoc* subventions from year to year.

Let me now proceed to enumerate the more important items of new expenditure for which provision has been included in the Revised.

For the advancement of the education of Muslim students a Special Fund called the Muslim Education Fund has been created with effect from the current year. It is proposed that the annual contribution to this Fund should be a sum of 10 lakhs. As the decision to create this Fund was taken towards the close of the current year and the full amount of 10 lakhs could not be utilised this year, the provision in the Revised amounts to 4½ lakhs out of which 18,000 has been included in the Medical Budget and the balance in the Education Budget. Provision has been made in the coming year's Budget for the full contribution of 10 lakhs including 36,000 for Medical Education.

A sum of half a lakh has been provided for the opening of hostels for Muslim students in Calcutta and of 29,000 for additional facilities in the Islamia College and the Presidency College for the teaching of a larger number of Muslim students.

A grant of 1 lakh 36 thousand has been provided for the Islamia Hospital which has been doing extraordinarily good work and admitting patients of all communities without any distinction of caste or creed. This sum, coupled with a further grant of 2 lakhs 36 thousand for which provision has been made in the coming year's Budget, will, it is hoped, enable the Institution to effect much-needed improvements and secure an expansion of its present accommodation.

A provision of 1¼ lakh has been made for the payment of honoraria to the house-staff of the Medical College Hospitals, Calcutta, who had hitherto not been in receipt of any allowances except in a very few cases. This used to cause a good deal of hardship and discontent which has now been removed.

Certain additional measures involving a total cost of Rs. 8 lakhs in the current year had to be taken with a view to strengthen the police force both in Calcutta and outside. Those relating to the Calcutta Police include re-armament of the force with 303 rifles, strengthening of the Armed Branch, appointment of 20 additional Sub-Inspectors and the purchase of 10 jeep cars. The schemes relating to the Bengal Police include the appointment of 378 Sub-Inspectors and 70 Assistant Sub-Inspectors, an extension of the Police wireless system and the provisions of additional transport.

In the Department of Agriculture, a Brooklyn ice plant released by the Military authorities has been acquired at a cost of 6¾ lakhs. Arrangements have been made to work this plant on a profit-earning basis. Another new scheme for which provision has been included in the Revised is the supply of 500 cane-crushers and juice-boiling pans to cultivators in the Munshiganj subdivision at a cost of 1½ lakh.

An additional expenditure of 4 lakhs has been included in the Public Health Budget for the employment of 500 Health Assistants and the continued retention of the emergency sanitary staff for combating apprehended outbreaks of epidemic diseases among the devitalised population.

One small item which calls for individual mention is the deputation overseas of an officer of the Finance Department to undertake intensive studies of the Budgetary systems and principles of taxation in the United Kingdom, America, Canada and Australia. This officer's studies in America will also extend to the financial and administrative machinery of the Tennessee Valley Authority and in Australia he will acquaint himself with the working of the Federal Grants Commission as well as with the administration of the Sales Tax as it obtains in that country. The knowledge and experience gained in the course of this deputation will, it is hoped, prove to be of great value to the Province both in the establishment of a well-balanced and efficient Tax structure and in the drawing up of an equitable financial settlement between the Centre and the Province. The cost as at present estimated is eight thousand rupees.

The House will recall that the current year's Budget included a provision of 1½ crore on account of the estimated loss on the Boat Construction Programme. It was assumed that all the boats in the hands of Government would be sold off in six months' time and that the accounts would be finally adjusted before the close of the year. Unfortunately, the programme of sale could not so far be implemented except to a very limited extent as there is very little demand for these boats. It was accordingly proposed that the bulk of the disposal and consequent adjustment of loss should be carried forward into the coming year and the Budget for 1947-48 has been drawn up on this basis. The matter has, however, been reconsidered since and as the guarding and maintenance of these boats involve a good deal of expenditure which in effect is merely throwing away good money after bad, it has been decided to dispose of the boats immediately at the best available price and close the accounts before the 31st March, 1947. This will lead to a saving of about 31 lakhs in staff and contingencies in the coming year. The House will also be interested to know that a Sub-Committee of the Cabinet is looking carefully into the question of possible reduction in staff without detriment to efficiency in the Department of Civil Supplies. Up till now the savings effected by this Sub-Committee amount to 10 lakhs and further scrutiny is in progress.

I now pass on to the details of the Development Programme. The total provision included in the current year's Budget for Development Projects amounted to 12 crores 10 lakhs, out of which 10 crores 45 lakhs representing the provision for non-productive schemes financed by outright grants from the Centre was taken under the Revenue Account and the balance of 1 crore 65 lakhs representing the outlay on productive schemes financed by loans was provided under the Capital Account. The expenditure likely to be incurred on Development Projects during the current year is now estimated at 8 crores 29 lakhs of which 6 crores 96 lakhs falls under the Revenue Account and the balance of 1 crore 33 lakhs falls under the Capital Account. The decrease of 3½ crores under the Revenue Account is made up of a saving of 14 lakhs under Irrigation, 9 lakhs under Education, 14 lakhs under Agriculture, 27 lakhs under Industries, 2 crores 58 lakhs under Civil Works and 27 lakhs under Miscellaneous. The decrease under Irrigation is due to the postponement of the scheme for re-excavation and improvement of derelict irrigation tanks. Under Education, the decrease is due to abandonment of the scheme for encouragement of post-graduate research in

Calcutta by expanding the University College of Science. The decrease under Agriculture and Industries is attributable to the fact that a number of schemes under these two heads could not be fully implemented within the current year owing partly to technical difficulties and partly to disturbed conditions during a part of the year. The largest decrease as already indicated is under Civil Works. Out of a total saving of 2½ crores, 84 lakhs is due to slower progress of construction of provincial highways, major district roads, etc., and the balance is spread over the building programmes of the various departments. The decrease under the Road Programme is due, in a large measure, to the time taken for the completion of Land Acquisition proceedings and to the decision not to acquire crop-bearing land until such crop had been harvested. As for smaller expenditure on the Building Programme, it was found that this programme constituted a load far in excess of what the Provincial Works and Buildings Department could possibly undertake with the staff and resources at its disposal. Arrangements have been made for reducing the load on the Works and Buildings Department by increasing the volume of work to be done departmentally, by making over some works to local bodies and by getting some of the more important jobs carried out through consultants. Even with these alternative arrangements, shortage in building materials coupled with the facts that the burning of bricks could not be arranged before the cold weather of 1946-47 and that a good deal of time is required for the selection of sites and acquisition of land have made it impossible to make any substantial progress in the construction of buildings in the current year.

Under Miscellaneous, the decrease is due to the fact that debits for the purchase of surplus military stores and equipments required in connection with various Development Projects are not expected to be adjusted in full before the close of the current year.

The decrease of 32 lakhs under the Capital Account is made up of a fall of 12 lakhs under the Mor Project, 29 lakhs under Agricultural Improvement and Research and 41 lakhs under Industrial Development. The decrease has been partly counterbalanced by the inclusion of a provision of 50 lakhs for the Kanchrapara Area Development Scheme for which no provision had been made in the original Budget. The object of this new scheme is to acquire the U. S. Army site at Kanchrapara measuring about 14,000 acres with a view to develop it on planned basis for industrial, residential and other purposes. The decrease under the Mor Project as well as under Agricultural Improvement and Research is due to slower progress of work than was originally anticipated. Under Industrial Development, the sum of 15 lakhs provided for participation in the Government of India scheme for the manufacture of fertilizers could not be utilised as the construction of the factory at Sindri has not made sufficient progress. The North Calcutta Rural Electrification Scheme for which a provision of 20 lakhs had been included in the Budget has likewise not made sufficient headway and the revised estimate for this project amounts to 5 lakhs only. Similarly, out of 12½ lakhs provided for Industrial Centres not more than 2¼ lakhs is expected to be utilised in the course of the current year.

Let me now turn to the Budget Estimates for 1947-48.

The total Revenue Estimate for the coming year is 47 crores 68 lakhs out of which 12 crores 42 lakhs represents grants from the Centre on account of Development Projects. The basic revenue therefore amounts to 35 crores 26 lakhs against 31 crores 77 lakhs in the Revised. This improvement of 3½ crores is made up of a number of items the most

important being an increase of  $1\frac{1}{2}$  crore under Income-tax, 70 lakhs under Customs, 25 lakhs under Excise and 90 lakhs under Other Taxes. The anticipation of enhanced yield from Income-tax is based on the latest estimate furnished by the Government of India. The increase under Customs is due to the operation of enhanced rates of export duty on jute for full twelve months in the coming year as against a few months only in the current year. The improvement under Excise is based on the assumption that country spirit shops will function normally throughout the year. It is proposed that Prohibition should be extended to a new area, viz., the district of Bakarganj, in the coming year. The loss of revenue anticipated on this account is expected to be counterbalanced by enhanced licence fees on imported foreign liquor which is likely to bring in additional revenue amounting to a little over 7 lakhs. The improvement under "Other Taxes" is made up of an increase of 50 lakhs under Sales Tax, 30 lakhs under Petrol Tax and 5 lakhs each under Electricity Duty and Entertainment Tax. Enhanced receipts under Sales Tax are based on the assumption that there will be no impediment to normal trade and business in the coming year. The increase under Petrol Tax is due to the operation of the enhanced rate for full twelve months in the coming year as against five months only in the current year. The improvement under Electricity Duty and Entertainment Tax is based on the assumed absence of impediments like the Curfew Orders which had the effect of keeping down revenue in the current year.

On the expenditure side, the total estimate for the coming year is 53 crores 88 lakhs. This includes 12 crores 42 lakhs on account of non-productive Development Projects financed by outright grants from the Centre. The basic expenditure for 1947-48 therefore stands at 41 crores 46 lakhs against 45 crores 5 lakhs in the Revised. The decrease of about  $3\frac{1}{2}$  crores is due to a reduction of 3 crores under Famine Relief and  $1\frac{1}{4}$  crore under "Miscellaneous" for the relief of riot victims and refugees, set off by an increase of 75 lakhs under Police. In the hope that the general economic and agricultural conditions in the coming year will show a decided improvement over those in the current year, the provision for Famine Relief has been reduced from 5 crores 83 lakhs in the Revised to 2 crores 90 lakhs in the Budget for 1947-48. The provision for the relief of riot victims and refugees has likewise been reduced from  $2\frac{1}{2}$  crores in the Revised to  $1\frac{1}{4}$  crore in the Budget. This amount is made up of 54 lakhs for Bihar refugees and 61 lakhs for other refugees. There is also a provision of 10 lakhs for the Calcutta Disturbances Commission of Enquiry. The increase under Police is due mainly to the fact that in the absence of any agreed decision on the point no credit has been taken in the coming year for any recovery from the Government of India as contribution towards the expenditure on Police. The amount included on this account in the current year's Revised is 1 crore. The increase due to the omission of this amount in the Budget for 1947-48 has been partly counterbalanced by the absence of provision for arrear dearness allowance included in the Revised.

The net effect of an improvement of  $3\frac{1}{2}$  crores in revenue and a decrease of  $3\frac{1}{2}$  crores in expenditure is that as against a Revenue deficit of 13 crores in the current year's Revised the deficit anticipated in the coming year amounts to 6 crores only. This improvement in our budgetary prospects will, however, be almost completely neutralised by an item of expenditure for which no provision has been included in the Budget as no final decision has yet been reached but which is nevertheless practically unavoidable. The House will recall that in presenting the Budget for the current year in July last, I stated that a comprehensive examination was being undertaken of the scales of pay of all classes of Government employees with a view to bring such

scales more in line with the altered economic conditions which are likely to prevail in the years to come. This examination has been completed and the results are to be reviewed by Government in the light of the recommendations of the Central Pay Commission. Pending the conclusion of this review no final figures as to extra costs are available but exploratory investigations indicate that the cost of general revision of pay scales may amount to something like six crores. If this additional expenditure is taken into account and I think the House will agree that this expenditure is essential in the interest of a reasonably contented and efficient public service, then our revenue deficit in the coming year will mount up to 12 crores. We are hoping for a decided improvement both in quality and in output of the work of Government employees as a result of the liberalisation of their pay and prospects; and the reduction in man-power which should be possible in these circumstances should enable us to meet a substantial portion of the extra cost involved in this measure.

It is no use shutting our eyes to the fact that the financial position of the Province is extremely disquieting. No Exchequer can contemplate with equanimity the idea of having to support a revenue deficit of the order of 12 crores from year to year for an indefinite period of time and ways and means must speedily be devised to put the Provincial Budget on a more stable basis. We have all along been pressing for an equitable financial settlement between the Centre and the Province and we shall continue to do so with all the emphasis at our command. But this does not obviate the necessity of exploiting our own resources to the full. Although I have not proposed any immediate measures of taxation, the matter is engaging my earnest and constant attention and I may inform the House that measures are already under consideration for tightening up the administration of the Sales Tax Act with a view to check evasions and other forms of leakage of revenue. Considerable extra revenue is likely to be derived from these new measures when they are put into effect. I have also informed the House of the arrangement made by deputation overseas of an officer of the Finance Department to obtain up-to-date information about the structure and incidence of Taxation in the most progressive countries of the world. It is hoped to utilise this information when received to the best advantage of the Province. It is well to remember however that enhanced yield from Taxation depends very much upon improvement in the taxable capacity of the people and the latter in turn depends on the development of our economic wealth and resources, particularly in the fields of Agriculture and Industry. Anything which impedes the rapid and orderly development of such resources therefore constitutes a direct threat to the financial stability of the Province.

Let me now turn to some of the more important items of new expenditure outside the Development Programme for which provision has been made in the Budget.

Besides the 10 lakhs for the Muslim Education Fund which has already been mentioned, the Education Budget provides for an additional contribution of 5 lakhs to the Scheduled Castes Education Fund, thus bringing the total contribution to the Fund to 10 lakhs in the coming year. A Buddhist Education Fund has been created with a contribution of 16,000. An extra provision of 2 lakhs 18 thousand has been made for Muslim students' hostels in Calcutta and an additional 1 lakh 80 thousand has been provided for grants to old scheme Madrassas and Farkania Madrassas. Additional grants have been provided to the extent of 1 lakh 40 thousand for Secondary Schools for boys, 1 lakh for Secondary Schools for girls, 75 thousand for Arts Colleges for men and 30 thousand for Art Colleges for women. For Anglo-Indian

and European Education the additional provisions include 75,000 for a grant to the St. Vincent's School at Asansol for vocational training, 30,000 for furniture grants, 30,000 for grants for equipment and apparatus and 60,000 for building grants to Anglo-Indian and European Schools.

Under the Medical Budget the grant of 2 lakhs 36 thousand to the Islamia Hospital has been already mentioned. The Public Health Budget includes a provision of 1 lakh for Public Health Propaganda in the coming year. I am very glad to inform the House that thanks to the unremitting vigilance and activity of the Public Health Department, the year 1946 has proved to be the best year within a couple of decades from the public health point of view. The total death rate per thousand in this year has been the lowest on record during the period under review being 18.0 against 24.7 in 1926, 24.5 in 1936, 31.8 in 1943 and 28.6 in 1945. The rate of deaths from malaria has come down to 5.5 from an average of 8.5. Similarly, the mortality from cholera and small-pox has been reduced to .5 and .1 per thousand respectively in 1946 from an average of 1.5 and .5 respectively. There is no doubt that very great advance can be achieved in the improvement of public health by the dissemination of requisite knowledge and instructions among the masses and the provision for Public Health Propaganda in the coming year is intended to carry out this objective.

The Veterinary Budget includes a provision of 15,000 for additional stipends for the students of the Bengal Veterinary College.

Under Miscellaneous Departments mention may be made of a provision of 78,000 for additional jute grading parties under the Special Officer Jute Prices, and of 40,000 for expansion of the Provincial Statistical Bureau.

The total provision for Development Projects in the coming year amounts to 15 crores 84 lakhs out of which 3 crores 42 lakhs is in respect of productive schemes financed by loan and 12 crores 42 lakhs is in respect of non-productive schemes financed by outright grants from the Centre. Appendix II to the printed copy of this statement shows the distribution of these provisions among the various major heads of expenditure and sets forth the schemes for which provision has been made. Many of these schemes are continuations of those undertaken in the current year and as details relating to them were fully explained in my last Budget statement I do not propose to tax the patience of the House by going over them again. I shall confine myself to a brief enumeration of the more important of the new schemes for which provision has been made in the Budget for 1947-48.

#### SALT.

There is a provision of 1 lakh 24 thousand for assisting the development of the Salt industry in the Province by the creation of a Salt Development Department and the constitution of a Salt Advisory Committee.

#### IRRIGATION.

Under Irrigation a sum of 4 lakhs 24 thousand has been provided for the development of the River Research Institute. As large scale Irrigation projects executed without proper model examination run the risk of turning out unsuccessful, it is proposed to expand the River Research Institute suitably for this purpose by providing it with adequate staff, equipment and apparatus.

A sum of 3 lakhs has been provided for the collection of data with a view to the preparation of a Master Plan for the improvement of the drainage and sanitation of Calcutta and its surrounding areas. There is also a provision of 3 lakhs for the procurement of launches, steamers, etc., for facilitating waterways scheme.

### EDUCATION.

Under "Education" the provision for increasing the salaries of Primary School teachers has been enhanced from 35½ lakhs in the current year to 54 lakhs in 1947-48 with a view to extend the scope of the concession to untrained non-matriculate staff. There is also a provision of 10 lakhs for the establishment of schools for the training of primary school teachers. It is proposed to establish 60 such schools with the ultimate object of producing 6,000 trained teachers annually for the new primary schools which will gradually cover the whole Province. The expenditure during the next year will be for the construction of buildings and has therefore been provided under "Civil Works".

A provision of 10 lakhs has been made for the establishment of a new College of Engineering at Dacca with a further provision of 3½ lakhs under "Civil Works" for requisite buildings. There is also a provision of 10 lakhs under "Civil Works" and 2 lakhs under "Education" for the development of the Ahsanulla School of Engineering at Dacca.

Another new item which calls for individual mention is the development and extension of the Islamia College, Calcutta. This Institution cannot at present accommodate more than 500 students and there is moreover no provision for the B.Sc. course in it. It is proposed to move it to a new site in the outskirts of the city, to acquire 2,000 acres of land for the purpose and to construct necessary buildings, including hostels for the accommodation of 2,000 students. A provision of 4 lakhs has been made under "Civil Works" to cover the cost of acquisition of land required for this project.

Another item in the Education Budget is a provision of 4 lakhs for equipment grants to private Colleges which are at present very poorly equipped.

### MEDICAL

A provision of 16 lakhs has been included in the Medical Budget with a view to ensure that deserving private hospitals are given suitable grants for expansion and improvement by the construction of additional buildings, increase in the number of beds, improvement of equipment, installation of X-ray and Electrocardiograph machines, etc.

### AGRICULTURE.

Under "Agriculture" a provision of 3 lakhs has been made for the salvage of some 500 dry cows and buffaloes per annum from Calcutta with a further 4 lakhs under "Civil Works" for establishment of a farm at Chuadanga where the animals will be maintained until they freshen when they will be sold back to milkmen in Calcutta. The object of the scheme is to prevent slaughter of animals still in their prime. Another new item is a provision of 2 lakhs for conducting a systematic survey of soils in different parts of the Province for the purpose of obtaining a soil map which is essentially necessary for land utilisation, crop-planning, etc. The balance of the provisions under "Agriculture" is required for continuance of existing schemes of which the most important is the establishment of a Central Live Stock Research-cum-Breeding Station at Haringhata.

### INDUSTRIES.

New items under "Industries" include a provision of 1½ lakhs for the reorganisation of the Bengal Industrial Research Board with a view to

increase the scope of researches under the auspices of the Board. There is also a provision of 1 lakh for the establishment of a Technological Station for experiments in fish processing and utilisation of fish wastes.

#### CIVIL WORKS.

Under "Civil Works" the provision for the Road programme has been enhanced from a nominal sum of 8 lakhs in the current year's Revised to 1 crore 32 lakhs in the coming year. It is hoped that the special difficulties encountered in the current year will not stand in the way of the execution of the programme in the coming year. The remainder of the provision under Civil Works is in respect of land and buildings required by other Departments for their respective Development Projects. The distribution among the more important Departments is as follows:—

Medical	... 1 crore 18 lakhs
Agriculture	... 75 lakhs
Education	... 30 lakhs
General Administration	... 20 lakhs
Industries	... 11 lakhs
Police	... 10 lakhs

#### LAND REVENUE.

There is a scheme of far-reaching importance relating to the simplification of the existing Land Revenue system of the Province on the lines of the recommendation of the Land Revenue Commission. This scheme aims at the liquidation of the Permanent Settlement and the replacement of the existing zemindary system by an arrangement under which Government will be brought into direct relationship with the actual cultivators by the acquisition of all intervening interests in agricultural lands. The total cost of the scheme is estimated at close upon 82 crores, the bulk of the expenditure being for the payment of compensation to the landlords. So far as the next year's Budget is concerned, a provision of 37 lakhs has been made for the inception of Revisional Settlement Operations in certain districts as a necessary preliminary to acquisition.

#### MISCELLANEOUS.

Under "Miscellaneous" the provision for the rehousing of *bustee* dwellers has been enhanced to 35 lakhs against the current year's provision of 15 lakhs. Considerable progress has been made towards the execution of this important project. The requisite sites have been acquired, maps and plans have been drawn up and the Calcutta Improvement Trust has been asked to take up construction without loss of time. A Housing Board is also being set up for the administration of the scheme for providing subsidised housing accommodation for the poorest classes.

There is also a new provision of 1 lakh for the establishment of an Improvement Trust at Chittagong for the improvement of the Civic amenities of the town including drainage, sanitation and general layout.

An important scheme for which no provision has been included in the Budget as the details have not yet been fully worked out is the creation of a Sports Stadium in Calcutta with accommodation for about 75,000 persons. An Advisory Committee consisting of the representatives of important sporting associations in the city has been set up for the purpose of advising

Government as to the layout and other arrangements connected with the project. It will be a productive enterprise and will as such be financed by loan.

#### CAPITAL ACCOUNT.

In the Capital Account provision has been made on an enhanced scale for the continuance of all the schemes undertaken in the current year.

In regard to the Kanchrapara Area Development Scheme a provision of 50 lakhs has been made in addition to an equivalent provision in the current year's Revised.

I have now placed before the House a brief outline of the more important new items included in the Development Programme for the coming year. Fuller details will be furnished by my honourable colleagues while moving their respective demands for grants. I propose, however, to acquaint the House with the financial background of the entire Five-Year Plan which is now in almost final shape. The total commitment involved in the implementation of the Plan as now drawn up for the different departments amounts to 153 crores and the recurring liability from the sixth year onwards amounts to six crores per annum. Fifty-three crores out of the estimated outlay of 153 crores represents the cost of productive schemes to be financed by loans. The balance of 100 crores constitutes the commitment in respect of non-self-financing projects. Out of this, 69 crores is expected to be covered by grants from the Central Post-War Reconstruction Fund, leaving 31 crores to be met from the resources of the Province. It is our hope that as a result, primarily, of the execution of the Development Programme, the economic wealth of the Province will increase to an extent sufficient to provide the requisite amount from our own resources.

The Budget for the coming year does not include the cost of a number of schemes which though intended to be put into operation in 1947-48 have not yet been worked out in sufficient detail to justify their inclusion in the Budget. I have already referred to one such scheme, namely the erection of a Sports Stadium in Calcutta. Among other schemes, the most important is the one relating to the introduction of free and compulsory primary education in six selected districts, constituting roughly one-fourth of the total area of the Province, at an estimated cost of about 3 crores in five years and an ultimate recurring liability of 80 lakhs per annum. The measure will be gradually extended to other districts as more funds become available. A third scheme in this category relates to the development of the Damodar Valley Area by means of flood control, irrigation and generation of electrical power. The Government of India and the Government of Bihar will also participate in the enterprise and preliminary action is being taken in consultation with them to set up a suitable administrative authority for the execution of the project as early as possible.

#### FINANCIAL RESULTS.

Let me now recapitulate briefly the financial results of the working of the year according to the estimates placed before the House. The revenue deficit of 13 crores in the current year not only swallows up the opening balance of 7½ crores but calls for an extra 5½ crores to balance the Budget and a further 2½ crores as the opening balance for the coming year. The deficit for the coming year has for the present been estimated at 6 crores. The total uncovered gap between revenue and expenditure in these two years therefore, stands at 14 crores. For the purpose of our estimates this amount has been shown as a short-term debt but, as I have said, we are hoping for an adequate measure of financial assistance from the Centre to relieve us of the dead weight of such unproductive borrowing.

### WHY BENGAL IS DEFICIT.

The Bengal Budget for 1947-48, as I said, is the 9th deficit budget in the years following the Neimeyer Award which forms the basis of financial adjustments between the Centre and the provinces.

While this succession of deficit budgets is attributable generally to principles of financial allocation between the Centre and the Province, the present deficit is to a great extent due to the role which Bengal was called upon to play as an important military base during World War II. As a time when other provinces were booming with war profits and war contracts—Bengal, being a major base for operations in the East, was bearing the full brunt of inflationary forces and piling up enormous deficits from year to year. Enemy bombing and widespread panic produced by this bombing dislocated business and industry. Requisition of properties disrupted normal trade activities. Construction of aerodromes and air-strips and accommodation for the army led to wholesale eviction in many areas. Flood and famine at the peak of the war not only hampered normal development but resulted in heavily increased expenditure on relief and rehabilitation measures. Bengal has inherited the war-time legacy of damaged roads and shattered bridges which have now to be repaired for public use.

Bengal's chronic financial stringency dates back to the iniquitous and unfair financial allocations under the Meston Award, in pre-Autonomy years and under the Neimeyer Award in force since 1937-38. Another factor is the Permanent Settlement which has denied Bengal very considerable amount in the shape of land Revenue.

Sir Otto Neimeyer approached the problem on the assumption that "at the inauguration of Provincial Autonomy each of the provinces should be so equipped as to enjoy a reasonable prospect of maintaining financial equilibrium and in particular the chronic deficit into which some of them had fallen should be brought to an end". The financial position of the provinces as it existed at that time was examined and it was on the basis of these investigations that the amount of special assistance necessary in each case was determined.

Immediate financial assistance was also proposed from the beginning of Provincial Autonomy to certain provinces in the form of cash subventions, cancellation of debts incurred before April, 1936, and distribution of a larger share of the Jute Tax to jute-growing provinces. The recommendations also provided for distribution, by the Centre, of income-tax so as to relinquish 50 per cent. of the distributable total in the intermediate 5 years.

From Bengal's point of view the Neimeyer Award made no attempt whatever to rectify the accumulated deficiencies of pre-Autonomy years. She was given 75 lakhs by way of immediate assistance and this sum helped her to temporarily balance her budget. But no allowance was made for the disadvantages under which she was labouring in comparison with other provinces. Moreover there was no assessment of the real needs of the different provinces in terms of common standards of administration or development. Thus, for instance, although Bengal's population at that time was three times that of Bombay, the Award assigned the same percentage of income-tax receipts (i.e., 20 per cent. of the divisible pool) to both the provinces. Another grievance of Bengal is that the Jute Export Duty has not been recognised as a Provincial source of revenue. In the pre-Autonomy days Bengal was receiving 50 per cent. of the net proceeds of the Export Duty on jute and the Award added another 12½ per cent. Jute being her monopoly produce, Bengal has always claimed that the whole of the Export Duty on this commodity should be assigned to her.

Generally speaking the paramount considerations before the author of the Award were the financial stability and solvency of the Centre and the credit of India as a whole. The year 1936 in which the Award was given was a year of depression and the Centre was faced with a deficit. At that time the Railway Revenues showed a decline and Sir Otto Neimeyer admitted that the position of Railways was frankly disquieting. Now that these factors have ceased to exist and the danger of Centre's insolvency is remote, the revision of financial settlement as between the Centre and Bengal should no longer be deferred. This Province did not get an equitable share under the Neimeyer Award.

As against the inelastic and obviously burdensome items assigned to the Province, the Centre has all the progressive or elastic and productive sources of revenue to itself, and judged in the context of post-war reconstruction drive all over India, the Award is entirely out of date. It was framed with the intention of maintaining standards of administration in provinces as those existed in 1936. The deficit with which it concerned itself, was really the deficit existing then. It did not anticipate the various reconstruction measures which popular and responsible ministries would have to undertake for general welfare and uplift.

It is further emphasized, that the provinces have great tasks ahead in every department of nation-building activity—in education, sanitation, agricultural and industrial development, and that there is room for constant increase in the standard of expenditure even in richest provinces. The absence of provisions for large scale reconstruction activities was felt as early as 1937 at a conference of Provincial Finance Ministers. The Conference felt that the most productive sources of revenue were with the Centre and the provinces were left with unproductive sources. The Conference further brought to light the need of funds for productive or developmental purposes in the provinces. Salaries and cognate expenses of superior services being guaranteed by the Constitution, there was no room for cuts in that direction. The inability of the Provincial Governments to finance much-needed projects of economic development or social reform also came to light at this conference.

It is hoped that the Government of India will soon scrap this outmoded financial arrangement and replace it by a more equitable allocation of resources to the Provinces. So long as this essential measure of reform is not undertaken there is no other alternative to *ad hoc* financial assistance from year to year.

#### CONCLUSION.

One last observation and I have done. Never before in the history of the Province has there been such a unique opportunity as has now presented itself for the economic uplift of our people by the planned development of our agricultural and industrial resources. An examination of the Budget which I have just placed before the House will, I am sure, clearly show how earnestly we are endeavouring to utilise this opportunity to the best advantage of the Province. The measures included in the Budget are conceived in the best and highest interest of the masses whose amelioration is the primary objective of all parties. Is it too much to expect in these circumstances that they will receive the active support of every shade of public opinion? The House will, I trust, agree with me when I say that this is not a moment for parliamentary obstruction, or a moment for approaching vital problems as a matter of party scores; this is a moment which calls for a united assault upon the obstacles which impede our progress and united endeavour to attain our objective with the minimum loss of time.

**APPENDIX I****Statement I***Bengal Budget, 1947-48*

[The figures are in thousands of rupees.]

Receipts.	Actuals, 1945-46.	1946-47.		Budget, 1947-48.
		Budget.	Revised.	
Opening Balance .. ..	3,64,81	7,65,50	7,65,50	2,47,91
Revenue Receipts .. ..	45,56,26	42,50,66	38,73,02	47,67,89
Receipts from Debt Heads .. ..	1,21,81,54	1,18,42,49	1,25,12,85	1,28,03,78
<b>Total .. ..</b>	<b>1,71,02,61</b>	<b>1,68,58,65</b>	<b>1,71,51,37</b>	<b>1,78,19,58</b>
<b>Expenditure.</b>				
Revenue Expenditure .. ..	40,60,47	52,20,69	52,01,49	53,88,03
Capital Expenditure .. ..	-7,70,74	2,22,79	-6,73,96	-2,24,91
Expenditure on Debt Heads .. ..	1,30,47,38	1,11,48,75	1,23,75,93	1,24,82,16
Closing Balance .. ..	7,65,50	2,66,42	2,47,91	1,74,30
<b>Total .. ..</b>	<b>1,71,02,61</b>	<b>1,68,58,65</b>	<b>1,71,51,37</b>	<b>1,78,19,58</b>
<b>Net Result.</b>				
Surplus + Deficit—				
(a) On Revenue Account .. ..	+4,95,79	-9,70,03	-13,28,47	-6,20,14
(b) Outside Revenue Account .. ..	-95,10	+4,70,95	+8,10,88	+5,46,53
(c) Net, excluding Opening Balance .. ..	+4,00,69	-4,99,08	-5,17,59	-73,61

**Statement II**

	Budget, 1946-47.	Revised, 1946-47.	Budget, 1947-48.
Revenue Receipts .. ..	42,50,66	38,73,02	47,67,89
<i>Deduct</i> —Provision for Development Projects .. ..	10,45,01	6,95,98	12,41,95
Basic Revenue .. ..	32,05,65	31,77,04	35,25,94
Revenue Expenditure .. ..	52,20,69	52,01,49	53,88,03
<i>Deduct</i> —Provision for Development Projects .. ..	10,45,01	6,95,98	12,41,95
Basic Expenditure .. ..	41,75,68	45,05,51	41,46,08
Basic Revenue Deficit .. ..	-9,70,03	-13,28,47	-6,20,14

## APPENDIX II

## Development Programme

## Abstract

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
<b>A—Revenue Account—</b>			
5—Salt .. .. .	..	..	1,24
7—Land Revenue .. .. .	4,04	4,44	36,87
10—Forest .. .. .	21,03	24,78	34,71
18—Irrigation .. .. .	73,84	60,36	1,10,70
25—General Administration .. .. .	1,17	..	2,08
28—Jails and Convict Settlements .. .. .	..	..	27
29—Police .. .. .	2,00	13,50	4,00
37—Education—General .. .. .	54,76	45,77	1,09,22
38—Medical .. .. .	2,46,32	2,40,04	2,75,35
39—Public Health .. .. .	76,00	71,38	69,82
40—Agriculture .. .. .	41,45	27,12	60,62
41—Veterinary .. .. .	1,01	2,68	2,74
42—Co-operation .. .. .	4,30	1,80	7,65
43—Industries—Industries .. .. .	31,63	4,84	27,54
43—Industries—Cinchona .. .. .	3,39	33	2,40
47—Miscellaneous Departments .. .. .	1,03	86	1,18
50—Civil Works .. .. .	3,81,85	1,24,07	4,20,92
57—Miscellaneous .. .. .	1,01,19	74,01	74,64
<b>Total (Revenue Account) .. .. .</b>	<b>10,45,01</b>	<b>6,95,98</b>	<b>12,41,95</b>
<b>B—Outside Revenue Account—</b>			
68—Construction of Irrigation, Navigation, Embankment and Drainage Works .. .. .	70,00	58,32	1,43,23
71—Capital outlay on schemes of Agricultural Improvement and Research .. .. .	41,70	12,35	45,91
72—Capital outlay on Industrial Development .. .. .	53,68	12,45	1,03,71
80A—Kanchrapara Area Development Scheme .. .. .	..	50,00	50,00
<b>Total (Outside Revenue Account) .. .. .</b>	<b>1,65,38</b>	<b>1,33,12</b>	<b>3,42,85</b>
<b>Grand Total .. .. .</b>	<b>12,10,39</b>	<b>8,29,10</b>	<b>15,84,80</b>

**Details****5—Salt**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
Organisation of a Salt Development Department in Bengal .. ..	..	..	1,16
Scheme for a Salt Advisory Committee ..	..	..	8
Total ..	..	..	1,24

**7—Land Revenue**

Simplification of the existing Land Revenue system on the basis of the Land Revenue Commission's Report .. ..	4,04	4,44	36,87
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**10—Forests**

Improvement of communications, build- ings and water-supply in Government Forests .. ..	8,22	6,96	10,72
Rehabilitation of existing Government Forests .. ..	4,92	6,94	5,31
Afforestation in the district of Nadia ..	3,29	4,90	5,16
Conservation of private forests and affores- tation of private waste lands ..	2,15	1,60	2,22
Provision for training of technical and other personnel .. ..	1,68	54	1,38
Creation of a Soil Conservation Circle ..	53	3,60	9,53
Total ..	20,79	24,54	34,32

*Charges in England.*

Creation of a Soil Conservation Circle ..	..	..	15
Provision for training of technical and other personnel .. ..	24	24	24
Total ..	24	24	39
Grand Total ..	21,03	24,78	34,71

**18—Other Revenue Expenditure financed from Ordinary Revenue**

[The figures are in thousands of rupces.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
Re-excavation of derelict irrigation tanks	30,00	19,04	..
Minor provincial irrigation and drainage schemes .. .. .	20,24	14,38	67,12
Relief and rehabilitation irrigation schemes	10,00	8,84	..
Planning of a comprehensive irrigation and drainage scheme for the whole of Bengal excepting Western Bengal ..	5,00	13,07	23,00
Excavation and re-excavation of silted-up small irrigation and drainage channels ..	5,00	3,17	5,00
Extension of irrigation facilities by construction of wells, etc. .. .. .	2,08	1,32	5,00
Collection of hydrological data (gauge and discharge observation of principal rivers and silt and salinity observation) in Mymensingh and Eastern Divisions ..	1,52	34	34
Preparation of a Master Drainage Plan for Calcutta .. .. .	..	20	3,00
Development of River Research Institute	..	..	4,24
Procurement of launches, etc., for waterways scheme .. .. .	..	..	3,00
Total ..	73,84	60,36	1,10,70

**25—General Administration**

Appointment of additional Circle Officers ..	1,17	..	1,17
Provision of public address equipment ..	..	..	91
Total ..	1,17	..	2,08

**28—Jails and Convict Settlements**

Establishment of a Training Institute for Jail staff .. .. .	..	..	27
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**29—Police**

Increase of self-propelled watercraft for police forces in riverine districts ..	2,00	6,00	2,00
Construction of Police buildings ..	..	7,50	2,00
Total ..	2,00	13,50	4,00

## 37—Education—General

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
Increasing the salaries of existing primary school teachers .. .. .	20,00	35,50	54,00
Encouragement of Post-graduate research	10,00	..	..
Immediate improvement of the Bengal Engineering College, Sibpur ..	5,00	3,00	6,16
Equipment and machinery for Government Institutions .. .. .	4,00	..	4,00
Further education and technical training of ex-servicemen .. .. .	3,50	..	8,36
Scheme for sending students abroad for training in various courses of technology	98	78	25
Grants to Jadavpur College .. .. .	2,40	2,40	40
Training abroad of students selected in 1946-47 .. .. .	78	28	36
Expansion of girls' secondary education to provide more matriculates for primary school training .. .. .	1,50	..	5,20
Strengthening of Headquarters staff for supervision of the new system of education .. .. .	1,05	..	..
Expansion of training facilities for graduate men and women teachers .. .. .	67	26	32
Improvement of 50 selected high schools of the province .. .. .	65	..	..
Deputation of officers of the Education Department in connection with primary school training .. .. .	46	55	..
Training of the staff of primary training schools .. .. .	46	..	..
Appointment of Physical Training Instructors in the Women's Training Schools	8	8	8
Training of nursery school trainers and teachers .. .. .	5	..	..
Scheme for sending students abroad during 1947-48 .. .. .	..	..	32
New College of Engineering, Dacca .. .. .	..	..	10,38
Development of Ahsanulla School of Engineering, Dacca .. .. .	..	49	1,91
Training of staff of Primary Training School and of teachers of Nursery School	..	51	6,62
Girls' High Schools in each subdivision .. .. .	..	..	1,28
Equipment for Private Colleges .. .. .	..	..	4,00
<b>Total .. .. .</b>	<b>51,58</b>	<b>43,85</b>	<b>1,03,64</b>

## 37—Education—General—concl'd.

[The figures are in thousands of rupees.]

<i>Charges in England.</i>	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
Scheme for sending students abroad for training in various courses of technology	1,68	1,38	2,80
Training abroad of students selected in 1946-47 .. .. .	1,50	54	2,10
Scheme for sending students abroad during 1947-48 .. .. .	..	..	68
Total ..	3,18	1,92	5,58
Grand Total ..	54,76	45,77	1,09,22

## 38—Medical

Increase in the number of hospital beds and provision of new beds in rural areas	1,70,00	1,70,00	1,70,00
Rehabilitation and improvement of existing hospitals .. .. .	25,00	20,00	25,00
Establishment of a temporary Medical College at the Lake area in Calcutta with a temporary 1,000-bedded hospital ..	19,00	18,52	26,00
Establishment of T. B. Hospital at Kanchrapara .. .. .	10,76	10,76	10,76
Creation of an Ambulance Service ..	7,54	6,60	3,88
Conversion of the Medical School at Dacca into a Medical College and provision of 500 additional beds .. .. .	6,80	6,85	13,26
Control and prevention of venereal diseases	3,97	3,97	4,00
Improvement of the Indian Mental Hospital at Ranchi .. .. .	1,83	1,83	2,68
Children's Ward in Calcutta Medical College .. .. .	64	40	96
Improvement of nursing system and establishment of a Bengal Nursing Service ..	38	29	1,29
Study leave ex-India to the officers of the Bengal Medical Service (Upper) ..	30	10	10
Improvement of Pharmacy and Pharmacy training .. .. .	10	..	40
Conversion of the Campbell Medical School, Calcutta, into a Medical College and provision of 100 additional beds ..	..	..	60
Grant to private Medical Institutions for expansion, rehabilitation and improvement .. .. .	..	..	16,00
Total ..	2,46,32	2,39,32	2,74,93

*Charges in England.*

Study leave ex-India to the officers of the Bengal Medical Service (Upper) ..	..	72	42
Grand Total ..	2,46,32	2,40,04	2,75,35

## 39—Public Health.

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
Rural water-supply scheme ..	50,00	45,00	45,00
Water-supply and drainage in municipal areas .. .. .	20,00	23,00	15,00
Malaria control (including intensive malaria control in the fringe of Salt Water Lake area) .. .. .	3,00	..	..
Maternity and Child Welfare .. .. .	1,50	1,50	2,00
Creation of a Public Health Nutrition Organisation .. .. .	1,00	..	1,00
Establishment of two Leper Colonies—			
(a) At Bankura .. .. .	..	..	43
(b) At Peardhoba .. .. .	50	88	2,75
Malaria control in Bengal .. .. .	..	..	96
Malaria control in the fringe area of the Salt Lake .. .. .	..	1,00	2,68
<b>Total .. .. .</b>	<b>76,00</b>	<b>71,38</b>	<b>69,82</b>

## 40—Agriculture.

Establishment of a Central Livestock Research-cum-Breeding station .. .. .	13,55	15,65	15,74
Improvement of livestock industry .. .. .	5,70	3,25	10,00
Expansion of the Bengal Agricultural Institute, Dacca .. .. .	3,73	..	3,73
Goat multiplication scheme .. .. .	3,02	2,60	46
Expansion of Agricultural Research .. .. .	3,00	63	..
Organisation of the Horticultural Section for developing the fruit and fruit products industry .. .. .	2,02	1,28	5,22
Establishment of a Livestock Breeding Farm at Kalimpong .. .. .	1,63	50	1,74
Training of lower technical personnel .. .. .	1,63	24	1,75
Expansion of the Department of Agricul- tural Marketing .. .. .	1,56	1,04	3,00
Sugarcane research .. .. .	1,41	38	1,14
Expansion of the District Agricultural staff for intensified work in demonstra- tion, etc. .. .. .	1,40	89	6,00
Establishment of Agricultural Centres for training of ex-soldiers .. .. .	80	..	2,00
Establishment of a five-acre potato breed- ing station .. .. .	64	..	50
Development of publicity and propaganda organisation of the Agriculture Depart- ment .. .. .	39	24	71
Expansion of the commodity grading centres .. .. .	38	10	35

**40—Agriculture—concl'd.**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48
Purchase of tents for touring officers ..	34	22	7
National Park ..	10	..	25
Provision of Plant Protection staff ..	9	6	45
Encouragement of the cultivation of fodder crops .. ..	6	4	2,81
Soil survey of Bengal .. ..	..	..	2,00
Salvage of dry cows from Calcutta .. ..	..	..	2,70
<b>Total ..</b>	<b>41,45</b>	<b>27,12</b>	<b>60,62</b>

**41—Veterinary**

Provision of better facilities for veterinary aid in Calcutta and its suburbs ..	64	35	47
Expansion and reorganisation of the Ben- gal Veterinary College and of Veterinary Vaccine Section .. ..	37	2,33	27
Reorganisation of the Veterinary service in Bengal .. ..	..	..	2,00
<b>Total ..</b>	<b>1,01</b>	<b>2,68</b>	<b>2,74</b>

**42—Co-operation**

Reorganisation of the staff of the Co-oper- ative Department .. ..	4,00	1,50	7,65
Development of Co-operative Irrigation Societies .. ..	30	30	..
<b>Total ..</b>	<b>4,30</b>	<b>1,80</b>	<b>7,65</b>

**43—Industries—Industries**

Expansion of the Department of Fisheries in Bengal .. ..	8,20	75	6,00
Reorganisation of the Department of Seri- culture. } .. ..	7,90	..	3,50
Reorganisation of existing seven nurseries and creation of nine new nurseries for research in mulberry cultivation, etc. }			
Reorganisation of the Peddie Reeling Institute, Malda. }			
Sericultural Development .. ..	4,34	..	2,50
Reorganisation of the Bengal Textile Institute, Serampore .. ..	2,91	55	2,70
Reorganisation of the Ceramic Institute, Calcutta .. ..	2,46	..	3,00
Expansion and reorganisation of the Bengal Tanning Institute .. ..			

**43—Industries—Industries—concl'd.**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate. 1946-47.	Budget Estimate, 1947-48.
Appointment of Power Engineers and staff for development of electricity ..	1,86	1,50	1,83
Sending abroad selected officials of the Department to receive training in specific subjects .. ..	..	10	10
Reorganisation of the Department of Industries, Bengal .. ..	87	37	91
Establishment of a Bengal Sericultural Training Institute .. ..	84	..	80
Development of tank fisheries in Bengal Fish Culture and Malaria .. ..	80	1,09	83
Development of fisheries in the Sunderbans Abad areas .. ..	32	..	32
Establishment of a Technological Station for experiments in fish-processing, etc. ..	13	9	49
Location of Industries Office .. ..	..	..	1,00
Reorganisation of the Government silk conditioning House .. ..	..	9	46
Reorganisation of the Bengal Industrial Research Board .. ..	..	..	74
	..	..	1,50
<b>Total ..</b>	<b>30,63</b>	<b>4,54</b>	<b>26,68</b>

*Charges in England.*

Sending abroad selected officials of the Department to receive training in specific subjects .. ..	1,00	30	86
<b>Grand Total ..</b>	<b>31,63</b>	<b>4,84</b>	<b>27,54</b>

**43—Industries—Cinchona**

Increased production of quinine ..	3,39	33	2,40
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**47—Miscellaneous Departments**

Establishment of a conciliation machinery for settling industrial disputes. } Development of Trade Unions on sound lines .. .. } 83	83	83	88
Opening of new Labour Welfare Centres and improvement of existing ones .. .. } Establishment of a Labour Advisory Board .. .. } 12	12	3	20
Publication of a Labour Journal ..	8	..	10
<b>Total ..</b>	<b>1,03</b>	<b>86</b>	<b>1,18</b>

**50—Civil Works**  
**Original Works—Buildings**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
<i>General Administration.</i>			
Reconstruction of District and Subdivi- sional offices .. .. .	5,00	2,50	5,12
Construction of buildings for Circle offices and residences of Circle Officers and their staff .. .. .	..	25	15,14
<i>Jails.</i>			
Improvement of Jails .. .. .	6,00	3,76	5,00
Establishment of a Training Institute for Jail staff .. .. .	..	..	10
<i>Police.</i>			
Construction of Police buildings .. .. .	12,00	4,50	10,00
<i>Education.</i>			
Training of the staff of Primary Training Schools and of teachers of Nursery School .. .. .	15,00	1,50	1,50
Expansion of girls' secondary education to provide more matriculates for primary school training .. .. .	2,50	..	..
Improvement of 50 selected High Schools	1,00	..	..
Buildings for the Dacca Intermediate Col- lege .. .. .	50	..	..
New College of Engineering, Dacca .. .. .	..	..	3,50
Development of Ahsanulla School of Engineering, Dacca .. .. .	..	..	10,00
Schools for the training of primary school teachers .. .. .	..	..	10,00
Expansion of training facilities for gradu- ate men and women teachers .. .. .	..	..	1,00
Development of Islamia College .. .. .	..	..	4,00
Immediate improvement of Islamia College .. .. .	..	75	..

## 50—Civil Works—contd.

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
<i>Medical.</i>			
Increase in the number of hospitals beds and provision of new beds in rural areas .. .. .	40,00	33,97	40,00
Rehabilitation and improvement of existing hospitals .. .. .	20,00	6,79	10,00
Conversion of the Medical School at Dacca into a Medical College and provision of 500 additional beds .. .. .	20,00	2,55	5,00
Conversion of the Campbell Medical School, Calcutta, into a Medical College and provision of 100 additional beds ..	20,00	42	20,00
Provision of an infectious diseases hospital in Calcutta .. .. .	15,00	8,13	15,00
Establishment of T.B. hospitals—			
(a) At Amulia .. .. .	10,00	17	10,40
(b) At Kanchrapara .. .. .	3,00	2,12	1,00
Improvement of nursing system and establishment of a Bengal Nursing Service .. .. .	3,00	9	4,50
Establishment of a temporary Medical College in the Lake area in Calcutta with a temporary 1,000-bedded hospital .. .. .	2,00	1,70	1,00
Creation of an Ambulance Service .. .. .	1,00	34	1,20
Improvement of Pharmacy and Pharmacy Training .. .. .	50	..	4,50
Increase in the number of rural dispensaries .. .. .	..	..	5,00
<i>Public Health.</i>			
Establishment of Leper Colonies—			
(a) At Peardhoba .. .. .	3,60	..	5,70
(b) At Bankura .. .. .	2,00	1,60	1,65
<i>Agriculture.</i>			
Establishment of a Central Livestock Research-cum-Breeding station .. .. .	45,00	21,00	20,00
Provision of seed stores at each thana Headquarters .. .. .	11,00	2,25	20,00
Expansion of Bengal Agricultural Institute, Dacca .. .. .	7,27	..	7,27
Sugarcane research .. .. .	6,83	2,43	3,43
Training of lower technical personnel .. .. .	6,31	23	4,15
Establishment of a Livestock Breeding Farm at Kalimpong .. .. .	6,25	1,50	3,44
Establishment of Agricultural Centres for training of ex-soldiers .. .. .	2,70	46	4,00
Organisation of the Horticultural Section for developing the fruit and fruit products industry .. .. .	2,10	36	3,75
Establishment of four livestock breeding farms for breeding stud-bulls, etc. .. .. .	..	16,00	4,50
Salvage of dry cows from Calcutta .. .. .	..	..	4,12

**50—Civil Works—contd.**

[The figures are in thousands of rupees.]

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
<i>Veterinary.</i>			
Expansion and reorganisation of the Bengal Veterinary College and of Veterinary Vaccine Section .. ..	5,00	..	2,00
Reorganisation of the Veterinary Services in Bengal .. ..	..	..	1,70

*Industries.*

Reorganisation of the Departmental of Sericulture .. ..	5,00	..	5,00
Reorganisation of existing seven nurseries and creation of nine new nurseries for research in mulberry cultivation, etc.			
Reorganisation of the Peddie Reeling Institute, Malda. .. ..	5,00	..	5,00
Sericultural Development .. ..	..	..	..
Expansion and reorganisation of the Bengal Tanning Institute .. ..	2,73	..	1,00
Reorganisation of the Bengal Textile Institute, Serampore .. ..	1,86	10	1,90
Reorganisation of the Ceramic Institute, Calcutta .. ..	85	20	2,60
Establishment of a Bengal Sericultural Training Institute .. ..	75	..	75

*Miscellaneous.*

Peace-time Fire Service .. ..	4,00	40	9,00
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**Original Works—Communications**

Construction and improvement of Provincial Highways, Major District Boards, etc. .. ..	92,10	8,00	1,32,00
Total .. ..	3,81,85	1,24,07	4,20,92

**57—Miscellaneous**

Purchase of surplus military stores .. ..	50,00	30,00	20,00
Peace-time fire service .. ..	36,19	29,01	18,64
Rehousing of bustee-dwellers .. ..	15,00	15,00	35,00
Establishment of an Improvement Trust at Chittagong .. ..	..	..	1,00
Total .. ..	1,01,19	74,01	74,54

**50—Civil Works—concl'd.**

[The figures are in thousands of rupees].

	Budget Estimate, 1946-47.	Revised Estimate, 1946-47.	Budget Estimate, 1947-48.
<b>CC—Capital Account of Irrigation, Navigation, Embankment and Drainage Works outside the Revenue Account,</b>			
<b>68—Construction of Irrigation, Navigation, Embankment and Drainage Works.</b>			
Mor Reservoir Project .. ..	70,00	58,32	1,43,23
<b>H—Civil Administration—Capital Accounts outside the Revenue Account, 71—Capital outlay on schemes of Agricultural Improvement and Research.</b>			
Establishment of 28 Seed Multiplication Farms .. ..	35,33	8,55	43,00
Establishment of a Jute Seed Multiplication Farm .. ..	6,04	3,50	2,51
Creation of a Works and Buildings Section under the Directorate of Agriculture ..	33	30	40
Total ..	41,70	12,35	45,91
<b>72—Capital outlay on Industrial Development.</b>			
North Calcutta Rural Electrification Scheme .. ..	20,23	5,20	43,80
Participation in the Government of India Scheme for manufacture of fertilisers ..	15,00	..	15,00
Industrial Centres .. ..	12,63	2,25	40,50
Exploitation of coastal and estuarine fisheries and provision of fishing fleet	5,82	5,00	4,41
Total ..	53,68	12,45	1,03,71
<b>HH—Capital Account of Civil Works and Miscellaneous Public Improvements outside the Revenue Account,</b>			
<b>80A—Kanchrapara Area Development Scheme.</b>			
Kanchrapara Area Development Scheme ..	..	50,00	50,00

**PART II**

**1948-49 to 1949-50**

**Speech by the Hon'ble Shri Nalini Ranjan Sarkar, Finance Minister, in  
presenting the Budget for 1948-49**

*(Presented on the 17th February, 1948)*

Mr. Speaker, Sir, I rise to present the first Annual Budget of West Bengal, one of the two youngest Provinces in free India brought into being under the new order of things. As I recall the occasion when it fell to me, as the first Finance Minister of Autonomous Bengal under the Government of India Act, 1935, to present the first Budget, I cannot but feel the irresistible impact of the momentous changes that have taken place in our land during these intervening years. Today, we breathe the air of freedom and the power to shape our destinies lies in the hands of our own people. And yet on the morrow of our newly-acquired freedom, a great national calamity has robbed us of our proudest possession and leaves us stunned with an over-powering sense of sorrow. I share with millions of our people and with countless men and women all over the globe the profoundest sense of grief at the tragic event. It is difficult to reconcile oneself to this stupendous loss; difficult and awful to contemplate that the ship of State will have, henceforth, to sail the uncharted sea of freedom without the wise and sagacious pilot at the helm. For over a quarter of a century Mahatma Gandhi has been our never failing guide and mentor; that vast shadow under which we have lived and grown; and the mainspring of all our national urges and aspirations. In fact, he represented the soul of India and the quintessence of her culture and civilisation with its ideal of plain living and high thinking and service to the common man. It was his life's mission to attune our freedom to the highest concept of Indian life of which love, piety and simplicity are the key-notes. And our desire for democracy and our determination to achieve it have their springs of inspiration in the teachings of the Master, who lived for the lowly and the poor and symbolised in his bare and spare physical frame their mute yearning for self-expression.

By his experiments with truth and non-violence, he was weaving into pattern a unique synthesis between different classes, creeds and communities which was opening up a new and hitherto undisclosed chapter in human history. He more than made up, in himself, for the defects and shortcomings, not only of Ministers of State, but also of the vast multitude of his countrymen. In fact, he filled the gaps in our nationhood until we became a nation; and yet the infant nation, mothered by sorrow and travail, is today, almost at its nativity, bereft of the solicitous care of the ministering angel. The hand that guided us along the path of strife and struggle, towards the goal of independence, is today withdrawn behind the veil of death. Today, when our need for his advice and guidance is, if anything, greater than ever before, he has been snatched away from our midst by a cruel destiny. As a barge in a perilous sea looks up to the lighthouse for a safe haven, so our leaders used to look up to him for light and guidance. Now that light is gone, and gone is that central unifying force in our national life. Let us not forget, at this turning point of our history, to try to translate into our policy and actions the lessons which he has left behind as our heritage—to serve the common man and to bring into his life the bracing air of peace, prosperity and happiness. Let us not forget that in a secular government moulded in the form of true democracy, the emphasis must always remain on the common man irrespective of religion, caste or creed.

As I reflect upon the life of the Master, my heart also goes out in deepest gratitude to those fighters for our national liberation—known and

unknown—many of whom made the supreme sacrifice by laying down their lives so that those whom they left behind could live and die as free men in a free India. They have now passed into history; but the light that they had lit will never grow dim and will illumine the long and arduous path that lies ahead.

Mahatmaji's passing away marks the end of a crowded epoch in our history, the closing phase of which, full of storm and stress, has made our task today even more onerous than it was a decade ago. It enjoins on us an extraordinary humility in view of the magnitude of the task and emphasises the need for care, caution and vision in the discharge of the responsibilities that lie ahead of us.

The birth pangs of our infant Province have indeed been terrible. The insensate outburst of communal frenzy, generated by the pernicious two-nation theory and its attendant cult of hate, have left behind it a trail of misery too deep for words and given rise to problems too baffling for the ingenuity of human endeavour. Thanks to the wise counsels of our leaders and, above all, to the mighty spiritual influence of Mahatma Gandhi, the innate good sense of our people has begun to reassert itself and to West Bengal belongs the proud distinction of being the first to recover sanity. We have upheld in practice the fundamental tenet of our new Constitution that, under the flag of the Indian Union, all its citizens are equal as brothers and comrades, irrespective of religion, caste or creed.

It is most unfortunate, however, that it has not been given to us to share the fruits of our newly-acquired freedom with our kith and kin who have been severed from us by the immutable course of events culminating in the new frontier of East Bengal. It is easy to realise the sense of frustration and the wrench of heart which they must be feeling when they find that all their sufferings and sacrifices for the cause of freedom have proved to be so barren to them. With the limitations imposed on us by the new political changes, it may not be possible for us to render all the relief they may need or all that we may wish to render to them in the new predicament, but I give vent to our sincere feelings when I say that they have our deepest and most sincere sympathies in the situation they find themselves in and that their interest and welfare shall ever remain a matter of vital concern to us. Whenever necessary and wherever possible and to the full limit of constitutional proprieties, we shall use all our good offices with our neighbouring Dominion to secure for them political and economic justice. Political division and man-made frontiers cannot, I sincerely think, alter the fundamental cultural unity of the great Bengali race, born and brought up in the midst of a multitude of cultural, economic and social ties. I devoutly hope that, given good-will, the two sister Provinces can yet regain and re-establish that good neighbourliness which must ultimately tend to serve the best interests of both, culturally and economically.

In the present political set-up it is necessary to take a closer view of the area to which our activities, political and administrative, have to be confined. Partition of the Province has, indeed, changed the complexion of our economic problems in many important respects. An appreciation of these changes is essential before we can proceed to tackle such of our problems as fall within the scope of the Provincial Government. In population and area, West Bengal is about a third of the old Province of Bengal. According to the Census of 1941, its population is about 2 crores 12 lakhs or 35.1 per cent. of the population of undivided Bengal. This number must have increased substantially due to the general growth in population during the inter-census period after 1941 and also during the war years when influx

of population to Calcutta and adjacent areas from other parts of the country was considerable. The latest contributory factor to the increase in population has been the steady influx of people from East Bengal after the Partition.

The area of West Bengal is about 28,215 square miles or 36.4 per cent. of the area of the parent Province. The density of population is 751 per square mile which must have risen as a result of the increase in population in recent years. According to the occupational statistics, about 50 per cent. of the population follow non-agricultural occupations and of them about 16 per cent. are believed to be engaged in industry of some type or other.

As regards distribution of population in West Bengal, about 22 per cent. live in towns while the corresponding figure for East Bengal is about 4 per cent. only. Since the influx from East Bengal is mostly swelling the population in the towns, West Bengal's problems of food-supply, housing, education and public health as also of finding employment for large blocks of floating population are rapidly growing in magnitude and complexity. For example, housing shortage in the towns is very acute; owing to sudden influx of population, the existing sanitary arrangements even in smaller towns are proving inadequate and unequal: the need for increase in agricultural production has become urgent for the purpose of providing the necessary foodstuff and also the raw materials for certain industries. This process of rapid urbanization of the Province should not doubt be welcomed for it has a brighter side as well. It is easier to organise better facilities for education, public health and other social amenities in urban areas. But at the same time urbanization throws a great responsibility on the people and their Government to find the necessary funds for all these purposes as also for feeding the entire urban population. Urban areas provide the most lucrative market for agricultural produce but the agricultural economy of the Province must be so planned as to fulfil this great responsibility of feeding the urban populations by the intensification of production. Rural economy should, therefore, be more efficient, more progressive and more elastic.

Agricultural land in West Bengal has low productivity. Compared with East Bengal, it has a lower percentage of low lands and a smaller average rainfall. Irrigation is ill-developed, only about 1,648,000 acres being irrigated. Of this, again, only about 244,000 acres are irrigated by Government canals while some 800,000 acres are irrigated by tanks. Compared with East Bengal, West Bengal has larger percentages of agricultural land classified as current fallow, cultivable waste and uncultivable: and it has a lower percentage of good arable lands. The high location factors of current fallow, cultivable wastes and uncultivable land measure the further possibilities in the direction of extensive cultivation. Such possibilities can, however, be tapped only by suitable irrigation facilities, including multi-purpose projects like the Damodar Valley Scheme. There is also much scope for intensive cultivation by double cropping and other methods, for which also suitable conditions have to be created, the existing conditions being not very favourable. Generally speaking, lands in West Bengal suffer not so much from any serious inherent deficiencies as from the scarcity of water which is now the greatest drawback; for even the best manure can have little effect in the absence of necessary moisture in the land.

Agricultural land *per capita* of population in undivided Bengal was nearly 0.49 acre. In West Bengal it is now 0.44 acre including land under food-crops to the extent of 0.40 acre. The Province is deficit in most crops, *e.g.*, jute, sugarcane and mustard, and possibly in rice as well.

The problem of jute is one of vital importance to us. So far as jute manufacturing industry is concerned, West Bengal retains all the mills of undivided Bengal, but more than 70 per cent. of raw jute is being produced by East Bengal although she has no manufacturing industry of her own. In such circumstances, the inter-dependence of the two Provinces should act as a potent factor for establishing friendly commercial relations between them. Should this prove not to be possible, it may be necessary to meet the raw material requirement of our jute mills by increased production in Assam, Orissa and Bihar, and by removing the existing restriction on the acreage of jute in West Bengal.

The sugarcane position in West Bengal has also got to be fully investigated. The acreage under sugarcane in this Province according to available statistics is 65,000 acres and the average yield is about 400 maunds per acre. The total acreage, however, is scattered all over the Province mainly in small plots and the output is mostly used for producing *gur*. It is necessary to increase the acreage under sugarcane as well as the yield, to facilitate an expansion of the very limited production of sugar within the Province and incidentally to secure a larger output of molasses which is a basic raw material for the manufacture of rectified spirit. The area, it is estimated, can be doubled by expanding cultivation of sugarcane in Kalna and Katwa subdivisions of the Burdwan district, Ghatal and Tamluk subdivisions of the Midnapore district and the districts of Nadia, Murshidabad and 24-Parganas.

As a result of the Partition we have lost all the big rivers except the Hooghly. The small rivers we have now got all originate in the hills of Chota-Nagpur in Bihar. These rivers are really drains for eliminating the rain-water of Chota-Nagpur. After causing floods in West Bengal during the rainy season, they go dry during the summer. If the floods are to be controlled or if the water is to be used for irrigation purposes, it is necessary to build reservoirs in the upper reaches of the rivers which are situated in Bihar. To this end two schemes, viz., the Damodar Valley Scheme and the Mor Scheme, have already been conceived to which I shall refer later on.

West Bengal has the advantage of a diversified economy with well-developed industries, trade and commerce. On the eve of the World War II, Bengal had nearly 5.70 lakhs of industrial workers in large establishments, or 28.7 per cent. of all such workers in the whole of India. The number has since exceeded by 6 lakhs. The Partition has put nearly the whole of industrialised Bengal within the orbit of the new Province of West Bengal.

West Bengal retains all the resources of coal, iron ore and other minerals so far found within the old Province as well as a substantial area under tea. It also includes the major industries in and around Calcutta and Asansol. With the principal industries in East India situated within its territories and with Calcutta as its port of pre-eminent importance, West Bengal still offers an attractive field for new industrial enterprise which will improve further with the implementation of the new electrification schemes.

Factories and commercial organizations in Bengal grew up in the past on the basis of the Province being an economic unit and necessarily one marketing zone. Now, under changed conditions, it is doubtful if the old markets in East Bengal can be counted upon with as much confidence. So, in planning our industrial and commercial expansion, more reliance will have to be placed on the markets in the Indian Dominion than on those of our sister Province which today forms a part of a different Dominion. This may create considerable difficulties for some of the industries in the matter of development and expansion and the Province will require the effective

goodwill and support of our Dominion Government for providing opportunities for expansion along new lines in the framework of all-India plans.

As regards geographical compactness West Bengal has suffered greatly from the Radcliffe Award. The two northern districts of Jalpaiguri and Darjeeling have no territorial contiguity with the rest of the Province and there are consequent difficulties in communication with the southern part, which is compact and well-served by roads and railways and whose potentialities for development are demonstrably great. In Calcutta, we possess not only a great cosmopolitan city, but also a great centre of trade and commerce. We have renowned centres of culture like the Calcutta University and the Viswabharati. We have been fortunate that institutions like the Medical College and its Group of Hospitals, the Engineering Colleges, Research Institutions and other important institutions have fallen within the territorial limits of our Province. We thus possess a good basic structure to which we can add progressively according to our requirements, though, as I shall mention later, the retention of these assets will result in our being burdened with a larger share of the liabilities of undivided Bengal. As part and parcel of the great Indian Union, I am quite hopeful, we shall not lack opportunities of development and progress. But the *sine qua non* for such development and progress is a peaceful atmosphere and the requisite will, energy and initiative of our people. Given these conditions, there is no reason why West Bengal should not fulfil a glorious destiny and it shall be our endeavour to work towards that end.

Now, turning to the administrative and financial consequences of the Partition, the most important of these relate to the transfer of staff on the basis of their choice and the division of assets and liabilities. In regard to the former, had the Government of East Bengal agreed to a standstill arrangement for a short period and consented to offer to the Government servants an opportunity for revising their choice at the end of the period, as was done at the Centre, both the Provinces would have benefited. This Province would not have been saddled with a large surplus service personnel and the Government of East Bengal would not have lost the benefit of the experience of a large body of trained personnel. But, as in spite of repeated attempts it was not possible to persuade the Government of East Bengal to agree to such a course of action, immediate movement of a very large personnel from East Bengal had to be undertaken on the 15th August, 1947. Owing to the limited scope for employment available at the present moment due to a substantial shrinkage of the administrative area of the Province, it has not been possible to provide useful occupation for all these persons. The position is particularly difficult in regard to subordinate staff. We have seen to it, however, that avoidable hardship is not caused to this section of our service personnel. Some of them have been granted leave pending absorption: others have already been absorbed in suitable services; and the rest have been attached as supernumeraries pending absorption in permanent posts. It is our intention that all such pools of displaced manpower should be liquidated as early as possible by absorption in our expanding schemes of development.

In regard to the division of assets and liabilities, a large number of Department Committees on which both the Governments of East and West Bengal were equally represented were appointed under the aegis of the Separation Council to tabulate all the known assets and liabilities of their respective departments and to suggest the most reasonable basis for their allocation. These suggestions were considered first by a main Committee and thereafter by the Separation Council and agreements were reached on a number of points. Division of various items like furniture, equipment, motor vehicles, launches, dredgers, medical stores and stock of foodgrains,

etc., was carried out by agreement. Lands and building were allocated on the basis of their territorial location. But it was agreed at a later stage that their values should be determined for the purpose of financial adjustment between the two Provinces. The basis of valuation is pending before the Arbitral Tribunal. In regard to some other important points also, as for example, the ratio in which the net excess of liabilities over assets should be distributed between East and West Bengal, no agreement was found possible and these had to be referred to the Arbitral Tribunal for decision. In an Appendix to the Red Book which has been placed in the hands of the Hon'ble Members will be found a statement of the assets and liabilities of undivided Bengal showing the value of items specifically taken over by East and West Bengal either as a direct consequence of the Partition as in the case of buildings, or on the basis of negotiations as in the case of stocks of foodgrains. The estimates of value are in most cases approximate since the actual figures will not be known till the accounts of the old Province of Bengal are finally settled.

A matter of most vital and immediate concern has been the settlement of outstanding liabilities of the old Government of Bengal on account of goods supplied and services rendered before the date of Partition. In order that creditors might not be left in doubt and uncertainty about the position, it was provided by the Indian (Rights, Property and Liabilities) Order, 1947, that the initial liability for all goods supplied and services rendered, and for outstanding loans, guarantees and financial obligations of the late Government of Bengal at the time of Partition would be the liability of East Bengal subject to an equitable contribution from this Province to be settled later on. By agreement with the Government of East Bengal, an Application Committee consisting of one representative from each of the two Provinces was set up for the purpose of scrutinising the claims of creditors of the old Bengal Government with a view to their initial payment by the Government of East Bengal in terms of the said Order. Unfortunately, the Government of East Bengal has not yet found it possible to send their representative to the Application Committee in spite of repeated reminders and requests, and to the great disadvantage of the creditors of Bengal, this statutory financial obligation of East Bengal remains undischarged up till now. The amount involved in such outstanding claims, as far as we have been able to ascertain, will be over 6 crores. Apart from the financial obligations in respect of supplies made and services rendered to the Government of Bengal, the old Government left a large financial liability of a miscellaneous nature. Thus, they not only left behind a public debt in the form of treasury bills, but had also spent up all the Provident Fund deposits of Government servants as well as civil, criminal, revenue deposits and deposits of public bodies which formed a part of the cash balance of undivided Bengal. West Bengal will have to take a further share of these liabilities according to the award of the Arbitral Tribunal in addition to the financial liability of 2½ crores taken immediately after Partition, which I shall explain later. Financial adjustment will also lie against West Bengal in respect of assets like land and buildings, institutions with plant and machinery, etc., which are geographically located in this Province. Unless adequate help is forthcoming from the Centre to enable this Province to start on a clean slate, the new Province will have to begin its career with a financial handicap.

Let me now explain the position of the Government Account as it stood on the 15th of August, 1947. The House is aware that the Government of undivided Bengal had a succession of deficit budgets during the last few years and their budget for the current year left an uncovered gap of 6 crores between revenue and expenditure. It is not surprising in these

circumstances that on the date of Partition, leaving aside the cash in Treasury chests, the Account of the late Government of Bengal with the Reserve Bank showed a debit balance of over 5 crores. This debit balance, was, by direct negotiation between Pakistan and the Indian Union in Delhi, allocated in equal proportions to East and West Bengal. This Government accordingly started with a debit balance of  $2\frac{1}{2}$  crores in the Reserve Bank partly counterbalanced by the cash balance in Treasuries amounting to about half a crore. In other words, it started with a net negative opening balance of 2 crores. The debit balance of  $2\frac{3}{8}$  crores in the Reserve Bank was liquidated with the help of a special advance of an equivalent amount obtained from the Government of India. A further Ways and Means advance of 2 crores was taken from the same source to enable the Province to carry on till sufficient revenue had been collected for the purpose of a reasonable working balance. The Ways and Means advance of 2 crores has since been fully repaid. The terms of repayment of the other advance of  $2\frac{1}{2}$  crores have not yet been finally settled.

I shall now review, very briefly, the financial estimates for the period from 15th August, 1947, to 31st March, 1948, as introductory to the Budget for the coming year.

The total revenue expected during this period of  $7\frac{1}{2}$  months is close upon 19 crores out of which 2 crores represent grants from the Centre for financing of Development Projects. The yield from normal sources thus amounts to 17 crores. This figure includes 50 lakhs on account of Jute Duty and 3 crores 60 lakhs on account of Income-tax receipts. Both these estimates are provisional because the Government of India have not yet decided what change would be made in the basis of allocation of these two items as a result of the Partition of Bengal. In regard to Jute Duty the position is that in terms of the Niemeyer Award,  $62\frac{1}{2}$  per cent. of the export duty on jute used to be divided among Bengal and other jute-growing Provinces in proportion to the amount of raw jute produced in each Province. This method of distribution is no longer suitable since the Partition has resulted in a cleavage between East Bengal which cultivates the bulk of raw jute and West Bengal which manufactures the bulk of jute goods. It seems necessary in these circumstances that the divisible export duty on jute should be divided into two categories, namely, duty on raw jute and duty on jute goods; and that, while the former may continue to be distributed on the basis of acreage, the latter should be distributed on the basis of production of jute goods. Proposals to this effect have been submitted to the Government of India and are still under their consideration.

In regard to Income-tax, the arrangement based on the Niemeyer Award has been that Bengal should get 20 per cent. out of the divisible pool of income-tax collected by the Centre. This pool consisted of half the net collections reduced by a sum of  $4\frac{1}{2}$  crores. As a result of the Partition and consequent reduction in the size of the Province, it has been suggested by the Centre that the allotment to West Bengal should be reduced from 20 per cent. to 12 per cent. of the divisible pool. The value of the pool being estimated at 30 crores, our share according to the revised formula comes up to 3 crores 60 lakhs, the figure adopted in our estimate, as against 6 crores to which we should have been otherwise entitled. In our view the proposed change in the basis of allocation is not justified and we feel that our share of income-tax receipts should not be reduced by a figure greater than the actual amount of income-tax collected from East Bengal which comes up to a very insignificant amount. We have submitted our views to the Government of India and are awaiting their final decision.

In regard to the remaining heads, the estimates have been based on amounts actually derived in previous years from areas now included in West Bengal. The more important contributory items are 1½ crores from Land Revenue, 1½ crores from Stamps, 3½ crores from Excise, 1½ crores from Sales Tax, 70 lakhs from Betting Tax, 30 lakhs each from Entertainment Tax and Electricity Duty and 40 lakhs from Motor Spirit Sales Tax.

On the expenditure side of the Revenue Account, the estimate for the 7½-month period of the current year stands at 16½ crores out of which 2 crores is on account of Development Project financed by grants from the Government of India. What may be called the ordinary revenue expenditure for the period under review thus amounts to 14½ crores. The Development Projects undertaken in the current year are, to a great extent, continuation of schemes already taken in hand before the date of Partition but provision has also been made for a number of new projects which have been worked out in sufficient detail to admit of their partial implementation in the current year. Among these may be mentioned a provision of 17 lakhs for the introduction of Basic Primary Education, 1 lakh for a Planning Organisation for heavy chemical industries in collaboration with Bihar and the Damodar Valley Corporation, 3 lakhs for the rehabilitation of Cottage industries, 1 lakh for production of hand-made paper, 60 thousand for *khadi* and 19 thousand for the promotion of *gur* industry. The estimates also provide for the execution of a large number of irrigation schemes in various localities, the more important ones being the Trans-Damodar Internal Drainage Scheme in the districts of Hooghly and Howrah, the Soadighi-Gangakhali Drainage Scheme in the Midnapore district, the Berai Canal Project and the Subankar Danra in the Bankura district, re-excavation of the Saraswati Khal in Hooghly and Howrah and the reparation of a master plan for the drainage of Calcutta and the surrounding areas. Details of all the items included in the Development Programme will be found in an Appendix to the printed copy of this statement.

As already stated, the revenue expenditure in the current year, outside the Development Programme, is estimated at 14½ crores. This includes 57 lakhs for famine relief, 33 lakhs for the rehabilitation of riot victims, 48 lakhs for grants to local authorities for payment of dearness concessions to their employees and 2 crores for the administration of the Civil Supplies Department. Under other administrative charges may be mentioned about 1 crore under General Administration, 2 crores under Police, 38 lakhs under Jails, 50 lakhs under Administration of Justice and an equivalent amount for the discharge of pensionary liabilities. The provisions under beneficent activities include 1 crore and 8 lakhs for Agriculture, 52 lakhs for Irrigation, 1 crore and 10 lakhs for Education, 98 lakhs for Health Services, 66 lakhs for Industries and 90 lakhs for Civil Works. Details of all these provisions will be found in the Red Book and I need not tax the patience of the House by recapitulating them here. All that I would like to mention is that increased provision has been made for the development of facilities for education and medical relief both in State-owned and privately-managed institutions and due attention has been paid to the urgent need for irrigation, seeds and manures in an all-out attempt to increase the production of food-crops. Steps have also been taken to carry out essential improvements in our means of communication which is so necessary for speedy transport of agricultural and other produce.

With an estimated revenue of 19 crores and an expenditure budget of 16½ crores, the Revenue Account for the current year closes with a balance of 2½ crores. This has been carried over as the opening balance for 1948-49.

I have already referred to certain transactions outside the Revenue Account. These include a Ways and Means advance of 2 crores which has since been repaid; and a further advance of  $2\frac{1}{2}$  crores which has been utilised for wiping out the negative debit balance in the account of undivided Bengal with the Reserve Bank of India. This second advance remains outstanding at the close of the year. The only other item which requires a word of explanation is the provision of 2 crores under "Capital Expenditure". Out of this  $1\frac{1}{2}$  crores represents the net outlay on the procurement of foodgrains or, in other words, the value of stocks acquired in the current year which are expected to remain in hand at the end of the year. Procurement operations are financed by means of a cash credit advance from the Imperial Bank of India, the advance being secured by hypothecation of the stock. The balance of the Capital Expenditure relates to the outlay on productive development projects, the most important of these being the Mor Irrigation project for which 40 lakhs has been provided in the current year. The expenditure is to be financed by a loan from the Government of India, for which requisite provision has been included in the estimates. As in the case of these transactions receipt and expenditure balance each other, the closing balance is not affected.

I now turn to the estimates for the coming year. The year starts with an opening balance of  $2\frac{1}{2}$  crores. Revenue Receipts are estimated at 31 crores out of which  $6\frac{1}{2}$  crores are on account of grant from the Centre for financing Development Projects. The "ordinary" revenue, therefore, amounts to  $24\frac{1}{2}$  crores. The principal items contributing to this revenue are 1 crore under Jute Duty, 3 crores 60 lakhs under Income-tax, 40 lakhs under Agricultural Income-tax, 2 crores under Land Revenue, 6 crores under Excise,  $2\frac{1}{2}$  crores under Stamps and 5 crores under Sales Tax and cognate levies. The estimates under Jute Duty and Income-tax are tentative ones and reasons for this have been already stated.

There are two points in regard to the Revenue Estimate to which I wish to invite the attention of the House. In the first place, two of the most important sources of revenue, viz., Income-tax and Excise, are very sensitive to trade conditions, the latter being particularly conditioned by the excise policy of Government. Secondly, the present estimates are based on the existing structure of financial allocation between the Centre and the Province. It will be only after the new Constitution has been finally settled that we shall be in a position to know what our future financial resources are likely to be.

The Revenue Expenditure in the coming year is estimated at 32 crores out of which  $6\frac{1}{2}$  crores are on account of Development Projects financed out of the grant obtainable for the purpose from the Government of India. The estimate also includes a lump provision of 1 crore with a view to afford some further measure of financial relief to lower paid Government employees. Leaving these two special items out of account, the estimate of what may be termed the ordinary expenditure of the Province stands at  $24\frac{1}{2}$  crores. The House may be interested to know how this figure compares with the expenditure in undivided Bengal. It appears from the Accounts that Bengal's revenue expenditure stood at 40 crores in 1945-46. The actuals for 1946-47 amounted to  $42\frac{1}{2}$  crores but as this was inclusive of  $3\frac{1}{2}$  crores on account of Development Projects, the ordinary revenue expenditure was very nearly the same as in the previous year. The estimated expenditure according to the Bengal Budget for 1947-48, amounted to 54 crores including  $12\frac{1}{2}$  crores for Development Projects; which places the ordinary expenditure at  $41\frac{1}{2}$  crores. An *ad interim* increase in pay granted to Government servants on the eve of Partition raised the estimate by  $2\frac{1}{2}$  crores to a total of 44 crores. It will thus appear

that the estimated expenditure in this Province is nearly 56 per cent. of the estimate for undivided Bengal. That the proportion is not in closer accord with the reduction in the size of the Province is due to a variety of factors. In the first place, there is a large body of surplus personnel opting from East Bengal for whom provision has had to be made. Then, again, the administrative and other charges in the city of Calcutta which form a large part of the expenditure have not undergone any diminution as a result of the Partition. These include, among other things, the charges on account of the Calcutta Police, the rationing organisation in Calcutta as well as the larger medical, educational and other Government institutions situated within the city. Apart from these, the most important reason for the enhanced expenditure in West Bengal is that expenditure on beneficent activities has been very substantially increased over the limit fixed for undivided Bengal. This is most noticeable under "Agriculture" where the provision in the present estimates stands at 2 crores 31 lakhs against an actual of 2 crores 7 lakhs in 1945-46 and 2 crores 11 lakhs in 1946-47 for the whole of Bengal. The principle of making proportionately larger provision than would follow from the reduction in the size of the Province, has been pursued under a good many other heads of beneficent activity.

Let me now mention briefly some of the more important items for which provision has been made in the Budget for the coming year.

Having regard to the fact that efforts are likely to be wasted or be productive of very limited results in the absence of timely and carefully drawn up plans as parts of an integrated comprehensive scheme, it has been decided to set up special organisations for the survey of requirements and for comprehensive planning in respect of Education, Agriculture, Irrigation, Medical Relief, Public Health measures, Fisheries and Industrial Development. The total provision made for these purposes amounts to 10 lakhs. There is a further provision of 5 lakhs for a Planning Organisation for Heavy Chemical Industries to be set up in the current year in collaboration with Bihar and the Damodar Valley Corporation. It is hoped that with the assistance of these various planning organisations it will be possible to chalk out an effective and well-co-ordinated programme of all-round development in the Province to be implemented according to our resources in men, money and material and in pursuance of a correct order of priority. In the meantime it is proposed to proceed with a number of items in regard to which objectives and schemes have been more or less definitely settled.

Under the Education Budget provision has been made for the improvement of facilities in various directions. The grant to the Calcutta University which is the pivot of our higher educational system has been enhanced from 8 1/3 lakhs to 14½ lakhs mainly for the purpose of expanding the activities of the Post-Graduate Department in regard to higher research and the study of scientific subjects. For the expansion of Collegiate education, 3 lakhs have been provided by way of research grants, 2 lakhs for the improvement of the Sanskrit College and 1½ lakhs for preliminary expenses in connection with the establishment of a new College in Darjeeling to satisfy the needs and aspirations of the Hillmen for higher education. An extra provision of 3 lakhs has been made for grants to non-Government Colleges for building projects and for the improvement of their libraries and laboratories. A provision of 1½ lakhs has been made for the establishment of four new High Schools for girls at Krishnagar, Suri, Jalpaiguri and Jhargram. A contribution of 10 1/3 lakhs has been provided for a non-lapsable Fund created for the promotion of education amongst those sections of the society which are educationally and

economically backward, and this will contribute towards the special needs of Scheduled Castes, Hillmen and Muslims. The grant to the Viswabhārati has been enhanced from twenty-five thousand to forty thousand, and fifteen thousand has been provided for Tagore Memorial prizes.

The Development Programme under Education includes a provision of 11 lakhs for the introduction of the system of Basic Education in the Province. Also, in view of the importance which literacy among adults is likely to attain as a result of the impending change in franchise qualifications, a provision of 5 lakhs has been made for an adult education drive. Five lakhs have been provided for the improvement of the Shibpore Engineering College; 5 lakhs for the attachment of technical classes to High Schools and 2 lakhs for the setting up of an Engineering Schools for diploma courses. A provision of 7 lakhs has been made for the overseas training of students in various branches of technical and scientific study.

Other provisions comprised in the Development Programme include 6 lakhs for the expansion of Secondary Education including 3 lakhs for Girls' Education; 2 lakhs for the extension of the Presidency College; 2 lakhs for additional grant to Women's Colleges; 3½ lakhs for equipment and machinery for Government Colleges and 1 lakh for Hostel Buildings in rural areas.

The largest individual provision for Medical Relief is one of a crore and 3 lakhs under the Development Programme for the establishment of a net-work of Union and Thana Health Centres throughout the Province, each centre being equipped with an indoor hospital, an outdoor dispensary, a maternity clinic and an anti-malarial squad. Other provisions include 72 lakhs for the maintenance of Auxiliary Hospitals in rural areas and 6 lakhs for the establishment of a rural Nursing Service. Provisions for the improvement of medical facilities in Calcutta include 26 lakhs for the Lake Medical College, 6 lakhs for the improvement of the Campbell Medical School with provision for an extra 100 beds, 1 lakh for the children's ward in the Medical College Hospitals and 1 lakh for preliminary expenses in connection with the establishment of an Infectious Diseases Hospital. Among measures for combating tuberculosis are included a provision of 10½ lakhs for the hospital at Kanchrapara, 4½ lakhs for the establishment of a Sanatorium, 2 lakhs for the improvement of the Jadavpur Hospital and 1 lakh 44 thousand as a maintenance grant for the same Institution. A lump provision of 6 lakhs has been made for the improvement of non-Government medical institutions and of 10 lakhs for the rehabilitation of existing State-owned hospitals.

Provisions under Public Health include 35 lakhs for Rural Water-supply and 12½ lakhs for Water-supply and Drainage Projects in municipal areas. There is also provision amounting to close upon 25 lakhs for the execution of anti-malarial measures including free distribution of Quinine and Paludrine. A lump provision of 8 lakhs has been made for anti-Leprosy Schemes and of 3 lakhs for Maternity and Child-welfare Centres.

The most important item in the Agriculture Budget relates to the supply of seeds and manures to agriculturists with a view to increase the cultivation of food-crops. The total provision on this account amounts to 1 crore 33 lakhs, the greater part of the outlay being recoverable from the cultivators. Other provisions made for the same purpose include 6½ lakhs for the distribution of Iron and Steel for Agricultural Implements, 3 lakhs for the distribution of improved Sugarcane Cuttings, 4 lakhs for small Irrigation Projects in agricultural areas, 3 lakhs for the production of Compost and 5 lakhs for the establishment of Seed Stores. The more important provisions under the Development Programme are 20 lakhs for the reexcavation of Irrigation Tanks, 8 lakhs for the improvement of Livestock, 6 lakhs for

Crop Survey, 50 thousand for Agricultural Research, 66 thousand for Soil Survey and 50 thousand for a Special Survey regarding the possibilities of extension of potato cultivation. With a view to secure the requisite trained staff for improved agricultural activities it is proposed to start an Agricultural College in West Bengal and a provision of 2 lakhs has accordingly been included in the Budget for land acquisition and other preliminary expenses. One lakh has been provided for the establishment of a dry cow salvage farm and 4½ lakhs for the running of the Brooklyn Ice Plant and Cold storage chambers which have been acquired from the Army authorities. Finally, there is a provision of 25 lakhs for the completion of structures and provision of equipment in connection with the Central Live-Stock Station at Haringhata.

The most important item in the Irrigation Budget is the Mor Irrigation Project for which a provision of 86 lakhs has been made under a Capital head in the coming year. The Project is divided into two parts, Part I being the construction of a reservoir behind a high dam across the Mor in the Sarthal Parganas in Bihar and Part II being the setting up of a barrage in Suri along with pick-up weirs across the rivers Dwarka, Brahmani, Kopai and Bakreswar and a network of canals which are expected to irrigate an area of six lakhs of acres in Birbhum and parts of Burdwan and Murshidabad. The present provision is for the second part only which will irrigate about a lakh and 20 thousand acres and is estimated to cost 4 crores 38 lakhs in all. Execution of Part I of the Scheme awaits an agreement with the Government of Bihar. It is hoped that this agreement will be soon forthcoming as Part II by itself will not be sufficiently productive. Other important provisions include 17 lakhs for the Soadighi-Gangakhali Drainage Scheme, the Jhargram Scheme and the Dolong Project in Midnapore, 10 lakhs for the Berai Canal and Subankar Danra Scheme in Bankura, 8 lakhs for the re-excavation of the Saraswati Khal and the Trans-Damodar Internal Drainage Scheme in Hooghly and Howrah, 4½ lakhs for the development of the River Research Institute and 6 lakhs for the preparation of a master plan for the drainage of Calcutta and the surrounding areas. In connection with our plans for irrigation, I should like to refer to the Damodar Valley Development Project which is a multi-purpose scheme of unique importance and interest. The scheme involves the erection of as many as eight dams in Bihar and is estimated to cost 55 crores. It will not only ensure adequate protection from the danger of floods but will also irrigate a vast area in this Province and generate 3 lakhs kilowatts of electric power which will be available both to Bihar and to West Bengal. The scheme when completed will help in the production of additional food-crops of between 2 and 3 lakh tons; and the hydro-electric power generated by it will be of great benefit to the coalfields.

Under present-day conditions a larger sector of Industry will continue to be left to private enterprise. Government's role will be to provide suitable facilities and assistance under proper control and regulation where necessary. Government can help the development of industries by creating favourable conditions and by providing necessary facilities with a view to maximise production and employment. In accordance with their latest industrial policy, the Central Government propose to develop a number of basic industries either as purely State enterprise or as enterprise set up partly with State and partly with private capital, or even wholly as private enterprise with State support and under regulation by the State. The Provincial Government's direct responsibility has, therefore, to be limited to the residual field. In that field again, they have necessarily to direct their attention more to cottage, small and medium-sized industries than to large industries, which are more organised and can look after themselves much

better. Besides, big industries have to operate not only on an all-India basis but, in some cases, on an international scale. These industries are particularly affected by questions relating to taxation, tariff, foreign exchange, currency, etc., which come under the sphere of the Central Government. The scope for action on the part of the Provincial Government is also circumscribed to some extent by the responsibility of the Central Government to co-ordinate regional development in accord with all-India plans. Subject to these limitations, the Provincial Government can and will render all the assistance they are capable of towards the development of all categories of industries in the Province under proper control and regulation where necessary with a view to maximise production and employment.

By this it is not suggested that under no circumstances will the Provincial Government venture upon any industrial enterprise on their own account. In regard to industries which are of a basic nature or which constitute public utility services, Government may decide to undertake such enterprises with a view either to carry out pioneering work or to create maximum employment for the people or to supply raw materials for other industries. The generation and supply of electricity, for instance, is a type of industry which Government has decided to undertake on their own account, with the object of providing power to be utilised in irrigation, agriculture and industry. Government is also considering the question of developing the salt industry either on their own account or through suitable public corporations and Boards and by affording necessary assistance to the existing concerns.

Consistently with this policy, a provision of 15 lakhs has been made in the Budget for participation in the Central Government's scheme for the manufacture of fertilisers on a large scale at Sindri in Bihar. A sum of 14 lakhs has been provided for the development of the silk-reeling industry. Other items concerned with the development of the silk industry include reorganisation of the Silk Conditioning House, the Silk Technological Institute and the Department of Sericulture at a total cost of 8 lakhs. Five lakhs have been provided for the development of salt production and 3 lakhs for the encouragement of various types of small-scale industries such as hand-made paper, gur, etc. There is a provision of 4 lakhs for the promotion of the Khadi Industry and of 3 lakhs for the reorganisation of the industrial Research Laboratory. With a view to ensure an adequate supply of electrical energy which is so necessary for industrial development 32½ lakhs has been provided for the North Calcutta Electrification Scheme, 2½ lakhs for the appointment of power engineers and 2½ lakhs for the Kharagpur-Midnapore Electrification Scheme. There is also a provision of 3 lakhs for Diesel alternators for the supply of power and energy to areas where electricity is not yet available. The Tanning Institute and the Textile Institute under the Directorate of Industries are going to be considerably expanded and a total provision of 13 lakhs has been made for these two items. A number of provisions has been included in the Budget for the development of technical training institutions in West Bengal. A sum of 6½ lakhs has been provided for the establishment of two Technical Schools at Jalpaiguri and Darjeeling and of 5 lakhs for the provincialisation of the existing Technical Schools at Burdwan and Bishnupur. A provision of 5 lakhs has been made for the acquisition of land for a Higher Technological Institute to be established by the Government of India in the vicinity of Asansol. I would also like to refer to two other important provisions, namely, one of 4 lakhs for a general Planning Organisation for industrial development and another of 5 lakhs for a Planning Organisation for Heavy Chemicals in collaboration with the Bihar Government and the Damodar Valley Corporation.

I hope, in due course, to place before the House a proposal for the creation of an Industrial Finance Corporation for financing the development of medium-sized and small industries in this Province. The proposal is still under the consideration of Government. The organisation is proposed to be formed on the lines of the recent scheme for Industrial Finance Corporation formulated by the Government of India. No provision for this item has been included in the Budget but when the scheme matures, it will be placed before the House and the necessary demand for funds will be made.

Earlier in my statement I have referred to the urgent need for developing our means of communication. The total provision made for this purpose in next year's Budget amounts to 1 crore 33 lakhs and covers both Provincial Highways and important District Roads. There is also a provision of 45 lakhs for the section of the Calcutta-Delhi and Calcutta-Bombay National Highways passing through this Province as well for a road link with Assam from the border of Bihar to Bagdogra in Jalpaiguri. Work is also in progress on the National Highway connecting the southern part of West Bengal with the northern part. The entire expenditure on account of all these National Highways will be met by the Centre and the Provincial Budget is accordingly relieved of the charges relating to them.

The House is well aware of the extreme hardship to which the people going about their business in greater Calcutta are subjected daily for absolute inadequacy of transport facilities. As this area is the nerve-centre of the economic activities of the Province, facility of movement is absolutely essential, and Government have decided to create an organisation for putting a large number of buses on the roads immediately. Besides offering the necessary relief to the people, the scheme will also provide the requisite experience which will be helpful in connection with the eventual nationalisation of transport services in Calcutta. A provision of 50 lakhs has been included in the estimates with this object in view.

A very important matter which is engaging the earnest attention of Government is the problem of providing suitable housing accommodation for *bustee*-dwellers as well as for the lower middle-classes. The Budget includes a provision of 20 lakhs for the rehousing of inmates of slums and *bustees* and of 50 lakhs for housing schemes for lower middle-class people. The outlay on the latter project is expected to be fully recoverable in course of time.

Another item of productive expenditure which calls for individual mention is the Kanchrapara Area Development Scheme for which a provision of 50 lakhs has been included in the Budget. The object of this scheme is to acquire the Army site at Kanchrapara measuring about 13,000 acres with a view to develop it on a planned basis for industrial, residential and other purposes. The need for development of residential locations has assumed special urgency at the present time.

A lump provision of 1 lakh has been included in the estimates for the purpose of helping the establishment of a few community kitchens on an of the scheme is to alleviate the hardship of the large floating population of moderate means in this city who are confronted with acute difficulties of accommodation and cannot run their own kitchens for want of facilities. It also aims at providing a welcome relief to such families from the drudgery of cooking and at assisting them in obtaining a balanced diet. The kitchens will serve nutritious food under hygienic conditions and at economic prices. If this experiment proves successful in creating a favourable response to community feeding, it will have rendered a distinct social service by

lightening the household problems of a large number of middle-class families. It will not, however, be possible to put the scheme into operation before the food stock position improves substantially.

We feel that those patriotic persons, who suffered and made sacrifices for the cause of the country and hastened the dawn of freedom, deserve special consideration from the Government. The Government are aware that some of them are living a life of poverty and are desperately trying to find their feet in life. A scheme of assistance for them is under the consideration of Government. When all over the world it is found that the war-veterans are being helped in many material ways by the Governments, we owe it to ourselves to do what we can to assist these veterans in the fight for freedom in the best practicable manner.

The welfare of labour is engaging the earnest consideration of Government. It is fully recognised that contented and efficient labour is a vital asset to industrial production. The labourer is entitled to his full share in production and to adequate attention to his problems of welfare. At the same time it is obvious that increasing production is the surest road to increasing wages. Production being a co-operative process, the maintenance of good relations between the employer and the employed is essential to increasing production which is to the mutual benefit of both parties. It is, therefore, the duty of Government to assist in the development of trade unionism on sound lines and to provide the necessary machinery for the settlement of disputes by bringing together the parties on a plane of reason and discussion. In consonance with this policy a provision of 1 lakh 68 thousand has been made for the establishment of a conciliation machinery, development of trade unions on sound lines and the opening of new labour welfare centres. There is also a provision of 1 lakh 25 thousand for labour welfare centres with attached dispensaries, radios, reading rooms, etc.; and 40 thousand from the publication of the Calcutta Labour Journal.

There is a provision of 10 lakhs included in these estimates for preliminary expenses in connection with the abolition of the Zemindari System which it has been decided to carry out in the shortest possible times. The details of the programme of abolition are being worked out jointly with other Provinces and considerable progress has already been made. The question of the amount of compensation as well as the method of its payment has not yet been settled as it is now being discussed at the all-India level. The provision of 10 lakhs represents merely the preliminary expenses in connection with the preparation of records and the assessment of claims to compensation.

It will be seen that in the estimates before the House for the coming year an additional provision of 1 crore has been made for increasing the emoluments of lower paid Government employees. This increase, I may point out, comes in addition to an increase of 2½ crores per annum provided for on the eve of the Partition. Both these increases are recurring charges. I am well aware that in the conditions of the present times even these increases may be found inadequate to meet the full needs of those for whom they are meant. But I am sure that Government employees, consisting as they do of a large proportion of educated men, will not fail to appreciate the difficulties in the way of making larger appropriations for this purpose. While there can be no denying that conditions of living in the urban areas have become difficult for many, particularly those with fixed incomes, it will be recognised that the salaries of Government employees must bear a certain relation to the income and the standard of living of the vast masses from whose toil the coffers of the State have to be filled. The Government of a country is not a

profit-making institution like a commercial enterprise in which increased emoluments can be claimed on the basis of the profits made. Besides, Government service can have a real significance only when it is actuated by a genuine spirit of service to the public. That does not mean that Government should be indifferent to the economic welfare of their employees or should not reward their devotion to duty by improving their emoluments. But this should be a gradual process, conditioned by our ability to achieve an improved standard of living for the masses and consequent availability of requisite resources to the State. I am fully confident that Bengal is second to no other Province in the display of public spirit which I have just now mentioned. And I make the appeal in the fullest confidence that Government employees of every grade and in every branch will evince that spirit of service to the country without which our new-found freedom would be of no avail to the masses and may, indeed, prove to be a bitter disappointment to them. I may assure them that after our present developmental plans for the amelioration of the conditions of the masses have progressed to some extent and the full picture of our financial resources under the new Constitution is known, we expect to see our revenues expand and then the question of raising the emoluments of lower paid Government servants will again be considered. For the present, let us not forget that the masses too are looking forward to the first fruits of freedom and the most essential amenities of civilised Government in the shape of better educational and medical facilities and other measures of social service.

Let me now state briefly the financial results of the working of the coming year according to the estimates placed before the House. The year starts with an opening balance of  $2\frac{1}{2}$  crores. Revenue receipts amount to 31 crores against an expenditure of 32 crores thus resulting in a revenue deficit of 1 crore. The net effect of operations under the Debt, Deposit and Capital Sections of the Budget is a debit balance of 1 crore representing mainly the net outlay on procurement operations, that is to say, the value of stocks of foodgrains purchased but not sold off during the year.

The outstanding liabilities at the end of the year include the advance of  $2\frac{1}{2}$  crores taken from the Centre to liquidate the share allocated to this Province of the debit balance of undivided Bengal with the Reserve Bank of India. As already explained, other liabilities of substantial dimensions are likely to accrue as a result of the allocation by the Arbitral Tribunal of the outstanding financial commitments of undivided Bengal and the value of assets like buildings included within the boundaries of this Province.

The House will observe that the first annual Budget of the Province of West Bengal is a deficit Budget. This however, need not give rise to misgivings. If we succeed in implementing the schemes for which financial provision has been made in these estimates, we shall have achieved encouraging progress towards the development of our Province. As the financial settlement under the new constitution is finalised and comes into effect, we shall be in a position to know the nature and extent of our financial resources and we shall be able to exploit further sources of revenue according to requirement.

I may thus permit myself to end on a cautiously confident note. If the potentialities immediately ahead of us are fully realised by the right kind of endeavour on our part, there is ground, indeed, for taking a definitely optimistic view of the future. I hope and believe that in planning and executing our future Development Programmes, lack of money will not prove to be a great obstacle provided money is properly used, schemes are rightly

drawn up and taken up for execution in the correct order of priority, an efficient machinery is set up for their implementation and the enthusiasm and co-operation of the public are forthcoming in an adequate measure. Let me stress my conviction that given highest sense of integrity and the keenest standard of efficiency, the immediate future may well pave the way to a better, stronger and more balanced economy for our Province.

I have just given you a brief account of our plans and proposals for the coming year. I confess that these do not present a complete picture or a fully integrated programme of development for the Province. During the short time which was available to the previous Ministry, absorbed as they were with the immediate problems caused by the Partition, and the very brief period during which the present Ministry have been in office, it has not been possible for us to formulate such integrated plans. In respect of most of the development schemes, lump provisions have been made as an earnest of our sincere intention to elaborate comprehensive plans covering the requirements of the Province. When detailed schemes in respect of the lump provisions made under different department are ready, it is hoped that it will be possible to fit them together into an integrated whole.

The central objective of our Development Programme is admittedly to raise the standard of living of the masses. This, in ultimate analysis, is conditioned by two obvious factors, namely, production of more wealth and its equitable distribution among the the people. The foremost emphasis should, of course, be laid on the first of the factors at this stage of our economic development. Even the most equitable distribution of our existing national wealth can hardly ensure any substantial improvement in the standard of living and more wealth must be created by the improvement of agriculture and industry. The resuscitation of our rural economy is naturally to be placed in the forefront of our programme of work and will depend mainly on the provision of cheap electricity and adequate irrigational facilities. Cheap electricity can alone assist the cottage and small industries in a material way and place them in a position of competitive efficiency in regard to organized industries—not indeed, with a view to replace them but as an effective part of an integrated whole comprising large-scale, medium-sized, small and cottage industries. The improvement of irrigational facilities in the rural areas will improve the yield of agriculture and help its extension in the Province in which many thousands of acres remain arid and uncultivated in the absence of adequate water-supply. Schemes for tackling all these problems are, of course, being taken in hand on a graduated scale and according to due order of priority.

In this process of developing our resources and creating new wealth, it shall be our constant endeavour to see that the increased production and prosperity is shared in its full measure by the common man both in rural and urban areas. It will be our aim to abjure any policy that tends to concentrate wealth in the hands of a fortunate few, thereby making, relatively, the rich richer and the poor poorer. It should, however, be remembered that it is not within the competence of any Provincial Government to control all the factors responsible for such inequalities in the society. I need hardly stress that no country can be a true democracy if it allows great inequalities of wealth and rank to exist except such as are warranted by differences in merit. For, it is basically wrong that one should go through life with every conceivable material advantage while others should be subjected at every turn to the cumulative penalties of the under-privileged.

I am fully conscious that whatever schemes, we have been able to provide in the present Budget do not go far enough to solve our pressing problems

and to meet the anticipation of the public. I feel also that in the first year of freedom, it is difficult for the people as a whole or particular classes thereof to adjust their hopes and expectations to the realities of the situation. The exhilaration of new-found freedom, the sense of achievement that it gives, the material impulse to seek a just reward for the sacrifices or privations of decades and, above all, the inescapable feeling that foreign rule was almost the sole impediment to our prosperity and plenty—these inevitably raise high expectations and tend to accentuate the sense of disappointment. It is necessary, therefore, at this stage to remind ourselves of our difficulties and to view the problems to be solved on an objective basis. The change that freedom implies is that we are free to pool and apply our energies to our common task as we envisage it to our best interests. It does not automatically or by itself change in a moment the resources at our command. Those who expect that freedom, by itself, will, in the twinkling of an eye, waive all our wants and troubles away and at once re-establish our deranged economy on a sound basis, are counting without the inherent responsibilities of freedom. While Government may find ways and means of making larger outlays on big and beneficial schemes, the accomplishment of the various constructive schemes and projects would depend upon the expert personnel at our command, the capacity for co-operation and co-ordination which we have in our ranks and also the availability of requisite materials. That capacity can be greatly enhanced if we are capable of eliminating unhealthy differences, and enthusing one and all for the common aims we have before us.

While our endeavours as represented in this, the first Budget of our Province, in Free India are not spectacular or far-reaching, let us pray to Almighty God that these may lead to greater and more comprehensive efforts on our part. Let us also invoke the blessings of the Father of the Nation, Mahatma Gandhi, in all our endeavours to build up a society in which there will be no poverty, no feeling of high class and low class, a society in whose making the common man will have an effective voice and in which all communities big or small live in perfect harmony.

*“Bande Mataram.”*

## APPENDIX I

## West Bengal Budget, 1948-49

(The figures are in thousands of rupees.)

					Estimate from 15th August 1947 to 31st March 1948.	Budget, 1948-49.
<b>Receipts—</b>						
Opening Balance	..	..	..	..	-2,06,12	2,54,22
Revenue Receipts	..	..	..	..	18,88,26	31,18,52
Receipts from Debt Heads	..	..	..	..	53,42,15	72,86,39
					<u>70,24,29</u>	<u>1,06,59,13</u>
<b>Expenditure—</b>						
Revenue Expenditure	..	..	..	..	16,46,98	31,96,45
Capital Expenditure	..	..	..	..	2,17,09	5,67,00
Expenditure on Debt Heads	..	..	..	..	49,06,00	68,20,79
Closing Balance	..	..	..	..	2,54,22	74,89
					<u>70,24,29</u>	<u>1,06,59,13</u>
<b>Net Result—</b>						
Surplus (+)	..	..	..	..		
Deficit (-)	..	..	..	..		
(a) On Revenue Account	..	..	..	..	+2,41,28	-77,93
(b) Outside Revenue Account	..	..	..	..	+2,19,06	-1,01,40
(c) Net, excluding Opening Balance	..	..	..	..	+4,60,34	-1,79,33

## APPENDIX II.

## Development Programme.

## Abstract.

[The figures are in thousands of rupees.]

Heads.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
A—Revenue Account.		
63B—Expenditure on Post-War Development Schemes—		
Land Revenue	5,50	10,00
Forest	9,96	7,75
Irrigation	11,35	60,96
Police	..	2,00
Education	61,15	84,02
Medical	46,94	2,48,88
Public Health	16,72	65,09
Agriculture	25,86	70,77
Veterinary	12	53
Co-operation	6,73	21,74
Industries	8,32	67,51
Fisheries	10	3,12
Cinchona	..	98
Labour	67	2,08
Works	..	..
Miscellaneous	6,00	12,00
Total (Revenue Account)	1,99,42	6,57,43
B—Outside Revenue Account.		
68—Construction of Irrigation, Navigation, Embankment and Drainage works.	40,00	86,04
71—Capital Outlay on Schemes of Agricultural Improvement and Research.	2,50	11,50
72—Capital Outlay on Industrial Development	11,80	79,18
81—Capital Account of Civil Works outside the Revenue Account.	17,65	1,33,24
82—Capital Account of other Provincial Works outside the Revenue Account.	25	1,70,00
Total (Outside Revenue Account)	72,20	4,79,96
Grand Total	2,71,62	11,37,39

## Details.

## Land Revenue.

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
Preliminary measures for abolition of the Zemindari System ..	5,50	10,00

## Forest.

1. Scheme for afforestation in the district of Nadia .. ..	3,83	45
2. Conservation of private forests and afforestation of private waste lands.	1,85	2,30
3. Acquisition and afforestation of waste lands .. ..	4,28	5,00
Total ..	9,96	7,75

## Irrigation.

1. Rukri Khal Irrigation Scheme in Bankura district ..	25	19
2. Harahatuganj drainage project in 24-Parganas district ..	25	3,00
3. Silt clearance of Dunia Khal in Midnapore district ..	30	2,00
4. Trans-Damodar Internal Drainage Scheme in the districts of Hooghly and Howrah.	1,20	3,75
5. Kulai Khal Irrigation Scheme in Bankura district ..	30	38
6. Silt clearance of Jibantoi and Banki rivers in Murshidabad district	42	1,00
7. Hinglow River Embankment Scheme in Birbhum district ..	30	..
8. Jampoi Irrigation Schemes in Jalpaiguri district .. ..	34	1,90
9. Re-excavation of Saraswati Khal in districts of Hooghly and Howrah.	80	4,00
10. Soadighi-Gangakhali Drainage Scheme in Midnapore district ..	1,00	8,00
11. Berai Canal Irrigation Scheme in Bankura district ..	1,00	5,00
12. Subankar Danra Scheme in Bankura district .. ..	75	5,00
13. Putrangi Irrigation Scheme in Midnapore district ..	40	1,60
14. Jhargram Irrigation Scheme in Midnapore district ..	75	4,00
15. Dolong Irrigation Project in Midnapore district .. ..	..	5,00
16. Amta drainage project in Howrah district .. ..	..	1,00
17. Cut connecting the river Kunti and Chandannagore ditch in Hooghly district.	..	2,00
18. Minor Irrigation Scheme in Birbhum district .. ..	..	41
19. Drainage and Flushing Scheme in Murshidabad district ..	..	50
20. Bidyadhari-Peali Scheme in 24-Parganas district ..	63	..
21. Preparation of Master plan for drainage of Calcutta and surrounding areas.	2,25	5,73
22. Development of River Research Institute ..	41	4,50
23. Planning of comprehensive Irrigation and Drainage Projects..	..	2,00
Total ..	11,35	60,96

**Police.**

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate 1948-49.
Establishment of Police Wireless Headquarters at Tollygunge .. ..	.. ..	2,00

**Education.**

1. Immediate Plan of Sibpore Engineering College .. ..	2,12	3,00
2. Grant to Jadavpur College .. ..	1,55	40
3. Strengthening of Headquarters staff for supervision of the new system of education.	8	8
4. Physical Instructresses of Training Schools and Colleges for Girls.	3	7
5. Scheme for sending students abroad .. ..	2,87	7,36
6. Increasing the salaries of Primary School Teachers ..	32,04	24,61
7. Expansion of training facilities for graduate men and women teachers.	14	2,32
8. Training of staff for Basic Primary Training School ..	36	1,00
9. Basic Training School .. ..	5,97	5,00
10. Introduction of Basic Education .. ..	10,50	5,50
11. Primary Training College .. ..	..	1,00
12. Adult Education .. ..	69	5,00
13. Sibpore Engineering College Final Plan .. ..	..	2,00
14. Technical High Schools .. ..	..	5,25
15. Engineering School for Diploma Courses .. ..	..	2,00
16. Secondary Education .. ..	..	3,00
17. Expansion of Girls' Secondary Education .. ..	40	2,70
18. Equipment of private Colleges .. ..	2,00	..
19. Equipment and machinery for Government Colleges ..	1,60	3,40
20. Extension of Presidency College .. ..	..	2,00
21. Increasing efficiency of Primary School Inspection and strengthening of staff.	..	1,73
22. Nursery School and Classes .. ..	..	10
23. Colleges for Women .. ..	75	1,80
24. Reorganisation of Government Commercial Institute, Calcutta	5	1,10
25. Youth Welfare and provision of facilities for physical exercises ..	..	2,10
26. Hostel buildings in rural areas .. ..	..	1,00
27. Educational Survey and Planning .. ..	..	50
Total ..	61,15	84,02

**Medical.**

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
1. Increase in the number of rural dispensaries and establishment of Public Health Units.	2,00	1,03,00
2. Maintenance of Auxiliary Government Hospitals .. ..	25,00	72,00
3. Rehabilitation and improvement of existing hospitals .. ..	..	10,00
4. Study leave ex-India for Officers of the Provincial Medical Service (Upper).	..	30
5. Establishment of a temporary Medical College in the Lake area in Calcutta with a temporary 1,000 bedded hospital (Provincial share).	11,00	26,00
6. Provision of an Infectious Diseases Hospital in Calcutta .. ..	..	1,00
7. Children's Ward in Medical College Hospitals, Calcutta .. ..	60	1,00
8. Creation of an Ambulance Service .. ..	20	50
9. Control and prevention of Venereal Diseases .. ..	2,18	3,73
10. Establishment of T. B. Sanatorium .. ..	..	4,68
11. Establishment of a T. B. Hospital at Kanchrapara .. ..	5,96	10,68
12. Establishment of a rural Nursing Service and improvement of nursing system.	..	5,82
13. Conversion of Campbell Medical School, Calcutta, into a College and provision of 100 additional beds.	..	5,82
14. Improvement of Pharmacy and Pharmacy Training .. ..	..	1,41
15. Improvement of Jadavpur T. B. Hospital .. ..	..	1,94
16. Planning Committee for Medical Relief .. ..	..	1,00
<b>Total</b> ..	46,94	2,48,88

**Public Health.**

1. Rural water-supply .. ..	8,00	31,40
2. Water-supply and drainage in municipal areas .. ..	2,00	12,56
3. Control of Malaria .. ..	..	5,00
4. Maternity and Child Welfare Scheme .. ..	50	3,00
5. Malaria control in the fringe area of the Salt Lakes to the east of Calcutta.	3,22	4,13
6. Anti-leprosy Scheme .. ..	3,00	8,00
7. Comprehensive Planning of rural water-supply and other public health measures.	..	1,00
<b>Total</b> ..	16,72	65,09

**Agriculture.**

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
1. Establishment of a Central Livestock Research-cum-Breeding station at Haringhata.	10,00	25,37
2. Improvement of Livestocks Industry .. .. .	3,71	7,73
3. Goat Multiplication Scheme .. .. .	5	..
4. Improvement of Agricultural School at Chinsura .. .. .	11	25
5. Development of Publicity and Propaganda Organisation of Agriculture Department.	30	64
6. Expansion of commodity grading centres .. .. .	8	33
7. Scheme for development of Agricultural Marketing .. .. .	8	29
8. Soil Survey .. .. .	17	66
9. Station for trial of new potato hybrids at Bhanjang in Darjeeling district.	4	14
10. Scheme for control of disease in potatoes in plains and in hills .. .. .	19	29
11. Running of Brooklyn Ice plant and cold storage .. .. .	96	4,50
12. Anti-erosion experiment by Visva-Bharati .. .. .	17	17
13. Crop Survey Work .. .. .	..	5,40
14. Agricultural Research .. .. .	..	50
15. Scheme for the establishment of a dry cow salvage farm .. .. .	..	1,00
16. Tank Improvement .. .. .	10,00	20,00
17. Establishment of an Agricultural College .. .. .	..	2,00
18. Agricultural Planning .. .. .	..	1,00
19. Survey for extension of potato cultivation .. .. .	..	50
Total .. .. .	25,86	70,77

**Veterinary.**

Provision of better facilities for Veterinary aid in Calcutta and its suburbs.	12	53
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**Co-operation.**

1. Reorganisation of the staff of the Co-operative Directorate .. .. .	60	5,00
2. Improvement of supply of milk to the city of Calcutta through the Calcutta Co-operative Milk Societies' Union.	1,14	14
3. Rehabilitation of cottage industries on Co-operative basis .. .. .	3,28	3,94
4. Co-operative Training and Model Co-operative Colony .. .. .	33	5,64
5. Development of Co-operative Fisheries .. .. .	15	9
6. Organisation and development of the Co-operative Alliance .. .. .	52	9
7. Organisation and development of Co-operative stores and banks .. .. .	27	1,09
8. Establishment and development of Multi-purpose Societies .. .. .	29	5,14
9. Establishment of Co-operative Farms .. .. .	15	61
Total .. .. .	6,73	21,74

**Industries.**

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
1. Appointment of Power Engineers and staff for development of electricity.	1,30	2,50
2. Reorganisation of the Department of Industries .. .. .	45	1,26
3. Reorganisation of the Ceramic Institute .. .. .	1,91	3,83
4. Office of the Adviser on location of Industries .. .. .	9	..
5. Reorganisation of the Department of Sericulture .. .. .	..	5,00
6. Scheme for Sericultural Training .. .. .	..	1,00
7. Reorganisation of the Textile Institute, Serampore .. .. .	71	6,27
8. Reorganisation of Government Silk Conditioning House .. .. .	..	65
9. Expansion and reorganisation of the Tanning Institute, Calcutta .. .. .	..	6,78
10. Reorganisation of Industrial Research Laboratory .. .. .	..	3,00
11. Promotion of <i>Gur</i> industry .. .. .	19	57
12. Promotion of hand-made paper industry .. .. .	1,00	50
13. Establishment of a Technical School in Darjeeling .. .. .	..	4,60
14. Promotion of Khadi industry .. .. .	60	4,00
15. Establishment of a Sales Emporium .. .. .	32	35
16. Establishment of a Technical School at Asansol .. .. .	..	2,00
17. Reorganisation of the Industrial Museum .. .. .	50	10
18. Reorganisation of the two existing Weaving Schools .. .. .	..	1,70
19. Reorganisation of the Silk Technological Institute at Berhampore.	25	1,25
20. Increased grant for Industrial Research .. .. .	..	1,00
21. Expansion of Mulberry cultivation in Darjeeling Hills .. .. .	..	20
22. Establishment of a Technical School at Jalpaiguri .. .. .	..	2,00
23. Provincialisation of Bishnupur Technical School .. .. .	..	1,75
24. Provincialisation of Burdwan Technical School .. .. .	..	3,20
25. Planning Committee for Heavy Chemical Industries in collaboration with Bihar and Damodar Valley Corporation.	1,00	5,00
26. Planning for Industrial Development .. .. .	..	4,00
27. Land acquisition for a Higher Technical Institute .. .. .	..	5,00
Total .. .. .	8,32	67,51

**Fisheries.**

1. Development of Tank Fisheries .. .. .	10	69
2. Sunderbans Abad areas fishery development scheme .. .. .	..	29
3. Establishment of a technological station for experiments in fish processing and utilisation of fish wastes.	..	1,64
4. Planning for development of Fisheries .. .. .	..	50
Total .. .. .	10	3,12

**Cinchona.**

[The figures are in thousands of rupees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
1. Higher Technical Training of Overseers .. .. .	..	7
2. Research into improved methods of Quinine manufacture .. .. .	..	55
3. Higher Technical Training of Quinologist .. .. .	..	6
4. Cultivation of Medicinal plants .. .. .	..	30
Total .. .. .	..	98

**Labour.**

1. Establishment of a conciliation machinery for settling industrial disputes, development of Trade Union on sound lines and opening of new Labour Welfare Centres.	64	1,68
2. Calcutta Labour Journal .. .. .	3	40
Total .. .. .	67	2,08

**Miscellaneous.**

1. Peace-time Fire Service .. .. .	6,00	9,00
2. Establishment of Community Kitchens .. .. .	..	1,00
3. Grant for all-round rural development .. .. .	..	2,00
Total .. .. .	6,00	12,00

**68—Construction of Irrigation, Navigation, Embankment and Drainage Works.**

Mor Reservoir Project in the districts of Birbhum and Murshidabad	40,00	86,04
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**71—Capital outlay on schemes of Agricultural Improvement and Research.**

1. Multiplication of quality potato seeds at Rungbull Farm in Darjeeling and in the plains	1,00	3,00
2. Establishment of six Seed Multiplication Farms .. .. .	1,50	5,00
3. Establishment of one Jute Seed Multiplication Farm .. .. .	..	3,50
Total .. .. .	2,50	11,50

**72—Capital outlay on Industrial Development.**

[The figures are in thousands of ruppees.]

Items.	Estimate for the period from 15th August 1947 to 31st March 1948.	Budget Estimate, 1948-49.
1. Exploitation of Coastal and Estuarine Fisheries and provision of Fishing Fleet.	3,80	2,16
2. North Calcutta Rural Electrification Scheme .. .. .	4,00	32,40
3. Participation in the Government of India's Scheme for manufacture of Fertilisers.	..	15,00
4. Diesel Electric Pool .. .. .	50	3,19
5. Organisation of Silk Reelers' Co-operatives .. .. .	3,50	13,80
6. Development of Salt Production .. .. .	..	5,00
7. Kharagpur-Midnapore Electrification Scheme .. .. .	..	2,63
8. Increased provision for aid to Industries .. .. .	..	5,00
Total .. .. .	11,80	79,18

**81—Capital Account of Civil Works outside the Revenue Account.**

Development of Provincial Roads .. .. .	17,55	1,33,24
Construction and improvement of National Highways .. .. .	8,00	45,00
<i>Deduct</i> —Recovery from the Central Government for National Highways .. .. .	-8,00	-45,00
Total .. .. .	17,65	1,33,24

**82—Capital Account of other Provincial Works outside the Revenue Account.**

1. Kanchrapara Area Development Scheme .. .. .	19	50,00
2. Re-housing of bustee-dwellers and constitution of a Housing Board for the purpose	6	20,00
Improvement of slums under the Bengal Slum Improvement Act, 1946		
3. Housing for middle-class people .. .. .	..	50,00
4. Improvement of Transport facilities in Greater Calcutta .. .. .	..	50,00
Total .. .. .	25	1,70,00

## Supplementary Demands (1948-49)

(Presented on the 7th March, 1949)

**The Hon'ble Shri Nalini Ranjan Sarker:** Sir, I beg to present before the House the Supplementary Estimate of Expenditure for the current year. The total amount covered by these estimates is about 6½ crores out of which 13 lakhs 40 thousand is for charged expenditure being charges on account of interest and pension.

The reasons for the present demands in the Supplementary Estimate have been set forth in the Explanatory Memorandum given under each head and circulated to honourable members. The Hon'ble Ministers-in-charge of different departments will go into them more fully as each demand is moved. I shall confine myself to a brief and general review of these supplementary estimates.

The House will find that the largest demand under the heads of Revenue Expenditure is under "Extraordinary Charges in India". This large additional expenditure is mainly due to adjustment of loss on sale of wheat and wheat products to the public in consequence of the higher prices of wheat and wheat products which were fixed by the Government of India in the beginning of 1948, but which were sold to the public at a lower price. The next largest demand is under Pre-partition Payments for which a provision of 1 crore has been made. The provision is to cover the obligation of this Government to pay to the Government of East Bengal 35 lakhs for every crore paid by the latter on bills passed by the Application Committee. The demand under Police is for 34 lakhs 36 thousand which is mainly on account of strengthening of the Calcutta Police and the Bengal Police, linking of border police stations by wireless and purchase of launches, speed-boats and motor vehicles for giving better transport facilities to the Police. Under General Administration the extra demand of 13 lakhs 9 thousand is mainly for preparation of electoral rolls under the new Constitution. The demand of 16 lakhs 63 thousand under Medical is for increased expenditure under Provincialisation of Sadar and Subdivisional Hospitals which is due to increase in the number of beds and patients in some of the hospitals and for contributions paid to the mental hospitals at Ranchi and some private medical institutions.

In the budget for the current year the provision for the "Road Transport Scheme" was made under one head only, viz., "Capital Account of other provincial works outside the Revenue Account". Under a new accounts classification, the provision is now being made under two heads, viz., Receipts from Road Transport Scheme—*Deduct*—Working Expenses and Capital Outlay on Road Transport Scheme outside the Revenue Account. The total provision under the two new heads is 60 lakhs as against 50 lakhs originally provided for. The real excess is, therefore, 10 lakhs. But the approval of the Legislature is being taken to the total provision of 60 lakhs as the provision is now being made under two new heads.

The demand of 50 lakhs 65 thousand under Construction of Irrigation, Navigation, etc., is on account of this Government's share of the cost of the Damodar Valley Project for the year 1948-49. This Government's share of cost of 91 lakhs 17 thousand of which a portion will be met by reappropriation of savings and the demand here is for the balance.

The demand under Loans and Advances by Provincial Governments stands at 2 crores 12 lakhs which is mainly on account of relief and rehabilitation of refugees and payment to the Damodar Valley Corporation of an advance equivalent to this Government's share of the cost of Damodar

Valley Project which will be finally adjusted under Construction of Irrigation and Navigation, etc., by per contra credit as repayment of the advance. Under both these heads we pay out as loans what we receive as loans from the Government of India.

Two other items call for specific mention in this connection. These are the token demands for one rupee each under "Superannuation allowances and pensions" and "Miscellaneous" for the purpose of obtaining the assent of the Legislature to the expenditure on account of allowances and gratuities to political sufferers, their families and institutions and the expenditure on refugees. The expenditure will be met by savings but as it is on new service, approval of the Legislature is being sought through these token demands.

The demands under the remaining heads are comparatively small and the reasons therefor have been furnished under each head. I need not, therefore, trouble the honourable members with any further explanation of the supplementary demands under these heads.

**Speech by the Hon'ble Shri Nalini Ranjan Sarker, Finance Minister, in presenting the Budget, for 1949-50.**

*(Presented on the 24th February, 1949)*

Mr. Speaker, Sir, I rise to present the Budget Estimates of the West Bengal Government for the financial year 1949-50. I do so under a shadow of death. The most familiar and lovable figure of Mr. Kiran Sankar Roy has been snatched away by the cruel hand of death; and also our estimable colleague Sri Mohini Mohan Barman was the victim of a tragic death. In presenting the budget estimates I feel a natural pride and thankfulness that it was given to me to present the budget of this province in the first year of the nation's freedom and to have lived to present the estimates for the next year when in all humility and truthfulness we can claim to be laying the foundation of happiness and prosperity in the province. The House will certainly realise that the task of a Finance Minister in the initial years of freedom can hardly be enviable, particularly in a province like West Bengal where, to the long-standing financial disabilities of olden times has been added the injustice done to this province in the matter of allocation of Income-tax Revenues and Jute Duty which indeed remains a sore point of grievance with us. The handicaps of the shrinkage of territory and of agricultural resources, the vast problem of refugee rehabilitation and problems inherent in a border province with extensive frontiers are also there to make up a formidable list of problems. To make his task all the more complex, he has to reconcile, for the purpose of day-to-day work and for comparatively long-term policy, the conflicts that issue from different ideological obsessions and the inability of some people to adjust ideas to changing conditions and of some others to curb impatient unpractical idealism. For my part, I must be content to be guided in my duties, as I understand them, by the cold logic of economic facts, duly warmed by broad human sympathies. While I cannot take my eyes off the present position of the finances of the province, my mental vision must stretch out into the future.

Although our direct responsibilities relate to West Bengal only and our field of activity is confined within its borders, it is alike prudent and sound to set the financial position of this province against the broader background of the economic and financial conditions of the country as a whole; for prosperity—or even poverty, for that matter—is indivisible and the main

economic currents are not circumscribed by provincial boundaries. Under present-day conditions, the province reacts far more quickly than before to political and economic developments in this continent and in others. For the world is now but a small place; men, materials and ideas travel fast. Ignorance of what is going on in the vast world outside carries with it the most severe penalties. It is not, therefore, to meet a requirement of financial convention or pedantry that I now propose to preface my financial statement of revenue and expenditure with a brief review of the economic forces that operate today, particularly in India.

The past twelve months—these hectic crowded twelve months—have been a period of harrowing anxiety for the nation. The pressure of problems was oftentimes almost unbearable and the fear of breakdown was not absent from our minds. For, the National Government had to face without any prior preparation not only all the problems which their predecessors had left unsolved but also those which arose out of partition or which freedom has brought to the fore. All these came on us in a rush, while the resources, material and other, which we had at our command for solving them had suffered shrinkage or had been impaired by these very developments. Looking back in retrospect on the course of events since August, 1947, there is ground for feelings of thankfulness not untinged with pride that we have weathered so many storms and have come virtually unscathed through so many ordeals although our progress in the economic front could not keep pace with the demands of the situation and, to our disappointment, the gap between our needs and actual performance has remained as wide as before, if not more. It is not germane to my purpose to review or recall all the experiences of the last one year and more. But if awareness of the full content of the political, economic and social set-up is a necessary ingredient of wisdom in financial policy, it is well to remember the broad divisions which the problems of our infancy as a free nation fall into. First and foremost are the problems resulting from the partition of the country, our relations with Pakistan, the position of the minorities therein, and peace within India, the problem of the refugees and their rehabilitation and the economic relations between the two Dominions. Allied to these, but at the same time distinguishable from them, is the problem of the States, particularly those of Hyderabad and Kashmir. Then there is the large number of economic problems like those of control which the National Government inherited from the old regime but which took on a rapidly changing complexion as the weeks and months rolled by. More important than all these was the need to fulfil the hopes of the masses who had been taught, and rightly so, to regard freedom as the means of their economic uplift. The contrast between these hopes and the chilling conditions of our economic situation during the last one year is not only a sad one in itself but has been the source of many an intricate problem for the Government to solve.

The experiences of last year are worth recalling in this context. Shocking and heart-breaking as it was when news of it was fresh, the martyrdom of Mahatma Gandhi, whose life is perennial source of inspiration, is a reminder to us all to keep on the path of service that he chalked out for us as individuals and as a nation. The year also saw the passing away of Mr. Jinnah, the chief architect of Pakistan. The last British troops and the last British Governor-General left the shores of India and the first Indian Governor-General, Sri C. Rajagopalachari, whose wisdom and sagacity we had the inestimable advantage of liberally drawing upon while he was the Governor of this province, took over. The Kashmir war went through various vicissitudes and today the U. N. Kashmir Commission holds forth the promise of amicable settlement of a complex problem. The war of nerves in Hyderabad came to an end by the rapid

police action of the Government of India and the Rahakar menace finally scotched, without causing even a mild tremor in the Indian Continent. The integration of Indian States, one by one, with the Government of India, had redrawn the map of India in an incredibly short time. Despite frequent set-backs of a critical kind the Inter-Dominion relations between India and Pakistan have on the whole progressed on the lines of mutual understanding and cordiality. Whenever the relation deteriorated, refugees streamed in from East Bengal to West Bengal and trouble-makers and smugglers became active near the border. The Standstill Agreement between the two Dominions was terminated on the 29th February, 1948. This led to great confusion and dislocation. Jute was subjected to a high rate of export duty by Pakistan and this created some diffidence in the minds of many on this side of the frontier regarding the future of the jute industry. The Inter-Dominion Conference held in April in Calcutta improved the relation appreciably. International Baggage Rules came to be observed by both the Dominions; activities of trouble-makers and smugglers near the frontier were checked; the flow of refugees from East Bengal to West Bengal diminished simultaneously. In August and September refugees from East Bengal streamed in large numbers and this Government was faced with an embarrassing problem. Gradually the position improved. The Inter-Dominion Conference held in Delhi in December last restored good relations between the two Dominions once more.

It is a matter of great satisfaction to us that within such a short time of our achievement of independence, our prestige and position in the international sphere have risen very high and India now occupies a very important place in the international forum, thanks to the personality, sagacity and far-sightedness of India's illustrious Prime Minister.

The political background of our economic life has thus slowly and steadily brightened during the last year though at times clouds hung ominously over our heads. With the States brought into organic relation with the Indian Union, with Inter-Dominion relations progressing to a more and more rational basis of mutual understanding, with civil peace well established through steadfast adherence to the ideal of a secular State, the country has reached a stage in which the economic problems of the people can be patiently grappled with. It is unfortunately not yet possible to say more. For the basic problems are still as grim as a year before, though optimism has now surer ground to stand on. These basic problems may be distinguished into two broad groups: the first referring to the objective conditions necessary for progress of productive activity and the second to the personal factors of relations between the important elements in the economic organisation.

Taking first the objective conditions, the general economic situation in the country, viewed as a whole, continued to be disquieting, despite a few green patches here and there. It was indeed not a little disappointing that in the third full year after the cessation of hostilities, hopes of an immediate post-war improvement in the living standards for the common people could not be realised in any appreciable manner. The continued fall of industrial and agricultural output in this country in the face of an increased price stimulus and a large unsatisfied demand offers a problem in production and possibly also in human psychology worthy of the most serious notice by statesmen and economists. Wherever the ultimate solutions may be deemed to lie, all our talks about combating inflation and raising the standard of living of the common man have to be assessed in terms of our real achievement in the field of production where, indeed, our performances make a poor show. We must be on our guard against premature satisfaction with slight or transitory improvements here and there when what matters is a stable and all-round progress.

It would be a dangerous illusion to seek any consolation from the thought that production in some lines was higher in 1948 than in the previous year. For one thing, production in most branches reached its nadir in the latter year. Secondly, even where production increased, it was still in some cases not only much below the peak figure attained during the war, but even below the pre-war figure. In 1948 our production fell below pre-war levels in such important sectors as food, cereals, cement and jute. While this is a serious matter in itself, it becomes far more so in the context of the needs of an increasing population whose normal growth during the intervening period must have been anything between 10 and 15 per cent. When we consider our production in the perspective of our needs as well as the installed capacity in each industry, we shall be in a position to appreciate better the leeway that has to be made up. Thus, in the steel industry production last year amounted to 854 thousand tons, which was roughly equal to two-thirds of our installed capacity of 1,264 thousand tons, and one-third of our present requirements of about 2,500 thousand tons a year. Again, the potential capacity of the cement industry is about 22 lakh tons against which actual production last year amounted to only 15.76 lakh tons, i.e., only about two-thirds of capacity. Before the war, imports supplemented internal production, where necessary, but now either they are not available when they are most wanted, or the price at which they can be obtained is too high for us, and even where they are available, we cannot buy them because of shortage of our foreign exchange resources which are mostly utilised for import of food. Internal production has, therefore, to play today a much larger part in our economic development and rehabilitation. But on the basis of the facts, I have just narrated, one would be bold to say that the part is being played as it should be.

Labour must have its due. The Government have already set up machinery with a view to securing justice for labour. One of the reasons why industrial disputes are showing decreasing trend is because this machinery is now functioning in different provinces. Last year there was satisfactory decrease in the number of industrial disputes and in man-days lost. The total number of man-days lost to industry through disputes from January to September, 1948, was 6.9 millions as compared with 14.7 millions in the corresponding period of the previous year, thus representing about 50 per cent. reduction in time lost to production. While this is good so far as it goes, one fails to notice any appreciable effect of this upon output, for which, I think, at least a partial explanation lies in the fact that productivity of labour per man-hour declined as it has perhaps been declining for the last ten years. A few examples will be instructive. Total employment in coal mining industry increased between 1939 and 1947 by 120 thousand to 322 thousand, i.e., by nearly 60 per cent. but total output of coal increased from 278 lakh tons to 297 lakh tons, that is, by about 6 per cent. only and output per labourer fell from 140 tons to nearly 100 tons, thus representing a decline of about 30 per cent. Employment in the textile industry (cotton and jute) has increased since 1939 by nearly 20 per cent. but total output has increased by less than 4 per cent. Reports from other industries tell a similar tale.

I yield to none in the desire to improve the standard of life of the working classes and secure their contentment. But improvement in the standard of living is ultimately impossible without any increase in national income however distributed. In the context of a declining or stationary production trend, prices must tend to rise.

Prices, in fact, rose with a vengeance during the last year but the extent to which the production factor is responsible for the rise is a matter of controversy. But there can be no doubt that its effect on prices was

accentuated by the policy of decontrol which was initiated at the end of 1947. It was expected that decontrol of the two most important consumer goods of interest to the common man, viz., food and cotton textiles, would rapidly increase supply and thus sooner or later reduce the price-level both by bringing out hoards into the open and by increasing production through the stimulus of an initially higher price. Both these expectations were to a large extent falsified.

In fact, Government themselves were never very confident of the success of the decontrol policy which they had launched, evidently to give businessmen, agriculturists and traders a chance to bring about an improvement in the situation by placing all their stocks in the open market. They were also influenced by the powerful advocacy of Mahatma Gandhi who believed in the efficacy of the normal channels of trade. But in view of the obvious shortage of the most important articles of consumption, a policy of decontrol was foredoomed to failure. It is to the lasting regret of the country that no section of the people seemed to have played their part well. About the middle of the year, Government announced a reversal of their decontrol policy. In this background, prices were rising steadily from month to month, and after a short break in March, the wholesale price index for food reached the record high figure of 397.7 in August as compared with 347.7 at the beginning of the year. The general index had already reached its highest point in July at 389.6 as against 329.2 in January. During the next three months, the trend of prices was somewhat downward, but there was again a rise in November and December when the food index rose to 397.5, nearly as high as in August, and the general index to 383.6 which was the highest point since August. For the year as a whole the food index was 374.7 and the general index was 367.7 as compared with 292.2 and 297.4 respectively in 1947. The index number of working class cost of living rose correspondingly from 258 to 308 in Bombay and from 315 to 360 in Calcutta between January and September.

The rise in the food index in 1948 by 82.5 points and in the general index by about 70.3 points as compared with 1947 cannot be explained, as already stated, by the production factor alone. Monetary factors also played their part in the rise. The fact that there was no net increase in money supply—or at least an appreciable increase—during the year is no proof that there was no element of inflation. For the increase in money supply that had gone on uninterrupted ever since the outbreak of the war is capable of exerting its full effect even after the cessation of fresh additions to the circulation.

The inflationary situation in the country of which the rise in prices is adequate proof came to be reviewed at expert level in the middle of the year. The House, I am sure, is aware of the broad outlines of the Government policy in this regard which fall into two main categories, viz., (i) those intended to check additions to purchasing power which are not immediately productive of increase in the output of goods and to mop up existing surplus purchasing power in the hands of the public, and (ii) those intended to increase the volume of essential goods and services. As regards the first objective, both Central and Provincial Governments agreed to reduce their expenditure with a view to balancing their budgets during the current year and also to produce a balanced budget, if not to budget for surpluses in the next financial year. All development plans were to be reviewed with a view to determining the relative priority of accepted schemes and all expenditure upon unproductive schemes was to be abandoned. Limitation of dividends and similar measures were intended to check fresh additions to purchasing power in the hands of the public. To encourage increased production of essential goods and services, certain concessions to industry were offered,

chief among which were a liberalisation of the rules regarding the allowance for income-tax purposes; exemption of new industrial undertakings from income-tax for a specified period, and grant of relief in customs duty in respect of imports of essential raw materials and capital goods.

It must be remembered that, while low levels of production have persisted more or less throughout the year, and the inflationary phenomena are of even longer standing, the measures to cure the inflationary evil either by restricting purchasing power or offering fresh incentives to production have been of comparatively recent origin. The economic situation as it obtains in the country today has to be viewed from all the different angles suggested by the inflationary problem, the problem of shortages of capital goods or of raw material and the problem of inducing a better and more co-operative attitude on the part of capital and labour. So far as the inflationary aspect of the problem is concerned, it is well to remember the danger which Dr. Mathai stressed a few days ago that in steering clear of the mountain of inflation, we may run the risk of falling into the chasm of deflation. While there is everything to be said for avoiding additions to purchasing power which have no corresponding additions to output of goods, there is danger in restricting developmental expenditure merely for fear of adding to inflation. For the fight against inflation is fought and won ultimately on the production front. Whatever we may do on the monetary side, there will be no cure for inflation unless production is increased.

If increase in production is our paramount need and objective, then the question of attaining it through ensuring better conditions has the highest priority. From this point of view, the wisdom of Government policy and the attitude of capital and labour, and the buoyancy of business conditions are far more important than the avoidance of deficits or the creation of surpluses. What is most disquieting today, therefore, is absence of buoyancy in business conditions or optimism in business outlook.

The set-back to business confidence originated in the fateful Budget of March, 1947, of Mr. Liaquat Ali Khan. Although some relief has since been granted, the main pattern of the tax structure introduced by him remains. Some confusion and uncertainty still prevail, with the result that private enterprise remain somewhat hesitant and diffident in proceeding with its plans of development and expansion. This is reflected in the virtual absence of any net increase in investment in industry since the end of the war. Consents to new capital issues which amounted to Rs. 35.61 crores in the first quarter of 1948, fell to Rs. 33.58 crores in the second quarter, and further to Rs. 20.42 crores in the third. It is noteworthy that figures relating to consents to new capital issues have been steadily coming down and public participation in these new industrial undertakings has been still less since the end of the war and the much expected rapid industrialisation of the country, involving a capital expenditure of Rs. 400—Rs. 500 crores a year, remains a distant dream. In the post-war period, England is devoting 20 per cent. of her national dividend to the creation of new capital. In the Four-Year Plan of France under the European Recovery Programme, the provision made in this respect amounts to 25 per cent. In India, on the other hand, not more than 3 to 4 per cent. of the total national income goes to capital formation in a normal year. While savings in a poor country like ours are in themselves small, incentives for savings have been further curtailed by abnormally high rates of income-tax, and official disfavour of profit through actual or contemplated measures such as limitation of dividend, profitsharing, etc. The upper income-brackets, which provide the main source of equity capital in every country, are subjected in this country to very high rates of income-tax. A further factor in the fall of

savings in recent years has been a redistribution of income in favour of the agricultural and working classes, an event in itself welcome, but not immediately conducive to the growth of capital; for, the habit of savings among these groups has been notoriously weak. While the process of redistribution in itself should be uninterrupted, its restrictive effect upon capital formation has to be offset by suitable measures. The industrial policy of the Government of India announced in April last, while clearing the position in many respects, did not altogether eliminate the uncertainties from the minds of businessmen as it left open the question of nationalisation of important industries at the end of ten years. The borrowing programme of the Government of India, under the circumstances, was still lagging far behind its target at the end of December last.

The scarcity of indigenous capital and the virtual absence of capital goods industries in this country have naturally directed the attention of many of us to the possibilities of obtaining foreign capital; and some people even think that absence of indigenous capital may not be much of a handicap if all our development plans can be carried out with the help of foreign capital. In a developing economy like ours, and specially in view of the paucity of risk capital from internal sources, we have no doubt to depend on foreign capital to a large extent for our development and rehabilitation programme. But this should not make us neglectful of the vital necessity of developing indigenous capital resources. For, even when foreign capital, which must largely mean foreign capital goods and foreign skill, has been obtained to execute any plan, a considerable amount of expenditure has still to be incurred in rupees, on labour, building and so forth, for which we have to depend upon our own internal resources. We have to borrow from outside not only because of the absence of internal capital goods, but because we have not the requisite foreign exchange resources to buy capital goods from abroad even when we have the rupee. When we borrow from abroad, we have to make provision for annual interest payment and return of principal, for which it is necessary that we immediately set ourselves to increasing our balance of trade, both by increasing exports and by cutting down imports by increasing internal production, such as, food cereals.

While most people would agree today, on practical considerations, on the necessity of importing foreign capital, our ideas on the sources of foreign capital are far from being clear-cut and realistic. Not a few seem to think that all the foreign capital we need can be supplied by such sources as the International Monetary Fund and the International Bank. In the first place, it is well to remember that the loans from the International Monetary Fund are not available for long-term projects of capital development, but only for meeting current deficits in the balance of payments, and secondly, these loans are subject to an upper limit, and the loans we have already taken from the Fund do not leave much balance for reaching that limit. Loans from the International Bank are, no doubt, available for purposes of long term development, and in my opinion we should take advantage of these loans whenever available. Such loans would enhance our international credit, and make other foreign creditors all the more ready to lend to us. But there are many demands on such loans besides ours, and in my opinion, such loans, where available, should be reserved for selected Government-sponsored or big schemes. That would obviously leave a great field of economic development for which loans from the International Bank cannot be obtained but for which foreign capital would still be necessary. If I may be permitted to offer a personal suggestion, to finance such projects, we may quite properly turn to the foreign private industry itself which would help our economic development on terms of

capital participation in home industries, subject, of course, to the knowledge and approval of the Union Government but on terms, as would make it worthwhile and attractive for foreign industrialists to invest their capital and bring their enterprise here while not going against the interest of this country. In some ways, participation of foreign industrialists in home industries would be more fruitful of results than loans from the International Bank; for, with foreign enterprise we shall get the requisite "know-how" which the former type of loans may not carry with them at all, or to the extent required in most cases. For us, at the present stage of our industrial development, the "know-how" of things in industrial sector is not, at any rate, less important than capital in many cases. Without depending too much on the help and resources of the highly developed countries, such as, U. K. and U. S. A. in the matter of capital participation, we may, with advantage, seek the assistance and co-operation of private industries of other countries also which are in a position to help our capital development. This may have the additional advantage of reducing our dependence on any particular country. There has been hardly one instance of economic development of a backward country in the past without the assistance, large or small, of foreign capital. Even America, in the first stage of her economic development, was assisted by British capital and nobody would suggest that American economy is dominated by British capitalists. There might be some truth rather in a statement of the opposite kind. It all depends upon how strong is the Government of the country which imports foreign capital. We have here a strong centralised type of Government based upon democratic principles, and, therefore, subject at any moment to being pulled up and set in the right direction, by popular will. Under such circumstances, there is no reason to be unduly apprehensive of the evils of foreign capital, such as might manifest themselves in a country whose Government is weak and largely preoccupied with forces of internal disorder.

Nearly the same factors that dried up the sources of investment capital played havoc with prices in the stock and share markets which experienced the worst year since the boom of 1945-46. During the twelve months ended December, 1948, the index number of variable-yield industrial securities (1927-28=100) fell by 34.3 points to 157.9; fixed-yield securities fell by 13.9 points to 155.9 and Government securities fell by 2.3 points to 114.8. It has been recently estimated that the market values of ordinary shares of 747 companies listed in Bombay, Calcutta and Madras Stock Exchanges declined between July, 1946, and October, 1948, by Rs. 357.14 crores from Rs. 692.69 crores to 335.55 crores, that is, by nearly 52 per cent. Of course, this does not necessarily represent a net loss to the investors; for, there must have been many persons in October, 1948, who had bought their shares earlier than July, 1946, when prices were lower, and therefore it would be a mistake to calculate loss to the investing class, as is sometimes done, simply on the basis of a difference between the top prices in July, 1946, and bottom prices in October, 1948. Still, the fact of the depreciation of the capital values of the shares by over 50 per cent. in course of two years (and there has been further depreciation since) is a development of momentous significance and its adverse effect on the psychology of the investing public, the volume of transactions and transferability of shares cannot be doubted. The Calcutta Stock Exchange in the middle of the year enforced minimum prices for certain classes of speculative counters, but it is well known that considerable business was done in many of them even below the minimum prices through Bombay. Although some recovery has been noticeable in the last few months, return to normalcy is still a long way off. Nor can such a return be possible except on the basis of a changed economic outlook which gives the highest priority to the production of new

wealth. In the last analysis, industrial output and stock exchange turnover are governed by the same psychological and technical conditions.

Behind much of the current criticisms of stock markets and alleged high dividends on shares of companies, there is, perhaps, a lurking reformist zeal to promote distributive justice. Many people seem to believe that profit is a form of unearned income, and an arbitrary interference with it has no adverse effect upon the economic health of the nation. This is indeed a facile illusion. A proper return on capital is as necessary for capital formation as wages are for the supply of efficient service. Capital is formed through saving, but savings do not automatically transform themselves into capital. Money may be saved but still there may be no formation of capital if it is simply hoarded or kept idle in current accounts in banks. Current deposits in banks can at best provide some working capital to industries but not longterm risk capital. For industrial development it is absolutely necessary that people should invest directly in business. Unless the net return on securities is well above that obtainable on gilt-edged securities and savings bank deposits which involve no risk of loss of capital, savings will not be canalised into productive channels. Those who invest their savings in shares of industrial companies also render an important service to the community by supplying the necessary risk capital for industrial development, and they should not be denied their due share of reward.

The main reason why the stock market continues to languish, showing no sign of an early revival, is psychological; for, dividend earning of companies judging from the results of 1947-48 has not yet declined. It is only suspicion of the future and a general sense of economic instability that is keeping the forces of revival from asserting themselves. What is wanted today is a positive outlook of action which can come only from a genuine sense of confidence in the economic future of the country. A healthy stock market to which savings can freely flow, and which allows ready opportunity to anybody who likes to realise his investments for other urgent purposes, is an important mechanism for canalising private savings to productive purposes; for, without such a mechanism nobody would be prepared to invest in shares and thus there can hardly be any company promotion for producing new wealth. Whoever be at fault for having brought about the present stalemate in the capital market, all should now combine to resuscitate its dead waters, and set free the streams of business activity that now lie frozen under an icy load of suspicion and distrust. The contribution that the Government can make in the revival of capital market is not the least part of the total task of rehabilitation of faith. Private enterprise is confronted with a facile challenge that it is perhaps playing an unwanted role in the economy of the country. If this misapprehension is removed and the present psychology of inaction is allowed to be overcome by a psychology of confidence, I think we may turn the corner of the present stalemate in business activities to the relief of all concerned. In this the Government have also a contribution to make by providing for reasonable tax relief—even a token tax relief—by way of a gesture of encouragement which alone can cleanse the air of much suspicion and uncertainty. I also feel that in the present phase of our national development, the investors and entrepreneurs as a class should not be too much susceptible to the psychology of fear, and they, on their part, should come forward to play their part with courage and conviction to help in the revival of confidence in the economic sphere.

The time has come when businessmen as a class in this country should realise their new obligations under the changed set-up of things. Whether the current prejudice against businessmen is justified or not or whether there is any substance in the prevailing feeling that they are feeding on

the fat of the country, it must be said that they are now under a cloud of suspicion. It is for them, by their own conduct, to clear up their position and rehabilitate themselves in public estimation. We are living in fast-moving times and social conscience instinctively reacts against sharp inequalities of any kind. The age of large profits has definitely gone and businessmen must make up their minds to share in a more equitable distribution of wealth with the general run of people and make their fullest contribution to the progress and prosperity of the country along with others. They should read the writings on the wall in time; otherwise the prevailing suspicion and prejudice may in future cut the ground off their feet. They should not do anything which may tend to hurt social conscience and give the impression that whatever may be the condition of the country, they are out to pile up their profits at the cost of the nation—an impression which will spell their own undoing. A new world growing out of the old needs a new outlook and sooner this outlook is developed by the more fortunate section of the people, the quicker will be the process of a happy re-adjustment between different interests.

In the industrial development that has so far been achieved in this country, private enterprise has fulfilled a creditable role and its contribution has been considerable. Government also seem to be realising, as is apparent from their recent policy, that private enterprise should be given the encouragement it needs if the present stalemate is to be ended. When thus the situation is growing propitious, it is for businessmen to shed their hesitancy and come forward, with optimism, to play their part.

It is one of the points of attack against businessmen and the richer class that they usually dominate joint-stock enterprise in this country and fatten by large dividends at the cost of the poorer section. This, I may point out, is an erroneous impression and any factual investigation would, I think, go to show not only that the bulk of the share-holders in the country as a whole are small and middle-class men but also that their share in the total capital liability of the companies is predominant. It is impossible to float and run big companies with the money that can be provided by the rich few. Moreover, the notion about dividends being excessive is rather mistaken. In some year or years, and in the case of some company or companies, dividends may appear to be high. But if we take a long view of dividends, say, over a period of 15 or 20 years, we shall, I think, find that the average dividend has not been on the whole higher than 6 per cent. or so. The share-holders have also to pay income-tax sometimes on the dividends they receive and further, the rate of the dividend, which sticks in popular imagination, is the rate with reference to the face value of the shares, while the net dividend which is really retained by the share-holders, judged with reference to the market price at which the shares were bought by them, is even more modest. Moreover, if I may offer a personal opinion, much of the dividend earned by the share-holders is re-invested in business. This is at least the experience in U. S. A. where it has been found that dividends distributed among share-holders go more to further production than even reserves of the companies. Opinions on all these matters have till now been expressed by different persons and interests in a superficial manner without the necessary background of factual data with the result that actual investigations sometimes yield altogether a different conclusion from what was intended to establish. I very strongly feel that the whole range of these economic matters should be investigated by the Government on expert level and data should be collected to ascertain as to what should be fair wages in terms of productivity, what is the average dividend earnings of joint-stock companies; what income-group or groups constitute the share-holding community; what is the ratio of holdings of the management; how the profits accrued from dividends are usually utilised and if they are

ploughed back to industries and such other matters of this nature. It is only when we are in possession of all these data and statistical materials that we can expect to have a complete picture of the economic position. Such an investigation can only be taken up by the Government of India and I am sure, this may yield revealing material for us upon which it may be easier for us to formulate our economic policy. Mere appointment of committees, even consisting of representatives of all the interests, will avail but little unless backed by all relevant factual and statistical data. I may add that economic matters are interdependent and one problem is connected with another so that no aspect of any question can be dealt with singly or in isolation. It is therefore of the utmost importance that in all these matters available data and statistical information should be as complete as possible.

To grudge capital reasonable rewards and incentives in the present state of our economic life and organisation tends not only to prejudice the prospects of orderly development, but also to cause the kind of setback which may be a grave threat to social and political stability. I do not overlook for a moment the difficulty of securing harmony of policies and objectives at a time of political changes like the present. Sympathy with the poor, a passion for economic uplift and a sense of loathing for grave inequalities—all are natural and noble emotions. But the demands which the practical tasks of securing economic development and progress make on us have to be heeded at the same time. If what we want is an increase in the standard of living—and such an increase is impossible without new development and an increase in production—the requirements of such new development cannot be overlooked. In fact, however, the tendency in recent times seems to be to deny the incentives and rewards of capital and enterprise and to embark on measures which are beneficial to labour only in the most superficial view. Higher real wages can ultimately come only from increased production. But when higher prices are followed by lower production, not only is there no progress but a setback is caused by the inflationary rise in prices exceeding the rise in wage rates. In practically the whole of the private sector wages have thus lagged behind the cost of living index.

In adopting measures to improve the lot of workers, we should be careful to bear in mind the essential interdependence of economic factors. It is of interest, therefore, to note the reactions of the various concessions to industrial labour on agriculture and agricultural labour. Agricultural labour being seasonal in this country, agricultural labourers flock into industry in the slack season, but in view of the superior amenities now available in industries, they sometimes betray a desire to stick to their new avocation. For example in the coal industry, the increase in daily number employed since 1939 has been 60 per cent. against which production has increased by only 6 per cent. This emphasises not only the difficulty of isolating any one section of the working classes for special treatment but also the dangerous trend towards slackness in industrial labour and the failure of labour to respond to higher wages with better work. The coal industry is by no means alone in reporting such slackness and failure. Iron and steel and cotton textiles have a similar tale. And the danger of the working classes regarding the nation's economic problem as a distributive problem to be decided by vote cannot be exaggerated. It is to be realised that the society is big enough for everybody to grow. What is to be guarded against is that no section is denied its legitimate due and no section can exploit the other for its interest. Economic factors, as I have said, are so interdependent that no section can hope to grow without the help of the other in complete isolation. The agriculturist cannot thrive unless his

products are marketed by traders and shippers and utilised by the manufacturers. On the other hand, businessmen also cannot thrive unless they can utilise the fruits of the labour of the agriculturists and labourers. Likewise every section in economic life depends on the other for its own sustenance. In such a condition one can only think in terms of his own particular interest at his peril. It should be the task of any enlightened government to ensure that the different units in economic life live and grow in perfect symmetry without one being exploited by the other. Overemphasis on the particular interest of any section may tend to disturb the equilibrium of our growth and development.

We are backward in almost everything, and everything, therefore, demands our attention. But we can only do a few things at a time, particularly in view of our limited capacity and resources. By attempting to do more than we can manage, we shall only waste energy, retard progress and step on the spiral of inflation. A sense of priority is essential if our progress is to be orderly and steady. Immediately productive schemes must be assigned the first order of priority in our march towards progress, and our first concern should be the problems of food, cloth and housing. It is only with the increase of production that our capacity to take up more and more will increase. Secondly, having regard to the scarcity of men and material we must, as far as practicable, start work only when investigations in all aspects are complete, the full scheme in all its detail is ready and the data give a clear indication that the object of the scheme is justified by the results expected. In the past we have often started with incomplete plans drawn upon inadequate data. As a result we have often had to retrace our steps and there has been waste of valuable resources in men, material and money. It is essential that we make up our mind before starting work, and that our schemes and plans are scrutinised having regard not only to the financial results but also to the correct order of priority and with a view to avoid wasteful employment of men and materials. Men must be appointed with clear-cut duties so that they know what to do and can do what they should. A leap in the dark should be avoided as far as possible. When we have grown richer we might be able to afford leaps in the dark but not now. Any lopsided scheme or half-hearted measure, if implemented with unthinking zeal, may cause waste which we can hardly afford in the existing condition of things.

I shall now explain, very briefly, the Revised Estimates for the current year ending March 31, 1949, as introductory to the Budget Estimates for the year 1949-50.

The Revised Estimates bear the strongest impress of the economic developments during the year.

The Budget Estimates for the current year included a receipt of 657 lakhs on account of Development Grant from the Centre. The amount was equal to the estimated expenditure on unproductive Development schemes during the year.

In 1945 the provinces were informed by the Government of India that they could draw up plans of development on the assumption that in the five-year period beginning with 1947-48 they would receive by way of Central grants assistance of the order of 250 crores, being one-half of the estimated Central surplus of 500 crores during the period. The amount was provisionally allocated among the provinces in the ratio of population but weightage was given to the backward provinces of Assam, North-West Frontier Province and Orissa, and also to Bengal which together with Assam had been affected by the impact of the War. The weightage was limited to one-third of the share admissible on the basis of population. With this weightage, the Centre's promised contribution to the provinces in the five

years rose to 273.88 crores, and the amount promised to undivided Bengal in five years was 69 crores. The Government of India promised further to make available to the provinces advance payments during the years 1945-46 and 1946-47, the amounts being subsequently adjusted against the scheme of grants for post-war development as a whole. The Government of undivided Bengal accordingly drew up a five-year plan and started work on it, from the beginning of the year 1946-47. Grants amounting to 487 lakhs and 100 lakhs were made available by the Centre to cover the full expenditure incurred respectively by the Government of undivided Bengal and the Government of West Bengal during the years 1946-47 and 1947-48. A provision for receipt of a grant of 6 crores 57 lakhs from the Centre was made in the Budget Estimate for the current year on the assumption that there would be no deviation from the previous practice in this respect and that a grant equal to the actual expenditure would be made available to this Government. In May, 1948, the Government of India informed the Government of West Bengal that the Development grant to this province during the year 1948-49 would be limited to 50 per cent. of the actual expenditure on unproductive Development schemes approved by the Government of India subject to a ceiling of 3 crores. Further, the grant was to cover the Grow More Food and certain training schemes approved by the Government of India for which money was so long being made available to the provinces separately. The Government of West Bengal represented to the Government of India that the financial position of West Bengal made it impossible for it to comply with the condition of finding half the expenditure on unproductive Development schemes from its own revenues. The question was discussed at the Provincial Finance Ministers' Conference in October last. By that time there was intensification in the inflationary situation in the country, and the Government of India was searching for possible cuts in its programme of expenditure in order that it could balance its budget as an anti-inflationary measure. Shortly afterwards the Government of West Bengal was informed by the Government of India that in the case of West Bengal the Development grant during the current year would not be limited to 50 per cent. of the actual expenditure on unproductive Development schemes but would be subject to a ceiling of 170 lakhs only. An additional grant of 30 lakhs was promised on Grow More Food schemes but this was conditional on spending the usual proportion of the total expenditure on these schemes from the provincial revenues, the proportion being in most cases 50 per cent. A further representation from the Government of West Bengal for an increased grant produced no result. Under the head "Development Grant" alone there has thus been a drop of 4 crores and 87 lakhs in our revenue receipts. In this connection I may state for the information of the House that the Government of India now propose to distribute during the four years or more from 1948-49, 203.78 crores only as Development grant to the provinces of the Indian Union and 23 crores only out of the amount to West Bengal.

We have suffered from some drops in other spheres also. Stamp Revenue has dropped by 20 lakhs and Registration by 2 lakhs mainly due to restrictions imposed by the Government of India on the registration of documents under the Transfer of Property (India) Ordinance, 1948, which was promulgated with a view to stop evasion of income-tax. Besides, Provincial Excise has dropped by 7 lakhs and Land Revenue by 5 lakhs.

These drops together with the drop of 4 crores and 87 lakhs under Development grant caused serious gaps in our revenue receipts. We have accordingly had to strive hard to balance our budget, as far as possible. Having regard to the anti-inflationary programme adopted by the Government of India and accepted by this Government, we could not leave any wide margin between our revenue receipts and revenue expenditure.

We effected a net improvement of 2 crores and 12 lakhs under Other Taxes and Duties. Out of this, the improvement in receipts under Bengal (Finance) Sales Tax Act alone is 1 crore and 30 lakhs. This is due partly to better administration and partly to better supply position of some consumer goods in the market, particularly during the beginning of the year. Receipts under Raw Jute Tax improved by 28 lakhs, Electricity Duty by 22 lakhs, Entertainments Tax by 15 lakhs and Motor Spirit Sales Tax by 15 lakhs. There was also an improvement of 17 lakhs under Forest.

Our shares in the Centrally-levied taxes improved considerably. Receipts under Income-tax improved by 1 crore and 41 lakhs, and Jute Export Duty by 28 lakhs. Besides, we receive 42 lakhs under Income-tax on account of the pre-partition period from 1st April, 1947, to 14th August, 1947.

By these improvements in the different fields we have been successful in covering almost the entire drop, though large, so that the net drop in revenue receipts is only of the order of 60 lakhs.

Coming to the expenditure side, the Revised Estimate on unproductive Development schemes is 3 crores and 32 lakhs. As we expect a grant of 1 crore 70 lakhs only from the Centre we have to find 1 crore 62 lakhs from the provincial revenues to be spent on these schemes. The release from the condition of limitation of the grant to 50 per cent. of actual expenditure has not thus been of much advantage to us. The net drop under this head is 3 crores and 25 lakhs and has been partially offset by increased expenditure on other items. The largest increase is under Extraordinary Charges in India amounting to 1 crore 10 lakhs. This mainly represents losses in the trading accounts of the Civil Supplies Department which are mainly due to differences between the buying and selling prices of wheat and wheat products. These losses will disappear during the next year. Under Police also there is an increase of 34 lakhs.

With a view to help the Government of East Bengal in clearing quickly the pre-partition dues of the creditors of undivided Bengal, who had waited long, the Government of West Bengal had agreed to pay currently to the Government of East Bengal 35 lakhs for every crore paid out on this account by the Government of East Bengal. At the last Inter-Dominion Conference in Delhi the representatives of the Government of East Bengal agreed to accept a time-limit of four months for the payment of these pre-partition liabilities in respect of bills pending before the Application Committee. The bills amount to about 9 crores. If the full amount was found payable and was paid by East Bengal, West Bengal would have to pay about 3 crores to the Government of East Bengal. A new provision of 1 crore only has been made in the Revised Estimates for this purpose.

There is a new provision in the Revised Estimates under the head "Allowance and gratuities to political sufferers, their families and institutions". The head itself is new and has been opened in redemption of the promise I made last year that a scheme for assistance to political sufferers would be put into effect during the year. The service rendered by them to the country is invaluable and what little we can give to alleviate their suffering is a mere token of the affection which the country feels for them. A printed booklet has been circulated to the Honourable Members to indicate the nature and progress of the scheme.

On the whole, our revenue receipts have dropped by 60 lakhs and our revenue expenditure has dropped by 115 lakhs. The net result is, therefore, a reduction of the deficit from 78 lakhs to 23 lakhs. But for the provision of 1 crore for payment to East Bengal on account of pre-partition liabilities, the net result would have been a surplus of 77 lakhs.

*The year 1949-50.*

The Budget Estimates of revenue receipts show an improvement of 1 crore and 24 lakhs over the Revised; the Budget Estimates of revenue expenditure show an increase of 2 crores and 12 lakhs over the Revised. The deficit, therefore, increases to 1 crore and 11 lakhs.

The improvement in revenue receipts is due mainly to the following items; the Development Grant promised by the Centre next year is 2 crores 40 lakhs, i.e., 70 lakhs more than what has been promised during the current year; Jute duty and income-tax recoverable from the Centre show a drop of 22 lakhs in the aggregate, but there is an increase of 16 lakhs under Provincial Excise; 8 lakhs under Other Taxes and Duties; 2 lakhs under Interest; 3 lakhs under Police; 3 lakhs under Medical; 6 lakhs under Transport; and 32 lakhs under Civil Works. Six lakhs under Transport represents the excess of recurring receipts over recurring expenditure of the Calcutta State Transport Service, without providing for depreciation and insurance. The improvement under Civil Works is due partly to higher receipts from the Central Road Fund and partly to the transfer of 15 lakhs from a Capital head to a Revenue head. The Civil Supplies Department makes a levy of 1½ annas on the sale of each maund of internally procured rice with a view to spending the money on improvement of village roads. The amount transferred from the Capital head to the Revenue head represents the sum so collected in the Civil Supplies Department during the current year.

The largest increase in expenditure is under Development schemes. The total provision for Development schemes is 4 crores and 82 lakhs as against 3 crores and 32 lakhs in the Revised. It will be observed that in the Revised Estimates the expenditure on unproductive Development schemes has been booked under the head "63-B—Expenditure on Post-War Development Schemes", but there is no provision under that head during the next year. In the next year according to a new accounts classification made by the Auditor-General of India the amounts have been shown under the appropriate major heads instead of being shown together under 63-B. The provisions under the appropriate heads, viz., Education, Medical, Public Health, Agriculture, etc., have, therefore, increased to the extent of the transfer.

The problem created by the inrush of refugees from across the border has been a source of considerable worry and anxiety to the Government. At a certain stage the problem assumed a menacing proportion and the Provincial Government, with their scanty resources, found it well-nigh impossible to deal with it effectively and in a manner satisfactory to themselves. However, the problem of refugees has been accepted as a national problem by the highest in the land and the Government both here and at the Centre, have clearly indicated their readiness to accept full responsibility for rehabilitation of refugees. Despite their very limited financial resources, the Government of West Bengal have made provisions in the Budget for the rehabilitation of the refugees which will be recoverable from the Centre. I must confess that the West Bengal Government was so much taken unawares by the sudden impact of the inrush of refugees that in the initial stage they found themselves somewhat unprepared to deal with the problem effectively. I can assure the House that the matter is now well in hand, and everything possible is being done to help these people to find their feet in life in their new homes under new surroundings. While the Government will do, as they must, all that they possibly can to help them, I must state that the public and the refugees themselves have a part—and a very vital part—to play in the matter of their rehabilitation. A happy solution of the

problem can come only from the co-ordinated efforts of the public, the refugees and the Government. To me it appears that for the refugees, to the personal tragedy of being uprooted, has been added the exclusion from the normal economic and social life of the community in which they find themselves. A great many lack places to live in, places to work in. They have become a dead-weight on the weakened economy of the province. It is clear that an essential step in their recovery must be the relocation and rehabilitation of these uprooted people so that they will at least produce as much as they consume, and, having produced wealth, share it with the people of West Bengal. They should not consider themselves as a class apart, as distinct from the people with whom they join, but as an integral part of the whole community, producing as much and sharing as much with them. A small province like West Bengal can hardly hope to render succour to a vast multitude of humanity unless more wealth is produced by the joint efforts of all. I hope and trust, the refugees themselves will realise the need of such efforts and contribute to the welfare and prosperity of the province.

We have provided for an expenditure of 2 crores and 21 lakhs during the current year and 4 crores and 28 lakhs during the next for the refugees. We have also provided for recovery from the Government of India of almost equal amounts. Similarly, for loans and advances to refugees we have provided for 1 crore and 16 lakhs in the current year and 4 crores and 86 lakhs in the next. Provision has been made for loans of equivalent amounts from the Government of India. Besides, a provision of 11 lakhs in the current year and one crore and 13 lakhs in the next has been made for the purpose of building houses for the refugees. Loans equivalent to these amounts will also be obtained from the Government of India. Our position will worsen immediately to the extent, if any, to which the expected recovery may not be forthcoming. Further, in the case of loans granted to refugees, it is not yet clear how much of it will ultimately prove to be bad debt and what share of the loss on that account will ultimately be borne by the Government of India. The actual share of losses to be borne by the Government of India is now under correspondence.

There have been circulated to Honourable Members two printed booklets entitled, (1) The West Bengal Provincial Rupee: from where it comes and where it goes, and (2) Statement showing the progress of development schemes and the new schemes outside the development programme included in the Revised Estimates for 1948-49 and the Budget Estimates for 1949-50. The booklets will show the relative importance of our sources of revenue, the cost of collection of the provincial taxes, the proportion of our revenue receipts we are spending on each subject, the progress we have been able to make in the different Development Schemes and other new schemes and so on. They will also show how we are distributing revenue on new schemes. It will be seen that in the development programme the nation-building departments of Medical and Education are receiving the largest share of our attention.

After partition, the strength of several offices was reduced in the expectation that there would be reduction of work. The expectation has in most cases been falsified. Partition created new problems and changed the character of many. Work in most offices, therefore, increased considerably directly on account of the partition. Further, with the progress of independence every department has been faced with big schemes of expansion. The expansion in our activities requires corresponding expansion of staff. A Special Officer has been appointed to assess the needs of each department in the light of its expanded activities. The examination is not

yet complete. But an interim report dealing with the departments which have been examined is being circulated to the Honourable Members. This will broadly indicate the extent and justification of the expansion required. It would appear that largest increases are under Agriculture and Co-operation. It is probable that Police will require large expansion too. A lump provision of 1 crore has been included in the Budget Estimates for 1949-50 to meet the cost of expansion where needed and which may reasonably be sanctioned. This amount represents roughly 10 per cent. of our present expenditure on staff.

The present Government personnel includes a large partition surplus and a large temporary staff appointed during and after the War. The surplus personnel has been absorbed in sanctioned posts but the liens of those who held permanent posts have still to be fixed up. The large temporary personnel cannot all be discharged with a view to revert to normal rules of recruitment immediately. Both these factors create a sense of instability and uncertainty and it requires to be eliminated as quickly as possible. Conditions, however, have not yet reached a state of stability. But as soon as the Special Officer finishes his work of determination of the new set-up and a decision has been reached on it, we shall take up the question of fixing up the lien of all surplus personnel who held permanent posts before partition as well as the question of absorbing as many temporary personnel as possible in permanent posts so that we may be able to revert to the normal rules of recruitment as soon thereafter as possible.

The province has no public debt, funded or floating. Our debt to the Central Government includes a sum of 2 crores and 50 lakhs advanced by the Government of India to help us clear 50 per cent. of the debit balance with the Reserve Bank left by the Government of undivided Bengal, the other 50 per cent. of which was paid by the Government of East Bengal. Our debt to the Government of India at the end of the current year stands at 8 crores 82 lakhs and will increase to 24 crores 83 lakhs at the end of the next year. The main reasons for this increase are loans on account of productive development schemes, the Damodar Valley Project, Grow More Food schemes, Calcutta State Transport scheme and advances to refugees. The expenses of the Damodar Valley Project are to be borne by the three Governments, of India, Bihar and West Bengal. The total cost of the Project is first to be allocated among the three objects, viz., power, flood control and irrigation. The expenditure allocated to power is then apportioned equally among the three Governments. The expenditure allocated to flood control is apportioned equally between the Governments of West Bengal and India, the Government of Bihar taking no part of it and India's share being subject to a ceiling of 7 crores, so that any expenditure allocated to this subject in excess of 14 crores is payable wholly by the Government of West Bengal. The expenditure under irrigation, if for the sole benefit of one province, is borne by the province benefiting and, if common, is allocated between the Governments of West Bengal and Bihar in the proportion of the guaranteed off-take of water, India taking no share of it. According to present arrangements India is to advance the whole amount and has accordingly advanced 91 lakhs to the Government of West Bengal during the current year. The advance that we will require during the next year on this account is 3 crores and 40 lakhs. The Mor Project which is also being financed from loans from the Government of India accounts for a loan of 49 lakhs from the Government of India during the current year and 75 lakhs during the next. We have transferred outlay on a few schemes from a Revenue head to a Capital head during the current year and the same principle is followed during the next. These schemes include the Master Plan for the drainage of Calcutta and surrounding areas.

Under Capital heads are booked expenditure on Development schemes financed from loan and trading transactions of the Civil Supplies Department financed mainly by cash credit advances from the Imperial Bank. The Development schemes financed from loan include a provision of 2 crores 50 lakhs for road development during the next year. The provisions made for development schemes and for direct building programme for housing refugees have already been referred to in this Statement.

The net result of the year 1949-50 is a revenue deficit of 1 crore and 11 lakhs. We do not propose to leave this deficit fully uncovered. The Sales Tax (Amendment) Bill and the Agricultural Income-tax (Amendment) Bill which the Legislature passed recently are expected to yield a revenue of about 80 lakhs. Our Budget Estimates for 1949-50 do not include this amount. I have also given notice of two other Bills to increase the rates of entertainments tax and to retain permanently the higher rates of betting tax, totalisator tax and electricity duty beyond 31st March, 1949. The estimated receipts from the betting tax, totalisator tax and the electricity duty at higher rates have been included in the Budget. The entertainments tax, if levied at the higher rates proposed, is expected to yield 20 lakhs. This amount has not been included in the Budget. Assuming that the House will agree to pass the Bills, the uncovered deficit in the Budget Estimates for 1949-50 will be negligible.

In my Budget speech last year I stated that the question of revision of the allocation to the provinces of the net proceeds of income-tax and jute duty collected by the Centre was under correspondence with the Government of India. The main question that arose in course of the correspondence was what adjustment was necessary on account of the partition of the two provinces and a few provinces together with a portion each of the two partitioned provinces going out of the Indian Union.

In spite of our representation, the Central Government has decided that till 31st March, 1950—

- (1) the Government of West Bengal will receive only 12 per cent. of the total provincial share of income-tax as against 20 per cent. allowed to Bengal under the Niemeyer Award, and
- (2) the share of jute duty allocable to the provinces will be reduced from 62½ per cent. awarded by the Niemeyer Award to 20 per cent. only of the net proceeds and that the total provincial share will be distributed among the jute-growing provinces in proportion to the amount of jute grown in each province.

The Government of India, have, however, agreed to institute an expert enquiry into the whole question of allocation of the net proceeds of income-tax and jute duty, so that a revised allocation may be given effect to in 1950-51 subject to such provision as may be made in the new Constitution.

I have circulated to Honourable Members for their information a copy of the "Memorandum on the question of allocation of Income-tax and Jute Duty to West Bengal", which we submitted to the Government of India in March, 1948. I regret to have to say that on questions like these the Government of West Bengal has a feeling that its case does not receive adequate attention in Delhi.

It will yet be some time more before we shall be able to stand on our own feet. Our problems have been many—some inherited from before partition and some arising out of partition. We were seriously affected by the War, the famine of 1943 and the communal riot immediately before partition. Partition dislocated our economic life and organisation in many respects.

The refugee problem is a huge one, both in its organisational and financial aspects. The road system, the educational system and many things more suffered badly from partition. Besides, the anxiety for quick development is always there. We have, however, to remember two important facts. As a result of the Award of the Arbitral Tribunal on the division of assets and liabilities of Bengal, we have to buy back, as it were, the buildings and roads left by the Government of Bengal and pay to the Government of East Bengal its share in that price. We have also had to take upon ourselves liabilities of large size left by the Government of undivided Bengal. The magnitude of these liabilities is still to be determined. But it will be quite large. Further, as I have already pointed out, we may be burdened with large losses in respect of loans granted to the refugees. Our expectation of future prosperity has, therefore, to be cautious and must make allowance for these factors.

Further, for 3 or 4 years more, i.e., till we run through, on the basis of the five-year plan, the development grant of about 23 crores promised by the Government of India, we shall be financing the bulk of our development expenditure, both recurring and non-recurring, out of the grant. Thereafter, the Government will be confronted with the necessity of having to find money for all the recurring liabilities arising out of these schemes. As the schemes are unproductive, there is hardly any likelihood that the schemes will increase our national income in such a way that our receipts from taxation will increase so as to cover the whole of the extra burden. These factors require caution on our part and would call for a strict selection of development schemes with a view to immediate increase in national wealth.

I do not propose to go into the details of the estimates of the various departments which will be indicated to you by each Hon'ble Minister at the time of voting for appropriations. They will give you an insight into the activities of the Government in various departments and the broad lines of policy in regard to each.

I have just given you a brief account of our Revised Estimates for this year and the Estimates for the coming year. I am fully conscious that the provisions we have been able to make for the various projects do not go far enough to satisfy our needs which are vast and varied. But having regard to our resources in men, material and money, these are merely an earnest of our intention to place this province well on the road to prosperity and progress and the schemes implemented are what the resources permit under the present circumstances. Our progress must inevitably be slow, relatively to our hopes and aspirations, because, at every step we have to face innumerable bottlenecks. And since we have not the means to waste on costly experiments, every step of ours has to be taken after cool calculation and deliberate reckoning. But whatever our material resources, we must have a congenial atmosphere in which one can settle down to work of a constructive nature. For the present, I regret to notice that the prevalent atmosphere is so full of confusion and suspicion and the air so full of obsessions of one kind or the other, so full of conflicts, that it is difficult to apply one's mind to sustained work. I feel that before we can grapple with the many problems that lie before us, we must subject ourselves to pitiless self-examination and make up our mind as to what should be the directive principle of all our work. It will not help us to be bogged in a swamp of ideas without having an objective appreciation of the realities of our problems. Ideas are nothing if not for bringing greater good to the people by practical application. When I say this I definitely refuse to look to the general problems of the people with a sectional eye. To insist on the interest of the one section independently of the other is to create a fresh problem in our mind and to develop the habit of thinking compartmentally.

Instead of thinking of the people as a whole, we are thinking of them in terms of classes, e.g., labour, capitalists, middle-class, agriculturists and so on, though fundamentally, the improvement or deterioration in the lot of the one cannot fail to be reflected in that of every other. This sense of wholeness is being lost in the welter of ideas of exclusiveness which may easily tend to disintegrate our society.

In the first flush of our independence it is but natural that our legislative and reformist zeal may sometimes get the better of our judgment and sense of reality. Too much legislation, calculated to bring about a conformist mentality in the public, may easily lead to undesirable consequences. While it is the duty of Government to set the ladder and indicate the steps, where necessary, the public should be left alone, as far as possible, to take the initiative and develop a positive bent of mind. Even the most well-set ladder cannot make an ascent easier unless one knows how to mount it by his own effort. Law is an aid and a corrective, but it should not be meant to become the rule of life. The best asset of any Government in any country is a self-instructed public, which can take a positive view of things and take a rational attitude towards national problems. I feel that in our zeal to achieve many things at a time, we may be tinkering with too many problems and solve none.

May I also submit that at this nascent stage of our freedom we shall be restricting the scope of our doing good to the people if we were to be tied to the apron-strings of "isms"? "Isms" are the *cliches* of the day. If we were to be the blind followers of a particular "ism", without considering its bearing on our own problem, we may easily be led into a one-way traffic of thought leading us nowhere. In the realm of economic ideologies various theories, e.g., capitalism, socialism and communism are in vogue at the present moment. It is not essential for us, I think, in the present stage of our development, to accept *in toto* any ideology that has its spell on the public mind as the solvent of all our ills. If doing good to the largest number of people is our ideal, it will be prudent for us to accept with discrimination the good points of every "ism" and discard the bad. What is best designed to serve our purpose will always be the best for us irrespective of what label it bears, and no slavish adherence to abstract dogmas should govern our constructive activities. One such dogma—if I may also call it an illusion of our age—is the false dogma of equality. There should, of course, be in any free and democratic society, various types of equality such as social equality, equality of political rights, and, in the economic sector of our lives, there should also be a minimum standard for all. This minimum should not be too low either, below which no citizen should be allowed to slide down. But what I think is a questionable strategy is to take by taxation from those who have more than the average not merely for the common service of the community but just to effect a more equal distribution of wealth. But a process of forcible redistribution of national wealth, apart from encouraging the slacker and the parasite, is, in my opinion, sure to defeat its object sooner or later by destroying all healthy incentives, the incentive to excel, the incentive to save—all worth preserving. A dogmatic insistence on the virtue of equality leads in practice to another mischief. It leads to the idea that the standards of the community as a whole can be raised all round by merely securing a more equitable distribution of existing wealth. This is a mistaken idea which further destroys the incentive to produce more wealth. "If we are not able to level up, let us level down"—this seems to be at the core of this doctrine of equality which, I fear, may result only in the process of levelling down without being able to level up. Subject to the over-riding consideration of larger social welfare and the limit set by this criterion, progress must

essentially depend upon the desire to better one's condition by the best of one's endeavour and to keep the fruits of one's industry to oneself—that is to say the profit-motive, which is a fundamental law of nature and cannot be negatived as long as any vestige of individual freedom remains.

In this country, as in others, the drift towards socialism is unmistakable and I also feel that our ultimate goal should be larger socialisation. But having regard to the condition of our country and the stage of development in which we stand today, the most practical course for the next few years should be to hasten, by concerted efforts of every section of the community and every school of thought, material prosperity of the nation. Till then it will be, I feel, a prudent policy for the country to put ideological differences in cold storage for some time and formulate a national policy based upon the greatest common measure of agreement between all parties.

The attack on wealth is now fairly widespread. There is considerable misconception about the vastness of wealth and the large number of the rich in society. In fact, any factual survey goes to show that the rich are neither so rich, nor are there so many of them in the country, as many suppose. If income-tax returns are an indication, they point to a different conclusion. In 1940-41, the latest year for which authentic information is available, there were only 2 lakhs 75 thousand income-tax assesseees in the whole of British India, and the number of persons assessed to the tax on the basis of an income of Rs. 1 lakh or over was approximately 2,800—thus showing that in that year the total income-tax paying class represented only .07 per cent. of the total population and persons in the income bracket of Rs. 1 lakh and over only .0007 per cent. Persons with an income of Rs. 1 lakh or above represented roughly 1 per cent. of the total income-tax paying class. Nearly 50 per cent. of the assesseees belonged to income grades of below Rs. 5,000 a year. These figures relate to India before partition and it is of the greatest importance that the Government of India should re-examine the position since the partition of the country. Up-to-date and reliable statistics about the percentage shares of the different income groups in the national wealth of the country are not available—this is a lacuna which should be given a high priority in any overall improvement of statistical information in the country—but it may be, I think, quite safely presumed that persons who form such an infinitesimal proportion of the total population (such as .0007 per cent.) have between them far less than even one per cent. of the wealth of the country. The same remarks apply also to other upper income groups in the country. The War might have improved the position somewhat but I do not think it is such as to fundamentally alter the picture.

The road to wealth in this country, I may point out, is not so easy and smooth as many seem to imagine. Further, under the present rates of income-tax and super-tax, it is difficult, if not impossible, for any one to be wealthy in the accepted sense. The House will be interested to know that the net income remaining to a person with an earned income of Rs. 1 lakh, is only Rs. 51,656 approximately; a person with an income of Rs. 2 lakhs keeps Rs. 68,844, i.e., an additional amount of Rs. 17,188 only for an additional earning of Rs. 1 lakh; a person with an income of Rs. 5 lakhs can keep only Rs. 84,469 approximately, i.e., an additional amount of Rs. 15,625 for a further income of Rs. 3 lakhs over Rs. 2 lakhs while a person with an income of Rs. 10 lakhs has only Rs. 1,00,094 to call his own after paying the taxes. These certainly are not conditions conducive to the growth of savings and nobody can roll in wealth under such circumstances, unless, of course, he is in the enjoyment of wealth inherited from forbears or could make his pile before the war when the income-tax rates were lower. After having paid income-tax and super-tax at the present rates nobody can

hope to get rich quick except, of course, by the dubious course of tax-dodging or black-marketing. For the latter class of activities it is the social conscience that can alone serve as the most potent corrective; for, in the final analysis these are the symbolic expressions of the lack of our national character. The Government are no doubt doing all that is possible to check these anti-social activities, but unless those who run the mechanism of administration are themselves inspired by a high sense of duty and integrity, mere tightening up of the machinery of administration can do little or nothing. The problem of eradicating tax-dodging or black-marketing is, therefore, ultimately a problem of improving the basic human raw material.

It has been recently calculated that in America persons with incomes of \$25,000 a year and above—the former “Economic Royalists” as they were called—had 6.7 per cent. of the national income in 1917 which sank to 3.4 per cent. in the Hoover regime and 2.5 per cent. in 1941 under Roosevelt. There is not enough fat on these “bloated” individuals, as has been appropriately stated, to make a meal of any heartiness for the rest of the population, even if they were swallowed whole. In India, the metaphor applies even more appositely. If all the wealth of the wealthy people were forcibly taken over by the State, it would not provide even early morning tea for 300 million people. Cutting of the tallest poppies will not mean allowing opportunities for the shrubs to grow to any height.

It has been stated in respect of U.S.A. that progressive income-tax could redistribute only about 2 per cent. of the national income while a slight improvement in business conditions improves the condition of the masses by anything between 5 and 10 per cent. In India the proportion of national income which could be redistributed by a progressive income-tax is much less but the improvement which better business conditions would effect in the condition of the masses is much greater. If, therefore, the choice lay between an excessively progressive income-tax with its chilling effect on business condition and slightly lower level of income-tax with improved business condition, the path of public policy should be clear.

It is freely said that our ultimate objective should be to hasten the advent of *Krishak-Praja-Majdoor Raj*. But if one would care to probe a little deeper into its significance, one would find that even today we are working upon a foundation of such a *raj*; for, even under the present franchise, the ultimate political power rests with the *Krishak-Majdoor*. Most of the representatives of the people in this House represent the rural and labour interests; there are only a handful of representatives of the so-called capitalists and the landed interests. In any legislation designed to provide relief to the *Krishak-Praja*, the voice of the latter is submerged and they are powerless to influence the course of legislation in their favour. On the other hand, the interest of the *Krishak-Praja* has always been assigned top priority in the programme of all the political parties that have held the reins of Government in this province at one time or another in recent years. The once powerful *Krishak-Praja* Party ruled this province for a number of years with the avowed object of improving the lot of the *Krishak-Paja*. Unfortunately, in actual practice, no party could do much for them, not because they lacked good intention, but because they had no clear, definite and workable plans whereby improvement could be effected, nor the machinery to implement them. With the extensive power that now rests with us, there is nothing whatsoever that can prevent any Government to improve the lot of *Krishak-Majdoor*; in fact, self-interest demands that this should be done if any Government is to retain its power. Besides, now

that adult franchise is going to be introduced, no political party can hope to come into power without the help and support of the Krishak-Majdoor. So, to harp on the interest of the Krishak-Majdoor alone is merely to emphasise the obvious which needs no underlining in these days of democracy. But the question that really matters is not, as I said, any lack of good intention on anybody's part, but the lack of ideas as to how best to serve the interest of the Krishak-Majdoor. It is not by levelling down those who are high on the ladder that the lot of the Krishak-Praja can be improved; it is by levelling up those who are low in the ladder, that they can be lifted from their present plight. Governments have come and gone, each wedded to the ideal of improving the lot of the Krishak-Majdoor: some of the most aggressive exponents of the cult had also been in power, but not much could be done by them. But if they also failed to do anything towards this end, it is because the problem is so vast and the difficulties in the way of formulating concrete and practical schemes are so stupendous and the atmosphere for putting them into effect so uncongenial that, despite the best attempts on the part of every one of them, we have progressed but little. Besides our resources in men, material and equipment are so inadequate compared to the task before us, that it is always easier said than done. For instance, any improvement in the lot of the Krishak-Praja involves irrigation, proper manuring of land, land reclamation, co-operative farming and a variety of other efforts. All these require resources not only in men, material and money, but also in "know-how" of things and must inevitably be a slow and arduous process. So we must perforce "hasten slowly" and cannot fashion a new heaven and a new earth all at once. These are practical considerations which should not be lost sight of in our zeal to bring about a Utopia in a trice. We have behind us the experiences of failures and successes, of blasted hopes and unrealised dreams, of unpractical ambition and futile efforts; if we draw lessons from all these that past has taught us, I think, we shall make a better success of our endeavours. If we desire to chew more than we can eat, we must fail. The result is that the more we fail, the more we give way to self-deception and doctrines begin to degenerate into dogmas and slogans begin to consume all our enthusiasm for action. Unless we are clear in our own minds as to what should be the best way to realise the ideal of Krishak-Majdoor Raj in terms of objective conditions and reality and have the proper machinery to implement the schemes we may formulate, coupled with intelligent public support, mere reiteration of an accepted creed will but avail little and will only tend to create disappointment. I would ask the House to recognise the pitfalls of giving too much political turn to these ideas and objectives without realising their true import in the present order of things.

Now that we are firmly established on the saddle of self-government, I think it is time that we paused awhile for a revaluation of values. It is in times of great success or great failure that one should look inward and subject oneself to heart-searching. This is as true of an individual as of a nation. Whether in the rush of events we have been able to develop that poise of mind which helps calm reflection is a matter on which, I am afraid, all of us here in this House may not agree. If I may venture my own reaction, I may submit that when I look to our people and find that mental poverty, intellectual sterility and want of a due regard for reality, doubts and misgivings haunt my mind and I am led to believe that to us freedom has come only to change the externals of our lives but has not been able yet to touch the deeper cores. Had it done so, I do not think that in judging Government or public policies, our people would have been guided by the same spirit of malevolence as used to inspire them in their dealings with the foreign Government. It seems that the old slogans and phrases

which used to be hurled with devastating effect against a foreign Government are still largely in use against our own Government in the new setting of freedom. But I think that the time has now come to assess and analyse the true import of these slogans and judge their merit as a rallying cry for a free people. Slogans and phrases, whatever may be their other demerits, have the great merit of galvanising drooping spirits into activity: they infuse fervour in the blood and endow even the remote and the unrealisable with a halo. But in a situation like the one in which we are at present, slogans and phrases must undergo change and conform themselves to the changing needs of the time. Empty and meaningless jargons which merely excite the unthinking mind must be abjured if we are to turn the minds of the people to the stern reality that faces them today. It is not the duty of a Finance Minister to play the mental censor of a people, but if I digress for a while to expatiate on this theme in the context of the Budget, it is because I feel that, unless the minds of the people can be turned towards the reality of the situation, free from the cloud of unreason created by these slogans and catch-phrases, even the most well-intentioned Finance Minister will find his labour lost in confusion and controversy.

## APPENDIX

## West Bengal Budget 1949-50

[The figures are in thousands of rupees.]

	Budget, 1948-49.	Revised, 1948-49.	Budget, 1949-50.
Receipts—			
Opening Balance .. ..	2,54,22	3,60,04	3,65,33
Revenue Receipts .. ..	31,18,52	30,58,76	31,83,04
Receipts from Debt Heads ..	72,86,39	87,90,01	1,03,87,53
	<u>1,06,59,13</u>	<u>1,22,08,81</u>	<u>1,39,35,90</u>
Expenditure—			
Revenue Expenditure .. ..	31,96,45	30,82,02	32,93,95
Capital Expenditure .. ..	5,67,00	4,09,55	13,16,16
Expenditure on Debt Heads ..	68,20,79	83,51,91	91,93,94
Closing Balance .. ..	74,89	3,65,33	1,31,85
	<u>1,06,59,13</u>	<u>1,22,08,81</u>	<u>1,39,35,90</u>
Net Result—			
Surplus(+)			
Deficit(—)			
(a) On Revenue Account ..	—77,93	—23,26	—1,10,91
(b) Outside Revenue Account ..	—1,01,40	+28,55	—1,22,57
(c) Net, excluding Opening Balance ..	—1,79,33	+5,29	—2,33,48

### Supplementary demands for 1949-50.

(Presented on the 25th February, 1950).

**The Hon'ble Dr. Bidhan Chandra Roy:** Sir, in the absence of my honourable friend, S. N. R. Sarker, I may be permitted to present the Supplementary Estimate before the House.

Sir, I beg to present before the House the Supplementary Estimate of Expenditure for the current year. The total amount covered by these estimates is 3 crores 78 lakhs out of which 8 lakhs 20 thousand is for charged expenditure. Of this total, 55 lakhs 9 thousand, being 5 lakhs 67 thousand under "51A—Interest on Capital Outlay on Multipurpose River Schemes" and 49 lakhs 42 thousand under "50—Civil Works" represent provision required on account of revised classification and corresponding savings under the heads in which they were originally included will be surrendered. Rupees 47 lakhs 62 thousand represent provision on account of Cooch-Bihar and 91 lakhs represent provision for outstanding debits of the Food Department. The balance of 1 crore 84 lakhs represents provision either for new schemes or excesses over original estimates.

The House will find that the largest demand under the heads of Revenue Expenditure is under "50—Civil Works". The bulk of this is for construction works in connection with development schemes of different departments. The provision in respect of these works was originally included in the provision for development schemes under the various major heads. Now that this portion of the provision will be adjusted under "50—Civil Works" an equivalent saving in the budget provision under the respective major heads will be surrendered.

The next largest demand is under "57—Miscellaneous". The provision is required mainly to meet the expenditure on refugees. A portion of the expenditure which will remain outstanding will be recovered from the Government of India next year or offset by receipts on account of sale of finished articles produced by the refugees. The net charge on provincial revenues will ultimately amount to 10 lakhs.

The demand of 1 crore 24 lakhs under the capital head "85A—Capital Outlay on Provincial Schemes of State Trading" is for clearing outstanding debits of 2 crores 9 lakhs from other Governments on account of supply of food grains to West Bengal in 1947-48 and 1948-49 and for purchase and distribution of sugar which has been recontrolled with effect from 9th September, 1949. The balance will be met by reappropriation of savings within the same grant.

The demand of 47½ lakhs under the Deposit head "Cooch Behar Deposit Account" is due to the fact that all expenditure on account of Cooch-Bihar for the period of the current year from 1st January, 1950, the date on which Cooch Behar was merged with West Bengal, to 31st March, 1950, is being adjusted under one Deposit head as above. With effect from 1st April, 1950, the expenditure on account of Cooch-Bihar will be adjusted under the appropriate heads in the Revenue Account, Capital Account, etc. It will be noticed that we have asked for a token grant of Re. 1 under the new head "80A—Capital Outlay on Multipurpose River Schemes". The original provision for these schemes was made under the head "68—Construction of Irrigation, Navigation, Embankment and Drainage Works". Though both the heads are included in the same grant and the charge under the new head can be met by reappropriation, a token grant is being asked for in view of the new accounts classification.

The reasons for all the demands in the Supplementary Estimate have been set forth in detail in the Explanatory Memorandum given under each head. The Hon'ble Ministers in charge of different departments will go into them more fully, if necessary, as each demand is moved.

**PART III**  
**1950-51 to 1952-53**  
**(Vote on Account)**

**Speech by the Hon'ble Shri Nalini Ranjan Sarker, Finance Minister, in presenting the Budget for 1950-51**

*(Presented on the 16th February, 1950)*

I rise to present the Budget Estimates of the State of West Bengal for the financial year 1950-51. It was indeed a great privilege that was given to me to carry the arduous responsibility of the financial stewardship of this State during the last two years. These years were years of deep anxiety when the country was shaken by the impact of moving events in the nation's history. The current of events was at times so bewilderingly swift and powerful as to jeopardise all our hopes and aspirations for a bright and cherry future. Fortunately for us, and thanks to the statesmanship of our leaders and the inherent resilience of our people, we may now claim to have turned the corner and come nearer the path of progress and prosperity. India became free in August, 1947, and today she is the youngest Republic in the world with one of the oldest civilisations. Our emergence as a Republic not only places us as an equal partner in the comity of free nations, but, what is of greater significance, it adds considerably to our status and stature as a nation. I feel a natural pride and thankfulness that I have been spared by merciful Providence to present today the Budget of the State of West Bengal as an integral part of the Republic of India.

*The Year in Retrospect*

The past 12 months have been crowded with events which will leave a lasting impress on the chequered history of India as a whole and West Bengal in particular. In the all-India context, the great historic event which creates a new constitutional precedent in the history of the Commonwealth is India's alignment as a free Republic within the Commonwealth of Nations. This gives a new elasticity to the concept of the Commonwealth which may well have a far-reaching consequence to the age-long search for an appropriate organisational device to give concrete form to the idea of world federation. Much has been said for and against this decision within India. But I shall content myself with expressing my firm confidence that history will prove the great wisdom of the decision. This will confer great economic and moral advantages which cannot but be of lasting benefit to our country and to the great cause of freedom. The increasing importance of India in the foreign trade of the Commonwealth has already given a concrete shape to the advantages of a close tie with the Commonwealth on the basis of full sovereignty.

The year has also seen the end of the arduous labour of the makers of our Constitution. By framing the Constitution of the Republic of India, with exemplary expedition and undeterred by powerful distractions, national and international, they have set a unique example in the constitutional annals of the world. It is not my purpose here to dilate on the nature and contents of the Constitution; all I may submit is that it reflects the hopes and aspirations of the people and truly can it be said that the Constitution has been framed for the people by the people and reflects the quintessence of our aspirations for the orderly and progressive realisation of our democratic political ideals. The year has also seen the final integration of the former Indian states so that, for the first time in the history of India, we have achieved political unity of the country. This unity, it is hoped, may, before long, blunt the edge of sectional and regional prejudices and

bring about a greater unity of purpose in the people of the country as a whole. During the year the first Indian Governor-General and the last in the distinguished line of the holders of that exalted office, Shri C. Rajagopalachari, laid down the reins of his office. Although Shri Rajagopalachari retires into private life to enjoy a well-earned rest, he sets before us an example of plain living and high thinking and of wise statesmanship which will long inspire his countrymen. The assumption of office by Dr. Rajendra Prasad as the first President of the Sovereign Democratic Republic of India is one of the most outstanding events of the year. We, in West Bengal, are proud to feel that this State has so many personal links with the distinguished President, Dr. Rajendra Prasad. As the House is aware, he was brought up in the cultural and intellectual atmosphere of Bengal in the formative and early professional period of his life and Bengal can claim him as her own as much as Bihar can. I am sure, I express the sentiment of the House when I say that we feel extremely happy to have him as the first President of the Republic because by virtue of his honesty, integrity, personal character and intellectual eminence he so admirably fits this exalted office.

During the year the Prime Minister of India created history by his voyage of discovery of America. His forthright enunciation of India's foreign policy and the *role* of India in the international sphere has considerably enhanced the prestige of our country in the Western Hemisphere. In fact, his visit has made America India-conscious. I hope and trust that this visit will open up an era of collaboration and understanding between the two countries. In the international sphere, the most significant event which may have profound influence on the disturbed history of the Far East is the inauguration of the People's Democratic Republic in China under Communist auspices and the emergence into history of the United States of Indonesia as a free political entity. These are great events in the history of the Far East and, being close neighbours, we cannot but be affected at many points by the impact of these developments. As a sympathetic neighbour interested in the progress and development of Asiatic countries, India looks forward with a genuine spirit of goodwill to the final establishment in these countries, after all the bloodshed of recent times, of a new era of freedom, peace and progress in which their peoples may enjoy the fruits of peace and stability and make the fullest contribution to the progress and prosperity of mankind.

#### *The "Problem Province"*

On the home front things have been less cheery. Throughout the year West Bengal in general, and Calcutta in particular, have been the scene of sporadic outbreaks of violent activities on the part of a section of the people. A general spirit of indiscipline and restlessness and a too easy surrender to a spirit of lawlessness displayed by a class of people complicated the already deteriorating situation of the State in which the Government could hardly find a congenial atmosphere to plan and work. It must, however, be recognised that for the last few years West Bengal, and more particularly the city of Calcutta have passed through one crisis after another; her people have known no peace of mind or those amenities which a normal and even tenor of life fosters. That West Bengal is the "Problem Province" is now an overworked phrase. The exciting experiences following the war years, preceded by the years of political frustration, have left a trail of bitterness in the minds of her people. With Partition, the life of the Bengalees has been shaken to its very roots. It caused a social cataclysm of a far-reaching character. On top of this, the fast-deteriorating economic situation

completely shattered the social moorings of normal life. All this has had a disturbing effect on the people and made them bitter and sour. Neither the psychological nor the material fruits of freedom have come to the people of West Bengal with any message of hope or good cheer. The result for many in this State has been a sullen aloofness on their part, born out of frustration and despair. Yet, fundamentally, the problem of West Bengal is economic and it is on the economic front that the problem has to be tackled first. Unless West Bengal can be helped out of her economic difficulties, a psychological change helpful on the positive side can hardly be expected. The middle class in West Bengal forms the core of her social life; that middle class is today facing disruption. It is this class in particular that has paid the price of Partition dearly. West Bengal and East Bengal have in the past formed a single economic unit. The disruption of that unity has affected the normal life of the people of both the parts. In fact, thousands of families have been cut into two by Partition and while culturally still united, politically and economically they are cut asunder. With the slump in business conditions, the scope of employment has been considerably reduced. On the other hand, as a result of Partition and the recent stoppage of normal business activities between the two Bengals which formed an economically and culturally integrated whole, West Bengal faces a reduced market to sell her goods; the pressure on the employment market has already become extremely heavy. What West Bengal and her people, therefore, need is not only sympathy but also something more in the shape of concrete help. The vast refugee population, floating despairingly mostly in urban areas, provide the delicate fuse of explosion. West Bengal today is to bear so much of the burdens as belong to the rest of India and India can never remain in peace when West Bengal suffers in agony. It is, therefore, natural that West Bengal should expect every consideration from other parts of India. Nor, morally, are these the problems to be tackled by herself alone. It is not merely because Partition, which is the root of many of her maladies, is an all-India responsibility, but also because the resources requisite for the task of this magnitude are to be found only in the Centre and only the Centre can secure the necessary co-operation of other States for this purpose. Having regard to these objective factors, the problem of West Bengal is as much a problem of All-India. A downward slide in West Bengal's condition cannot but have its repercussion throughout India, because, apart from being a border State, West Bengal is still the pivot of India's industrial structure. That the Government of India fully realised the seriousness of the situation was evident from the visit of the Prime Minister to Calcutta in the middle of the year and of the Deputy Prime Minister towards the end. Both of them went into the problems of the State with the deepest sympathy and understanding. They assured us of whole-hearted all-India support and assistance to West Bengal which was bearing the brunt of the major problems for no particular fault of hers. The recent statement of the Prime Minister is indeed very heartening for us and, I hope, we can now look forward to a more sympathetic approach to our problems by the Centre as well as by the neighbouring States of the Union. Now that the policy of the Union Government *vis-a-vis* West Bengal has been so clearly set forth by the Prime Minister and the Deputy Prime Minister that the problem of West Bengal is also a responsibility of the Centre, it will indeed put heart in the drooping spirit of West Bengal if concrete action quickly follows these cheering sentiments.

Unfortunately, just when we were expecting a positive gesture from the Centre for financial justice, which was the minimum we demanded in order to rescue us from chronic financial disability, the Deshmukh Award comes

to us as a shock and a disappointment. As the House is aware, after the Partition, the Government of India passed, without consulting the State Government, an order on the allocation of income-tax and jute duty which was highly iniquitous to West Bengal. We did all that was possible to place our point of view before the Central Government with incontrovertible facts and arguments for redressing a financial inequity which was a sore point with us. The Government of India had agreed in the earlier part of the year to institute an expert enquiry into the question so that a revised allocation could be given effect to in 1950-51 subject to such provisions as may be made in the Constitution. Shri Chintaman Deshmukh, lately the Governor of the Reserve Bank of India, was entrusted with the task and it was agreed that Shri Deshmukh's recommendations would be in the nature of an award binding on us. It was most unfortunate that Shri Deshmukh did not go into the question *de novo* and based his award on the earlier decision of the Government of India. What adds to our disappointment is that we were assured on the highest authority that the question would be considered *de novo* and an equitable basis formulated in the light of the changes that had taken place in the meantime. It has been suggested that the Finance Commission which, in terms of the Constitution, is to be appointed within two years of the coming into force of the Constitution, is to go into the question of these allocations finally. This, I submit, does not carry us far. The first two years of the Constitution are the most vital for us during which period we have many things to do and our resources are inadequate, and, it is not known what the terms of reference of that Commission are going to be. There is the further apprehension that the earlier decision of the Government of India as well as the Deshmukh Award will be there to operate as a dead-weight against us in any subsequent examination of the question. I shall have a few more things to say later on in course of the Budget statement regarding this question, and if I make a passing reference to it in my opening remarks, it is only to emphasise that we have been badly let down and our case has not been objectively treated.

In this otherwise depressing picture the only ray of light that enlivened the people of West Bengal with new hopes was the decision of the Government of India to integrate Cooch Behar with West Bengal with which her natural ties are many. The House will recall that many unmerited aspersions were hurled at this Government for our alleged failure to convince the Government of India of our claim to Cooch Behar. The ultimate merger of the state with West Bengal is proof positive of our endeavours, made without fuss and with determination. It shows that unthinking agitation taken recourse to by a section of the people without leaving matters to be dealt along constructive and constitutional channels does not help. In delicate matters like these involving relations between one State and another, or between the States and the Centre, more can be gained by a statesmanlike approach and patient work than by mere agitation which only acerbates feelings and thereby tends to defeat the object. We are indeed grateful to the Government of India for recognising our just claim. We welcome Cooch Behar within our fold to contribute her best to the progress and development of the State of West Bengal to which she so justly belongs, and also share in the common prosperity.

This, then, is the general background against which the financial picture is to be set. The economic difficulties, which West Bengal has sooner or later to surmount, if she is again to find her feet, do not make it easy to greet the year with that hope and cheerfulness which ancient custom enjoins. The hard facts of the present condition cannot be dismissed with polished words or wishful thinking. The problems, which before freedom loomed in the distant horizon, have now by irresistible force of events been brought

into the forefront. Their solution hardly brooks delay. Many of the economic advantages we had in the past are no longer there; the Partition has shaken the economy of the country; many essential commodities are in short supply; business is at a standstill. These may easily cause pessimism. Yet pessimism has never led any cause or nation to triumph over difficulties. The adverse facts never tell the whole of a story. When full account is taken of both favourable and unfavourable features of the economic situation, it will be found that extreme pessimism is harder to justify than buoyant optimism. But optimism should be tempered with a realistic appreciation of the formidable difficulties that must be overcome if we are to achieve peace and prosperity for India and West Bengal.

### *The Economic Background*

Turning now to the general economic situation in the country, the period of one year which has elapsed since I made my last Budget statement has been one of considerable stress and strain, though it has no doubt been relieved by a good deal of solid achievement in various sectors of the national economy. In spite of some setbacks, there was much in last year over which one can take a measure of pride. The inflationary situation in the country has been, on the whole, kept under control; in any case, it did not worsen in the way that such situation is generally known to worsen. During the first three months of 1949, trend of prices was generally downward, though later, influenced by unfavourable crop reports, prices tended to rise to some extent. Over the year as a whole, the rise in the average general price-index, as compared with the average in the preceding year, was inconsiderable, amounting to about 4 per cent. After devaluation, the upward pressure upon prices was again high for some time, due largely to the operation of some speculative forces, but the Government met the situation quickly and with determination. The Eight-Point Programme which they put into operation in this connection aimed at bringing down the prices of essential commodities, manufactured goods as well as food-grains, by about 10 per cent., either by a reduction of ex-farm or ex-factory prices or by a curtailment of distribution costs and incidental charges, or by both. The implementing of this new policy had a salutary effect and by November, prices were again falling. In December, the food index had fallen by over 32 points from their peak level of 406.8 in October, that is to say, immediately following devaluation. The increase in the average price-level in 1949 over the average in the preceding year was, as already indicated, of not much consequence.

While thus the price-level was kept more or less under control, the goal of stabilising the prices, and that preferably at a somewhat lower level than where they stand now, remains still at some distance. High, or even rising, prices during a period when money supply was actually falling, as it was last year when there was a net fall in both notes in circulation as well as in bank deposits, naturally puzzle many observers. The fact of the matter is that so long as food and cloth—the two primary needs of the people—remain in short supply, monetary factors are not in themselves powerful enough to correct the situation and to bring to the common man a sense of relief. As is quite natural, the general price indices give to food and cloth, the demand for which is highly inelastic, a special weight, and a slight change in the prices of food and cloth, therefore, affects the general price-level to a considerable extent. Even great improvements in other sectors

of the economy may thus fail to make their influence felt on the general price situation so long as the common man struggles hard with his basic problems of food and cloth.

Disappointment in one or two sectors of the economy—however important they may be—should not make us blind to, or unappreciative of, the encouraging progress in other sectors that took place last year. In fact, the last year as a whole brought us more successes than failures. In a large number of sectors, such as iron and steel, cement, paper, coal, tea, transport and others, not only was the total output maintained, but there were considerable improvements over the levels reached in 1948. Improvement in the output of the basic industries such as iron and steel, coal and cement, and also in transport which, until recently, was one of our major despairs, is highly gratifying, specially in view of the set-backs some of them had received during the preceding year. Nevertheless, the present level of production, in many cases, is still below the installed capacity of the industries, and compares unfavourably with their own performances during the war. Needless to say, our present levels of output are also inadequate to meet our growing requirements in the context of an increasing standard of living which we want to achieve. This only shows that the improvements that have been attained on the production front during the recent past should not create in us any sense of complacency, but renewed efforts should be put forth for bettering our past records as far as possible. There must also be new expansion of productive capacity in many directions. During the current year, every major industry has been given a production target, with reference to its installed capacity and other factors controlling production and every endeavour must be made to achieve these targets.

Last but not the least important has been the improvement in the labour situation. It is worth recalling that since the Industrial Truce Resolution of December, 1947, the relation between labour and management has, on the whole, steadily improved. The rate of loss of man-days in 1949 was about 66.74 lakhs as against 78.37 lakhs in the preceding year and 165.63 lakhs in 1947. The improvement in the labour situation was indeed most gratifying and it augurs well for the future, but one still looks in vain for an increase in labour productivity. Latest available reports indicate that, so far as productivity of labour is concerned, there has been a further decline in the most important sectors of the economy. Last year, I mentioned specifically the declining productivity in the cotton textile and coal industry; this year the iron and steel industry offers an instance to the point. It is authoritatively stated in respect of one of the largest units in this industry that while (between 1942 and 1948) the bill for wages, salaries and amenities to labour had increased by 164 per cent., production had decreased by 15 per cent. Production per head had fallen from 142 tons to 78 tons, which is equal to 45 per cent. The number of employees had increased from 3,600 to 5,500, that is by 52 per cent.

Notwithstanding some major laches here and there, the effect of the general economic improvement is bound to make itself felt sooner or later. But, as has been already stated, while changes in the supply of consumer goods, especially necessities of life, make their effect felt almost immediately, improvement in producers' goods, such as cement, coal and steel, can be appreciated only after a time-lag. It is for this reason that in the consciousness of the consuming public, food, cloth, mustard oil and sugar make a stronger impress than cement, iron or coal or even tea, which has limited consumption.

Unfortunately, there are no similar gains in the food front. On the other hand, the total area under foodgrains in 1948-49 was 174.6 million acres as compared with 179.0 million acres in the preceding year and 185.2 million acres in 1946-47. The fall in acreage was roughly 1.5 per cent. and it was shared by all varieties of crops except gram and barley which showed slight increase. Not only acreage, but the total yield also fell. It is no wonder, then, that imports of foodgrains from abroad have been rising from year to year. The total estimated import in 1949 were 3.5 million tons as compared with 2.8 million tons in the previous year. These food imports, as is well known, have been fast eating away our reserves of foreign exchange. The total cost of food imports in 1948 was Rs. 130 crores. In 1949 they must be considerably higher.

The new Food Policy of the Government of India announced in March, 1949, envisages self-sufficiency for India by the end of 1951. According to this policy the country will not import any foodgrains after 1951 except to meet a grave emergency, such as a widespread failure of crops or for the purpose of building up a Central reserve. The Prime Minister of India, in a nation-wide broadcast in August, 1949, announced the acceptance by the Government of India of the recommendation of Lord Boyd Orr to treat food on a war basis. Details of the Food Plan, as worked out later, envisage an increase in the production of foodgrains during 1950 and 1951 by 4 million tons which is approximately the annual deficiency in home production. The increased output is to be obtained partly through intensive cultivation, partly through the reclamation of weed-infested and other waste lands by means of tractors and tube-well irrigation, and partly also through diversion of acreage under other crops to foodgrains.

Before the war, undivided India used to import about 5 lakh tons of foodgrains annually while we now import, after Partition, six to seven times as much. Indeed, Partition itself has greatly complicated our food position for we have been left with less food-growing areas proportionately to our population. The constant influx of refugees from Pakistan also makes the problem more and more difficult. Besides, the natural growth of population, and our failure to increase either the acreage or the productivity of land devoted to the production of food crops have further added to the complication. Unless and until we achieve self-sufficiency in food, we shall not regain our economic health. This year the Government of India do not propose to import more than 1.5 million tons of foodgrains, and much store is set by increased production and better procurement to help us tide over the crisis at least to enable us to balance our external payments position. For, we have been living upon our capital for too long a time, and have considerably run down our external savings.

The House will be glad to know that the West Bengal Government are making their due contribution towards the solution of this problem. Last year the area under rice in our State was raised from 9.11 million acres to 9.35 million acres, and the yield per acre also went up from 8.7 to 9.9 maunds in the case of *aus* and from 9.9 to 11 maunds in the case of *aman* crop.

Next to food is cloth; and production last year in this sector had a setback. The output of the textile mills decreased due to a variety of causes, such as, shortage of cotton, the closure of a number of mills because of paucity of funds and inability to dispose of stocks of cloth and yarn. The difficulties of the textile industry were also increased by the freezing by the Pakistan Government of imports of Indian textile goods. Another

important industry to receive a set-back was jute. Irregular and interrupted supplies of raw jute from Pakistan was the main cause of the set-back in the industry. The production of sugar for 1948-49 (November-October) also declined, one of the causes of the reduction being a large-scale diversion of cane to the manufacture of *gur*.

The deteriorating economic relation with Pakistan had added to the anxieties of our already complex economic situation. In fact, it may well be said that in many respects Partition became fully effective only during last year. The many structural changes in our economy necessitated by the political division of the country hit us with their full, if delayed, impact. In previous years, there was much ground for hope that the harmful effects of Partition might be considerably mitigated, if not largely avoided, by each country regarding the other as complementary to itself in the economic sense. It was with this object in view that a large number of trade and monetary agreements were concluded between the two countries in an attempt to keep the old channels of trade and commerce functioning as far as possible. The events of the last year have, however, largely belied these hopes and it now seems clear that the two countries may have to live separate, not only politically but economically also. The relations between the two countries came to a head with devaluation when they almost parted company. Just at present, a virtual deadlock prevails in our economic relations with our neighbour. The force of circumstances has already had important effects upon our economic policy and we have been driven to seek self-sufficiency in respect of two raw materials, viz., jute and cotton, for which we have depended so long largely on Pakistan territory. When this self-sufficiency has been attained, the political division of the country will also have its economic parallel. It is not pleasant to contemplate such an eventuality, but it seems almost inevitable. It the present year it is proposed to grow jute on about 200,000 acres of cultivable *aus* land in certain districts of the State and the additional outturn is estimated to be 500,000 bales of raw jute. If seeds and other facilities are available, it may be even possible to double this figure. According to present estimates, India is expected to attain self-sufficiency in jute in the coming year. The target for jute production for the next year has been fixed at 5 million bales which will be supplemented by 1 million bales of mesta and other fibres, the production of which would also be intensified during the current year. The total raw material which is thus to be made available to the industry in the next year is 6 million bales, which will be fairly sufficient to meet its requirements at current level of production. Besides the four main jute-growing States—West Bengal, Bihar, Orissa and Assam—jute is now being grown in Tripura, Cooch Behar, Uttar Pradesh and Travancore. The acreage under jute in Uttar Pradesh has gone up recently from 5,000 to 13,000 acres, and Orissa has more than doubled its jute cultivation from 23,000 to 51,000. Further additions to acreage in all the areas including West Bengal are contemplated. Self-sufficiency in jute will have a tremendous effect upon our balance of payments position, and reduce expenditure of foreign currency by about Rs. 75 crores a year.

#### *The International Financial Background*

During the last year the general financial developments in the international sphere reached a further stage of adjustment to post-war needs; but the various trends indicate some conflicting developments. Recovery in production and trade, particularly in Europe, produced conspicuous results and to that extent has been able to check the inflationary pressure; still, inflation was not brought fully under control because of policies such

as the price-support programme in the United States and the discriminating prices or artificial price-pegging adopted by some countries in the wake of devaluation and the general upward pressure on prices and costs which devaluation itself has generated. In several countries there has been a retreat from cheap money policy indicated either by a formal upward revision of Central Bank discount rates or by a rise in the long-term yields on Government securities. The general pattern of maladjustment of the balance of payments relationships, particularly between the dollar area and the rest of the world, continues and the situation was met only by the immense programme of American aid, and to a similar extent, by the finance made available by the various financial institutions like the International Monetary Fund, the Export-Import Bank and the International Bank for Reconstruction and Development. The continued persistence of this problem and the growing fear that even after the period of Marshall Aid the countries of Europe and the sterling area may not still attain equilibrium in their international accounts led to closer Anglo-American financial talks and this led to a greater appreciation on the part of America of the unity of the problem of the balance of payments disequilibrium as between the European sector and the sterling area.

The remarkable progress achieved by the countries of Western Europe in post-war economic recovery has been largely the result of grants and credits received by them from other countries in a position to help. The United States Government, which has been the chief source of aid in the immediate post-war years, itself provided the rest of the world, by way of grants and loans, with dollars and dollar goods to the value of well over \$5,000 million annually. The bulk of the American aid, however, has gone to the countries of Western Europe. First, there was the Anglo-American Financial Agreement of July, 1946, under which the United Kingdom was lent \$3,750 million. When this was exhausted, the chief medium of American aid to Europe became the European Recovery Programme under which the participants have received about \$4,300 million till 30th June, 1949. The European Recovery Programme has helped European countries not only to maintain their trade with the Western Hemisphere but also to develop the trade between themselves by the operation of the Payments Scheme evolved within the framework of the programme. Under the scheme, the participating countries receive, in addition to the direct aid from the Economic Co-operation Administration, additional dollars as "conditional" aid to the extent of their creditor position *vis-a-vis* other participants, provided they give "drawing rights" to an equivalent extent in their own currencies to their debtors.

During these years of reconstruction India has received almost no aid from the United States nor was there any plan along the lines of the Intra-European Payments Scheme for fostering her trade, in which she could participate. Hence, apart from any indirect benefits which accrued to her from the aid received by European countries and drawings amounting to Rs. 33 crores on the resources of the International Monetary Fund, her sterling assets constituted the main source of finance for meeting her balance of payments deficits. Between the end of 1945 and the end of 1949, these assets were run down by nearly Rs. 841 crores, of which, when allowance is made for capital and other extraordinary payments to the United Kingdom and the transfer of assets to Pakistan, over Rs. 300 crores could perhaps be attributed to the deficits on current account. These assets which amounted to about Rs. 826 crores at the end of 1949 will have to be the chief source from which the import requirements of the several developmental projects of the country will have to be financed, unless in the meantime, foreign assistance is forthcoming on any significant scale.

*Devaluation*

By far and large, devaluation of the rupee, announced by the Government of India, on September 18, 1949, remains the most outstanding event of the year in the monetary and financial field. When India joined the International Monetary Fund a few years ago, sterling ceased to be the sole determinant of the external value of the rupee, but it was nevertheless decided to maintain the existing par value of the rupee which, based on the rupee-sterling rate of 1s. 6d. and the London-New York parity of 4.03 dollars to the pound, worked out to Rs. 330.852 per \$100. On the basis of the United States Treasury's buying rate for gold of \$35 per fine ounce, the gold content of the rupee became equivalent to 0.268601 grammes.

The *status quo* was thus maintained. But it did not mean that the true purchasing power parity of the rupee could be thus maintained. For the movement of prices in India and the rest of the world had been largely divergent since the beginning of the World War II, and particularly since the end of the war. As a result, the rupee came to be more and more over-valued. It has been, in fact, over-valued both in terms of pound-sterling and the dollar, but the over-valuation in terms of the dollar was the more serious. Compared with the pre-war level, the wholesale price-index in the United States of America moved to 184 by the end of March, 1949, as compared with 370 in India. The price-index in the United Kingdom stood somewhere midway at 203. The effect of the over-valuation of a currency is to make imports cheaper and exports dearer, but so long as the seller's market prevailed, this could do little harm. Until recently, the world was so hungry for all sorts of goods that any country could in fact export to the full limit of its surplus. In recent months, however, the seller's market has been gradually yielding place to a buyer's market. Our overseas purchasers are becoming more and more price-conscious, and, in fact, our goods have been already priced out of some markets. In the next place, our capacity to absorb foreign goods has a limit set by our export surplus and by our reserves of foreign exchange. Since the end of the war, due largely to increasing food imports, we have been experiencing an import surplus and to finance these imports we have been forced to make heavy drafts upon our large, but limited, stock of foreign exchange. We have also had to borrow more and more from the International Monetary Fund to balance our external position. This will be evident when we consider the rate at which our external deficit has been increasing. Our deficit on current account which amounted to nearly Rs. 36.4 crores in 1946 shot up to Rs. 154.0 crores in 1947 and it amounted to Rs. 122.5 crores in 1948. As a consequence the foreign assets of our banking system, including the sterling assets of the Reserve Bank of India, have been steadily falling. The amount of depletion was Rs. 56.9 crores in 1946, Rs. 107.5 crores in 1947 and Rs. 327.0 crores in 1948. Of course, the phenomenal fall of assets in 1948 was due largely to the payment of a sum of Rs. 224.0 crores to the Government of the United Kingdom by the Government of India for the purchase of an annuity to meet the annual pension charges due to British nationals from the Indian Union.

Another cause of the heavy decline of the sterling securities in recent years has been the large transfers of these securities to Pakistan in terms of the Pakistan (Monetary System and Reserve Bank) Order, 1947, as amended in March, 1948. In terms of this order, out of the foreign securities held by the Reserve Bank of India, sums amounting to Rs. 100.74 crores in the Banking Department and Rs. 34.57 crores in the Issue Department were transferred to the State Bank of Pakistan on the 1st July.

1948. Further portions of these assets also have since been transferred against the return of India Notes in Pakistan. Assets transferred against such notes up to the end of September, 1949, amounted to Rs. 133.77 crores of which gold coin and bullion amounted to Rs. 4.40 crores and sterling securities Rs. 89.55 crores.

It was against such a background that devaluation in India was decided upon. Even so, devaluation was not India's free choice but was, in a sense, forced upon her by the prior devaluation by United Kingdom. For, our trade with the sterling area is still larger than that with any other single currency area, and the proportion of our trade with countries outside the hard currency areas amounts to nearly 70 per cent. of our total external trade. By devaluation, we have thus safeguarded the position of the bulk of our foreign trade. If, in addition, devaluation helps us to push our products in the world's market, it may indeed bring us some positive good and help us to correct our external position. That such hopes may not be entirely unjustified is indicated by the fact that in November and December last, we have already had a favourable balance of trade, for the first time in many months.

One of the immediate gains of devaluation has been to put a stop to the heavy flight from the rupee which was previously taking place. Now there is a flight in the reverse direction, and this has been no doubt an important contributory factor in our recent gains in sterling resources. During the first nine months of the last year, that is, up to the time of the devaluation, the Reserve Bank had lost foreign securities to the tune of nearly Rs. 236 crores. During the period of three months and a half following devaluation, not only was this drain stopped, but the Bank gained nearly Rs. 43 crores. Stoppage of external drain and new accretions of foreign resources are not only highly gratifying in the immediate context of our acute difficulties in respect of balance of payments, but they are likely to release a number of expansionist forces which will stimulate output and employment, and thus lead to more enduring benefits.

It cannot be too strongly emphasised, however, that devaluation, to be fully effective, has to be followed up by a number of other measures of a supporting character. The immediate effect of devaluation, it must not be forgotten, is to reduce the dollar return from existing exports, though not, of course, to the full extent of the fall in the dollar value of the rupee. This shows, however, that the physical volume of the dollar exports has to be largely expanded—by some 40 per cent. or so—before the total dollar earnings from existing exports are to be even restored to their pre-devaluation level. Our dollar exports—jute manufacturers, oil-seeds, mica, etc.—are no doubt in great demand, but it does not necessarily follow that a cheapening of their prices as a result of devaluation will be followed by a more than proportionate increase in the dollar outlay on them. But unless there is an increase which is more than proportionate in this sense, there is no net gain in earnings of dollars. For achieving such a result, it will now be necessary for us to give far more attention than in the past to the study of foreign markets, and to improve the quality of our export goods. We have also to reduce our dependence on dollar markets, at least for such articles as foodstuffs, the supply of which should be expanded at home up to the full limit of our requirements. In the next place, we must also put an effective check on inflation, for so long as highly inflationary conditions prevail, our market remains a good one for selling to and a bad one for buying from, from the point of view of foreigners. If all these necessary measures are adopted and rightly implemented in time, devaluation may well begin to pay us good dividends at not too distant a future.

*Balance of Payments*

This brings me to the question of our balance of payments. I have already referred to the heavy drain on our external resources due to the excess of our imports over our exports. Our unfavourable balance of trade and of payments is, in essence, the external counterpart of our internal economic disequilibrium and it is a measure of our failure to put our house in order. It is of the first importance that this lack of balance in our external position should be corrected. The prospect of our being able to do so in the near future is not at all discouraging. If we make good use of all the opportunities that are available to us, it may not be long before we are able to solve this vital problem satisfactorily. I would like the House, in this connection, to note the several favourable changes in our position in international trade and finance since the end of the war. The Home Charges of pre-war days have now entirely disappeared and it may be recalled that these used to constitute a large and highly inelastic annual levy upon our foreign exchange earnings. To this extent, therefore, our balance of payments position has become easier. In the next place, since the end of the last Great War, the terms of trade between agricultural and manufactured products have improved. It may be recalled that during the 'thirties when a sharp decline in agricultural prices had a most upsetting effect upon our balance of payments position, it would be stabilised only by heavy exports of gold. Lastly, in recent years, there have been some signs of our building up an export trade in manufactured goods also. Some of our manufactured goods—cotton textiles, sports goods, coir manufactures, etc., apart from jute manufactures in which we hold practically a monopoly—have met with a good response in several overseas markets, and they have been valuable earners of foreign exchange.

If the end of the war has thus brought us several favourable trends in our balance of payments position, it has also introduced some new complications. The greatest of these complications is the distinction between hard currencies and soft currencies. Before the war, a country needed to balance its overall external position, and it was not necessary to balance its position separately with reference to soft currency areas and hard currency areas, a distinction which, in fact, did not at all exist. Now, however, it is necessary to achieve balance in each of these two parts, and that makes balancing of a nation's external position much more difficult. Moreover, the war has also changed the pattern of trade in certain directions and this has also had an adverse effect on us. Before the war, our trade with countries like the United States of America and Canada was such as to make it possible for us to enjoy a sizeable surplus in relation to them. As a result of the devastation of the war, we have, however, now to buy from them goods which we formerly imported from the United Kingdom, Burma and Thailand, viz., capital goods and food. This has consequently increased our demand for hard currencies.

Though our balance of payments problem is thus a formidable one, it is by no means insoluble. As already stated, our greatest weakness in our balance of payments position arises from our food imports, and these should entirely stop. A great deal, therefore, depends upon the success which attends the Government's plan to achieve self-sufficiency in food by the end of the next year. In the next place every attempt should be made to increase our exports—especially of jute goods and cotton textiles. Thus the internal drive for growing more food should be buttressed by the external drive for more exports. Already devaluation is lending us a helping hand in straightening out our balance of payments position, for, it has already made dollar goods comparatively dear to us. The import licences for dollar

areas are also mostly confined to capital goods and food. The new policy is already bearing fruits, and as already stated, in November and December last, there was a welcome change in our trade balance.

### *Foreign Capital*

The question of foreign capital, to which reference was made in my Budget Statement last year, has now been somewhat crystallised by a fuller policy-statement by the Hon'ble Prime Minister. The role of foreign capital in the economic development of India is now fully recognised and foreign capital has been assured all reasonable facilities, such as earning of profits, withdrawal of capital investment, and remittance of both overseas, subject, of course, to the consideration of foreign exchange. Foreign undertakings are placed on the same footing as Indian, both to be governed by Government's industrial policy. Because of their being foreign in origin—they will not be subjected to any special restrictions—they will be given a fair field to operate in, fair and equitable compensation will also be paid, if and when a foreign enterprise is compulsorily acquired and all reasonable facilities will be given in such case for the remittance of the proceeds. While, as a rule, the major interest in ownership and effective control will be in Indian hands no hard and fast rule will be followed, and in exceptional cases the Government will not object to foreign capital having control of a concern for a limited period, if it is found to be in the national interest. Each individual case will, however, be judged on its merits.

These terms and conditions are as fair as they could be and should give a quietus to all the misgivings so long entertained in certain foreign quarters. These are not only in full accord with our new obligations as a member of the International Trade Organisation, but, in some respects, are better than the terms which our membership requires us to maintain. The assurance that no restrictions will be imposed on foreign undertakings which are not applicable to indigenous enterprises will, I am sure, be noted with special interest by the foreign entrepreneurs, when all that the Charter of the International Trade Organisation demands is an assurance that a capital-receiving country will not make a discrimination as between foreign investments.

The last year saw the first loans received by India from the International Bank for Reconstruction and Development. As these loans are made on commercial principles, they indicate that India is considered to be a good risk by the Bank. The first loan was received on the 18th August, 1949. It is for a sum of \$34 million repayable in 15 years and carries an interest of 3 per cent. *plus* 1 per cent. special commission. Its object is to help us to purchase some 650 locomotives from the United States of America and Canada. Our own contribution to the cost of the locomotives is \$50 million. The second loan, received on the 29th September, 1949, is for a sum of \$10 million. The loan is for a term of seven years and carries an interest of 2½ per cent. *plus* the usual commission of 1 per cent. This loan has been received for the purpose of reclaiming 3 million acres of weed-infested land in the Madhya Pradesh and Bhopal. It will take seven years to clear the whole area of 3 million acres, but even during this period of reclamation, 4 million tons of cereals will be available to the market, which will be worth more than the dollar cost of the loan. At the end of the seven years, the reclaimed land will supply about 1 million tons a year.

Loans from such foreign bodies as the International Bank should more properly be reserved for select Government-sponsored or large-scale schemes—a policy which is being followed in practice by the Government. In the private sector of the economy, aid should be sought from private investors or private industries in foreign countries, not only because the former type of loans will not be ordinarily available for these purposes but also because it is only loans from private bodies which can be expected to bring with them the requisite “know how” and technical skill of which we stand in as great need as of foreign capital goods. Private foreign industrialists are, however, still in a hesitant mood, but it is hoped that they will overcome this before long. As an argument for keeping off India, some foreign capitalists point to our high level of taxation, high cost of living, contemplated legislation by the Government to control industries, Government participation in industries, threats of nationalisation, profit-sharing schemes, etc. If Indian enterprise can hope to progress despite all this, I find no reason why, with its admitted resilience, foreign enterprise cannot be expected to flourish in this country. It has already had the clearest assurances from the Prime Minister in respect of equal treatment with Indians. This assurance should be considered as a sufficient guarantee against any discrimination or unfair treatment, for which apprehension seems to linger with undue persistence. Certain aspects of Indian industrial and fiscal policies have not yet been finalised and one should not anticipate too many evils. Government participation in industry and Government intervention in industry have to some extent come to stay, in India, as in many other countries, but, in my opinion even making allowances for this, there will always be a wide and fair field for much private enterprise in India, both Indian and foreign, and those who are now prepared to take the risks will have no reason for regret.

### *Capital Markets*

The long-term capital market, as indicated by trends in the principal stock exchanges, had another long and dull year, and this must be regarded as one of our major disappointments of the past twelve months. Security prices, which tumbled down as a result of the fateful Budget of March, 1947, have not looked up again, and if now and then there have been signs of a returning confidence, such confidence tended to be chilled sometimes by an unfavourable wind blowing from directions—friendly and unfriendly. The economic recovery of the country depends in a large measure on the normal health and unimpeded functioning of the capital market. For, our economic well-being in the long run depends upon the rate at which we form new capital, and the position in this respect is reflected in the state of affairs on the stock exchanges which are truly regarded as the barometer of the capital market.

During the first six months of 1949, security prices continued on the downward slope, much in the same manner as in the previous two years and a half, and it seemed that the bottom had been knocked out of them. In the week ended July 2, 1949, they reached their nadir at 108.74 (1938=100—New Series, Reserve Bank of India) which compares with 139.20 a year ago or even 128.95 at the beginning of the year. It may be recalled that in July, 1946, they had occupied the proud position of 289.55. Since July, 1949, however, when, as just stated, security prices touched their lowest point, many hopeful observers have noticed a slight bettering of the situation, and a tendency for prices to move up slightly and as this trend has now been sustained for six months or so, this may indeed be the turning of the

corner. Perhaps, the reliefs in direct taxation granted to industry in the last year's Budget and the assurances of the Prime Minister to private enterprise have had something to do with this welcome change.

Our stock markets are, however, not yet out of the woods and the reasons call for scrutiny. The most important reason has certainly been the heavy penalty imposed on personal initiative and enterprise through the high rates of income-tax. In spite of some concessions in the rates, as just referred to, they remain, barring the United Kingdom, perhaps the highest in the world. Even in the richest country in the world, viz., the United States of America, where the taxable capacity of the people is much greater the rates of income-tax are not so onerous as in this country. A few instances will make it clear. In India, the combined effective rates of income-tax and super-tax on an income of Rs. 30 lakhs is 92.2 per cent. if unearned and 85.7 per cent. if earned; whereas in the United States of America the maximum combined tax is 77 per cent., which is also the ceiling. Even if the income is wholly earned, a man of Rs. 1 lakh pays in India 48.2 per cent. in tax; in the United States of America an income five times as high (\$100,000 which is roughly equal to Rs. 5 lakhs) pays less (45.64 per cent.) provided the assessee is a married person with two dependents. A man with an income of Rs. 3 lakhs pays 69.7 per cent. in tax in India, while his counterpart in the United States of America would have to pay approximately 35 per cent.

In the post-war period, rates of income-tax have been substantially modified in various countries with a view to stimulating trade and industry, and also attracting foreign capital, for it is quite obvious that other conditions remaining the same, foreign capital is attracted to that country where the taxes are the least burdensome. Among such countries, special mention may be made of Canada, Australia, Brazil and Argentina. All these are developing countries and therefore their economics are largely comparable to ours. It is understood that Australia has reduced its taxes by approximately 23 per cent. in recent years, and the rate of tax on the highest slab of income is only about 67 per cent. In Canada, there have been successive reductions in income-tax since hostilities ceased. Late in 1945 there was a general reduction of 16 per cent. This was followed up by further reduction several times. The reductions in personal income-tax in that country last year ranged from 5 per cent. on the highest slabs on income to 100 per cent., that is, complete exemption in several cases.

In fact, our fiscal policy has to be properly related to our existing stage of economic development, and it should approximate more closely to the policy pursued in such under-developed countries as Brazil, Argentina, Canada, etc., where income-tax rates are particularly low, than to the policy pursued in a fully developed and mature economy like that of Great Britain. The investment habit is as yet very inadequately developed in this country and it requires far greater encouragement and direct incentives than it does in other countries.

### *Taxation and Enterprise*

Too high rates of income-tax defeat their own purpose and ultimately bring less revenue to the public coffers. The springs that drive men are many and varied, but among them the desire for securing for oneself and for one's family an increasing standard of material welfare, occupies a very high place in the list. This is true of all men, and this has been true of all ages and countries. Those who work harder, risk more and undertake bigger responsibilities are rewarded by larger incomes, as compared with

those who work less, avoid risks or shirk responsibility. The income differentials of persons belonging to the first group are necessary to compensate them for their more arduous, more risky and more responsible work. Progressive taxation which every one justifies within limits, reduces these differentials and thus the incentive for harder and more responsible work. If progressive taxation is pushed too far, a stage is reached where the earning of a higher income becomes a matter of indifference to the income-earner. At this stage, progressive taxation is a positive deterrent to the growth of initiative and it diminishes the volume of production. The exact limit beyond which progressive taxation becomes such a deterrent is not easy to figure out, but there is no doubt that in our country the limit has been exceeded by a fair margin. This aspect of the question is no doubt receiving the best consideration of the Finance Minister of India, and the future trend of the capital market will depend to a large extent on the decisions that he may be able to take and announce in the next few days.

It is too narrow a conception of fiscal policy to regard it merely as a means of revenue for the public exchequer. The much more important effects of taxation upon business initiative and enterprise should by no means be lost sight of. It is a well-known fact that the bulk of risk capital in a country comes generally from people in the upper income brackets, and tax rates which are levied on these classes have, therefore, to be considered also from the point of view of the effect they have on the savings made by them. It may be laid down as a general principle that rates of tax which reduce the total savings of the community are socially undesirable; and concessions in taxes are not to be judged solely by their immediate effect upon the collections of the Government but by their long-term effects upon the level of economic activity of the country as a whole. A tax concession, though it may reduce by a little the revenue of the Government in the immediate present, may still release forces which before long may upgrade the whole economy, and benefit both the Government and the people. As people in the upper income brackets provide the bulk of the savings of the community, tax-relief to them is capable of bringing great advantages to the nation as a whole, such as a sizeable increase in new investment in industries and agriculture and a general rise in the tempo of business activity. The loss of revenue to the Government would be in that event purely temporary. For the total yield of a tax depends not only upon its rate but also upon the level of national income and output. If we assume a high level of income and output a lower rate may bring more revenue to the coffers of the Government than a higher tax tuned to a lower national income. Thus a reduced rate of the income-tax which may lead to an acceleration of the rate of national economic activity may be in the long run more desirable even from the narrow point of view of the tax-gatherer than a higher tax which keeps the national income low or even pushes it further downward. Not only does a lower tax lead to increased savings and investments, but its secondary consequences are also of considerable value. Increased savings and investment lead to more employment and output but these again lead to still higher levels of income and savings in the future. Thus a chain of actions and reactions are put into operation which in their cumulative effect lead to an increase in output and employment which is far greater than the direct increase following the initial increase in investment.

The high rates of income-tax and super-tax on business activity have so demoralised the capital market that in recent years there has been very little net increase in capital investment in the country. Even Government borrowing has come to a practical standstill, for very little new money can be borrowed, and last year the Government of India had to be content with only few conversion operations, and could raise no new long-term capital.

Businessmen have become so diffident that they have no heart to undertake any expansion, and they are barely carrying on. This can be seen from the annual increase in the paid-up capital of our industries during the last few years. During the period from 1939-40 to 1946-47 the total increase in the capital of our Joint-Stock Companies amounted to only Rs. 148 crores, that is, Rs. 21 crores per year in the average; this in spite of the supposed great savings and profits of the industries during the war. This figure also covers the conversion into rupee capital of a large number of sterling companies in recent years and to this extent it indicates no new productive capacity at all. Moreover, gross increase in paid-up capital does not make allowance for obsolescence of old capital. When such obsolescence is taken into consideration, it will be seen that there has been very little augmentation of productive capacity through the infusion of new capital in industries. Our industries have to depend for their expansion mainly on their reserves, but their reserve position also is not good. Unless new funds are invested in industry, we cannot hope for any real increase in our productive equipment.

If high income-tax rates are favoured for their supposed effects in redistributing income and thus raising the general standard of the people, it is well to point out that it is economic progress, better than anything else, which can provide the true and lasting basis for a good standard of living for all. In fact, in a poor country like ours, higher production and higher national income are far more important than any attempt to redistribute wealth, which would only mean redistributing poverty. Even in a highly prosperous country like England, it was recently calculated that a policy of redistribution of wealth would not pay. If it was decreed that nobody in England should have an income of more than £550 net of tax a year, and the resulting surplus was distributed, and even if—and no doubt this is a big if—production were to remain as large as before, the addition to all other incomes would be quite small, some £25-30 a year, or about Rs. 32 a month. Even so, it is considered that if any such wholesale redistribution were to be effected forcibly, production would not remain the same, but would be greatly undermined. The result of any such policy of redistribution in India would indeed be catastrophic. There can be absolutely no doubt that if we are to achieve rising living standards for our people, including the working classes, we have to think less in terms of academic socialism and nationalisation of industry, and more in terms of economic progress which means creation of more wealth for the nation, collectively and individually.

If I have taxed the patience of the House by setting my picture against a wider canvas, it is because broad economic forces do not know any political or regional divisions. Under modern conditions, these forces act and react far more quickly on individual State spheres than ever in the past. The present-day conditions do not allow political, far less economic, isolationism and we cannot keep ourselves away from the main economic currents in India or in the world outside. Any ostrich-like attitude in our approach to the economic problems of our State would necessarily entail severe penalties and I have, therefore, felt it necessary to preface my financial statement of revenue and expenditure with a general review of the economic forces that operate today, particularly in India.

### *The Estimates*

I will now discuss the Budget Estimates for the coming year together with the Revised Estimates of the current year. As the changed policy of the Government of India in regard to grants and loans for development schemes has vitally affected our financial position during the current year and the next, I will begin with a brief account of the same.

*Development Schemes*

In 1945, the Government of India informed the States that they could draw up plans of development on the assumption that in the five-year period, beginning with 1947-48, they would receive by way of Central grants assistance of the order of 250 crores, being one-half of the estimated Central surplus of 500 crores during the period. The promised assistance in course of the five years was subsequently raised to 273.88 crores and the amount payable out of it to undivided Bengal was provisionally fixed at 69 crores in five years. In a highly optimistic vein the Government of India further informed the States that in order that purely financial considerations might not stand in the way of adequate measures being taken, the Government of India had decided to offer the State Governments—

- (a) loan to the extent necessary for financing productive development schemes, and
- (b) payments to the extent desired by the State Governments during the years 1945-46 and 1946-47 for the execution of unproductive development schemes generally approved by the Government of India, the payments being treated as advances against the grants admissible to the States during the five years.

On this assurance of the Government of India, the Government of undivided Bengal drew up a five-year plan of development and started work on it from the beginning of the year 1946-47. Being ravaged by the war and seriously affected by Partition, this State could not accumulate any reserve fund and was wholly depending upon the grant to finance these schemes. Grants amounting to 4 crores 87 lakhs and 1 crore were actually made available by the Centre to cover the full expenditure incurred respectively by the Government of undivided Bengal and the Government of West Bengal during the years 1946-47 and 1947-48.

After Partition, the Finance Minister of India, in course of his Budget speech made in February, 1948, stated that he had carefully considered whether, in the altered circumstances, the Centre should reduce its assistance to the States but that he had come to the conclusion that in the larger interests of the development of the country as a whole, it would be unwise to do so, particularly as the States had framed their plans on the assumption that the promised assistance would be forthcoming. In connection with the Finance Ministers' Conference held in October, 1948, the Government of India reiterated its policy and stated that it had reached the conclusion that in the larger interests of the development of the country as a whole it was undesirable to reduce the scale of assistance on which the States had so far planned their schemes. In view, however, of the then financial position, the Government of India asked the States for a rearrangement of the schemes so as to spread the expenditure over a longer period than five years as originally contemplated. It was suggested by the Government of India that in view of the inevitable slowing down of work on most schemes due to shortage of man-power and materials this would, in any case, be unavoidable. It was stated that after allowing for the areas now located in Pakistan and on the same basis as was adopted for the distribution of the original commitment in respect of the States now forming part of the Indian Union, the grants admissible to the States would be 203.78 crores and West Bengal's share would be 23.02 crores.

In May, 1948, the State Government was asked to revise their development schemes with a view to reduce expenditure and there was placed on the development grant payable to the State in 1948-49 a ceiling of 1 crore 70 lakhs only as against a Budget provision of 6 crores 57 lakhs. The

development programme of the year was, thereupon, curtailed drastically but as work was in progress in many cases, it was not possible to reduce expenditure from 6 crores 57 lakhs to 1 crore 70 lakhs. The provision in the Revised Estimate was reduced to 3 crores 32 lakhs and the actual expenditure was 3 crores 47 lakhs against which a grant of 1 crore 70 lakhs was only received.

In November, 1948, the Government of India informed the State Government that loans up to 4 crores 10 lakhs would be admissible to West Bengal for financing productive development schemes in 1948-49. Against this a loan of 1 crore only was actually given to the State.

Excluding the provision for the Damodar Valley Project, a provision of 6 crores 43 lakhs was made for productive development schemes in the current year's Budget. Subsequently, the Government of India informed the State Government that, pending further scrutiny, they had made a Budget provision of 5 crores on account of loan payable to the Government of West Bengal for development schemes during the current year. This was in addition to a provision of 3 crores 40 lakhs payable on account of West Bengal's share of the cost of the Damodar Valley Project for 1949-50. Government of India had also informed the State Government in November, 1948, that the development grant admissible to the State during 1949-50 would be 2 crores 40 lakhs.

In August last, Government of India warned the State Government that the provisions for development grants and loans might have to be reduced. The warning was followed up in October by a further communication intimating that for the current year a development grant of 2 crores only would be available to the State against 2 crores 40 lakhs promised before and that payment of development grant would be stopped completely from next year. As regards loans, the Government of India stated that besides the loan to be given for the Damodar Valley Project, they would give us a loan of 86 lakhs only on account of the Mayurakshi Project for the current year and no loan would be granted during the current year for any other scheme. The Government of India stated at the same time that they could consider request for loans for the next year for projects under execution which were productive. But we have been subsequently informed that for the next year also no loans would be granted to this State for any scheme other than the Mayurakshi Project. As no definite amount was promised for the Mayurakshi Project till the time of going to the press, we have budgeted on the basis of our requirement of 2 crores during the next year.

These decisions of the Government of India upset the State Budget. A large number of development schemes were being financed from grants and loans received from the Centre on the basis of their promises made very liberally in 1945 and renewed from time to time after Partition. Schemes were drawn up on the basis of these promises and last year when the grants and the loans were reduced in the midst of the year the schemes were revised drastically and the expenditure was spread over a longer period than originally anticipated, as desired by the Government of India. It was, therefore, practically impossible to re-plan the schemes in most cases or to reduce expenditure on them on any appreciable scale when the mid-year decision of the Government of India referred to above was received this year. The provision for these schemes in the current year's Budget was 4 crores 32 lakhs against which a grant of 2 crores 40 lakhs was promised by the Government of India. It has not been possible to reduce this provision below 4 crores 11 lakhs in the Revised Estimates, against which a grant of 2 crores only has been sanctioned by the Government of India. Next

year's Budget provision for schemes of this type is 3 crores 74 lakhs against which no grant will be received from the Government of India and the entire burden will be thrown on State resources.

It will appear that against the promised total grant of 23.02 crores to West Bengal, we shall be receiving, till the end of 1950-51, 4 crores 70 lakhs only consisting of 1 crore in 1947-48, 1 crore 70 lakhs in 1948-49, 2 crores in 1949-50 and nothing in 1950-51. Our expenditure on development schemes during the period will be 12 crores 84 lakhs consisting of 1 crore 52 lakhs in 1947-48, 3 crores 47 lakhs in 1948-49, 4 crores 11 lakhs in 1949-50 and 3 crores 74 lakhs in 1950-51.

As regards the productive development schemes, the Budget provision of 4 crores 80 lakhs in 1948-49 was reduced to 2 crores 99 lakhs in the Revised and the actual expenditure was 1 crore 96 lakhs against which a loan of 1 crore only was received from the Government of India. In 1949-50 the Budget provision was 6 crores 43 lakhs which has been reduced to 5 crores 57 lakhs in the "Revised" against which the loan receivable from the Centre is 86 lakhs being equal to the provision for the Mayurakshi Project. The provision is 6 crores 14 lakhs in the Budget for 1950-51, against which the provision for loan receivable from the Centre is 2 crores, being equal to the provision for the Mayurakshi Project. The Budget provision of 6 crores 43 lakhs for the current year included a provision of 2 crores 50 lakhs for the Road Development Project. This provision has been reduced to 2 crores 35 lakhs in the "Revised" and the next year's Budget provision on this project is 2 crores 54 lakhs. Excluding the provisions for the Road Development Project and the Mayurakshi Project the balance of the provision amounts to 3 crores 18 lakhs in the current year's Budget, reduced to 2 crores 36 lakhs in the Revised Estimates of the current year and to 1 crore 60 lakhs in the Budget for the next year. These amounts include provisions for the Road Transport Scheme and North Calcutta Rural Electrification Scheme. The provision for these two schemes together is 97 lakhs in the current year's Budget, 95 lakhs in the current year's Revised and 99 lakhs in the Budget for the next year.

Thus for financing productive development schemes other than the Damodar Valley Project we shall be receiving from the Government of India till the end of the year 1950-51 a loan of 4 crores 26 lakhs (3 crores 35 lakhs for the Mayurakshi Project and 91 lakhs for other schemes, including 40 lakhs received in 1947-48) against a total expenditure of 13 crores 89 lakhs, consisting of 22 lakhs in 1947-48, 1 crore 96 lakhs in 1948-49, 5 crores 57 lakhs in 1949-50, and 6 crores 14 lakhs in 1950-51.

Regarding the Damodar Valley Project, which is of particular importance to this State, the honourable members are aware that the scheme is financed jointly by the Government of India, Government of Bihar and Government of West Bengal, Government of West Bengal's share being the largest. Government of West Bengal's share, as determined on the basis of the Budget of the Damodar Valley Corporation, is paid by the Government of West Bengal on receipt of a loan of an equivalent amount from the Government of India. The Hon'ble Minister-in-charge of Irrigation will, in due course, present the Budget of the Damodar Valley Corporation before this House. The honourable members will notice that for our share of the expenditure, we made a provision of 3 crores 40 lakhs in the current year's Budget. This has been reduced to 2 crores 47 lakhs in the Revised and the next year's provision is 4 crores 61 lakhs.

The sequence of events which led the Government of India to impose these mid-year cuts of a rather drastic nature must have been very compelling indeed. By this, the Government of India practically abandon

the programme of unproductive development schemes started with high hopes and great optimism in 1945 by co-operation between the Centre and the States. Their participation in the programme of productive development schemes started at the same time is also very much restricted. But these are hard facts which the State has to face.

Work on the Development Schemes was started on the distinct understanding that grant or loan would be available from the Government of India to cover the full expenditure on the schemes according as the schemes were unproductive or productive. But from 15th August, 1947, till the end of the year 1950-51, the gap between expenditure and receipts is 8 crores 14 lakhs in the case of unproductive schemes and 9 crores 63 lakhs in the case of productive schemes. It has thus been left to this Partition-torn State to bridge a total gap of 17 crores 77 lakhs in three and a half years.

### *Relief and Rehabilitation of Refugees.*

The expenditure on relief and rehabilitation of refugees proceeds against three different Budget heads, namely, 57—Miscellaneous—Expenditure on Refugees, 82—Capital Account of other Provincial Works outside the Revenue Account—Expenditure on Refugees and a Debt head, namely, Loans and Advances by Provincial Governments—Loans and Advances to Refugees. For convenience of appreciation of the position as a whole, a new demand for grant comprising expenditure under all the three heads will be placed before the House this year.

All revenue expenditure is booked under 57—Miscellaneous. Under this head the Budget provision for the current year was 4 crores 28 lakhs out of which 4 crores 27 lakhs was to be recovered from the Government of India. The balance of 1 lakh was covered by miscellaneous receipts. In the Revised, the provision for expenditure and recovery from Government of India drops to 1 crore 46 lakhs and 1 crore respectively. Recovery of 29½ lakhs on this year's account has been included in the next year's estimates under Receipts and there is provision for 6½ lakhs under miscellaneous receipts. The balance of 10 lakhs is the net charge on the State.

The drop in the provision in the "Revised" in relation to the Budget is mainly due to smaller expenditure on relief. The Budget provision for the next year is for expenditure of 1 crore 67 lakhs and recovery of 1 crore 27 lakhs from the Government of India. Of the net expenditure of 40 lakhs, 29 lakhs is offset by receipt taken into account under XLVI—Miscellaneous. The balance of 11 lakhs is the net charge on the State.

Expenditure of a capital nature is booked under 82—Capital Account of other Provincial Works outside the Revenue Account—Expenditure on Refugees. The schemes actually being financed from this head are—

- (1) direct building programme for housing refugees,
- (2) scheme for colonisation of refugees,
- (3) handloom schemes for rehabilitation of refugees, and
- (4) other schemes for economic rehabilitation of refugees.

Under this head the provision was 1 crore 13 lakhs in the current year's Budget. It increases to 1 crore 63 lakhs in the Revised Estimates for the current year and to 2 crores 59 lakhs in the Budget Estimates for the next year.

Loans and advances to refugees proceed against the Debt head. Under this head the Revised Estimate for the current year is 1 crore 37 lakhs against a Budget provision of 2 crores for the next year. The capital expenditure and the loans and advances are met out of loans of equivalent amounts from the Central Government the provision for which will appear under "Loans from Central Government". The provision for such loans from the Central Government on those two accounts taken together is 5 crores 99 lakhs and 3 crores respectively in the Budget Estimates and the Revised Estimates for the current year and 4 crores 59 lakhs in the Budget Estimates for the next year. In addition to 4 crores 59 lakhs, 41 lakhs is included in the next year's Budget on account of expenditure in 1948-49.

### *Cooch Behar.*

It is a matter of great satisfaction to us all that the destinies of Cooch Behar should now be bound firmly and irrevocably with the destinies of West Bengal. On the 28th August, 1949, an agreement was entered into with His Highness the Maharaja by which he transferred the administration of the State to the Union Government from the 12th September, 1949. Since that date and till the 1st January, 1950, Cooch Behar was a Centrally-administered area. On this latter date by an order under section 290A of the Government of India Act, 1935, Cooch Behar came to be administered in all respects as though it were a part of the State of West Bengal. With effect from the 26th January, 1950, by virtue of an amendment to the Constitution, it now forms an integral part of the territory of West Bengal.

The House will not perhaps find some details regarding Cooch Behar unduly wearisome. It has an area of approximately 1,318 square miles with a population of 6.40 lakhs. It is an important tobacco and jute-growing area with about 40,000 acres under jute. Progressive and able Maharajas have ruled over Cooch Behar and to them can be ascribed the many good schools, colleges and hospitals that now exist. It will be the constant endeavour of this Government to maintain and augment the social services of Cooch Behar.

While Cooch Behar was administered Centrally, the Government of India were content to allow the old administrative organisation to continue. To ensure that the merger with West Bengal would cause the minimum dislocation, it was decided likewise to allow the existing posts with their present incumbents to continue until a new organisation could be devised and created. The administrative machinery in Cooch Behar will gradually have to be remoulded and made to conform to that of a normal district and steps have already been taken with this object in view.

Meanwhile, the employees of the former administration, numbering close upon 3,000 who are continuing as servants of this Government have been assured that subject to selection by a suitable agency and to the requirements of the public service they will be finally absorbed into service under the Government of West Bengal, or in the alternative, will be paid reasonable compensation. These employees are now continuing on their pre-merger rates of pay though the system of *ad interim* increases and the rates of dearness allowance admissible to servants of this Government have been extended with effect from the 1st January, 1950, to the employees in Cooch Behar at an estimated cost of 5.6 lakhs per annum.

The Cooch Behar Budget for 1949-50 shows estimated receipts of 1 crore 13 lakhs and estimated expenditure of 1 crore 12.37 lakhs. The Budget when prepared naturally did not differentiate between Union and State

subjects as such. It so happens, however, that the main sources of revenue come from what are now Union subjects such as Special Excise (41.08 lakhs), Export Duty and Land Customs (5.96 lakhs), Income-tax (2.25 lakhs) and the State Railway (9 lakhs). The main items of expenditure on what are now Union subjects include 12.05 lakhs for the Military Department, 4.15 lakhs for the Railway and 21.51 lakhs for the Special Excise Establishment and contributions payable to the Government of India under a former agreement. Leaving aside both receipts and expenditure on account of Union subjects, and making certain corrections based on the agreements entered into with His Highness, the budgeted receipts under the State heads for 1949-50 are estimated at 45 lakhs, and the corresponding expenditure at 67 lakhs including privy purse charges thus leaving a deficit of 22 lakhs. In the Budget for 1950-51, which deals only with State subjects, the revenue receipts in Cooch Behar are estimated at 43.77 lakhs and the revenue expenditure at 60.61 lakhs leaving a deficit of 16.84 lakhs which includes the estimated increase in costs likely to be incurred by the grant of *ad interim* increases of pay and dearness allowance at rates prevalent under the Government of West Bengal. The Civil List and privy purse charges amounting to 10.5 lakhs have not been taken, into account in arriving at the deficit. This item is to be charged on and paid out of the Consolidated Fund of India but the President may determine what contributions if any are to be charged on and paid out of the Consolidated Fund of West Bengal.

It will therefore be seen that although the Cooch Behar Budget as a whole was if anything a surplus budget, it is heavily deficit in the State sector and surplus in the Union sector. It is hoped that the Government of India will soon formulate a general policy about the finances of merged States which will allow appropriation of the surplus in the Central sector to finance the deficit in the State sector for some time to come and at least until the State taxes can be fully developed in their application to the merged states.

In the Revised Estimates of receipts and expenditure of the State of West Bengal for the current year, all receipts and expenditure on account of Cooch Behar have been placed in a suspense head. The classifications followed in the former state of Cooch Behar are different from the classifications followed in West Bengal, and with the merger taking place late in the financial year, this expedient had to be resorted to. The provisions for Cooch Behar in the next year's Budget follow our classification and form integral part of the provisions under the appropriate heads of the Budget.

#### *Grow More Food Schemes.*

The original estimate of expenditure on Grow More Food schemes for the current year was 2 crores 7 lakhs (1 crore 64 lakhs on Agriculture, 38 lakhs on Fisheries and 5 lakhs on Irrigation). As the progress of the schemes has not been up to expectation, the Revised Estimate has been fixed at 1 crore 45 lakhs (1 crore 31 lakhs in the Agriculture Department, 10 lakhs in the Fisheries Department and 4 lakhs in the Irrigation Department). The next year's estimate has been fixed at 1 crore 75 lakhs (1 crore 57 lakhs in the Agriculture Department, 13 lakhs in the Fisheries Department and 5 lakhs in the Irrigation Department).

Against the above estimates of expenditure 89 lakhs and 1 crore 13 lakhs are included in the Revised and Budget Estimates of revenue receipts, being the amounts likely to be received in respect of these schemes on account of sale-proceeds of seeds, manures, etc. The balance, i.e., the net expenditure is shared between the Central Government and the State Government

according to certain agreed proportions. Besides the grant to cover the Central share of the expenditure, the Government of India also grant loans to the State Government to serve as working capital required to purchase seeds, manures, etc., distributable under the schemes. The loan is repaid as the sale-proceeds are realised. The Revised and Budget Estimates of loans from the Central Government include 1 crore 4 lakhs and 1 crore 23 lakhs respectively for loans for Grow More Food Schemes. Similarly 80 lakhs and 1 crore 4 lakhs are included on this account in the Revised and Budget Estimates respectively of loans repayable to the Central Government.

#### *Procurement Bonus.*

Food procurement bonus of 87 lakhs was received in 1948-49 from the Government of India. The bonus is payable at the rate of 8 annas per maund of rice procured internally and is earmarked for expenditure on schemes having the effect of increasing food production and approved by the Government of India. The bonus payable in respect of the period from 1st January, 1948, to 30th September, 1948, could also be used to cover losses on distribution of locally procured food.

The bonus received in 1948-49 was booked under the capital head 85A—Capital Outlay on State Trading Schemes and provision of 77 lakhs on the same account was made under the same head in the current year's Budget. The Revised Estimate for the same is 81 lakhs and has been included in the Revenue Account under the head LI—Extraordinary Receipts. The same provision has been repeated in the next year's Budget. A number of schemes has been forwarded to the Government of India with the request to approve them as eligible for being financed from the bonus. The number includes a few schemes under execution since last year, for which the actual expenditure during last year was 57.29 lakhs and the Revised Estimates for the current year are 60.87 lakhs. The Revised Estimates for the current year include 42.74 lakhs and the Budget Estimates for the next year include a lump provision of 88.10 lakhs for schemes to be financed from the bonus. The expenditure on these schemes has been provided for under the heads Agriculture, Irrigation and Fisheries. Thus the provisions for receipt and expenditure on this account exactly balance over a period of three years, being 2 crores 49 lakhs on each side.

#### *Trading Transactions of the Food Department.*

The cost of procurement of foodgrains such as rice, paddy, wheat and wheat-products, and the receipts realised from the sale of foodgrains are adjusted under the capital head "Capital Outlay on Provincial Scheme of State Trading" while the cost of various organisations maintained by the Food Department is recorded under the revenue head "Extraordinary Charges in India".

The control of sugar was lifted with effect from 1st December, 1947, but it has been reimposed with effect from 9th September, 1949. The transactions relating to the purchase and distribution of sugar have been included in the Revised Estimate for 1949-50 and Budget Estimate for 1950-51.

The value of stock of foodgrains in the beginning of the year was 6 crores 95 lakhs. During the current year we expect to purchase further stock of the value of 46 crores 54 lakhs. After deducting the subsidy of 75 lakhs, and the estimated sale-proceeds of 44 crores 86 lakhs during the current

year, the net expenditure in 1949-50 comes to 93 lakhs. The stock at the end of 1949-50 thus comes to 7 crores 88 lakhs. The subsidy is paid by the Government of India to cover a part of the loss on the sale of imported foodgrains and is equal to three-fourths of the difference between the cost of imported foodgrains and the issue price in the State.

The cost of purchase of foodgrains during the next year is estimated at 45 crores 79 lakhs. The sale-proceeds of stock during the next year are estimated at 44 crores 80 lakhs. As the price to be charged by the Government of India for supply of imported foodgrains to the State has been reduced no subsidy from the Government of India will be admissible next year. There will thus be a net expenditure of 99 lakhs next year. The stock at the end of 1950-51 will therefore be of the value of 8 crores 87 lakhs.

#### *Road Transport Scheme.*

The transactions of the Road Transport Scheme are booked under two heads, namely, "82B—Capital Outlay on Road Transport Scheme outside the Revenue Account" and "XLVIA—Receipts from Road Transport Scheme".

The provision for capital outlay during the current year is 72 lakhs in the "Revised" against 76 lakhs in the "Budget" and the Budget provision for the next year is 75 lakhs. The drop in the "Revised" in relation to the "Budget" is due to smaller expenditure on purchase of land and construction of central workshop and garage offset by larger outlay on cost of buses.

Gross receipts and working expenditure are booked under the head "XLVIA". It will appear that the net receipts during the current year drop to 1.65 lakhs in the "Revised" against 8.50 lakhs in the "Budget". The drop is due to smaller receipts from passenger bus service in consequence of a smaller number of buses being put on the roads than was anticipated and to provision in the Revised Estimate for depreciation and interest not provided for in the "Budget". The estimated net receipt for the next year is 3.69 lakhs, inclusive of 40 thousands for Cooch Behar, after providing for depreciation and interest and is based on the assumption that a larger number of buses will be placed on the roads next year.

#### *New Heads for important Commercial and Development Activities.*

As the activity of the State expands to commercial and developmental fields, the form of the Government accounts has to be adjusted with a view to secure an adequate exhibition of the cash transactions involved in such activities. For separate exhibition of the transactions of the Road Transport Scheme, two new heads, viz., "82B" for capital expenditure and "XLVIA" for gross receipts and working expenses were opened last year. This year a few more new heads have been opened in consultation with the Accountant-General to exhibit the position of the multipurpose river valley projects and the electricity development schemes. The new head "80A—Capital Outlay" on multipurpose river schemes will henceforth record the capital transactions of the Damodar Valley Project, and the Mayurakshi Project, which were so long recorded under the head "68—Construction of Irrigation, Navigation, Embankment and Drainage Works". The interest charges on capital outlay on these two projects also have been transferred from "22—Interest on Debt and other obligations" to "51A—Interest on Capital Outlay on multipurpose river schemes". Similarly, capital transactions of the North Calcutta Rural Electrification Scheme and Diesel

Electric Pool have been transferred to the new head "81A—Capital Outlay on Electricity Schemes outside the Revenue Account" from "72—Capital Outlay on Industrial Developments". These schemes are important enough to deserve specialised attention. It may be mentioned that the capital transactions of the Barrackpore Electric Supply Scheme and the Cooch Behar Electric Supply Scheme are being recorded under the new head "53—Capital Outlay on Electricity Schemes met out of revenue" and the gross receipts and working expenses of these schemes are recorded under the new head "XLI—Receipts from Electricity Schemes". A new head "52A—Other Revenue Expenditure connected with Electricity Schemes" has been opened to record the expenditure on the scheme of appointment of power engineers and staff for development of electricity. It is important to note that these heads record only cash transactions on the basis of the appropriations sanctioned by the House. The Hon'ble Minister in charge of each scheme will in due course give an idea of its financial results.

#### THE YEAR 1949-50.

The year 1949-50 opened with a balance of 10 crores 19 lakhs as against 3 crores 65 lakhs anticipated in the Budget presented last year. This is due to an actual revenue surplus of 2 crores 67 lakhs in the year 1948-49 as against the anticipated revenue deficit of 23 lakhs in the Revised Estimates for that year, outstanding debits of 2 crores 9 lakhs from the Government of India on account of the price of foodgrains supplied to this State and actual credit of a subsidy of 1 crore 29 lakhs in excess of the provision included in the Revised Estimate for 1948-49. The subsidy referred to above was to cover three-fourths of the difference between the purchase price of imported foodgrains supplied by the Government of India and the issue price thereof in the State. The revenue surplus is due to the non-utilisation of the provision of 1 crore for pre-partition payments, slower progress of expenditure under certain items and to improvement of revenue under a few heads.

#### *Revenue Receipts.*

The year 1949-50 shows a revenue surplus of 1 crore 47 lakhs according to the Revised Estimates as against a revenue deficit of 1 crore 11 lakhs anticipated in the Budget Estimates.

The total revenue receipts have improved from 31 crores 83 lakhs to 34 crores 73 lakhs. There is an improvement of 20 lakhs under Agricultural Income-tax, 30 lakhs under Sales Tax and 35 lakhs under Entertainment Tax—all due to the change made in these measures of taxation last year. Besides there is an improvement of 19 lakhs under Excise, 35 lakhs under Stamps and 17 lakhs under Forests and Registration. Receipts from our shares of Centrally levied taxes have improved by 12 lakhs in the case of the jute duty and 20 lakhs in the case of the income-tax. Amount transferred from the Road Fund Account has increased from 24 lakhs to 50 lakhs. There is also an increase of 20 lakhs under Irrigation due to arrear recoveries from the Government of India on account of the cost of remodelling the Damodar Embankments, 17 lakhs under Miscellaneous due to lapse of larger amounts of unclaimed deposits in the courts than anticipated, 26 lakhs under Extraordinary Receipts on account of an unforeseen item, viz., 6 per cent. levy on textiles produced by West Bengal mills; and 13 lakhs spread over a number of heads.

The increase is offset by a decrease of 36 lakhs under Agriculture and Industries due to smaller receipts from sale-proceeds of seeds, manures, fish, etc., in connection with Grow More Food Schemes and also a decrease of 40 lakhs under Extraordinary Receipts due to curtailment of Development grant by the Centre.

Receipt of 77 lakhs on account of food procurement bonus from the Government of India was included in the Budget under the capital head "85A—Capital Outlay on State Trading Scheme". The Revised Estimate of the bonus is 81 lakhs and the provision therefor has been included in the Revenue account under "LI—Extraordinary Receipts".

#### *Revenue Expenditure.*

The total revenue expenditure for the current year is 33 crores 26 lakhs according to the Revised Estimate as against 32 crores 94 lakhs according to the Budget Estimates. The increase is small and is the net result of (1) increases due to provision for schemes financed from procurement bonus and for pre-Partition payments, increased provision for Road Fund works and increased expenditure on refugees due to short recovery of expenditure from the Government of India this year, and (2) decreases on account of Development Schemes, Grow More Food Schemes, new set-up, etc. The provision for Development Schemes has decreased from 4 crores 82 lakhs to 4 crores 11 lakhs. There is a drop of about 62 lakhs in the provision for the "Grow More Food" schemes in the Irrigation, Agriculture and Fisheries Departments. The new set-up for which the House sanctioned a lump provision of 1 crore last year was not given effect to till 1st January, 1950, and certain modifications were also made while giving effect to the same. The bulk of the provision, therefore, remained unutilised during the current year.

#### *Capital Expenditure.*

The provision for capital expenditure during the current year is 13 crores 7 lakhs according to the Revised Estimates as against 13 crores 16 lakhs in the Budget Estimates. The provision for capital expenditure includes provision for Productive Development Schemes including the Damodar Valley Project, provision for State Trading schemes and provision for capital expenditure for refugees. While variation in the total is negligible, there is considerable variation under individual items. The details will be found in the booklet showing the progress on Development Schemes and the Red Book circulated in the House.

#### *Debt Heads.*

Under this head are recorded the transactions in regard to the loans taken by the State Government, the State Provident Funds, deposits and advances of various nature, including deposits of the civil, revenue and criminal courts, deposits of the local bodies, loans and advances by the State Government, etc.

Excluding the heads, "Loans from the Central Government" and "Loans and Advances by the State Government", the net result of receipts and outgoings in the Revised Estimates is the same as that in the current year's Budget. The Revised Estimate of loans from the Central Government is 7 crores 37 lakhs as against 16 crores 74 lakhs provided for in the Budget Estimates. The drop is due to curtailment of loans by 93 lakhs in the case of the Damodar Valley Project and by 5 crores 57 lakhs in the case of other Development projects. The loans for rehabilitation of refugees has dropped

from 5 crores 99 lakhs to 3 crores. The decreases under these three items sum up to a total of 9 crores 49 lakhs against which there is a rise of 14 lakhs for loans for "Grow More Food" schemes.

### THE YEAR 1950-51.

#### *Revenue Receipts.*

The Budget Estimates of revenue receipts for the year 1950-51 show a decline of 83 lakhs as compared with the Revised Estimates of revenue receipts for the current year. The decline is due to omission of the Development grant of 2 crores from the Central Government included in the Revised, drop of 28 lakhs under Excise, 12 lakhs under Stamps, 30 lakhs under Sales Tax and 21 lakhs under Irrigation, and is partly offset by increase of 56 lakhs in the aggregate on account of Jute Duty and Income-tax and 28 lakhs each under Land Revenue and Agriculture, larger transfer from the Central Road Fund account and larger receipts on account of refugees, being deferred credit in respect of expenditure of the current year. The total revenue receipts include 44 lakhs on account of Cooch Behar spread over various heads.

The increase under Land Revenue is due to inclusion of receipts for Cooch Behar, and that under Agriculture is due to increased receipts from "Grow More Food" schemes. Cessation of import of beer from overseas, restriction in the supply of opium by the Central Government and anticipated decline in the consumption of country spirit account for the decrease under Excise. The decrease under Stamps is due to the fact that receipts which are high this year on account of the relaxation of certain restrictions imposed on the registration of documents under the Transfer of Property (India) Ordinance, 1948, with a view to check evasion of income-tax are expected to return to normalcy next year. The decrease under Sales Tax is due to recession in trade conditions and restriction of imports. Omission of arrear recovery of the current year from the Government of India amounting to 20 lakhs on account of remodelling of the Damodar Embankment and investigations in connection with the Ganges Barrage Project accounts for the decrease under Irrigation.

#### *Revenue Expenditure.*

The Budget Estimate for revenue expenditure is 35 crores 23 lakhs as against 33 crores 26 lakhs being the Revised Estimates for the current year. The increase is due to provision for the new set-up for the whole year, to a provision of 60 lakhs for Cooch Behar, increase in the provision by 10 lakhs and 27 lakhs under Irrigation and pre-Partition payments respectively, larger provision of 43 lakhs under Road Fund schemes, offset by decrease of 37 lakhs on account of Development schemes.

The revenue deficit during the next year is 1 crore 33 lakhs. But for the sudden stoppage of Development grant by the Central Government the year would have ended with a surplus.

#### *Capital Expenditure.*

The provision for capital expenditure is 14 crores 91 lakhs as against 13 crores 7 lakhs included in the Revised. The provision includes 4 crores 61 lakhs on account of this Government's share of expenditure on Damodar Valley Project, 2 crores for the Mayurakshi Project, 2 crores 53 lakhs for

the scheme of development of Provincial roads, 39 lakhs for the Kancharapara area development scheme, 2 crores 59 lakhs for various schemes of capital expenditure for the refugees, 75 lakhs for the Road Transport scheme and 1 crore 60 lakhs for net expenditure in connection with State Trading scheme of the Food Department.

#### *Debt Heads.*

Excluding the items "Loans from the Central Government", "Repayment of loans to the Central Government" and "Advances to Refugees", the Revised and Budget Estimates of the receipts and expenditure under Debt Heads almost balance each other. The provision for loans from the Central Government is 12 crores 84 lakhs as against 7 crores 37 lakhs included in the Revised Estimates of the current year. The loans are intended to finance the West Bengal State's share of the expenditure on the Damodar Valley Project, the Mayurakshi Project, the capital expenditure on refugees and the loans and advances to be granted to the refugees and the "Grow More Food" schemes. In comparison with the Revised Estimates of the current year, the next year's provision has increased from 2 crores 47 lakhs to 4 crores 61 lakhs in the case of the Damodar Valley Project, from 86 lakhs to 2 crores in the case of the Mayurakshi Project and from 3 crores to 5 crores in the case of the refugees. On the expenditure side provision has been made under "Loans and advances by the Provincial Government" for payment of a loan of 3½ lakhs to the Calcutta Corporation for improvement of unfiltered water-supply, 20 lakhs for advances to cultivators, 8 lakhs for payment of crop loans to cultivators through co-operative societies, 3 lakhs for co-operative land mortgage banks, 5 lakhs for *beel* fisheries and 4 lakhs for the scheme of increased provision for aid to industries. The provision for the last item was made under a capital head in the Budget of the current year but, as the aid will be given in the form of loans, the provision has been included in Debt heads in the Revised Estimates of the current year and also in the Budget Estimates of the next year.

The State has no public debt, funded or floating. Our total debt to the Government of India at the end of the current year stands at 12 crores 18 lakhs and will increase to 23 crores 98 lakhs at the end of the next year. This debt includes an advance of 2 crores 50 lakhs granted by the Government of India to help us clear half of the debit balance with the Reserve Bank of India left by the Government of undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 21 crores 48 lakhs consists of 8 crores on account of rehabilitation of refugees, 7 crores 99 lakhs on account of the Damodar Valley Project, 3 crores 35 lakhs on account of the Mayurakshi Project, 91 lakhs for other Development schemes and 1 crore 23 lakhs for "Grow More Food" schemes.

#### *Distribution of Revenues among Departments.*

There has been circulated to honourable members a printed booklet entitled "The West Bengal State Rupee: From where it comes and where it goes". It shows the relative importance of our sources of revenue, the cost of collection of State taxes, the proportion of our revenue receipts we are spending on each subject, etc.

*Net Result.*

According to the Revised Estimates, the current year is expected to close with a revenue surplus of 1 crore 47 lakhs but with a deficit of 8 crores outside revenue account. The large deficit outside revenue account will be financed from the revenue surplus and from our balances and the year will close with a balance of 3 crores 54 lakhs as against the opening balance of 10 crores 19 lakhs. According to the Budget Estimates, the result of working of the year 1950-51 will be a revenue deficit of 1 crore 33 lakhs and a deficit of 4 crores 28 lakhs outside revenue account. The balances are inadequate for financing these deficits for the next year also and the year 1950-51 is therefore to close with a negative balance of 2 crores.

The State of West Bengal was born with practically a nil balance, and with all the shattering consequences of the Partition to tackle. As I have stated in course of the statement, by the end of 1950-51, the State of West Bengal will be spending 26 crores 73 lakhs on development schemes out of which 12 crores 84 lakhs represent expenditure on unproductive schemes and 13 crores 89 lakhs represent expenditure on productive development schemes, including the road development project. These schemes were planned on the distinct understanding that expenditure on them will be fully financed by grants and loans from the Government of India. I have told the House how by two mid-year decisions of the Government of India, the bulk of the expenditure was left to the State to meet as best as it could. Thus by the end of 1950-51, the State will have to find 8 crores 14 lakhs for unproductive schemes and 9 crores 63 lakhs for productive schemes. Considering the magnitude of the amounts and the element of suddenness with which we were called upon to re-plan our financial programme, there is legitimate cause for satisfaction with the large measure of success that we have been able to attain.

The question remains how we propose to cover the negative balance of 2 crores at the end of 1950-51. We do not intend to curtail our development programme which we have placed before the House. Our Revenue Budget causes no anxiety. In the Revised Estimate for the current year there is a revenue surplus and the revenue deficit in the Budget Estimates of the next year is not large. Our difficulty has arisen mainly because we cannot get the loans in anticipation of which we planned a good deal of productive capital expenditure and we do not possess any reserve, which other States have. It would be perfectly justifiable from the strictly financial point of view to go in for loans to finance capital expenditure on productive schemes like the Road Transport, the North Calcutta Rural Electrification, etc., which were actually intended to be financed from loans. We have undertaken a rather ambitious road development programme expected to cost about 26 crores in six years. Many of these roads are under execution. We have a revenue of about 1 crore from motor vehicle tax and motor spirit sales tax. It would be in order to capitalise this revenue for financing the road development project and a scheme for capitalisation of this amount for financing the road development programme is under consideration of this Government in consultation with the Government of India.

I may, however, state for the information of the House that Government in the various departments have undertaken to explore all avenues of economy and to reduce expenditure to the minimum consistent with efficiency. We have already introduced a scheme of compulsory cut in pay in the case of the highest-paid Government servants and a compulsory saving by contribution to the Provident Fund in the case of Government

servants of certain other categories. We have not provided for any loan in the Budget Estimates to cover the negative closing balance of the year 1950-51, as we do not propose to go in for loans without making an effort to do without them, however legitimate such loans may be for financing productive capital expenditure.

#### *Allocation of Income-tax and Jute Duty.*

I have separately circulated to the honourable members a memorandum containing the comments of the State Government on the Deshmukh Report on allocation of income-tax and jute duty to which I have referred before in course of my statement. It will appear that Shri C. D. Deshmukh refrained from working out a reallocation *de novo* in a scientific and equitable manner and therefore did not consider the detailed memorandum submitted by this Government. He accepted the decisions of the Government of India, themselves in dispute, as the starting point of his enquiry and made his recommendations accordingly. The Report, as I have said, has been most disappointing to West Bengal.

We urged in vain that Partition, which does not affect the non-partitioned States either in respect of collection or population should not be a source of profit to them at the expense of the partition-torn West Bengal. The relative position of the States has undoubtedly changed after Partition and West Bengal had no objection if new ratios were worked out on the basis of this new relation in a perfectly scientific and equitable manner, having regard to the principles formulated after careful and long research in other Federations of the World, viz., Canada and Australia, and also in accordance with the principles of Federal Finance. The case of the Government of West Bengal was that either every State should continue to receive after Partition the same or similar amounts as it used to receive before Partition, or in the alternative, new ratio should be worked out on the basis of new relations. If the first alternative were adopted the losses of collection in territories going over to Pakistan should in equity be borne rateably by all States but West Bengal was prepared to bear the loss of the whole of the collection lost in East Bengal and also to bear the rateable share of the losses of collection in other parts of the country going to Pakistan. But it was decided that every other State should receive something at the expense of West Bengal and Shri C. D. Deshmukh has merely rounded off the slice to be cut off from West Bengal and has distributed that slice among the States on population basis, suggesting that the amount to be distributed in this case, being in the nature of a windfall, is appropriately distributed on that basis. The size of this windfall is to be measured by the fact that 7½ per cent. which Deshmukh initially takes from Bengal amounts to about 3 crores against the loss of a few lakhs in East Bengal. Deshmukh is good enough to return to West Bengal 1 per cent. out of the portion taken away from her. By the Government of India's decision, our share was fixed at 12 per cent. against 20 per cent. fixed by Niemeyer for Bengal. By the Deshmukh Award, West Bengal will improve her position from 12 per cent. to 13½ per cent. The effect of the Deshmukh Award on our finances is that in the case of the jute duty we shall be receiving 1 crore 5 lakhs next year as against 1 crore 35 lakhs during the current year, i.e., a net drop of 30 lakhs, and in the case of the income-tax, the additional 1½ per cent. that has been given to us will bring us about 70 lakhs during the next year on the basis of the present estimates. Thus the net effect of the Deshmukh Award is a net gain of about 40 lakhs next year.

*Conclusion.*

I have just given you a brief account of our Revised Estimates for this year and the Budget Estimates of the coming year. I do not for a moment claim that these provisions are sufficient by themselves or commensurate with our vast and varied needs. Yet, having regard to our limited resources in comparison with our needs, these merely indicate that we have taken one more step forward, despite heavy odds in our way. It will be realised that the opening years of freedom were years of nerve-racking anxiety and the sudden impact of problems, internal and external, was so portentous of evil consequences that sometimes breakdowns stared us in the face. That we have not yielded to these adverse circumstances and have been able to repel the many-sided assault on our economy with some amount of success, no doubt justifies optimism for the future. If, however, we are marking our steps with caution and deliberation, it is because our resources in men, materials and money are severely limited and do not allow us the luxury of frittering these away in costly experiments. Therefore, whatever steps we take must be according to a proper sense of priority, taking first things first, so that we may not commit the folly of beginning on too many fronts and succeeding in none; undue hurry may even mean less speed. With the inauguration of the Republic, the picture is now finally set and a new epoch begins. We must now approach our task with becoming modesty and a sense of reality without falling a prey to the method of hit-or-miss which, however much it can be excused in an early transitional phase of political change-over, cannot be pursued without serious detriment to our national well-being at this stage. For, a nation born in adversity must mature in reality and learn to avoid pitfalls.

Despite all our limitations, we are yet in a position to do a lot for the people and make a success of our freedom in the fullness of time, provided the atmosphere is congenial for planning wisely and acting properly. National development is an art of peace. Planning and execution of schemes for national progress need, as all big efforts do, a peaceful atmosphere. The need for such a congenial atmosphere seems to be still inadequately realised by the people. In the present atmosphere of distrust and indiscipline, the attention of the Government is continually diverted from the more important and constructive tasks in hand and a part of the resources, which could be conserved for more enduring purposes, has to be devoted to the thankless task of maintaining law and order. A restlessness and aversion to stability and order seems to be the order of the day. People who easily surrender their judgment to anti-social forces must make up their minds finally whether to seek the redress of their grievances through peaceful, constitutional and democratic means or through the cult of violence which impairs the unity of our thoughts and action. It is poor logic to demand too many things in too short a time and, at the same time, create an atmosphere in which nothing can even be attempted. Obstructing the Government, and that by violent or undemocratic methods, ultimately recoils on the people themselves who become victims to the general insecurity and to the crippling set-back to national progress. If we are to make a success of democracy in this country, we must observe its rules and lend our good sense and judgment to the cause of stability and progress.

As I have indicated, West Bengal stands altogether on a different footing in respect of the magnitude of her problems. It is for the people of West Bengal to keep their heads cool and to think seriously as to how best to lift the State from its present unhappy condition and instal her in the position of glory which was once hers. Unfortunately, the present atmosphere does not encourage one to feel that the situation is properly

appreciated even by her own people. They seem still to be lost in a maze of confusion and seeking salvation in fancy phrases and conflicts. This is most unfortunate when what is required is clear thinking and a constructive approach to our problems. The youth of this State, in particular, have reasons to take note of this otherwise depressing situation inasmuch as they will be called upon to make good for this grim inheritance. They must realise the hard fact that the world no longer goes easy for them; it is a relentless, competitive world that they have to conquer by their brain and brawn. It is for them now to train themselves so as to enable them to make their way in fresh fields, such as Engineering, Technology, Trade, Commerce, etc., and spread over the whole country without concentrating in the city and thereby adding to their own problems as well as those of the Government.

As I have pointed out, there are several favourable factors which, if taken advantage of with a plan and determination are capable of helping a definite stride forward. It is not at all encouraging that there should still be whispering doubts as to whether our future is to be one of prosperity and progress, or whether the best that can be looked forward to is an indefinite period of frustrated plans and frozen hopes. It can be said with a feeling of assurance that in spite of the time which has been lost, and the errors which have been made, the opportunity for us to move into a future worthy of its past is still within our grasp. Serious problems confront us no doubt—extremely serious problems—but none of them is insoluble. If we fail to handle them properly, it will be so, not because we lack the material ingredients of prosperity, nor because we are faced with problems which make a depression inevitable; but mainly because the people individually and collectively lack the courage and the wisdom and the faith, and, above all, the will to utilise the opportunity which lies before them.

At the moment the greatest handicap of the Government is that large sections of the people are reluctant to reflect calmly on the needs of the present position. They are only too ready to regard each imperfection as a powerful argument for indulgence in or sympathy for violent activities. Their minds flit all too quickly from the present grievances to a contemplation of an imaginary perfection. In this formative phase of our political and social evolution, nothing can be more fatal. The people must do hard thinking on what they want, what is feasible and how best to achieve it. They must think out what in the present conditions is compatible with and conducive to progress and what is not. It is by such methods, and not by varying degrees of sympathy for or connivance at violence, that the aims and the needs of the common people can be realised.

It is an admitted fact that what we need today is a rising standard of living for our people. This postulates certain well-defined means and methods which do not allow any quack's specific to do the trick. For, prosperity does not pour like the gentle rain from heaven in benign abundance. It has to be worked for through well-planned channels. For instance, the raising of the standard of living of the people requires improvement of agriculture and industry which, again, depends upon various other factors, some immediate and others remote. For its expansion and improvement, agriculture needs major and minor irrigation schemes, soil conservation, proper manuring, improvement of seeds, etc. These cannot be done all at once and must inevitably be a gradual process, particularly because for many of these we are dependent upon other countries for equipment. Even if agriculture can make the desired progress in our country, it cannot sustain the population which is everyday growing and which is more than it can bear. It is, therefore, universally recognised that the shift to industries should receive every stimulus if we are to get over

the present stalemate in our economy. Unless balanced industrial development of the country, by which I mean the development of large-scale as well as cottage and small-scale industries on sound lines is achieved, neither can more wealth be created by more production, which alone tends to increase the standard of living of the people, nor can employment be ensured in the desired manner. It is of the utmost national importance that conditions are created in the country in which industry may find a propitious field to grow and thrive. For, unless this can be done, there can be no other way to secure the required measure of economic prosperity. This, in its turn, requires proper incentive to capital to play its part in the productive process. The decisive factor which is so important in the productive capacity of a nation is the willingness of investors to take a chance with their savings in the hope of getting a satisfactory return. As I have already pointed out, there are at present some major handicaps in the capital market which tend to retard this flow of capital. But the underlying willingness and urge to provide the needed capital for an expanded economy is still present and, given the proper incentives, the economic system of the nation has yet sufficient scope for development and expansion backed by private capital and enterprise. It is essential that incentive should be there to gear up the productive process leading up to more employment and a rising standard of living. To obscure this clear path of the natural economic well-being of the people by ideological obsessions would be the height of folly at this stage. If the people want more employment and more goods and those at cheaper price, they must recognise that production must be speeded up and they must produce more to consume more.

A main cause of the present unsatisfactory state is the misconception that in the productive process there are only two factors that count, viz., Capital and Labour; not unoften is it based on the feeling that capital is an undiluted evil. Behind this conception, there is an unconcealed plea for the redistribution of wealth which, today, seems to be the raging passion. This, as it appears to me, is like putting the cart before the horse. That the production of wealth is the greatest desideratum at the present moment admits of no doubt. But in the practical approach to our economic problems, a section of the people seems to assign a higher priority to distribution than to production forgetting that if everyone desires to have a bigger slice of the cake, its size must first be increased. At the moment, all our energies must be pooled to produce more to bring the country thereby to a certain level of prosperity. It is only when we reach such a stage that we can sit together and think out the method and means of how to secure a just distribution of wealth for promoting social justice. The scope of distributive justice, it is to be recognised, has a certain well-defined limit in any given economic set-up and for our present state of production, we have already reached the limit.

It should, at the same time, be recognised that productive capacity alone does not assure either the prosperity of a nation or the well-being of its citizens: there must also be a willingness on the part of the various groups in the economic life to work together for common good. As it is, the absence of this willingness is obviously a cause for concern. Many of our current difficulties flow from the conflict as between various groups in the economic life which urge policies expressed in terms of special benefits to its own group, forgetting that this is contrary to the interest of the general public; and that no segment of the public can long remain prosperous unless all groups are prosperous.

In reality, the productive process has four parties to it, viz., the consumers, the workers, managerial personnel and technical experts, and the stock-holders, all of whom have claims to share in the fruits of enterprise.

Industrial progress, if it is to lead to the greatest good of the greatest number, should be operated for the benefit of all the four. Every one in the economic system has an ethical claim to a fair share. And apart from ethics, the continued existence and prosperity of business requires that all should benefit equitably and that the gains of business should not go all in one direction. In the past there have been instances of over-emphasising individual claims in favour of either *entrepreneurs* for their profits or stockholders for their dividends or labour for wages or even consumers in the form of reduced prices. The problem is to reconcile all these interests and distribute the gains of industry in such a way as to encourage investors to risk their money, enthuse managers to be bold and contribute to technological advance, create a contented labour force and minimise the burden on the consumer. At present, the issue is being fought as if it were a tug-of-war between two parties, viz., labour and management. The larger social implications and significance are being increasingly obscured. The whole question is so important for the future economy of the country that we should ensure greater attention for the larger and broader considerations explained above. And if that is done, the day may not be far off when all the four parties in the productive process, instead of being driven into mutually hostile camps, as at present, will be able to find a common meeting ground where each would try to understand the other, and the machinery of production would work unhampered and unobstructed. In the absence of such synthesis and harmony, increasing conflicts between economic groups are inevitable. The economic wastes and the political and social costs of this mounting group-warfare are enormous. Such conflicts must ultimately tend to undermine all our institutions, our entire national life, our economic progress and our aspirations to the greater prosperity of the people.

*Bande Mataram.*

## APPENDIX

## West Bengal Budget, 1950-51

(The figures are in thousands of rupees.)

			Budget, 1949-50.	Revised, 1949-50.	Budget, 1950-51.
<b>Receipts—</b>					
Opening Balance	..	..	3,65,33	10,19,18	3,54,02
Revenue Receipts	..	..	31,83,04	34,72,71	33,89,86
Receipts from Debt Heads	..	..	1,03,87,53	1,08,12,95	1,07,95,10
		<b>Total</b>	<b>1,39,35,90</b>	<b>1,53,04,84</b>	<b>1,45,38,98</b>
<b>Expenditure—</b>					
Revenue Expenditure	..	..	32,93,95	33,25,64	35,22,87
Capital Expenditure	..	..	13,16,16	13,06,56	14,91,12
Expenditure on Debt Heads	..	..	91,93,94	1,03,18,62	97,31,74
Closing Balance	..	..	1,31,85	3,54,02	-2,06,75
		<b>Total</b>	<b>1,39,35,90</b>	<b>1,53,04,84</b>	<b>1,45,38,98</b>
<b>Net Result—</b>					
Surplus (+)					
Deficit (-)					
(a) On Revenue Account	..	..	-1,10,91	+1,47,07	-1,33,01
(b) Outside Revenue Account	..	..	-1,22,57	-8,12,23	-4,27,76
(c) Net, excluding Opening Balance	..	..	-2,33,48	-6,65,16	-5,60,77

## Supplementary Estimates of Expenditure for 1950-51.

(Presented on the 29th September, 1950.)

**The Hon'ble Nalini Ranjan Sarker:** Sir, I rise to present before the House a statement of supplementary estimates of expenditure for the year 1950-51 under the provisions of Article 205 of the Constitution of India. I am aware that on many similar occasions in the past, the House had expressed its sense of grievance that by being called upon to accord its approval to these supplementary estimates at the *fait accompli* end of the year, it was only being asked to set its seal on a *fait accompli*. It is now provided in the Constitution that while all revenues received, loans raised and moneys received in repayment of loans shall form one consolidated fund to be entitled "the Consolidated Fund of West Bengal", no money out of the said consolidated fund shall be appropriated except in accordance with law passed by the House. Article 205 of the Constitution accordingly provides for the presentation of supplementary estimates of expenditure whenever the sums previously authorised to be expended on a particular service in the current financial year is found to be insufficient or when a need has arisen during the current financial year for expenditure on some new services not contemplated for that year. The supplementary estimates which I have the honour to present before the House do not, for the first time in the parliamentary history of the State, represent a request for post-factor authorisation of expenditure already incurred; through them the House is only asked to use its constitutional right to scrutinise the expenditure involved and I am asking for authorisation of the same by the House sufficiently before the amounts already authorised by it during the last budget session have been fully expended. This undoubtedly goes far in tightening the control of the House over the expenditure of the Government and I feel a natural satisfaction that it has been given to me to introduce this new procedure which is a great constitutional safeguard in the hands of this House.

The total amount covered by the present supplementary estimates is Rs 3,93,89,001, out of which Rs. 17,11,000 is for charged expenditure. Of the charged expenditure of Rs. 17,11,000, Rs. 15 lakhs represent payments in satisfaction of courts' decrees under "64—C—Preparation Payments" and Rs. 2 lakhs 11 thousand represent expenditure on Governor's Estates mainly on repair of damages to buildings in Darjeeling caused by the last cyclone. Under the voted items, Rs. 50 lakhs represent a new demand to provide for the establishment of a contingency fund of West Bengal to serve as an imprest for making advances as and when required for meeting emergent and unforeseen expenditure for which no budget provision exists. Such advances will in due course be recouped when the authority of the Legislature has been obtained to such expenditure. Rupees 1,10,00,000 represent provision on account of prepartition payments. The balance of Rs. 2,33,89,001 represents provision either for new service or for anticipated excess expenditure over original estimates.

The House will find that the largest demand under the heads of Revenue Expenditure is under "57—Miscellaneous Expenditure on Refugees". The provision under this head represents expenditure in connection with the dispersal of displaced college students from Calcutta with a view to relieving congestion in the educational institutions of the city. The entire expenditure on this account will be financed out of a loan specifically sanctioned by the Government of India for this purpose.

The next largest demand is under "29—Police". The provision is required for strengthening the police force both in Calcutta and in the districts to meet emergencies.

The demand for Rs. 42,20,000 under "50—Civil Works" represents additional cost of construction and repair works both in respect of buildings and communications. Out of this amount, over Rs. 21 lakhs represent cost of repairs of damage of roads, jhoras and buildings caused by the recent landslides and flood in Darjeeling and Jalpaiguri.

The demand of Rs. 2 lakhs under the new revenue head "54—A—Territorial and Political Pensions" is meant for payment of allowances to the relatives of the ex-Ruler of Cooch Behar and other members of his household which has since been declared by the Government of India to be a charge on the State. No provision was made for this purpose in the original budget on the assumption that such allowances would be payable by the Government of India.

The demand for Rs. 30 lakhs 7 thousand under the capital head "81—Capital Account of Civil Works outside the Revenue Account" is mainly for payment of certain outstanding claims in respect of tools and plants purchased last year for the use of the Works and Buildings Department which could not be paid for in that year on account of delay in settlement of suppliers' bills. It also includes the cost of construction of three roads in Cooch Behar, pending decision on the question of adjustment of charges against the pre-merger cash balance of Cooch Behar.

The demand of Rs. 20 lakhs 75 thousand under the head "Loans and Advances by the Provincial Government" is due to payment of new loans to certain municipalities and district boards to assist them in the execution of essential works and also for larger advances required to be made to cultivators as a result of recent natural calamities.

The demands under other heads are comparatively small and call for no comments. It will be noticed that a token grant of Re. 1 under the head "40—Agriculture" has been sought as the expenditure relates to a new service although that will be covered by re-appropriations from savings under that head.

The reasons for all the demands in the supplementary estimates have been set forth in the Explanatory Memorandum given under each head. The Hon'ble Ministers-in-charge of different departments will go into them more fully as each demand is moved.

With these words, Sir, I present the estimates of Supplementary Budget for 1950-51.

### **Presentation of Supplementary Estimates of Expenditure, 1950-51.**

*(Presented on the 5th March, 1951.)*

**The Hon'ble Dr. Bidhan Chandra Roy:** Sir, I move on behalf of the Finance Minister. I have been authorised by the Government to do so.

Sir, I beg to present before the House the second Supplementary Estimate of Expenditure for the current year. I want to make one point clear before the members of this House before I proceed further and that this is this. There was one estimate which was passed in September last year and the present estimates are merely estimates of expenditure—they

are not estimates of receipts and expenditure and on many occasions, as I shall just now show, the expenditure on one hand has been merely due to the fact that there is a reduction on another head on account of transference or otherwise.

Sir, the House will recall that in September last a Supplementary Estimate of Expenditure amounting to 3 crores 94 lakhs was passed by the House. The Supplementary Estimate now presented before the House is for further additional expenditure of a total amount of 2 crores 40 lakhs for the current year spread over several heads of account. Against the total supplementary demand of Rs. 6 crores 34 lakhs—3 crores 94 lakhs already voted by the Legislature in September last and 2 crores 40 lakhs included in the Supplementary Estimate now placed before the House—Rs. 2 crores 17 lakhs does not, however, represent any real excess as explained below. Rs. 50 lakhs represents the amount transferred to the Contingency Fund of the State; 56 lakhs 41 thousand is covered by corresponding receipt from the Government of India on account of dispersal of displaced college students from Calcutta and 69 thousand by receipts from the Central Silk Board; Rs. 6 lakhs provided under "50-Civil Works" for the purchase of a building in connection with the scheme of reorganisation of the Government Commercial Institute, Calcutta, is fully covered by an equivalent donation from a private party. Against 1 lakh 54 thousand on account of contributions to local bodies under the Acaptation Order, there will be an equivalent receipt under the appropriate head. Similarly, Rs. 50 thousand provided under "22—Interest on Debt and other obligations—Expenditure on displaced persons" will be fully covered by receipt of an equivalent amount. Rupees 9 lakhs 92 thousand under "22—Interest on Debt and other obligations" is due to a change of classification, there being a corresponding saving under "51A—Interest on Capital Outlay on Multipurpose River Schemes". Rupees 92 lakhs 48 thousand provided under "63—Extraordinary Charges in India" will be set-off by reduction of expenditure of an equivalent amount under the capital head "85A—Capital Outlay on Schemes of State-Trading". This transference is made every year on the finalisation of accounts.

The real extra demand therefore stands at Rs. 4 crores 17 lakhs. This also will be mostly covered by surrender of savings under several other heads as our total revised estimates of expenditure under Revenue, Capital and Debt heads works out at 54 crores 64 lakhs, including the Supplementary Estimates one of which has been passed and the other presented, as against 54 crores 39 lakhs provided in the original Budget as passed by the Legislature in March, 1950. The vote of the Legislature is necessary because there have been excesses under certain heads as indicated in the Supplementary Estimates even though they are almost covered by savings under other heads.

The demands under the Debt heads include 10½ lakhs for payment of advances to cultivators in addition to 20 lakhs provided in the original Budget and 20 lakhs 5 thousand provided in the Supplementary grant voted by the Legislature in September last on account of wide-spread distress caused by natural calamities.

The reasons for all the other demands have been set forth in detail in the Explanatory Memorandum given under each head.

The Hon'ble Ministers in charge of different departments will go into them more fully, if necessary, as each demand is moved.

**Speech by the Hon'ble .Nalini Ranjan Sarker, Finance Minister, in  
presenting the Budget for 1951-52.**

*(Presented on the 19th February, 1951.)*

Sir, I rise to present the Budget Estimates of the State of West Bengal for the financial year 1951-52. I have had the honour and privilege of preparing and presenting the first three financial plans of the State after freedom. These years, paradoxical as it may seem, had to bear the first great stresses of independence. Freedom came to us clothed in trial and travail; death and disaster dimmed its utility. We may have faltered at times but have not failed. If, in spite of the somewhat gloomy picture against which the Budget is set, I have still a note of cautious optimism to strike, it is because I have complete faith in the resiliency of our people who have breasted wave after wave of major disasters with exemplary and unquestioned fortitude. The sustaining power of the people has been ably backed by wise leadership which has earned for India international recognition. Personally I feel a sense of pride that it was given to me to play in my own humble way some part in the task of laying the foundation of a happy and prosperous State of West Bengal. It has not been an easy task. The prospect was dismal wherever you looked. Events—dire events—came pouring thick and fast and we were all but overwhelmed by their impact. Events at home and abroad, confused political developments in the neighbouring States, persisting unhappy relationship with the sister State of Pakistan, the spectre of a global war looming perilously over the horizon, and, above all, the mounting economic hardships of the people, despite the best efforts on the part of the Government, have all added up to a formidable score against us. If we have borne the handicap with grace, we deserve a place in the running.

In the midst of all this, the cruel hand of Death struck unmercifully. During the closing months of the year two dominant personalities, each in his own way, passed away—Sri Aurobindo and Sardar Patel. We in West Bengal have lived and grown in the political tradition set by Sri Aurobindo; for, in the beginning of this century, it was Sri Aurobindo who gave our nascent spirit of nationalism a new force and content and lifted it from the sphere of polemics to the lofty height of philosophy. The Swadeshi Movement, which, in fact, was the beginning of our fight for emancipation, claimed him as its master-mind and prophet. A person belonging to the class of seers and prophets could not remain confined within the narrow limits of politics, and later years saw him as a recluse deep in quiet meditation at his sanctum at Pondicherry, in quest of Life Divine. In his life and message we have witnessed the highest expression of the spiritual vitality of India, and I fervently hope that it may not take humanity long to realise that if the world were to be reclaimed from the slump in which it finds itself today, the message which Sri Aurobindo has left for mankind may yet serve as a pointer to a new approach.

The passing away of Sardar Vallabhbhai Patel was another stunning blow to the country. He was one of the main architects of our freedom, and after freedom was achieved, he held in his firm grip the main burden of administration, consolidating the loose structure which was India of the past. His statesmanship, firmness, strength of character and a fearless sense of realism made him an unfailing friend and counsellor to the whole nation. He was the greatest steady and stabilising force in the

country whose courage and imperturbability stood as a rock amid stresses of all kinds. In his death we, in West Bengal, have lost a valuable friend and guide who always stood by us in our needs with sympathy and understanding.

The year in retrospect does not unfold a cheerful story. Before the year was far advanced, the communal feeling in East Bengal, patched up but never really composed, again became seriously strained. Widespread disturbances took place across the border, which, as streams of refugees poured in, had their natural repercussion on this side also. Uprooting of a vast mass of population from one region to another is inevitably followed by tremendous social and psychological consequences; and at one time it looked as if the calamity would prove beyond repair. It was just in the nick of time that sober statesmanship on the part of the Prime Ministers of the two States called a halt, if it could not put a finish to this communal passion, hatred and madness. The Delhi Pact, signed on the 8th April, 1950, marks a new chapter in the relationship between the two sister States. The Pact has certainly created a congenial mental climate in both the countries where distrust, suspicion and lack of goodwill so long made any constructive approach extremely difficult. The atmosphere of goodwill created by the Pact has engendered a psychology of understanding and it is now being increasingly realised that both the countries can solve many of their outstanding problems by means of negotiations, discussions and a friendly approach. The Pact has undoubtedly come as a relief to the distracted minorities of both the countries; and the crisis of confidence which so ominously cast its shadow over a vast number of fear-stricken people seems to be slowly but gradually passing away. It will be a marvel if the Pact can succeed in bringing erring humanity to the right path; it will still remain a testimony to sober statesmanship, if it cannot.

The inauguration of the Planning Commission early last year was a step forward towards the co-ordination of various developmental projects, both immediate and long-term, of which quite a handful was under consideration of the Government of India. The Commission has for its task the formulation of an order of priorities according to the needs of the country and her resources, an objective study of the various schemes and fixing targets in different sectors of our economy. This is also expected to canalise properly the endeavours of Government and to avoid the risk of unplanned enterprise on a hit-or-miss basis. We have to remember that the task is to achieve the highest good from the lowest resources—by no means an easy problem. On the political front the appointment of Sir Owen Dixon as the mediator in the Kashmir dispute and the subsequent failure of his mission, as reported on the 31st August last, together with his practically naming of Pakistan as the aggressor, put a new complexion on that vexed problem.

On the international stage events moved fast. In the middle of the year, war broke out in Korea, and the United Nations got bogged in a war with perilous potentiality of extending beyond the borders of Korea and assuming global proportions. By October, Communist China was found to be deeply involved in the conflict on the side of North Korea and fortunes of war took such an ominous turn that the third world war seemed imminent; the Chinese invasion of Tibet and internal troubles in Nepal also caused serious anxiety to our leaders as both the countries are very close to our borders. The far-sighted and determined policy of our sagacious Prime Minister on the side of peace seems to be the only green patch in this otherwise grey picture. Under his leadership and inspiration the peace-front is gaining strength, and by his deft handling he has not only kept India out of international entanglements but also raised her

prestige in the counsels of the world. He is now recognised by a large section of world opinion as the last hope of a war-weary world, and the only person who can keep the temper of peace in the midst of a mad war-psychosis. It is a singular good fortune for us that as a compensation against the very heavy burden that the nation has been called upon to bear since freedom, we have had the privilege of having at the helm of our affairs a person of Sri Jawaharlal Nehru's stature.

India's economy continues to bear the scars of war and of the sweeping events of the post-war period. Of these, unquestionably, the partition of the country was the most outstanding, throwing, as it did, the entire economy of the country seriously out of joint. The disequilibrium thus caused called for far-reaching adjustments which must necessarily take time; but our progress towards such adjustments has been made all the more difficult, being sometimes slowed down and sometimes halted, by new stresses and strains, both internal and external. The sudden worsening in the communal situation in the two Bengals in the early part of 1950, followed by a spurt of large-scale trans-border migration and the complete deadlock in the trade relations between India and Pakistan almost throughout the year re-activated the manifold maladjustments created by partition. These caused new set-backs to our economy, especially in jute and cotton textile industries. While the influx of refugees created fresh problems of relief and rehabilitation, the state of uncertainty which prevailed near the Pakistan border affected our food production in these areas. It also created a psychological distemper which only added to the general confusion. The Korean war that followed, with its ups and downs and varying fortunes, the emergence of the Chinese Communists as active participants in the drama, the entanglements of United Nations forces—all added up to the looming spectre of the third world war. All this has in some respects reversed post-war economic trends and replaced buyers' by sellers' markets in certain commodities, *e.g.*, essential raw materials. The work of rehabilitation and reconstruction has thereby been rendered more difficult in countries like India and other backward countries which lack the economic resources and resilience of advanced countries like the United States of America and depend for development almost entirely upon conditions of peace. As the Second World War and particularly the post-war events have demonstrated, our economy is rather rigid and inelastic, and it does not respond to price changes through increase in employment and output. In such a condition war and high prices might again release forces of inflation in our country and our gain through increased production would, in such a case, tend heavily to be outweighed by the many dislocations and setbacks which such inflation would bring in its train.

In a backward country the most important limiting factors in economic progress are capital and trained personnel. Growth of capital depends upon the volume of new savings which the economy can provide, and forced savings through inflationary methods must be held out of court; for, the less developed a country is, the less is its capacity to absorb the dislocating effects of inflation. In the absence of a sufficient volume of internal savings, foreign capital may, of course, be of help, reducing the austerity burdens which would otherwise be thrown upon the home investors; but, as is well known, foreign capital, for various reasons, is rather a difficult proposition nowadays, and the larger military commitments of the United States of America and other advanced countries on account of the Korean conflict and its sinister future possibilities will set even narrower limits to the external help we could otherwise look forward to. The uncertainties inherent in a transitional economy reinforced by various

unfavourable influences communicated to our system from outside have thus generated some very powerful influences which have impeded our progress towards normalcy. Not an insignificant part in this drama has been played by such natural calamities as drought, flood, cyclone and earthquake which have not only taken a toll of precious human lives, but have upset many of our expectations, especially in the matter of food.

The past year affords another apt illustration of the inelastic nature of our economy which has failed once again to adjust itself by any bold leap forward to a new position of higher employment and output to meet the crying needs of an ill-nourished and ill-clad people. The net investment of capital in our industries in the past few years having been quite negligible particularly in the major industries, and production continuing to be expressed in terms of old installed capacities, there has been no big increase in any field to justify hopes of a higher standard of living for the people on a stable basis. According to the statistics of industrial production for the first half of 1950, 17 out of 26 major industries showed improvement on the corresponding figures for the previous year. These include coal which showed an increase of 4 per cent.; finished steel showing an increase of 4.1 per cent., cement 32.5 per cent., paper 3.9 per cent. and aluminium 13 per cent. Among lines of production in which there was a set-back were cotton yarn which declined by 14.2 per cent.; cloth declining by 4.3 per cent.; jute manufactures by 22.8 per cent.; sugar by 4.5 per cent.; matches by 4.1 per cent. and machine tools by 60.2 per cent. The general index of industrial production for the first 9 months of 1950 worked out to 104 approximately as compared with 106.3 in 1949 and 108.9 in 1948. An improvement in any field of production is no doubt highly welcome and a set-back, in the prevailing conditions of scarcity, is to be specially deplored; for, it accentuates suffering and frustration which are already great. From a long-period point of view, however, less significance attaches to these ups and downs in production within given installed capacities, which are almost inevitable, than to increases or decreases, such as through failure to replace worn out or obsolete machinery, in the installed capacities themselves. What is of larger moment, therefore, is the fact that we have till now failed to stimulate our production on the basis of a higher installed capacity. In certain fields, such as iron and steel, new capacity is being installed; but its effect on production is not yet perceptible and we still continue to move in the old rut. Any satisfaction that one might derive from the little increases here and there in any given year would be hardly well-grounded; and to know where we stand and what leeway we have to make up in production, so that a decent standard of living for the people might be sustained, we have but to look at the levels of output in other advanced countries and compare them with our own achievements.

Take, for example, the outposts of coal, steel and electricity, which are the basic requirements of all industrial development. We have an annual output of about 30 million tons in coal, 1.2 million tons in steel and 4.58 millions of k.w. hours in electricity. The position of England which has a population of roughly 5 crores as compared with ours of 34 crores, is as follows:—coal, 219 million tons; steel, 15.8 million tons; and electrical energy 49.10 million k.w. hours of energy. The United States of America, with a population of about 15 crores, *i.e.*, less than half our own population, produces an annual output of 590 million tons of coal, 80 million tons of steel and 344 million k.w. hours of electrical energy. Of course, it might not be possible for us to attain the output levels of these countries in the near future—firstly, because the difference is too great and, secondly, because our resources per head of the population are much less than those

of these countries. But poor as our resources are, they are not being exploited to the extent that would be necessary to give us even a minimum standard of living. And this is what must set all of us thinking and emphasise the need for corrective action.

In all schemes of expansion of production, labour must play a big part. It is therefore necessary that those who occupy positions of leadership in the labour organisations of the country, must consider the responsibility they carry in the matter, particularly in view of the fact that our labour population is mostly ignorant and illiterate. It is up to them to refrain from short-sighted policies or actions which might have the effect of reducing the productive power of industry, at least for the reason that such courses of action would sooner or later recoil upon labourers themselves. From this point of view, the labour situation in the country in the last year cannot but be viewed with concern. For, while the improvement in the labour situation noticed in the two earlier years continued during the first six or seven months of 1950, this favourable trend was interrupted by the biggest industrial strife in India's history which commenced on 14th August, 1950 in Bombay city and lasted for 2 months. The strike involved 95 per cent. of the city's 225,000 cotton textile workers and rendered 62 mills idle. By this ill-advised step the country is estimated to have lost at least 192.3 million yards of cloth, and 54.9 million pounds of yarn, while the workers lost Rs. 3.5 crores in wages. The strike also hit hard wholesale and retail traders who depended for their supplies on the affected mills, and the repercussions of the strike, direct as well as indirect, on consumers and producers, were felt far and wide.

Turning now from the industrial to the agricultural and raw material situation, the year under review brought us one of our greatest disappointments on the food front. The country's integrated programme for self-sufficiency in food, jute, cotton and sugar envisages complete self-sufficiency in food, cotton and sugar by the end of March, 1952, and achievement of self-sufficiency in jute to the extent of 82 per cent. of the target by that date. On the basis of the increased output of foodgrains expected under the self-sufficiency plan during 1950-51, the import target for foodgrains for 1950 was fixed at a low figure of 1.5 million tons, it being confidently hoped that imports of foodgrains would entirely stop after March, 1952, except for meeting any possible calamity, or for providing for any transference of land made in the national interest to other crops or for the building of a central reserve. A series of natural calamities and disasters, affecting large parts of the country, including Assam, Bihar, West Bengal, Madras, Uttar Pradesh and other States, upset the plans and brought the country face to face with a serious food situation. Ripening harvests were destroyed by floods in many States and even stores of foodgrains were washed away. Severe drought in Bihar, of a magnitude not known in living memory, affected also the coming harvest. The Assam earthquake converted the State having a sizeable surplus into a deficit State requiring considerable help from the Centre. Nearer home, the food situation became difficult, specially after June, in Birbhum, Cooch Behar, Jalpaiguri, West Dinajpur, Murshidabad and Nadia and the Government had to cut cereal rations temporarily in order to rush supplies to these areas. The *aus* crop was badly affected and those generally dependent on this crop for their requirements between July and October had to fall back on the *aman* crop resulting in reduced procurement by Government. Further, some 2 lakh acres of *aus* land had been diverted to jute cultivation, in accordance with the country's integrated agricultural plan, resulting in a loss of some 74,000 tons of rice. The influx of a large number of refugees from East Bengal further reduced Government stocks. Over and above

all this, large blocks of paddy land, mostly *aus*, were lying uncultivated near the Pakistan border due to the state of uncertainty prevailing there during the best part of the cultivating season. The loss of foodgrains due to this factor was estimated at several thousand tons. Much of this land was, however, later brought under the cultivation. The over-all position was that while the Government's commitments increased during the year, their total resources declined. The estimated total loss of *kharif* and *rabi* crops in 1950-51 in India as a whole on account of floods, drought, earthquake, etc., was nearly 6 million tons which represents nearly 14 per cent. of the annual production of the country and food for 46 million people. All these disastrous events naturally reduced contribution to the central pool from the surplus States which in turn meant raising of the import target. From July onward the target had to be raised again and again and it had reached in November the neighbourhood of 3.1 million tons.

The basic fact in the food situation is the uneven race between requirements and supply. While India's food position was difficult enough before partition, it was made more difficult by it as we were left with relatively more people than food-growing lands. Subsequent events have further accentuated the situation, as growth of internal food resources has not kept pace with growth in population. The yield from short-term "Grow More Food" projects, inadequate as it has been, has been largely neutralised by losses due to drought or flood or some other unfavourable circumstances and our total production being less than total requirements, such increased production has hardly made itself felt.

From the long-term point of view, however, there is ample justification for a feeling of reassurance regarding our food position. The country has already 257 irrigation schemes, likely to cost a total sum of 1,900 crores, which are expected to be completed in the next 15 years. Of these, 135 schemes, estimated to cost about 590 crores, are under construction in different parts of the country including 12 major projects costing over 10 crores each and 439 crores in all. It has been estimated that a period of 6 to 10 years will be necessary to complete these projects and a few more years for irrigation to be developed fully. It is expected that by 1959-60, these schemes will irrigate 9.2 million acres of land yielding 3.1 million tons of additional food and 910,000 k.w. of power. Ultimately these figures will rise to 12.9 million acres, 4.3 million tons of food and 1,996,000 k.w. of power.

The last year saw one of the severest crisis in cotton and raw jute. Our trouble in respect of both these commodities goes back to the partition of the country which gave Pakistan nearly 78 per cent. of the total acreage under jute and 30 per cent. under raw cotton—60 per cent. if long and medium staple varieties alone are considered. The jute industry was left in a particularly unhappy position not only because the extent of dependence on Pakistan was larger but also because of the absence of any alternative source of supply. Pakistan took full advantage of her position. A heavy duty was imposed on jute exported to India. The despatches to India were also most inadequate and irregular. This had compelled the Indian mills even before devaluation to work short hours and seal off a certain percentage of their looms. After devaluation the position fast developed into a crisis, and arrivals of jute from Pakistan practically ceased. Even such jute as India had purchased in Pakistan before devaluation and had fully paid for, as well as Indian jute in transit through East Bengal from Assam, were held up on one pretext or the other. A Trade Agreement concluded between the two countries on April 21, 1950, providing for a balanced exchange of commodities, eased the position somewhat temporarily but the scope of the Agreement was very limited as it was to last only until the 31st July, 1950,

and the amount of raw jute India was to get under it was only 8 lakh bales. The Agreement was extended to the 30th September, 1950, in order to enable Pakistan to complete her delivery of jute.

To meet the crisis in the supply of raw jute the Government both at the Centre and in the State took a number of measures including the fixation of minimum price of raw jute as well as the export price of jute manufactures, while the export of raw jute was learned altogether. These measures had an immediate salutary effect. Competitive buying of raw jute which was in short supply relatively to demand was sought to be eliminated by the setting up of a new purchase machinery under the auspices of the Indian Jute Mills Association, viz., the Central Jute Disposals Section, which was to collect all available jute in central pool and distribute it therefrom among the mills according to requirements. Individual mills were forbidden to buy jute independently under a penalty of Rs. 3 per maund of jute. The scheme however did not work as well as was expected and there were several cases of ignoring of the authority of the Central Jute Disposals Section. The outbreak of the Korean war in June last further complicated the situation and entirely changed the perspective. The possibility of a widening of the arena of conflict started a scramble in many parts of the world specially in the United States of America, for essential raw materials and also for some finished products, including jute goods, and there was a growing divergence between the prices at which jute goods were being actually taken up by the American buyers and the landed cost of these goods on the basis of the controlled selling price. This led to a widespread speculation both in raw material and in finished goods and loss of valuable dollar exchange to the country. The Government of India had therefore to raise the export duty on hessian, which is the variety mainly consumed in America, at first from Rs. 350 to Rs. 750 per ton in October last and then again from Rs. 750 to Rs. 1,500 per ton in November last. The export duty on sacking was also raised to some extent. The West Bengal Government set up a Central Jute Board in December last as the earlier attempt of the Indian Jute Mills Association in this direction had proved unsuccessful and this has had the effect of restoring some sort of stability in this important sector of our industry and stopping clandestine dealings in both the raw material and the finished product. A favourable Indian Jute crop has been of no little assistance to us in this critical situation and it is hoped that a system of efficient procurement and distribution of the current Indian crop will enable the industry to carry on on the present basis of output until a satisfactory solution of the Indo-Pakistan deadlock is reached or India goes nearer self-sufficiency in jute next year. It may be mentioned in this connection that India's drive for self-sufficiency in jute is making steady headway. The total Indian output of about 15 lakh bales in 1947-48 rose to 20.55 lakh bales in 1948-49. The final forecast for the 1949-50 crop placed the area under the jute crop at 11.58 lakhs acres and the yield at 31.17 lakh bales. The latest official estimates put Indian jute production in 1950-51 at 4.15 million bales, showing an increase of 1 million bales over last year's figures. The production of mesta and other fibres is expected to yield 350,000 bales.

Last year, import of raw cotton from Pakistan was completely cut off as a result of the deadlock over devaluation. It may be mentioned that in the pre-partition days Pakistan cotton accounted for 30 per cent. of the total East Indian cotton consumed by the Indian mills. Under the Indo-Pakistan Trade Agreement of 1948-49, India secured from Pakistan 650,000 bales of raw cotton against her requirements of 900,000 bales. The Trade Agreement of 1949-50 provided for a supply of 450,000 bales. Under the circumstances the entire stoppage of the supply of Pakistan

cotton created a very serious situation for the Indian mills many of which were forced to work short hours while some closed down temporarily. India had therefore to go in for more costly overseas cotton and the Government of India, at the cost of valuable foreign exchange, licensed freely import of such cotton from most soft currency areas and also certain categories of United States cotton. Goods manufactured from such high-priced cotton would hit the consumers at home very hard, and would meet with considerable resistance from markets abroad. It is therefore a matter of vital importance to us to attain self-sufficiency in respect of this important raw material, at least in respect of those varieties which we used to import from Pakistan. Similar arguments apply to jute as well. It is against such a background of wider economic interest that we should view the recent Government policy of diverting some amount of land from foodgrains to either jute or cotton. By such diversion of food-growing land either to jute or cotton, a certain amount of foodgrain is no doubt lost to the country, but if the earnings from increased cotton or jute are much greater than the loss due to food, such diversion would stand well justified. The objective of self-sufficiency in food is not to be side-tracked, however, in any case, but one should not over-stress what is good for the nation in one sector of the economy to the neglect of what is good in other sectors. The right course for us would be to pursue a policy which would achieve self-sufficiency in food, jute and cotton on an integrated basis within the shortest possible time, and some variations of emphasis from one of these commodities to the other, for a temporary period, are not incompatible with the over-all objective itself, provided that there are good economic advantages to be derived from such variations. This is what we are doing at present, and, I think, we are moving along right lines.

The importance of attaining self-sufficiency in raw materials has been once again underlined by events following the outbreak of the Korean hostilities. Stock-piling of strategic materials by the United States of America and other nations has seriously affected a number of our industries which have faced an almost complete stoppage during the last six or eight months of supplies of a variety of industrial raw materials including non-ferrous metals and chemicals. India's quota of steel imports has also been affected by mounting prices and non-availability of the commodity in supplying countries like Britain, the United States of America and Belgium due to their rearmament programme after the Korean war.

In the above setting of a more or less stationary industrial production, huge food losses as well as scarcity of important raw materials, not much improvement could in any case be expected in the price situation. The general price index rose from 384.7 to 410.9 between January, 1950, and November, 1950, thus registering an increase of nearly 7 per cent. The largest increases were recorded in miscellaneous, industrial raw materials and food groups. In these sectors the increases of price between September, 1949, and September, 1950, *i.e.*, over a period of one year since devaluation, were as follows:—food articles, 6.8 per cent.; industrial raw materials, 10.4 per cent.; and miscellaneous group of articles, 39.0 per cent. The increase in the general price index was 5.8 per cent. The Bombay cost of living index moved up from 294 in January, 1950, to 308 in September, 1950, *i.e.*, by nearly 5 per cent. In West Bengal the working class cost of living index rose from 134 to 141 between January and August, 1950, *i.e.*, by about 5 per cent. Of the total price increase during the last year, the larger part has occurred since July, 1950, that is, after the outbreak of the Korean war when the price index rose by a sudden spurt from 395.6 to 405.2 in course of one month. In view of the uncertain situation created

by the Korean war, and the increasing trend of the price-level, the Parliament vested in the Centre on August 12, 1950, powers to make laws, for a period of one year, on two subjects falling in the States' list, *viz.*, (i) trade and commerce within a State, and (ii) production, supply and distribution of goods. This was followed up on August 14, 1950, by the enactment of the Essential Supplies (Temporary Powers) Amendment Act, which prescribed heavy penalties for hoarding essential goods including food-grains and textiles. The Central Government also took powers to fix the maximum prices of essential commodities on the basis of the prices prevailing on the 15th June, 1950, under the Supply and Prices of Goods Ordinance, 1950. The Ordinance was replaced by an Act in December last in view of the continuing high trend of prices. Two other measures which helped Government in tackling the price and supply problems were the Preventive Detention Act and the liberalisation of imports of selected commodities.

Rise in the price-level in the last year was thus mainly the result of the difficult supply position in respect of various commodities and the inflationary forces released by the Korean war. Deficit financing which used to be the most important single factor in this respect in the earlier period continues to play a part, though, happily, a minor part now-a-days, thanks to the various rigorous measures of economy adopted by Central and State Governments.

The striking improvement in the balance of payments position was a notable feature of the financial situation during the year. The improvement has been due largely to the devaluation of the Indian rupee effective from 18th September, 1949, but the new policy of import restriction introduced in May, 1949, which was further tightened up in conformity with the decisions taken at the Commonwealth Finance Ministers' Conference in July, 1949, contributed not a little to the change. The result has been that in place of a deficit of 248.8 crores in India's balance of payments in relation to all countries except Pakistan during the period of one year from October, 1948, to September, 1949, there was a credit balance in India's favour of 65.9 crores in the corresponding period in 1949-50, that is, between October, 1949, and September, 1950. The sterling holdings of the Reserve Bank of India which had been falling continuously for three years prior to devaluation started on a positive trend and the net gain of foreign assets to the Bank totalled 29.98 crores in the twelve months ended September, 1950. This favourable balance in our trade position is no doubt a very welcome sign of returning health to our economy; but a surplus trade balance has also a certain amount of inflationary significance which should not be overlooked.

A reference may be made in this connection to the recently announced Six-Year Development Plan of India for integrated development in Agriculture, Transport and Communications, Fuel and Power, Industry and Mining, and lastly, Social Capital. The Plan is estimated to cost 1,840 crores over the entire period of six years. Of the total cost, 1,030 crores is expected to become available from internal sources and 810 crores is the order of the external finance that is needed. The internal sources include current revenues of Central and State Governments, surpluses of State-owned enterprises, proceeds of railway depreciation fund and public loans. The estimates are largely based upon expectations of economy in public expenditure which can be true, if at all, only within margins of error. This underlines the fact that apart from foreign capital, the limiting factor in our economic development is going to be the growth of genuine savings within the country itself. The evil effects of development through inflation, even if such a thing were possible, greatly outweigh its benefits.

As the Colombo Plan points out, the present rate of home-financed investment is about 2½ per cent. of the national income. In some advanced countries, this figure is as high as 20 per cent., and in most advanced countries it is as much as five times the Indian figure. The Six-Year Development Plan envisages that at the end of the six-year period, internal savings available for investment will amount to 4 to 4½ per cent. of the national income. Even this rate would be much below what is necessary for a substantial rise in the standard of living. This brings in the question of foreign capital; for, to the extent that we are able to secure capital from abroad the deficiency in internal savings would be mitigated. Foreign capital is not, however, as already stated, as easily available nowadays as it used to be previously. Even the moderate Six-Year Development Plan, as we have seen, involves the use of foreign capital to the extent of 810 crores. India has already received a few loans from the World Bank and the Monetary Fund, and some assistance under Point Four Programme of President Truman now seems assured. Even if the requirements of foreign capital under the Six-Year Development Plan which relates to the public sector only are fully met, there will remain the not less extensive demands for development in the vast private sector. For the requirements in this sector, we must secure the co-operation of private individuals and bodies.

Our present situation in some respects presents the aspect of a vicious circle. Economic development is hindered by the lack of capital and growth of capital is hindered by the lack of economic development. Once, however, the vicious circle is broken, and development is given a great forward push, whether with the help of increased internal savings or with the help of foreign capital, the movement will gather momentum and further development will be easier. Because, the more we develop the more will be the volume of internal savings.

To encourage internal savings the Government at the Centre has already offered a number of incentives, such as relief in direct taxation. It takes some time, however, for any new policy to bear fruit, and a full mobilisation of internal savings at an early date may be confidently looked forward to. Even assuming, however, that internal savings will take place at the full rate compatible with our present economic position, they will still fall short of our requirement; and to this extent we require the help of foreign capital.

In spite of several important concessions offered to foreign investors, the flow of foreign investments into India has been extremely meagre. It may be pointed out that some of the concessions, such as the one with regard to repatriation, does not obtain in many other countries. The full current earnings of all foreign enterprises may be freely remitted abroad under the existing exchange control regulations. Even investments from hard sterling areas, and investors from these areas are allowed to repatriate in full not only the original capital invested in approved projects after 1st January, 1950, but also profits ploughed back into business. The full response to all these concessions cannot yet be visualised. From July, 1948, to December, 1949, however, British businessmen invested in India only 611 lakhs of new capital and a further 23 lakhs only during the next six months, *i.e.*, from January to June, 1950. Remittances to the extent of only 17 lakhs were received from Canada, 1 lakh from the United States of America and 1 lakh from Hongkong. One reason for this lack of response may be the existence of more profitable channels of investment in the home countries themselves. Whatever the reason, if adequate amount of foreign capital is not forthcoming, the burden of our economic development must greatly increase, and in that case the pattern of our trade relations with

other countries must change. This will neither promote the objectives of multi-lateral trade which the International Trade Organisation has in view nor further the interests of those countries which seek stable and growing trade contacts with us. We shall also be losers; for, not only will the burden of development increase, but the time taken for such development will be longer.

Capital, whether indigenous or foreign, is not, however, an end in itself, but a means to an end. Available capital resources, internal as well as external, have to be employed in the production of greater wealth in accordance with an over-all plan which takes adequate account of both short-term and long-term requirements of the country. The basic fact in our present economic situation is the lack of a proper balance between agriculture and industry. So long as 70 per cent. or so of the people remain tied to a stationary agriculture, it would be futile to look forward to any improvement in the general standard of living of the people. It is a fairly established generalisation that the smaller the relative importance of agriculture as a field of employment, the higher is the living standard. As agriculture is more and more rationalised, fewer hands are needed to produce the same or even larger output, thus releasing man-power for industrial production or other gainful pursuits. Backward agriculture ties down too many people, and too much land, to the production of basic food cereals; more rational methods will release both man-power and land for production of more remunerative commercial crops.

Economic planning in India and the task of raising the standard of living of the masses must be broad-based upon a rationalised and efficient agriculture. Such an improved agriculture will, however, require simultaneous development of industries, both large and small, for altogether fewer people being required on land, opportunities must be created beforehand for the absorption of these people in industries. In the absence of such a co-ordinated development of both agriculture and industry, development of the one without the development of the other will only create new problems for the country.

The backwardness of our agriculture is reflected in the extremely low yields of our cultivated land. Thus one acre of land in India produces only a third of the rice produced in Japan, or a third of the cotton in the United States of America or a third of the wheat in England. To put the problem pithily in the language of a recent shrewd observer: "If land could be made as productive as in Japan or England, there would be no more risk of revolution, no more difficulties with balance of payments, no more grinding poverty. If India's annual 60 million tons of food could become 74, if its 3,000,000 bales of cotton and of jute could each become five, rationing, budgetary limitations upon development and the susceptibility to economic pressure from Pakistan would be all swept away in a great economic renaissance."

One of the bright patches in the economic situation last year was the condition of the capital markets, which maintained the strength they have steadily gained since July, 1949. In part, this reflected the upward trend noticeable in most countries. The fact that the American recession of early 1949 proved to be much milder and of much shorter duration than had been feared has been largely responsible for injecting a better sentiment in stock markets all over the world. Among other factors which helped the improved tone in India may be mentioned the devaluation of the currency, the concessions in the matter, of income-tax, the withdrawal of statutory limitation of dividends, a steady increase in the country's export trade leading to an increase in the Reserve Bank of India's holdings of

sterling assets, and last but not the least, the outbreak of the Korean war with all its inflationary implications. The abolition of paper control on June 25, 1950, the removal from next month of the ban on the export of coarse and medium cloth and the upward revision of the prices of steel and cloth also acted as bullish factors. The result has been that the Reserve Bank of India's Index of Variable Dividend Industries Securities moved up from 117.9 in December, 1949, to 125.1 in the last week of November, 1950.

Another notable feature of the capital markets last year has been the firmer tone of the equities as compared with the gilt-edged. While equities steadily appreciated, the gilt-edged securities remained more or less quiet, and there was a small rise in the yield of the 3 per cent. Paper from 3.06 per cent. in December, 1949, to 3.16 per cent. in November, 1950. One reason for the easier tone of gilt-edged securities has been the lack of buying support from the Reserve Bank of India, possibly as a part of its anti-inflationary policy.

The better tone of the capital market is, however, not yet fully established on a stable basis, and professional activity still remains the mainstay of the market. Moreover, recent trends have to be viewed against the background of the rather surcharged international situation, and one must not overlook the inflationary potential of such a situation. Under the circumstances, the behaviour of the stock exchanges need careful watching so that speculative activity does not again get out of control as it did a few years ago.

Not only in India, but also elsewhere in Asia, Europe, America and Australia post-war economic systems have had unprecedented calls upon them to provide more and better food for the people, as well as more cloth, shelter, medicines, educational facilities and amenities of various other types. All this is quite reasonable, and it should be the goal of every enlightened economic policy to meet these calls. But the best and the most enduring way of doing so is to broaden the basic capital equipment of the country from which all these benefits are eventually to follow. In consumers' democracies, the claims of immediate consumption often get priority over the need for creating new savings which are necessary for ensuring future consumption, whether at the same or at an increased rate. Increased demands upon national wealth for consumption purposes, or at least for purposes which do not lead to the creation of capital, have also come in recent years, as never before, from the State itself, through expansion of its welfare activities. In a poor economy like ours, more money for purposes of consumption must mean less money for saving and capital formation. Only a highly developed and progressive economy like that of the United States of America, which works through a constant increase in the productivity of labour and capital and other technological improvements in production, can possibly meet both the ends of increased consumption and increased capital creation simultaneously. Taking the democratic world as a whole, there has been in recent years a large shift of income from saving to consumption so that the democracies as a whole are possibly creating at present less new capital than would be necessary to maintain their economic positions, not to speak of effecting improvement in the same. If this process goes on, the whole democratic way of life will be sooner or later in danger. In totalitarian countries where consumers have no voice in the Government, a dictator at the head of the nation decides the necessary proportion between saving and consumption, and the economy can thus always maintain itself, whatever be its cost to the community in the way of loss of consumer preference and of civil and political liberties. In democratic countries, on the other hand, as already pointed out claims on

consumption often get priority and even minimum savings for maintaining capital intact are sometimes neglected. This brings us to the real dilemma of the welfare state which seeks to provide more and more amenities to the people but starves the sources from which the amenities are to come. This is a policy which contradicts itself and much sooner or later end in frustration. Only that welfare state would endure in the long run which supports its welfare activities upon the increased savings of the community.

The need for creating new savings brings us to the question as to wherefrom these savings are to come. There are, as a matter of fact, three groups of savers: the Government, the institutional savers like the joint-stock companies and the public. The savings of the Government have been quite insufficient, as past experience shows, even for the purpose of development in the public sector, and have had to be supplemented by the issue of public loan, that is, by recourse to the savings of the other groups. Institutional savers also are more or less in the same position and they cannot finance all their new schemes of development out of their reserves, and have occasionally to float new capital issues for the purpose. All this shows that any substantial economic development, and specially development along new lines, must depend predominantly upon the savings of the third group, that is, the individual savers. This fact has an important lesson for us all, which is that the springs of savings in the country must be kept free, otherwise enough savings will not be forthcoming which would be necessary to finance new developments in industry and agriculture, in trade and commerce.

As the total employment in a country depends upon the opportunities that exist, or are created, for wealth production, it is no wonder that our backwardness in economic development is accompanied by a large volume of unemployment. While no exact statistics are available about the number of the unemployed in the country, some idea can be formed about the unhappy state of affairs in this respect from the registrations in the various employment exchanges, which show that the number of people seeking jobs through these exchanges has been steadily increasing. A partial explanation for this may lie in the fact that perhaps more people think it worthwhile nowadays to utilise the services of these exchanges than used to be the case previously but this can hardly be the whole explanation. There can be little doubt that in the last two years or so, the over-all employment position in the country has worsened. One important contributory factor towards this, in so far as our own State is concerned, has been the influx of a large number of refugees from East Bengal who have joined the others in the State searching for jobs. What makes the problem all the more difficult, and gives it a more tragic aspect, is the extent of unemployment among the middle-class educated youth, that is among people who find that the long years they had spent in the schools or in the colleges have not after all fitted them for earning their living. In the city of Calcutta alone it will be found that at any given time there are far more young men seeking jobs, specially clerical jobs, than the offices are able to provide. For, jobs, whether clerical or otherwise, can increase in number only when there is more work for the offices or the firms to do. The huge waste of national wealth which is involved in all these idle human resources is often overlooked because the waste is of potential wealth, and not of wealth already created; but that does not make the loss less real or less grievous. In a country in which mineral, agricultural and power resources are yet largely unexploited, unemployment can only mean that the people as a whole are not taking the full advantage of the opportunities that lie before them. Creation of wealth through the development of large-scale industries or the execution of big projects like the multi-purpose

projects depends upon the decision of industrialists or of Government, and this in turn depends upon a number of factors such as the investment outlook, the state of public finances, taxation policy and so forth. While development along these lines must be pressed forward with full vigour, and is, indeed, a condition of maximising employment and standard of living, there is a large field in which even small people, including the unemployed, can help themselves and others and engage in useful productive work. The effect of such individual efforts on employment and output would be also quicker. More over in view of our known deficiency in capital resources, the employment potential of such development, as is envisaged in the next few years in the sphere of large-scale enterprise including the execution of the multi-purpose projects, would not be so great as to absorb all our surplus labour. For this reason also greater attention must be paid than before the creation of wealth on individual, family or small-scale basis. In the field of scientific farming, cottage industries and processing of raw materials, opportunities await the small man which must be fully utilised. Young men of our country often show a strong aversion to trades or callings involving manual work or hard labour, and are too easily attracted to clerical or white-collar jobs. This attitude of mind is unhealthy; and it does good neither to them nor to the country. The number of jobs in Government or in mercantile offices must in any case be limited; and although they may have special attraction for some, the opportunities they offer for betterment of one's economic position cannot be so many nor so great as the opportunities which await enterprising and intelligent people in the field of direct production. The field of individual or small-scale enterprise in production, as just stated, is quite extensive, and the opportunities that lie in this field should be neither overlooked nor minimised. The Government, both at the Centre and in the States, has in recent years paid increasing attention to the provision of facilities whereby young men may learn a craft or a technical process and has established for the purpose of training centres at various places. All these facilities are there for enterprising young men to make the most of them. These training centres also help the young men to discover their latent aptitudes, so that they may later on take up that job for which their temperament and background make them most suitable. This would eliminate or minimise the chances of wastage of man-power through misdirected applications of energy and skill. In western countries various techniques and methods are used for this sort of vocational guidance, which can be emulated here with much benefit to ourselves. Vocational guidance does not, however, create new employment; new opportunities for employment must come, as already stated, from creation of wealth. The same remark applies to employment exchanges which, by rationalising methods of recruitment, equate the demand for and the supply of labour. The training facilities about which I have spoken would not only enable young men, if they so desired, to set up in life on their own account, but increase their suitability for employment in industries. They constitute, therefore, an important step towards the solution of our problem of unemployment.

#### *Estimates.*

I will now discuss the Budget Estimates for the coming year together with the Revised Estimates for the current year.

#### THE YEAR 1950-51.

The opening balance of the year 1950-51 which according to the estimates presented last year was 3 crores 54 lakhs actually improved to 11 crores 9 lakhs. This improvement of 7 crores 55 lakhs represents improvements in the financial results of the year 1949-50 and is due to increase in

that year of 2 crores 29 lakhs in net receipts under civil and other deposits, saving in capital expenditure in that year of 4 crores, 10 lakhs and to an actual revenue surplus in that year of 2 crores 63 lakhs as against 1 crore 47 lakhs as anticipated in the Revised. The saving in capital expenditure is composed of a saving of 1 crore 21 lakhs under state trading, a saving of 96 lakhs under rehabilitation of displaced persons, a saving of 95 lakhs under Kanchrapara area development scheme, a saving of 43 lakhs under development of provincial roads, a saving of 33 lakhs under road transport scheme, a saving of 5 lakhs under Mayurakshi project, and a saving of 17 lakhs under other schemes.

#### *Revenue Receipts.*

According to the Revised Estimates, the year 1950-51 shows a revenue deficit of 4 crores 99 lakhs as against a revenue deficit of 1 crore 33 lakhs anticipated in the Budget Estimates.

The total revenue receipts have improved from 33 crores 90 lakhs to 34 crores 68 lakhs. There is an improvement of 1 crore 17 lakhs under three principal heads of revenue, viz., 75 lakhs under Sales Tax, 15 lakhs under Motor Spirit Sales Tax and 27 lakhs under Stamps. The other heads under which there has been appreciable rise are Education, 7 lakhs; and Industries, 34 lakhs. The increase under Education is due to a donation of 6 lakhs for the Commercial Institute and sale of Government primer "*Kishalaya*" and that under Industries is due to sale of accumulated stock of quinine to the public and to two London firms.

The increases are partly offset by a decrease of 15 lakhs under Betting Tax, the rate of which has recently been reduced to counteract illegal gambling, 5 lakhs under Raw Jute Tax, 7 lakhs under Civil Works on account of transfer of a smaller sum from Central Road Fund Account and 25 lakhs under Miscellaneous on account of adjustment of an item under another head. Smaller receipts of 16 lakhs on account of Food Procurement Bonus and of 10 lakhs under Miscellaneous Receipts further offset the increases.

Jute Duty which now represents a fixed grant of 105 lakhs from the Centre has been included under the head Grants-in-aid from Central Government by transfer from Customs. 12 lakhs on account of grant payable by the Government of India to abridge the revenue gap in respect of the merged state of Cooch Behar has also been included under the said head.

#### *Revenue Expenditure.*

The total revenue expenditure for the current year is 39 crores 67 lakhs according to the Revised Estimates as against 35 crores 23 lakhs according to the Budget Estimates. Thus the revenue expenditure has increased by 4 crores 44 lakhs. The largest increase is under Extraordinary Charges in India amounting to 92 lakhs. This is mainly on account of contribution from revenues to meet an unanticipated loss on the sale of wheat and wheat-products in the trading accounts of the Food Department and on account of arrear loss for supply of foodstuff to Government servants at concession rates for the year 1949-50 which was not adjusted in the accounts of that year.

There is an increase of 65 lakhs under the head Miscellaneous mainly due to adjustment under this head of the allocation of 50 lakhs to the Contingency Fund of West Bengal, larger expenditure on West Bengal National Volunteer Force, increased expenditure on dearness grants to local bodies

and expenditure in connection with communal riots. There is an increase of 75 lakhs under the head Expenditure on displaced persons mainly due to expenditure in connection with the scheme of dispersal of students from Calcutta for which there was no provision in the Budget. The scheme is being financed out of a loan granted by the Government of India. Employment of additional battalions of police force, employment of Bihar military police in Calcutta and the districts, etc., to cope with emergent situations account for an increase of 59 lakhs. An increase of 51 lakhs is due to payment of the pre-partition claims of contractors in West Bengal. Repairs to damages caused by flood and land-slides to roads and buildings in the northern districts and an increased expenditure on buildings in connection with development projects have resulted in an increase of 52 lakhs under Civil Works. Small increases spread over other heads also contribute to the total increase in revenue expenditure.

#### *Capital Expenditure.*

The provision for capital expenditure during the current year is 8 crores 72 lakhs according to the Revised Estimates as against 14 crores 91 lakhs in the Budget Estimates. The provision for capital expenditure includes provision for productive development schemes including the Damodar Valley project and Mayurakshi project, provision for state trading schemes and provision for capital expenditure for displaced persons. The details of variation under individual items will be found in the booklet showing the progress of development schemes and the Red Book circulated in the House.

#### *Debt Heads.*

Under this head are recorded the transactions in regard to the loans taken by the State Government, the State Provident Funds, deposits and advances of various nature, including deposits of the civil, revenue and criminal courts, deposits of the local bodies, loans and advances by the State Government, etc.

Excluding the four heads, *viz.* Treasury Bills (in which the surplus cash balance is temporarily invested), Cash Credit Advance from the Imperial Bank of India (for financing purchase of food), Loans from Central Government and Loans and Advances by the State Government, the receipts and disbursements in the Revised Estimates almost balance each other.

The Revised Estimate of loans from the Central Government is 10 crores 60 lakhs against 12 crores 84 lakhs provided for in the Budget Estimates. The drop is due to curtailment of loans by 73 lakhs in the case of the Damodar Valley project and 50 lakhs in the case of the Mayurakshi project as well as to decrease of 1 crore in the amount of loan required for relief and rehabilitation of displaced persons.

#### THE YEAR 1951-52.

##### *Revenue Receipts.*

The Budget Estimates of revenue receipts for the year 1951-52 show a decline of 63 lakhs as compared with the Revised Estimates of revenue receipts for the current year. There is a fall of 34 lakhs under Taxes on Income, 16 lakhs under Agriculture, 18 lakhs under Industries, 20 lakhs

under Civil Works and 23 lakhs under Miscellaneous. There is on the other hand an improvement of 9 lakhs under Excise, 7 lakhs under Forest, 25 lakhs under Sales Tax and 10 lakhs under Motor Spirit Sales Tax.

The estimates under Taxes on Income are based on the forecast communicated by the Government of India.

The decrease under Agriculture is due mainly to omission of the provision for food procurement bonus in the absence of an estimate of the amount likely to be received from the Government of India next year while that under Civil Works is due to abolition of the surcharge collected on the sale of rice and paddy for improvement of village roads in the procurement areas as well as to smaller receipt from Central Road Fund.

Reduced sale of quinine to the London firms and omission of the receipt from food procurement bonus account for the decrease under Industries.

The decrease under Miscellaneous is mainly due to smaller receipts under the *bargadar* scheme and smaller recovery of the cost of preparation of electoral rolls for the Central Legislature under the new Constitution. Under the *bargadar* scheme the initial cost of cultivation of lands of absentee owners allotted to displaced cultivators from East Bengal is met by Government. The produce is divided into three equal parts—one-third goes to Government in reimbursement of the cost of cultivation initially met by it and is on realisation credited to this head; another one-third is also collected by Government and kept in deposit under a Debt head to be paid to the owner on his return; the remaining one-third is retained by the cultivator. Anticipated restoration of lands to absentee owners on their return next year accounts for smaller receipts under this head.

#### *Revenue Expenditure.*

The Budget Estimates of revenue expenditure for the year 1951-52 is 38 crores 81 lakhs as against 39 crores 67 lakhs being the Revised Estimates for the current year. The decrease of 86 lakhs is the net result of increases occurring over certain heads and decreases occurring over certain others.

Larger provision for development scheme including peace-time fire service accounts for an increase of 54 lakhs. Intensive food production schemes account for an increase of 4 lakhs. General elections to be held next year account for an increase of 48 lakhs. Increase of 10 lakhs is due to a scheme for introduction of compulsory primary education in certain rural areas. An increase of 10 lakhs is due to the provision for payment of the first instalment of a Government contribution to the Calcutta Corporation towards expenditure on the Kulti outfall scheme for proper disposal of sewerage of Calcutta. Besides, some increase is due to full year's provision being made next year for the new set-up which was implemented late in the current year in some of the departments.

Omission of the provision for the Contingency Fund accounts for a decrease of 50 lakhs. Smaller provision for the scheme of dispersal of students from Calcutta accounts for a decrease of 46 lakhs. Decrease of 85 lakhs is due to smaller provision for payment of pre-partition bills of contractors. Omission of provision for loss on sale of wheat and wheat-products to the public which occurred this year but is not expected next year accounts for a decrease of 30 lakhs. A decrease of 55 lakhs is due to the omission of the provision for arrear adjustment of loss on supply of food-stuff to Government servants.

*Capital Expenditure.*

The total capital expenditure for the next year is 14 crores 53 lakhs against 8 crores 72 lakhs according to the Revised Estimates for the current year. The provision includes 6 crores 71 lakhs on account of this Government's share of expenditure on Damodar Valley project, 2 crores for Mayurakshi project, 2 crores 97 lakhs for the scheme of development of provincial roads, 84 lakhs for Kanchrapara area development scheme, 84 lakhs for expenditure on rehabilitation of displaced persons, 48 lakhs for the road transport scheme, 23 lakhs for North Calcutta rural electrification scheme, 33 lakhs for industrial development schemes, and 10 lakhs for net expenditure in connection with the state trading scheme of the Food Department.

*Debt Heads.*

Excluding the heads Loans from the Central Government and Loans and Advances by the State Government and Loans and Advances to displaced persons the receipts and disbursements almost balance each other.

The provision for loans from the Central Government is 19 crores 20 lakhs against 10 crores 60 lakhs in the Revised. The provision includes 6 crores 71 lakhs on account of this Government's share of expenditure on the Damodar Valley project, 2 crores for the Mayurakshi project, 9 crores 53 lakhs for various schemes of capital expenditure for relief and rehabilitation of displaced persons as well as for the grant of advances to them, 20 lakhs for the scheme of dispersal of students from Calcutta, and 76 lakhs for intensive food production schemes.

We also propose to raise a loan of 2 crores to finance certain development schemes involving capital expenditure, unless of course the Government of India can themselves provide the same.

On the expenditure side provision has been made under Loans and Advances by the State Government for 31 lakhs for advances to cultivators, 19 lakhs for loans to owners of *beel* fisheries and tank fisheries and to growers of agricultural produce, 15 lakhs for cattle purchase loans, 23 lakhs for advances to the Provincial Co-operative Bank for distribution of short-term crop loan, for financing the land mortgage banks and for meeting the shortfall in the realisation of investments of the Bengal Provincial Co-operative Bank in East Bengal, 6 lakhs for giving aid to industries, and 8 crores 69 lakhs for loans to displaced persons for house-building, cultivation, etc. The revenue deficit of the year 1951-52 is 4 crores 76 lakhs as against 4 crores 99 lakhs of the current year according to the Revised Estimates. The deficit outside revenue account is 1 crore 64 lakhs. The total deficit of the coming year, therefore, amounts to 6 crores 40 lakhs. Setting off against it the opening balance of 3 crores 49 lakhs the year closes with a negative balance of 2 crores 91 lakhs.

In this session we will request the House to pass the Bengal Motor Vehicles Taxation (West Bengal Amendment) Bill with the object of enhancing the rates of taxation of motor vehicles. If the House passes this Bill into an Act, the additional revenue expected from it will be a crore and a half. This will reduce revenue deficit to a little over 3 crores and the negative closing balance to 1 crore 41 lakhs. These gaps have been left uncovered.

The State has no public debt at present. At the end of next year our public debt will amount to 2 crores only. Our total debt to the Government of India at the end of the current year stands at 21 crores 36 lakhs and will

increase to 40 crores 3 lakhs at the end of next year. This debt includes an advance of 2 crores 50 lakhs granted by the Government of India to help us clear half of the debit balance with the Reserve Bank of India left by the Government of undivided Bengal the other half of which was cleared by the Government of East Bengal. The balance of 37 crores 53 lakhs consists of 15 crores 98 lakhs on account of rehabilitation of refugees, 13 crores 62 lakhs on account of Damodar Valley project, 5 crores 76 lakhs on account of the Mayurakshi and other development projects, 1 crore 23 lakhs for Grow More Food or intensive food production schemes, 90 lakhs for the scheme of dispersal of students from Calcutta and 4 lakhs for development of Bengal Engineering College, Sibpore.

Excluding interest charges on loans given by the Government of India, the expenditure on relief and rehabilitation of displaced persons proceeds against three different Budget heads, namely, 57—Miscellaneous—Expenditure on displaced persons, 82—Capital Account of other State works outside the Revenue Account—Expenditure on displaced persons and a Debt head, namely, Loans and Advances by the State Governments—Loans and Advances to displaced persons.

All revenue expenditure is booked under 57—Miscellaneous. Under this head the Budget provision for the current year was 1 crore 67 lakhs out of which 1 crore 27 lakhs was to be recovered from the Government of India. Of the net expenditure of 40 lakhs, 29 lakhs was offset by receipt taken into account under XLVI—Miscellaneous and the balance of 11 lakhs was a net charge on the State.

In the Revised, the provision for expenditure and recovery from the Government of India stand at 7 crores 88 lakhs and 6 crores 73 lakhs respectively. The increase in expenditure is due to inclusion in the Revised of 5 crores 73 lakhs on account of expenditure on displaced persons migrating from 1st January, 1950, and of 66 lakhs on account of dispersal of students from Calcutta for none of which there was any provision in the Budget. Excluding these two items, the Revised Estimate of expenditure comes to 1 crore 49 lakhs against the Budget Estimate of 1 crore 67 lakhs; similarly the Revised Estimate of recovery from the Government of India comes to 1 crore 29 lakhs against 1 crore 27 lakhs in the Revised. The Dispersal scheme is financed out of loan taken from the Government of India. Including the above two items the net expenditure under this head in the Revised Estimate is 1 crore 15 lakhs which includes 66 lakhs for the Dispersal scheme and against which receipts of 25 lakhs under XLVI—Miscellaneous can be set off.

The Budget provision for the next year is for expenditure of 2 crores 48 lakhs and recovery of 2 crores from the Government of India. Receipts on account of displaced persons have been taken at 13 lakhs in the Budget. The net charge on the State Government is 35 lakhs including 20 lakhs for the Dispersal scheme.

Under revenue expenditure there is also a provision of half a lakh in the Revised and one lakh in the Budget under 22—Interest on Debt and other obligations on account of payment of interest on loans taken from the Government of India for relief and rehabilitation of displaced persons. Equal amounts are included in receipts on account of realisation of interest on loans from displaced persons. The receipts and disbursements on account of interest thus cancel each other.

A provision of 2 crores 59 lakhs was made in the current year's Budget under 82—Capital Account of other State works outside the Revenue Account—Expenditure on displaced persons, for the scheme of housing displaced

persons, colonisation scheme and other schemes for rehabilitation of displaced persons. The provision in the Revised and the Budget for the next year is 1 crore 37 lakhs and 2 crores 3 lakhs, respectively. Receipts from sale of lands, buildings, tools and other implements, etc., to displaced persons are taken in reduction of capital expenditure. The sale-proceeds of lands and buildings are received partly in cash and partly in the form of loan bonds executed by the displaced persons. These are taken in reduction of capital expenditure and the net expenditure appears under the capital head 82—Capital Account of other State works outside the Revenue Account—Expenditure on displaced persons. The total receipts in cash and loan bonds taken into account in the Revised and the next year's Budget are 90 lakhs and 1 crore 19 lakhs, respectively. There was no provision for these receipts in the current year's Budget. Loans and advances to displaced persons proceed against the Debt head. The capital expenditure and the loans and advances together with the expenditure on Dispersal scheme are met out of loans of equivalent amounts from the Central Government the provision for which appears under Loans from Central Government.

The net expenditure under the capital head in the Revised is 47 lakhs and the provision for payment of advances to displaced persons in the Revised is 3 crores 70 lakhs. Against these the amount of loan from the Centre taken in the Revised is 4 crores. The balance of 17 lakhs will be met from the loan received last year but not utilised.

The net expenditure under the capital head in the next year's Budget is 84 lakhs. The provision for payment of advances is 8 crores 69 lakhs. Against these the provision for loan from the Centre is 9 crores 53 lakhs.

The total outlay on displaced persons in this State under all the heads including the shares of Central and State Governments is 18 crores 52 lakhs at the end of 1950-51 and 30 crores 53 lakhs at the end of 1951-52.

#### *Grow More Food and Procurement Bonus Schemes.*

These are now called intensive food production schemes. According to the revised procedure laid down by the Government of India, the available food procurement bonus will first be set off against the net expenditure on all Grow More Food schemes and schemes financed from the food procurement bonus. The balance of expenditure will be shared between the Central and the State Governments on a 50:50 basis.

The original estimate of expenditure on Grow More Food schemes and schemes financed from the procurement bonus for the current year was 2 crores 63 lakhs. The Revised Estimate for all the schemes has been fixed at 2 crores (1 crore 45 lakhs in the Agriculture Department, 33 lakhs in the Irrigation Department, 20 lakhs in the Fisheries Department and 2 lakhs in the Industries Department). Against the above estimate of expenditure, 59 lakhs is included in the Revised Estimates of revenue receipts, being the amount likely to be received in respect of these schemes on account of sale-proceeds of seeds, manures, etc. The net expenditure thus comes to 1 crore 41 lakhs. Deducting 66 lakhs on account of procurement bonus granted by the Central Government, the divisible balance amounts to 75 lakhs, half of which is the net charge on the State Government.

The estimate of expenditure on these schemes for the next year is 2 crores 4 lakhs (1 crore 49 lakhs in the Agriculture Department, 40 lakhs in the Irrigation Department, 13 lakhs in the Fisheries Department and 2 lakhs in the Industries Department). 70 lakhs is included in the Revised on account of receipts in respect of the schemes. The net expenditure is

thus 1 crore 34 lakhs, and in the absence of any estimate for food production bonus, the whole of this amount is divisible equally between the Central and the State Governments. The net charge on the State Government thus comes to 67 lakhs. Besides the provision under revenue heads, provision for payment of loans in furtherance of these schemes has also been made to the extent of 15 lakhs in the Revised and 20 lakhs in the Budget.

#### *Trading Transactions of the Food Department.*

The purchase price of articles of food together with certain incidental charges as well as receipts from the sales thereof are adjusted under the capital head Capital Outlay on schemes of state trading while the administrative cost of the Food Department, together with that of the Supply Department, is recorded under the revenue head Extraordinary Charges in India.

The value of stock of rice, wheat and wheat-products and sugar in the beginning of the year was 7 crores 96 lakhs. A further stock of the value of 54 crores 82 lakhs including certain incidental charges is proposed to be purchased this year, against which the receipt from sale-proceeds has been estimated at 55 crores 64 lakhs. An amount of 30 lakhs will be credited to this account by debit to the revenue head Extraordinary Charges in India on account of an unanticipated loss on the sale of wheat and wheat-products. A subsidy of 20 lakhs is expected from the Government of India this year to cover 75 per cent. of the difference between the purchase price from the Government of India and the issue price in this State in respect of certain overseas supplies. The result is a net receipt of 1 crore 32 lakhs in 1950-51. The stock at the end of 1950-51 will thus be of the value of 6 crores 64 lakhs.

The cost of purchase of articles including incidental charges during the next year is estimated at 55 crores 89 lakhs and the receipt from sale-proceeds thereof has also been taken at the same figure. No subsidy from the Government of India will be available next year; nor is any loss on the sale of wheat and wheat-products likely to occur. The stock at the close of 1951-52 will thus be the same as the stock in the beginning of the year.

#### *Road Transport Scheme.*

The transactions of the Road transport scheme are booked under two heads, namely, 82B—Capital Outlay on Road transport scheme outside the Revenue Account and XLVIA—Receipts from Road transport scheme.

For capital outlay which includes cost of buses, land, garage, workshop equipment, etc., the provision during the current year is 73 lakhs in the Revised against 75 lakhs in the current year's Budget and the Budget provision for the next year is 48 lakhs. No purchase of new buses is provided for in the Revised Estimates of the current year, the provision for buses being wholly meant for body buildings, etc. The next year's estimate includes 26 lakhs for the purchase of 50 new buses which will be put on the road early next year.

Gross receipts and working expenses are booked under the head XLVIA—Receipts from Road transport scheme. It will appear that the net receipts during the current year drop below 1 lakh in the Revised against 3.7 lakhs in the Budget. The drop is due to smaller receipts from passenger bus service in consequence of a smaller number of buses being put on the roads than was anticipated. The estimated net receipt for the next year is 5.7 lakhs after providing for depreciation and interest charges.

*Development and Other New Schemes.*

A statement showing the progress of development and other new schemes included in the Revised Estimates for 1950-51 and the Budget Estimates for 1951-52 has been circulated in the House.

The development schemes were started with clear promise of assistance both in respect of grants and loans from the Government of India. I explained last year how the grants were stopped and the loans curtailed in the midst of execution of the development programme causing serious embarrassment to the State Government. Loan is now being granted on two schemes, only, *viz.*, the Damodar Valley project and the Mayurakshi project. Loans on other schemes were completely stopped in 1949-50. Grants on unproductive development schemes were first given to cover the entire expenditure. Subsequently it was reduced by fixation of a ceiling. In the current year nothing has been received from the Government of India on this account.

On the Damodar Valley project West Bengal's share of expenditure will amount to 13 crores 61 lakhs from the date of partition up to the end of 1951-52. The whole of the amount will be received as a loan from the Government of India. On the Mayurakshi project the total expenditure till the end of next year will amount to 4 crores 77 lakhs, the whole of which will be received as a loan from the Government of India. On other productive development schemes our expenditure till the end of next year will amount to 13 crores 87 lakhs. Out of this amount only 99 lakhs was received as a loan from the Government of India till the end of 1948-49. The balance of 12 crores 88 lakhs represents the amount provided out of the resources of the State Government.

Our total expenditure on unproductive development schemes from the date of partition till the end of 1951-52 will amount to 16 crores 64 lakhs. Out of this amount only 4 crores 88 lakhs was received as a grant from the Government of India till the end of 1949-50. The balance of 11 crores 76 lakhs has been provided from the resources of the State Government.

It will appear that from partition to the end of next year the State Government will spend on development schemes a total sum of 48 crores 89 lakhs out of which 24 crores 64 lakhs represents the amount provided from the resources of the State, though the programme was started on the promise of assistance from the Centre to cover the expenditure fully.

Our expenditure on other new schemes shown in the progress statement referred to above is 1 crore 37 lakhs in 1950-51 and 1 crore 94 lakhs in 1951-52.

*Some General Trends.*

A booklet entitled "The West Bengal State Rupee—from where it comes and where it goes" has been circulated in the House giving statistics about the progress of our revenue and its distribution among departments. Certain graphs and charts have been added to the statistics to indicate the trends since 1941-42. It will appear that on the revenue side, excluding grants from the Government of India which have almost disappeared since partition, we are not far behind the level of undivided Bengal. The receipts from Land Revenue, Agricultural Income-tax, Raw Jute Tax, Stamps and Registration are much smaller in West Bengal than they were in undivided Bengal, but the receipts from Sales Tax have gone beyond the figures relating to undivided Bengal. But for the post-partition changes in the distribution of income-tax and jute duty which have deprived this State of its legitimate

share in these two items of revenue, we would have almost reached the level of undivided Bengal.

In total expenditure also we are not far behind the level of undivided Bengal. Further, we are now devoting a much larger proportion of our revenues to nation-building departments than we used to do in the pre-partition days. This tendency is growing from year to year. Taking revenue and capital accounts together, our expenditure on construction of new roads has increased from 91 lakhs in pre-partition days to 4 crores 68 lakhs in 1951-52. Our total expenditure on construction of new roads since partition is nearly 14 crores till the end of 1951-52. Similarly our total expenditure both on revenue and capital accounts on Irrigation has increased from 1 crore 67 lakhs in pre-partition days to about 10 crores next year, and our total expenditure on this item since partition amounts to 23 crores 60 lakhs till the end of next year. Comparing 1948-49 Actuals with 1951-52 Budget, expenditure under Medical and Public Health has increased by about 3 crores, and that under Education and Agriculture by more than 1 crore each.

Our backwardness, being the accumulated result of centuries, is immense. Our anxiety to go forward is equally great. It is, however, an essential condition of success that we must proceed in a planned way having regard to our resources and capacity and on a strict consideration of priority. Any attempt to force our pace beyond our capacity will inevitably result in failure. Any attempt to give higher precedence to the less urgent, in preference to the more urgent, will similarly lead to failure or unnecessarily prolong our period of suffering. In a poor country the period of construction is necessarily a period of suffering. Undertaking too much beyond capacity or without consideration of priority will either end in failure and waste or will accentuate inflationary tendencies which in their turn will lead to a general failure and intensification of suffering in many directions. When resources are small compared to requirements, the need for proceeding with caution and in a planned manner is all the greater. I fully realise that words of caution are not likely to be appreciated by a people as backward and needy as we are. I have already stated how in course of three years this Government has almost changed the structure of our public finance, how the structure of our expenditure has changed in favour of the nation-building departments, and how we are spending large amounts on roads, irrigation, etc. The road programme is really an ambitious one and, I dare say, this programme, when executed, will lay a sound foundation for the economic prosperity of the State. The Damodar and the Mayurakshi projects are under execution. It is expected that the latter will be in a position to irrigate about a lakh acres of land during the next *khari* season. Our Agriculture and Irrigation Departments are also engaged in executing a large number of small irrigation schemes which have the effect of increasing food production. The tank improvement schemes are being operated with the same object. There are a large number of Grow More Food or intensive food production schemes through distribution of improved seeds, fertilizers, etc. In the Fisheries Department the deep-sea fishing scheme has made a good start and the people of Calcutta have started getting used to the taste of deep-sea fish. Hundreds of State buses are running in the city to the great relief of its much too congested and ever-growing population. The Haringhata scheme is unique in the State, if not in the whole of India. It has started supplying milk and milk products and poultry, and it is hoped that it will soon improve the breed of cattle permanently. The rural electrification schemes are going ahead. A number of towns have already been electrified, *viz.*, Kalna, Ranaghat and Santipur, and I look forward to my successors to spread the light in other far away towns and rural areas.

Mainly with the assistance of the Government of India we shall be spending over 30 crores on displaced persons by the end of 1951-52. I hope that in no time these displaced persons will prove to be a great asset to the State and will increase its wealth by hard work and co-operation. Our expenditure on National Volunteer Force has been appreciable and will amount to about half a crore by the end of next year. I hope the training imparted to our young men under this scheme will leave a permanent impress on their character and will help to make them better citizens. We have an ambitious programme of rural health centres and in no time a health centre will be within easy reach of every man. We have greatly extended medical education and hospital facilities. We have increased the number of beds for T.B. patients in various places in the State and I hope I will not be wrong if I say that the number of such beds in West Bengal is at present the highest in any State in India. We are making headway in basic education and next year we propose to launch a scheme of compulsory primary education. Recurring and non-recurring grants to secondary schools have been increased. Our expenditure on technical education has increased substantially. For the hill people we have provided a college and an industrial school in Darjeeling.

It is in all humility that I have narrated some of our achievements during the last three years. No one is more conscious of our deficiencies than I am. I am fully aware how far away we are yet from our goal and how much more headway we yet require to make. My purpose in narrating them has been twofold. First, I wanted to show that when I uttered a word of caution, it was not to cover or to provide excuse for inaction. It was a lesson learnt through action and experience from which I wish my successors to benefit. Secondly, on the eve of laying down the reins of office one has a natural feeling of looking back to find whether one has laid a good foundation for others to build upon; for, progress is a continuous and endless process. I have every reason to believe that the period of suffering which must coincide with a period of construction in a poor country will soon end as the schemes and projects now under construction bloom forth in production. I also ardently hope that my successors will move forward energetically but cautiously and in a planned manner and will carry forward the work of development which we have only begun in so many directions so as to lay a sound foundation for a happy and prosperous State.

#### *Conclusion.*

The common man is now labouring under great privation. The central object of all our plans, of all our endeavours, must be the emancipation of the common man from wants. We had in the past to ask him perforce to tighten his belt; we have denied him many amenities that he came to associate with his hopes of freedom. We have pleaded for a policy of austerity where the masses looked for plenty. Much as we may deplore it, there are thousands of unemployed young men who look to the free Government of the land to provide them with the wherewithal of an honest living. The refugees, vast masses of them, have also thrown themselves to our care and succour. I can very well realise that the sentiment in the country is greatly stirred over this floating population, uprooted from their moorings. They are our kith and kin and Bengal traditionally has learnt through ages of high cultural training to respect and honour all calls on her humanity. They were with us yesterday; if through the force of events, they are cut off from their moorings, it is incumbent on our part to make them feel that they are not to be denied our helping hand. We have, in

our own light and within our resources tried to the best of our ability, to tackle these problems which are daily growing in volume and complexity. The magic of freedom has wrought great transformations but it should not be expected to fill in the gaping voids in our nationhood all in a trice. Much as we may desire to remove poverty, ignorance, illiteracy and the lack of balance in our social structure, it is a task that must needs take many years of sustained and co-operative effort to fulfil. We can but claim that we have only made a beginning, with what success, it is for the country to decide, to tackle some of the vast problems that were almost like an aftermath of freedom. It should be remembered that the entire political set-up of the country is altered today; India today is a Republic, relying as all Republic must do, on the willing co-operation of the people. The benevolence of the Government at the top will not create a successful Republic. Government, as trustees of the people, must bear a full sense of the wants and needs of the people. Further, to emphasise this aspect of trusteeship of the Government, we are today embarking on the daring experiment of adult franchise. Perhaps the most obvious change that has occurred since independence has been this widening of popular control over the entire structure of Government. The extent to which this control is intelligently exercised will largely determine not only the success and stability of any Government but also the measure of the extent to which Government can translate ameliorative policies into effect. Our appeal must, therefore, in the final analysis lie to the people from whom we derive our authority and our power of doing good.

I do not stand here today to exonerate the Government from faults which it may have committed. Overwhelmed as we were by the vastness of the problems that nearly swept us off our feet, it was almost inevitable that we should commit mistakes and take hasty decisions where perhaps a more prudent judgment might have been taken. Suddenly called upon to shoulder responsibilities which practically bore no link with our past experience, we were, so to speak, amateurs in the art of Government. If we have at times faltered, may I claim, that we have never lacked the zeal to succeed.

Our problem is chiefly an economic problem with, of course, its collateral complexities, born mainly out of the turmoil that overtook the post-war world and afflicted post-independence India. We are called upon to deal with forces which, in intensity and extent, are not like the problems with which we were familiar. We were, in a manner of speaking, feeling the impact of tremendous world economic forces which even the highest statesmanship of many nations have failed to solve. With the beginning of a new chapter in our political experience, we are confronted with tasks with which our somewhat limited experience has not wholly qualified us. If, therefore, we have failed to render hundred per cent. value, it should to a certain extent be put down to the difficulties of the new market where we have to function. It is necessary, therefore, that the spirit of approach to all matters pertaining to Government should under the completely changed circumstances suffer a sea-change. Criticism was essential in the past; it is still of great value in the present, but co-operation and understanding are the most valuable asset to which a people's Government is entitled to look forward to.

The task of the Government is made more onerous by the existence, in a larger measure in the State of West Bengal than in others, of a politically conscious, but economically unemancipated middle-class to whom ultimately the Government must look up for either approbation or censure. This virile bulk of the population has provided us with our politicians, intellectuals, lawyers, doctors, educationists, traders and businessmen. In

the final analysis it is the verdict that the middle-class pronounces on the worth or worthlessness of a Government that counts. The vast masses who have been enfranchised by the Republican Constitution of India are still to be educated into the rights and wrongs of a given political set-up. Till then the middle-class must remain the core of our social and political system. One cannot deny that a good deal of reason exists behind the growing discontent which is perceptible amongst the middle-classes. Economically their resources are by no means commensurate with even the modest standard of living they profess; their social obligations and inherited traditions make demands which they are hardly able to bear. The inroads which the growing demands of the gradually awakening masses make on their cherished privileges are beginning to make them wary and, to a certain extent, restive. The hitherto placid life of the middle-class has been further disturbed by the events, mostly tragic and unforeseen, that came in quick succession immediately before freedom and after. The social and economic disintegration that resulted from them is unfortunately still very much in evidence. Not until we can leave the people, struggling in the flood, high and dry, on a safe ground can we expect that measure of sincere co-operation and support which every popular Government has a right to expect. The Government is aware that this sullenness as long as it persists in the minds of the middle-classes will always act as a drag on its success and efficiency. But the Government is also aware that many factors, psychological and material, and each powerful in itself, have gone to engender this mood. Brought up in a tradition of land and property, the middle-classes find themselves today, with hardly the wherewithal of independent subsistence; rapidly shrinking prospects of business have adversely affected a large section amongst them; the scope of employment is painfully inadequate to the vast numbers who seek it. The lot of the middle-classes has been made infinitely worse by the gradually deteriorating economic situation, particularly by daily mounting cost of living. Emphasis all over the world has now shifted to the labourers in the fields and factories. An objective study into the relative well-being of the workers and the middle-classes, particularly the lower middle-classes, will, however, show that while there is not much disparity between the average incomes of the two groups, at least in some income-brackets, the latter have to shoulder social and cultural obligations to a far larger extent than the former. They have to keep up appearances to a degree which is often unfortunately beyond their means. A rupee in the pocket of a worker carries him farther than a rupee in the pocket of an ordinary middle-class person does. All this has led to a sense of growing frustration in our middle-classes which, if allowed to smoulder, may eventually tend to weaken the foundations of the State.

This frustration, whatever specific causes it may be due to, is being increasingly reflected in general social behaviour. One looks almost in vain for correct and upright behaviour even from those whom, paradoxically enough, we call the *intelligentsia* of the country. Corruption, in forms hitherto unknown in the country, has made its appearance at almost every stage of our public life. It may have had its beginning in our inadequate economy, itself due to diverse causes, but we must confess to a sense of shame that the malady is there. As long as it exists we cannot hope to build the ideal State of our dreams. The human material with which, after all, the society must be built up, should be of a standard which holds out hopes of happy fruition. The task before us all, ministers, statesmen, politicians and leaders, is to devote our attention to what I may be permitted to call an ethical emancipation of the people. I feel that the coming elections, which must necessarily involve a large measure of political education amongst the masses, should also be made an opportunity of inculcating a true sense of values and of right and wrong amongst them.

The task, immense though it is, should not prove hopeless. The human soil in India has been sanctified by a succession of saints and seers, and we have almost an instinctive leaning towards matters of the spirit. The soil today is unfortunately crusted by the impact of heavy loads; but at its core, I hope, it still remains rich. If we succeed in bringing it to the surface, I am sure, that any seeds, that we may sow for the future social and moral well-being of the people, will yield a rich harvest. I take this opportunity of bringing it home to this House and to the larger public outside that the reclamation of the human spirit must precede and not follow our efforts in any direction. Long years of intimate contact with the people and the varied experience of a life-time have convinced me that fundamentally this is the angle from which we must seek the solution of our problems.

*Bande Mataram.*

## APPENDIX

## West Bengal Budget, 1951-52.

[The figures are in thousands of rupees.]

		Budget, 1950-51.	Revised, 1950-51.	Budget, 1951-52.
<b>Receipts—</b>				
Opening Balance	.. ..	3,54,02	11,09,48	3,49,48
Revenue Receipts	.. ..	33,89,86	34,67,93	34,04,54
Receipts from Debt Heads	.. ..	1,07,95,10	1,27,71,31	1,20,13,78
	<b>Total</b>	<b>1,45,38,98</b>	<b>1,73,48,72</b>	<b>1,57,67,80</b>
<b>Expenditure—</b>				
Revenue Expenditure	.. ..	35,22,87	39,66,65	38,80,74
Capital Expenditure	.. ..	14,91,12	8,72,06	14,52,94
Expenditure on Debt Heads	.. ..	97,31,74	1,21,60,53	1,07,24,79
Closing Balance	.. ..	-2,06,75	3,49,48	-2,90,67
	<b>Total</b>	<b>1,45,38,98</b>	<b>1,73,48,72</b>	<b>1,57,67,80</b>
<b>Net Result—</b>				
Surplus (+)				
Deficit (-)				
(a) On Revenue Account	.. ..	-1,31,01	-4,98,72	-4,76,20
(b) Outside Revenue Account	.. ..	-4,27,76	-2,61,28	-1,63,95
(c) Net, excluding Opening Balance	.. ..	-5,60,77	-7,60,00	-6,40,15

## Supplementary Estimates for 1951-52

(Presented on the 27th September, 1951)

**The Hon'ble Dr. Bidhan Chandra Roy:** Sir, with your permission I beg to present the Supplementary Estimate for 1951-52 on behalf of the Hon'ble Nalini Ranjan Sarker. Sir, I beg to present before the House a statement of Supplementary Estimates of expenditure for the year 1951-52 under the provision of Article 205 of the Constitution of India.

The total amount covered by the present Supplementary Estimates is Rs. 36,67,001 only.

The largest demand is under head 'Loans and Advances Bearing Interest'. It includes—

(a) Rupees 4,80,000 required to augment the grant to the extent necessary for payment of ways and means loan of Rs. 5 lakhs to Darjeeling Municipality for meeting the expenses of repairs of damages to municipal properties caused by the landslips in June, 1950; and (b) Rs. 2,70,000 required for repayment into the Contingency Fund of West Bengal of the advances obtained from that fund for payment of loans to the new management of the Barasat-Basirhat Light Railway Company, Ltd., and to the Bengal Provincial Railway Company, Ltd., for rehabilitation of the said Railways. In this connection the House will recall that the Contingency Fund of West Bengal was constituted by an Act of this Legislature passed in 1950 and a sum of Rs. 50 lakhs was paid to this fund out of the Consolidated Fund of West Bengal.

According to the provision of that Act, this fund has been placed at the disposal of the Governor of West Bengal to enable him to make advances out of the fund for purposes of meeting unforeseen expenditure pending reimbursement within the year after authorisation of such expenditure by this House.

The next largest demand is under the head "57—Miscellaneous-Miscellaneous". It includes—

- (a) Rupees 5½ lakhs for local production and purchase of fire appliances and essential equipments for fire services;
- (b) Rupees 3 lakhs for increased expenditure on account of relief and rehabilitation of the victims of the last communal disturbances, 75 per cent. of this expenditure being recoverable from the Government of India; and
- (c) Rupees 2 lakhs required to meet expenses in connection with the Administration of the West Bengal Evacuee Property Act, 1951, for which no provision could be made in the budget estimate.

The demand under head "56—Stationery and Printing" includes Rs. 6,86,000 on account of new machineries to be purchased for reorganisation of the different presses under the control of this Government according to the recommendations of the Advisory Committee which was set up for the purpose.

The estimates include a demand for Rs. 6,79,000 for payment of liabilities in respect of the preceding year which for the various reasons stated in the explanatory memorandum could not be paid during the last year although such amounts had been authorised by the House last year. This

sum of Rs. 6,79,000 is made up of Rs. 3,74,000 under "8—State Excise Duties", Rs. 2,55,000 under "10—Forest" and Rs. 50,000 under "36—Scientific Departments".

Out of Rs. 1,20,000 provided under "27—Administration of Justice", Rs. 70,000 on account of the Sheriff and his establishment does not represent any additional charge. This sum was provided under the charged head in the original Budget, but following the revised classification of charge relating to the Sheriff and his establishment it has to be treated as a voted item of expenditure. Hence there has arisen the necessity for the voting. The corresponding provision under the charged head will be surrendered in due course.

The demands under other heads are comparatively small and call for no special comments. It will be noticed that a token grant of rupee one has been asked for under the head "38—Medical" as the expenditure relates to a new service although the total expenditure involved in this item will be covered by reappropriation from savings under that head.

The reasons for all the demands in the supplementary estimates have been set forth in the Explanatory Memorandum given under each head. The Hon'ble Minister-in-charge of different departments will go into them in further details as each demand is moved.

With these words, Sir, I present the estimates of the Supplementary budget for 1951-52.

#### **Supplementary Estimates of expenditure for 1951-52**

*(Presented on the 13th March, 1952)*

**The Hon'ble Nalini Ranjan Sarker:** Sir, I beg to present before the Assembly a statement of Supplementary Estimates of Expenditure for the year 1951-52, under the provision of article 205 of the Constitution of India. The total amount covered by the present supplementary estimate is Rs. 17,94,80,000 of which voted items account for Rs. 4,77,82,000 and charged items Rs. 13,16,98,000. The whole of this however does not represent additional charge. In fact, out of the provision of Rs. 13,11,00,000 under the head "Public Debt", Rs. 13,10,00,000 does not reflect and new or additional expenditure at all. If this item be disregarded, the total extra demand comes to Rs. 4,84,80,000. The Hon'ble Ministers in charge of different departments will move the demands of their respective departments separately and also explain them in further details at the time of moving each demand. They will each explain the reasons why this extra expenditure has been incurred in their respective departments.

With these words, Sir, I present the estimates of the Supplementary Budget for the year 1951-52.

#### **Speech by the Hon'ble Sri Nalini Ranjan Sarker, Finance Minister, in presenting the Budget for 1952-53. (Vote on Account.)**

*(Presented on the 14th March, 1952)*

I rise to present the Budget Estimates for 1952-53.

#### *A Departure from Normal Practice*

I shall at the outset explain a departure from normal practice which arises from the special circumstances in which we find ourselves today. As honourable members are aware, the term of the present Assembly is soon to expire and a new Government and a new Legislature are to take

over. Elections to the Lower House of the new Legislature have already been completed but elections to the Upper House are still to be held. These are not expected to be completed before the end of April. While it would be desirable for the new Government and the Legislature coming into being very shortly to take the initiative in the preparation of the Budget and voting of grants, it is obvious that this is not immediately possible; for the new Legislature cannot begin to function until both the Houses have been fully constituted. In the meantime the normal work of the Government must go on, and the services maintained. Authority of the Government to incur expenditure under grants made to it during the current financial year will terminate on the 31st March next. Fresh grants effective from 1st April, 1952 must be received in course of the next few days to enable the Government to carry on beyond the present financial year and until such time as the new Legislature can authorise fresh expenditure. We are therefore asking the present House to give us a vote on account for such sums as will enable the Government to carry on for the interim period of five months so that while there is no interruption in the normal work of administration, there may be sufficient time for the new Government and the new Legislature to study the budgetary position of the State and take such final decisions as they might think appropriate. Although I am presenting the Budget Estimates for the whole of the next financial year 1952-53 as required by Article 202 of the Constitution of India, consideration of the same will be held over until the time the new Legislature can take them up for consideration. In the meanwhile Government will not incur expenditure on any new scheme, though provision for the same has been included in the next year's Budget.

The procedure we are adopting this year has three features which, though new to this House, are not unusual in parliamentary practice. They are also in consonance with our Constitution and the Rules of Procedure of this House. In the first place, we are asking the House to grant a vote on account to enable us to carry on for five months; secondly, we are asking the House to grant a vote on account before a discussion; and, thirdly, this House is being asked to grant a vote on account though the discussion on the Budget Estimates will be held over till the newly elected members take their seats.

Honourable members will no doubt appreciate that it would be unfair both to them and to the newly-elected members who are to take their seats soon, if the present House were asked to complete the budgetary procedure and to pass the Budget for 1952-53 in full. The procedure we are now adopting is thus inevitable in a situation as the present one. Article 206 of the Constitution permits this procedure and it is also in consonance with rule 101(1) of the West Bengal Legislative Assembly Procedure Rules. In the House of Commons the estimates are presented and a vote on account taken in respect thereof before 31st March. The discussion is usually held over till April, and the Grants are finally passed usually in July or August. This procedure is followed even when there is a dissolution of the House after the vote on account and before the discussion on and final passing of the Grants. Incidentally it may be stated that the vote on account in the House of Commons usually covers a period of five months.

#### *A Review of Past Years*

Consistently with the above position, I refrain from making any material observation on the Budget Estimates for 1952-53. This is left to my successor. In consideration of the occasion I would, however, like to make a few observations on the past. An important period commencing with our

Independence is ending. We were called upon to take the responsibilities of Government during this important formative period. Now that we are laying down office, I feel entitled to look back over the whole period for which we have been responsible and give you a review of the financial position of the State as I found it and as I am leaving it to my successor. In this, fortunately, I am not without constitutional precedents to support me. In 1929 the British Budget was presented to the House of Commons before a dissolution of the House. Mr. Winston Churchill who was the Chancellor of the Exchequer at the time gave in his Budget speech a review of the work of the Ministry during its full term of five years. He justified this rather unusual course on the ground that the term of office of the Ministry was coming to a close. A General Election was to take place soon and Mr. Philip Snowden of the Opposition characterised the speech as election propaganda. If I am today proceeding to give a review of the past on the eve of our laying down the reins of office after the end of our term, I cannot certainly be accused of a similar intention, because the General Elections are now already over.

That I am today looking back on a longer past than is usual for the occasion is not merely because the term of the Ministry is coming to a close, but also because an important epoch in the history of the country is closing. The first quinquennium after 15th August 1947 will be remembered by the posterity as one of the most important epochs in the history of the country and particularly of this State. During this period problems rushed in upon us like an avalanche and almost swept away the old ground from under our feet; but fortunately for us we succeeded in finding a new foothold and are now firmly on our legs. This caused great suffering and required courage and imagination to stand the test. I have had the proud privilege of being the Finance Minister of this State who presented all the Budgets during this historic epoch and who is retiring with the satisfaction that with the laying down of his office a new epoch is going to begin and the House to which our successors would be responsible is going to be more representative than ever as it is based on adult franchise.

#### *Legacies of the Old Regime*

Despite the proverbial shortness of public memory, I am quite sure that the honourable members still have a vivid recollection of the hectic days of August 1946. After that fateful date everything that was near and dear to us, everything on which the stability of the administrative machinery depended, appeared to be in the melting pot; since a few years preceding Independence, the finances of the State of Bengal were practically shattered; year after year the State Budgets ran into huge deficits made good by large grants from a sympathetic Central Government. The Central grants to wipe out such deficits in three years ending on 31st March 1947 amounted to as much as 18 crores. When partition took place the Provincial Government was being run on treasury bills and overdrafts, depending on the off-chance that a sympathetic Central Government might come to its rescue.

#### *The Partition and After*

It is rather a curious historical phenomenon that the freedom movement in India began and ended with the partition of Bengal: we started the movement by fighting for a unified Bengal and we closed the movement by agreeing to a divided Bengal. The circumstances under which we agreed to the step are well known. The nature and extent of the innumerable ties that bind the two Bengals are only inadequately appreciated by those who are not familiar with their cultural and social history. Bengal was an

integral unit not merely in the administrative sense but also economically, socially and in a hundred other ways. I need not reiterate here the political developments which led to the agreement for partition beyond observing that the splitting of such an integral unit must necessarily result in endless troubles involving a complex process of readjustment comprising almost all aspects of social life. The last quinquennium has been an epoch of readjustment; it was, therefore, full of problems and sufferings. The Bengali race is, however, made of strong moral fibre; courage and faith do not fail it in time of need. With what courage and fortitude the Bengali people stood the test is now well known and this should better be left to the future historian to chronicle. For my present purpose I confine myself to the administrative side only.

The accounts of undivided Bengal closed with a debit balance of 5 crores 14 lakhs with the Reserve Bank of India. The Government of West Bengal started by taking over half the debit balance. This was cleared by taking a loan of 2 crores 57 lakhs from the Central Government. This Government had also to obtain a ways and means advance of 2 crores from the Central Government just to begin transactions, as there was no money in the till on the 15th August 1947. The House knows that this ways and means advance has since been repaid, and that our ways and means position is quite satisfactory today.

Immediately after partition, the law and order position was far from satisfactory. Negotiations for a six months' standstill agreement having failed on the eve of the partition, a large personnel who were posted in East Bengal but had opted to serve in West Bengal had to be moved across the new frontier at a very short notice; similar movements from this side to the other caused wide vacuum in many services; the cadres of all the services had to be re-fixed, the set-up of all the offices in the State had to be revised in the changed situation. And the vacuum caused by options in favour of East Bengal had to be filled up. The great strain it caused on the administration and the finances of the State as well as on the personnel affected is only imaginable. The question of the division of assets and liabilities and the payment of the creditors of undivided Bengal was another important problem which emerged in the wake of partition. The House is aware that this problem is yet far from being solved. If the State were to prosper and the people were to live happily, development schemes for the State had to be redrawn and executed; the administrative machinery had to be strengthened; it had already been subjected to great shocks in passing through the war, the bombing, the famine and the great Calcutta killing. The recruitment rules were mostly suspended and the offices were full of temporary personnel. The pay-scales were being adjusted to changing conditions by *ad-interim* make-shift devices. All this had weakened the administrative machinery considerably. By creating on the one hand the problem of the surplus optees and on the other the problem of the vacuum left by those opting out, the partition subjected it to one more shock of great severity. The House is aware how we tackled these problems. The administrative machinery has now almost returned to normalcy. I am glad to be able to say that during this period of extreme anxiety Government servants gave of their best most ungrudgingly; they worked hard with commendable sense of duty and stood behind the Government with devotion and loyalty. I have no doubt that as long as the administrative machinery is maintained in right condition and can attract young men of the desirable type, we may be confident of a bright future for this State.

Since 15th August 1947 the affairs of the State have been in charge of a Congress Government. That they have, on the whole, been able to discharge their function to the satisfaction of the people has been proved by

their return to power with a large majority in the last General Election. My esteemed friend Dr. P. C. Ghosh, then in the Congress, was the first Chief Minister of the State after Independence. He resigned in January 1948, when under the leadership of Dr. B. C. Roy the present Ministry took over. The law and order situation was firmly dealt with by Dr. Ghosh and he did not hesitate to enact the West Bengal Security Act, 1948, when he found it necessary to do so. The position of law and order was causing anxiety immediately after partition; the food problem was also far from easy and it became more acute after partition. All this constituted a bitter legacy against which the Ghosh Ministry had to contend during the short tenure of their office.

The present Ministry on taking over in January 1948 found the situation no better; particularly in regard to food and law and order it was highly explosive; the problems of refugee rehabilitation and development added to the formidable sum-total of adversities that we inherited. Immediately on assuming charge, Dr. B. C. Roy invited the urgent attention of the Government of India to the need for taking adequate measures for the relief and rehabilitation of the refugees in West Bengal for whom it had not been possible to do anything so far. Thanks to the personal initiative of our leader, the Government of India was persuaded to come forward to the help and succour of the refugees in West Bengal by grant of doles and loans and by sponsoring various schemes of rehabilitation; an organisation was also soon set up to deal with the problem vigorously. From a sample survey carried out between November 1950 and January 1951 for estimating the socio-economic condition of displaced persons migrating from East Bengal, it appears that one out of eleven persons in West Bengal is a refugee. While the total income of the refugee families in West Bengal is somewhat smaller than the total income they were earning in East Bengal, and that there has been considerable shift from one occupation to another and also between employment and unemployment, on the whole a larger number of persons have been gainfully occupied on arrival in West Bengal. While only 569 thousand persons among the refugees were gainfully employed in East Bengal as many as 586 thousand persons have been able to secure gainful occupation in West Bengal. This is no mean achievement.

The law and order position continued to be as bad as before and at times even showed marked deterioration, mainly for two reasons, *viz.*, the occasional riots in East Bengal had their repercussions in West Bengal; and the peculiar geographical position of the State and its economic condition, and the long political suffering of its people made West Bengal an important centre for Communist infiltration from the East and also a congenial breeding ground for Communism of the militant type. The House, I believe, has not forgotten the grim situation created by the Communists in this State at one time and the challenge they offered to the machinery of law and order. The path of violence they advocated and pursued threatened to disturb the peace and stability of the State and put back the clock of our progress. To add to the anxieties of a complex situation, communal disturbances also made their appearance putting considerable strain on the Government machinery. Fortunately these evil forces were firmly handled and I venture to hope that these may as well be forgotten as things of the past.

#### *Reduced Share of Income-tax and Jute Duty*

Immediately on taking over we found that the Central Government had, without consulting the State Government, made drastic cuts in this Government's share in the net proceeds of income-tax and export duty on jute and jute goods. By a stroke of the pen, this Government's share in

the State pool of income-tax was reduced to 12 per cent. from 20 per cent. for undivided Bengal and the share of the jute growing provinces was reduced from 62½ per cent. to 20 per cent. only. It appears that in the case of income-tax it was not realised that the difference of 8 per cent. meant a loss of over 3 crores to West Bengal, though the total revenue lost by the loss of the territories in East Bengal was only a few lakhs. We entered strong protests with the Government of India against this decision which we considered iniquitous and arbitrary. In respect of jute duty the losses of this State had been the gain of the Centre and the Government of India agreed to make an *ad-hoc* additional grant to this Government of 40 lakhs in the first year and 50 lakhs in each of the second and third years. In the case of income-tax, the money diverted from this State had been distributed to other States, of course without their asking for it, but now that the amount had been given to them the Central Government hesitated to take it back. After some further protests, we succeeded in getting an assurance from the Hon'ble Prime Minister of India that an arbitrator would be appointed to go into the "whole question" of income-tax and jute export duty. When the arbitrator was actually appointed, his terms of reference were very much restricted and he was asked not to deal with the "whole question" but merely to make some adjustment. This was not only against the assurance given by the Hon'ble Prime Minister of India but most of the restriction was imposed without the knowledge of the State Governments. Sri Chintaman Deshmukh was appointed the arbitrator and in view of his restricted terms of reference he felt that he should leave the basic question to be determined by the Finance Commission. In the meantime he increased this Government's share of income-tax from 12 per cent. to 13½ per cent. and fixed our grant-in-aid in lieu of jute export duty at the figure of 1 crore 5 lakhs. This last figure was obviously arrived at through some mistake.

The House is aware that the Finance Commission has now been constituted in terms of the Constitution. It has begun work and this Government has submitted its case to it. I have every hope that the Finance Commission will do us the justice that has been denied us so long. The matter is so vital to the States, and more particularly to us, that I would earnestly request the future Ministry and the new House that would replace the present one, to pursue the question steadfastly till it is equitably settled. As far as I am concerned, I have always taken great personal interest in this question and I can assure the House that even after my retirement from the Ministry I will, my health permitting continue taking an active interest in the matter till it is settled in the manner most reasonable and equitable. I look upon this problem of allocation not merely as a question of a few rupees more or a few rupees less but as a question involving scientific principles of Federal Finance affecting the vital interests of all the States and also of the Centre.

#### *Reduced Development Grants*

Another shock received from the Government of India was their decision on the question of development grant. The position was explained to the House somewhat elaborately in my Budget Speech for 1950-51. The State Government was encouraged to draw up and undertake execution of an ambitious Five-Year Development Plan approved by them on the assurance that the finances required would be provided by the Government of India, either as a loan or a grant according to the productive or unproductive nature of the schemes. As we laid great importance on development plans, immediately on assumption of office we undertook the task of revising the plans according to the new conditions emerging after partition and of

going ahead with them. We felt highly reassured when in his Budget speech delivered in February 1948 the Finance Minister of India reiterated the assurance that the grants and the loans would be continued even after Independence.

To our utter surprise and disappointment the Government of India put a ceiling to the grants in November 1948 and completely discontinued the grants as from 1st April 1950. The loans also were very much restricted. We had started execution of the schemes on the definite assurance that the loans and the grants would be forthcoming and in the case of many of them we had reached a stage of execution from which it was impossible to retreat without causing huge waste of public funds, or great public disappointment. We pointed out all this to the Government of India but without avail. We were clearly in a difficult situation. We had to revise our plans and without causing much public disappointment or waste of public money we have gone ahead with the more essential of the schemes, though the pace of execution had to be slowed down in some cases. Since Independence till the end of the current year we shall be spending 16.13 crores on unproductive development schemes including schemes of education, public health, etc., out of which grants received from the Government of India amount to 4.73 crores only. The balance of 11.40 crores had to be found from our own resources. On the productive side excluding the Damodar Valley Project we spent during the same period 18.01 crores, out of which only 6.32 crores was obtained as a loan from the Government of India. The net burden on the State on this account has thus been 11 crores 69 lakhs since Independence till the end of the current year. Taking productive and unproductive schemes together, the net burden on the State Government during the period amounts to 23.09 crores.

I desire at this stage to make some observations which I hope will not be misunderstood. As I stated, in regard to certain important financial matters we had depended on assurances given to us by the Government of India. We had drawn up plans and decided upon certain lines of action on the assumption that these assurances would be redeemed. Experience of the last few years have shown, however, that while assurances are given they are not always followed by action, with the result that we are taken unawares and our calculations based upon these assurances are upset. I am sorry to have to say this, but this is nevertheless an unpleasant experience with us.

#### *Increased Expenditure on Development*

During this period, I have circulated along with the Civil Budget Estimates three new subsidiary booklets to help honourable members to see the position clearly. These are (a) the West Bengal State Rupee—From where it comes and where it goes, (b) Statement showing the progress of development and other new schemes; and (c) Statement showing estimated financial results of important schemes of Government involving transactions of a commercial or semi-commercial nature. Honourable members will find from the first booklet referred to above how our expenditure on particular lines has increased. The increase is phenomenal in the case of roads and irrigation. The expenditure in West Bengal on these two heads is several times as much as that in undivided Bengal. Honourable members are aware how poor West Bengal was in regard to roads and highways before partition and how new roads have been constructed opening up many inaccessible areas like Kakdwip, the borders of Nadia, West Dinajpur, etc. The people will in no time be in a position to move by public bus from any

one district to another and to many places in the interior hitherto considered inaccessible. The Government have also reasons to be satisfied with their achievement in irrigation, particularly in the Mayurakshi Project, the first part of which has been completed.

Our expenditure has exceeded the undivided Bengal level also on medical and public health and education. A growing number of health centres for rural areas has already come to the aid of the people in the interior, and as fresh ones are being added, the problem of rural public health is coming well under control every day. The long-expected Secondary Education Board has been constituted and has held its first examination. The Calcutta University Act has been passed. Primary schools and technical schools run on modern lines, have been started.

### *Taxation*

The House may very well desire to know how we have managed this poor man's household in the face of such difficulties. Honourable members are aware that we did not make any great change in the rates of taxation. We did not levy any new tax; the rates of three taxes only were increased, *viz.*, the Amusement Tax, the Agricultural Income-tax and the Motor Vehicles Tax. In the case of Betting Tax some decrease was effected in view of the fact that the higher rate of tax was encouraging bucket shops and the revenue was consequently on the decline. With a lower rate the bucket shops have been checked and the revenue is looking up. There was also a general increase in the rates of Excise duty on country spirit, opium, foreign liquor, etc. We did not make any change in the rate of the Sales Tax or in that of any other tax, though we removed two or three small items from the exemption list of the Sales Tax. Thus it will appear that we have increased taxes only where a higher burden could be borne. In other cases we have tried to strengthen the administrative machinery which seems to have borne good results. In the case of the Sales Tax, for example, the total revenue on the eve of the partition was 3.50 crores from the whole of Bengal, out of which about 2 crores was raised from the territories now comprising West Bengal. We are now deriving a revenue of 5½ crores from West Bengal without altering the rate. To this increase the removal of the few items from the exemption list of the Sales Tax has contributed only a very small amount—not more than two or three lakhs; the balance of the increase is mostly due to the strengthening of the administration.

For financing our development schemes, we also depended to a certain extent on deficit financing. There is no cause for anxiety on this account. Our productive development schemes like transport should soon yield a surplus. The Finance Commission should rectify the grievous wrong done to this State in the matter of Income-tax and Jute Duty. In any case with sound and cautious husbanding of resources there should not be much difficulty in making necessary adjustments and I think, subject to this overriding consideration, the future can be faced with confidence.

### *Policy Beneficial to all Classes*

A look at the list of achievements of the present Ministry to which I have the honour to belong will convince any one that the welfare work that has been done or is being done will benefit all classes; these will benefit the poorer sections more. Roads, irrigation works, health centres and educational institutions, etc., are all designed to serve the interest of all

classes, rich or poor, urban or rural. Certainly, I should think, they serve the poorer sections more than the richer. We have pursued the same policy in regard to taxation measures and the taxes levied by this Government do not discriminate against any class. While I make these modest claims I do not for a moment forget that much yet remains to be done. The food problem is still causing anxiety. The State has the highest density of population in India and with the city of Calcutta as its nerve-centre, it is extremely difficult for this State to be self-sufficient in food. For some time to come we have therefore to depend on food to be imported from other States or from foreign countries. Nevertheless, when the various projects and schemes begin to bear results and as science and technology are harnessed to the needs of agriculture and people become more and more agriculture-minded, I hope the Government will be able to solve the food problem sooner than expected.

### *The Middle Class*

I am too conscious that despite our best intentions and endeavours we shall not be able to go far unless we can rally the middle-class and solve the problem of their daily existence. In recent times their economic well-being has been the subject of considerable discussion as a question of overriding importance. No doubt such interest in the future of middle-classes has been stimulated partly by the pre-election pledges of various political parties and mainly by the actual results of the recent elections. Personally I had no doubt in my mind that the middle-class was going to play a determining *role* in the future political order of this State and that is why in my Budget Statement last year I made pointed reference to their utterly helpless plight and pleaded for coming to their help. I am glad that there is now an increasing awareness of this problem and a sense of urgency to face and tackle it.

If we merely finish up our duty towards the middle-class in a sentimental lament over their hard lot, it will bring no succour to them; nor will any haphazard expenditure of funds on grandiose schemes of development. We should keep in view the classes whom we mean to assist and rightly assess their needs which we propose to meet. Middle-class is a vague term which is applied to various categories of people not always well defined. Neither any omnibus concept nor any definition by income groups is likely to convey a right idea of the categories which have been most seriously hit in the existing economic situation. There are factory hands who enjoy larger incomes today than village teachers or office assistants and there are agriculturists who are today much better off in real incomes. It is to those categories of people who earn their living by their brain and not so much by their brawn that the concept of middle-class should properly apply, and among them should be teachers, technicians and supervisors, lawyers and other brain workers. It is this class that forms the stable elements in society and out of this class have emerged idealism, constructive zeal and intellectual strivings of every age. To leave this class to its fate is to extend an invitation to chaos.

All measures calculated to improve the economic position of these classes should aim at creating the maximum opportunities for brain workers. If we ask them to take to agriculture or any other form of manual work, it will have a limited appeal to them and will necessarily be of limited benefit. It is hardly possible to break down traditions and psychological moorings of a social class all at once or even in a generation. Of course, under pressure of circumstances, transformation of classes is possible in the course of years,

but it involves nonetheless a tremendous social waste which a sound system of economic planning should always try to avoid. For the economic rehabilitation of middle-classes, therefore, opportunities suited to their requirements should be created. It is well to recognise that while the problem itself does not admit of complete solution on a regional basis, there is nevertheless a considerable scope for constructive initiative within the State. One of the lines of approach to the problem as already announced by Government will be the integrated development of townships in different parts of the State providing opportunities for residential settlement, training in various trades and vocations, employment in cottage and small industries as also in agriculture. While the success of the scheme will depend on choice of location and satisfactory execution of the projects, the scheme, as it is, promises to afford some relief to the middle-classes under favourable conditions. The main solution of their problem will lie, however, in the development of new industries, resuscitation of decadent or dying industries on which a large body of workers depend and provision of substantial assistance to those smaller units of industry and business which are carrying on a precarious existence for want of finance, marketing facilities or inefficient technique. State-sponsored schemes to assist middle-classes must aim at solving these problems in the best way possible and without delay. But Government efforts will prove unequal to the task unless conditions are created in which the middle-classes can themselves develop their own initiative and get adequate assistance for their enterprise. This assistance has to come both from the private sector and from the Government. One of the measures which is now under active consideration of Government in this direction is to establish a State Industrial Finance Corporation in order to provide adequate financial assistance to small and medium-sized industries of the State. The Government of India has already passed an enabling Act, *viz.*, the State Financial Corporation Act, 1951, enabling the State Governments to set up their own Corporations. The Government constituted a Committee last year to work out the details of the proposed Corporation in consonance with local conditions. The Committee submitted their report in proper time and their recommendations are now under consideration. It is expected that when the State Industrial Corporation is established, it will go a long way in affording a powerful support to small and medium-sized industrial units of the State which they indeed very urgently need at the present moment when financial accommodation from commercial banks for industries has been very much curtailed.

As the present Government is to lay down reins of office within a few weeks' time it is not for us to outline any definite schemes of development in so far as the problem of middle-classes is concerned, but it is our hope and anticipation that the beginnings or the preparatory work that have already been made will be fully utilised and given a proper shape by those to come after us and take up the threads of nation-building work. One thing, however, must be kept in view in the midst of contending claims of nation-building programmes that if we fail to bring some effective relief to the hard-pressed middle-classes within a reasonable period of time, the inexorable economic forces will wrest the initiative from our hands in the matter of shaping a desirable social pattern involving much painful consequences in the process.

### *The Fall in Prices*

A green patch in this otherwise depressing picture of the middle-class is the recent fall in commodity prices, particularly in some items. Although the fall is not yet general and has not affected the retail market in any conspicuous manner, it has given some relief to this hard-pressed class.

The causes of this fall are complex in character and it is too early to say how it will ultimately develop; but so long as this is gradual and orderly and does not become too precipitous, I do not think there is any cause for alarm. But till the prices are stabilised at a new reasonable level there will be some difficulties of readjustment, which are mostly outside the scope of the State Government. Government of India are closely watching the situation and will no doubt take appropriate action, if necessary. On the whole the fall, provided it takes an orderly course, will tend to operate to the benefit of our economy.

#### *Procurement Price for Paddy*

In view of the fall in commodity prices Government have decided not to enhance the procurement price of paddy. The present price of paddy is already more than in parity with other prices, and further increase in the procurement price would not, I am afraid, be justified at this stage. It may be mentioned in this connection that more than 80 per cent. of the people of West Bengal are interested in a low price of paddy. A high price would benefit only a small class of growers, constituting not more than 15 per cent. of the total population, who have a saleable surplus. Non-cultivators as well as cultivators who do not grow enough to meet their requirements for the whole year would benefit from a lower price. If the general price level continues to fall, the present price would be still more out of parity.

#### *Reasons for Optimism*

I have just tried to present before the House on behalf of the Government an outline of the policy pursued by us since Independence, which, to the best of my belief, is national and not class or party in its conception or intention. It seeks to give every class the assistance it most requires in the form most acceptable to the individual and to the State. I have heard whispers that we are partial to the urban interests and negligent to the rural. The charge is based on misconception. If help is rendered for the expansion of services of medical colleges, engineering colleges or the university, the benefit accrues to the whole State irrespective of urban or rural interests. So long as cities will remain the centre of our activities providing the means and channel of sustenance of those whose moorings still remain in villages, such distinction will appear largely unreal. I strongly repudiate any such suggestion and would point to the various provisions in the previous Budgets to speak for themselves. That we could have done more does not detract from the merit of what has been or is being done. The point I desire to emphasise is that compared to our resources and pressing demands on them from all sides, we have not failed to present the people with a clean bill; and on the positive side we have reasons to be warmed up with sober optimism. In the context of the picture I have just unfolded, I make no prophetic estimate as to the future, particularly in a period of which uncertainty is the dominant trait. There must always be in our calculations place for the unforeseeable and the unforeseen; there are what we call accidents, shiftings, mutations and vicissitudes of fortune from which States are no more immune than individuals who compose them. But subject to these necessary reservations, I need no apology to ask the House to face the future with faith and courage—faith in the intrinsic resilience of the people of West Bengal against all odds, and courage to serve her with vision unblurred.

#### *Function of Government in a Democracy*

I am too conscious that we are out to contend against psychological forces created out of our own history and traditions for the last half a century. In a new democracy, fed and sustained by the Arcadia of one's dreams,

hopes have been aroused and expectations fired for a new heaven and a new earth; Government is now being expected to do everything for the people and to solve all their problems from cradle to grave without the thought of the price to be paid for it. The people seem to be in no mood to set a limit to the function of the Government. Hopes deferred make way to frustration, and from frustration to discontent is but an easy transition. This paternal concept of Government is unhelpful; once it comes to stay in this country, and the Government is too much depended on for every kind of service, it is bound to limit the sphere of individual and collective initiative and prevent the growth and development of a self-reliant society. Democracy does not surely postulate such a shape of things in which the Government becomes the fountain-head of all power and people merely the passive beneficiaries of its good actions. The fact is the other way about; for in an enlightened democracy the people are the repository of all power and the Government derives its strength or weakness to the extent of the strength or weakness of the people it is called upon to govern. There the key to progress lies in a condition in which the Government is to set the target, chart out the course, create opportunities and conditions and put up the machinery for progress and the people to make the best use of them by their own individual or co-operative enterprise and hard work. Social progress becomes real and effective only when individual components of society discharge their obligations to it and the Government; otherwise it tends to become a one-way traffic—the Government extending its operation to limitless spheres but without evoking that measure of response from the people which alone can ensure success to Government measures. This does not mean, however, that the sum-total of the burden on the Government for economic development will be less than that laid upon individuals, for though the individual will be expected to do his best for his own improvement, the Government will have to pay its part effectively to ensure that individual efforts bear maximum fruits. Thus while river valley projects, electrification schemes, irrigation and communication facilities come within Government sphere, it is for the people to make the best out of them by their individual efforts. That is a realisation which is sure to make the foundation of our democracy stronger. And in a democracy there are spurs to be won by every one who has enlisted in the army of progress. You and I, and men and women throughout the country who have pledged service under its banner, must renew fealty to that great cause of which progress and prosperity are the ends and freedom the instrument and with whose fortune is bound up our hopes of the future.

Any paternalistic system which tries to provide everything for every one from above without regard to the cost only assumes an impossible task and effects a regimentation not congenial to a people who value democratic freedom. But Government assistance and co-operation to help people attain a higher standard of living, to provide that minimum security without which individual enterprise cannot adequately function, and to put a curb on that kind of individual action which in the past had been harmful to the community—such kind of Governmental function is quite consistent with best democratic traditions beyond which it would be too much for us to look forward to in the existing order of things.

### *The Old and the New*

We of the older generation had had our innings; it is for the youth now to take over. I am glad that shortly as the new House will replace the present one, there will be infusion of new blood and a larger number of young men to take their due share in public and parliamentary affairs. Nothing will give us, of the older generation, greater pleasure than to be

able to hand over responsibilities to younger men\* to whom West Bengal of tomorrow belongs. I would not speak to them in a mood of achievement and of exultation, with the air of those who had won the secret of success for themselves and of permanent achievement for the country. Nor would I claim final accomplishment or that we have won the battle against poverty, disease and insecurity. I would not also aver that the job of youth is merely to copy us—of the older generation—and preserve all those things which we have won for them. At the same time, I must say, there are lessons that the old leave for them which they may bear in mind with advantage. “Hold fast to that which is permanently true”—is a maxim that still remains a perennial counsel of wisdom worth remembering. So far as I am concerned, I say from my heart that we appeal to youth to play the game, not in a spirit of exultation or condescension, but in a spirit of humility. I frankly confess that had the older generation been a little wiser, more provident and more unselfish and more socially conscious, the world would have been saved from many needless conflicts. My generation may not have failed youth in good intentions, but we may have been to some extent found wanting in result. So it is the task of the youth not only to maintain the best in our heritage, but also to do their best to lift from the shoulders of our people some of the burdens that the shortcomings and mistakes of a past generation may have placed on them. The youth today enjoy an advantage denied to us in the past. The whole world lies before them; they can spread over virgin soil; under freedom they can master their environment; science, invention and economic evolution have opened up a new frontier for them—one not based upon geography but on the resourcefulness and stamina of those who are prepared to work and serve. I, for one, am willing to place my trust in the youth of the State. If they demand change, I should not chill their ardour by the grim prophecy that to change overnight is to destroy. I am unwilling to sneer at the vision of the youth merely because that vision may sometimes be mistaken. But all I would tell them is that vision does not belong only to the young; the old had also seen vision and dreamt dreams and worked for their realisation. They may have failed to reach the goal but they have not certainly put the clock of progress back.

I would appeal to the youth to learn from the lessons of history. Let us acknowledge freely that we cherish the form of democratic Government, but progress under it can easily be retarded by disagreements that relate to method and detail rather than to broad objectives upon which all are more or less agreed. It is as if all of us were united in the pursuit of a common goal, but that each and every one of us were marching along a separate road of his own. If we insist on choosing different routes, most of us will not reach our common destination but get lost in divergent trail. That will block progress.

### *Some Lessons of the Past*

The lessons of the past few years since freedom should put us on our guard. This experience should not go waste. In the first flush of freedom and our enthusiasm to achieve many things at a time our legislative zeal may get the better of prudence. Actually we started on far too many fronts without fully realising the danger of biting more than we could chew. This galloping stride cost us dearly; often causing confusion and loss. This also created bitterness and frustration in those who expected much to come out of Government efforts in an incredibly short time. It would be a more prudent policy for us now to begin on certain select sectors and keep to a well-conceived order of priority in the light of our actual requirement. It would also be a far better policy for us to try to

do the possible good rather than the impossible best. In other words, we must "hasten slowly" with as much circumspection as would prevent acting in a hurry and repenting at leisure. In my view we should proceed in such a way that posterity may not apply to us the verdict that was passed on Lord Curzon that if he had tried ten times less he could have achieved ten times more. I quite appreciate that the country needs so many things in so many directions and public demand for them is so insistent that the Government may some time feel compelled to undertake tasks which, on more mature considerations, might better have been left for a more propitious time. It is no doubt a duty of the Government to be responsive to public demand; but it is equally the duty of the Government not to deviate from the order of priority they set before them after mature consideration. Sometimes a powerful Government should have the courage to ride the wave, if necessary, rather than be swept away by it.

It will also be well for this House to remember that the Government machinery has to operate through certain self-imposed rules and procedure which can only be violated at the risk of weakening the structure of administration. It is not that rules, regulations and conventions are there to clog the wheel of progress and to strengthen the knots of red-tape; they are designed to ensure orderly transaction of business and to prevent administrative abuse. Given efficiency and a sound system, it will be useful for us to respect rules, regulations and conventions in the interest of administrative purity. If self-discipline is a virtue, administrative discipline is no less so; and in the best interest of administrative purity, it would be a sound policy to subject ourselves to these checks as far as possible. Unless this is done and there is an attempt to circumvent rules and regulations by makeshifts, we may create a situation in which the administration may face a breakdown and forces may be released which it may not eventually be able to control. The public as well as the honourable members will appreciate that these rules, regulations and conventions cannot be violated by any unilateral individual action and the most well-intentioned administration, ever ready to help, has to work under this severe restriction often misunderstood for lack of sympathy and spirit of co-operation. A sympathetic appreciation of these limitations will eliminate much of the bitterness sometimes felt when every individual problem cannot be solved in a rough and ready manner.

The art of government has now become highly technical and those who run the machinery must be protected from political inroads; Government today requires higher and higher standards in those who serve it. It must bring in its service greater and greater competence. The conditions of public service must be improved and protected. Mere party membership and loyalty cannot be the exclusive test. We must be loyal not merely to persons or parties, but we must be loyal also to the higher conceptions of ability and devotion that modern government requires.

### *Conclusion*

I hope the House will please excuse my striking a personal note, before I conclude. With this Budget, the fifth since freedom, my association with this House comes to an end. I have been a member of this House for many years now, only with some occasional breaks. I have heard its walls ring with voices heard no more; I have seen masters of parliamentary craft lounge in its lobbies with whom it was always a privilege to work. With the change of times, everything around us has changed and the quickening of a new life and new ideas heralds the dawn of a new epoch. It is I feel not quite an inappropriate time to go into retirement and bid

farewell to familiar scenes and old moorings. Since 1937 I have held the position of Finance Minister of this State for the longest period and have seen this State setting down from confusion to ordered progress. Whether I have been able to make any contribution towards this consummation, it is for this House to judge. Today as I lay down my office and bid you farewell I have a natural feeling of wrench. I cannot forget the uniform courtesy and consideration shown to me by this House, particularly during my continued illness which prevented me from taking as much interest in its deliberations as I wished I could. I am deeply grateful to the honourable members for their generous treatment extended to a stricken colleague. I know I may have fallen short of your expectations; to some I might have appeared rather orthodox in my approach, but whatever may be the impression I am leaving with this House, I am not ashamed to acknowledge that while in politics I have been an idealist in aim, I have always been a realist by temperament which has taught me to walk wearily in matters of public policy. I have met both good and evil fortunes with the same unclouded brow, the same optimism and the same unshakable confidence in the justice and righteousness of the cause I have stood for. I had to pay high price for this uncompromising faith, but with no regrets. Now that I am before you in this House for the last time I solicit your forbearance for all my shortcomings and for any strain I may have inadvertently caused to your feelings, and I invoke your good wishes and prayers that it may be given to me to enjoy that rest and quiet I need so much but so much denied to me throughout the last thirty years of public life. With all humility, I now take leave of you.

*Bande Mataram*

**PART IV**

**1952-53 to 1957-58.**

**Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1952-53**

*(Presented on the 27th June, 1952)*

Mr. Speaker, Sir, I deem it a great privilege to present the first Budget to the first Legislative Assembly elected under the Constitution on the basis of adult franchise.

As honourable members are aware, the Budget for the current year was presented to the last Assembly in March last and a vote on account was obtained to enable Government to be carried on for a period of about five months, pending finalisation of the budgetary procedure by the present House. This was done in conformity with well-established constitutional practice under similar circumstances. It was out of deference to this House which was to sit soon that in presenting the Budget at the time, the then Finance Minister Sri Nalini Ranjan Sarker refrained from making any material observation on the Budget Estimates and the then Legislative Assembly allowed a vote on account without discussion. The consideration of the Budget has thus been left to this House.

With the Legislature of the State now fully constituted after the general election under adult franchise in terms of the Republican Constitution of India, we are marking the end of the period of transition that followed the achievement of independence. The election, one of the biggest in the world by common consent, was fought and won and the vast electorate once again gave proof of their inherently sound political sense by indicating their preference for the forces of stability and order. The Congress party, which I have the honour to lead, has been returned to power by the deliberate choice of the electorate and it is now for the party to prove itself worthy of the trust and confidence reposed in it by the people.

I hope and trust that the honourable members, to whichever party they may belong, will now address themselves to the task of reconstructing and revitalising this State which, for the last decade, has known no peace. In the context of today, when the people have grown politically conscious and vocal enough to make their grievances heard, the task of the legislators has assumed a new significance; they are now expected to take a more active and livelier interest in the affairs of Government with a more constructive approach and a better knowledge of the fundamental problems of the State. We have now entered a phase in which no emotional relief in shibboleths or commonplace political or economic slogans can help to create the land of our dreams. It is by hard work, enlightened and constructive approach and closer contact with the people and the hard realities of their problems that the honourable members can render a proper account of themselves as accredited representatives of the people and turn aspirations into achievements. For, modern democracy is a hard task-master, and it is only those who can pull their full weight on the side of constructive effort can hope to stand the test of the time. I, therefore, welcome the honourable members to take their rightful place in the affairs of administration and render the fullest co-operation and help in the interest of the future well-being of the State. To those who may not agree with us, I will only say that from them also we expect substantial co-operation and constructive criticism.

In presenting the Budget in March last Shri Nalini Ranjan Sarker circulated to the House a number of papers. I am having all these papers circulated to the present House together with a copy of the statement made by Sri Sarker at the time. I am also circulating a booklet showing the changes that I have made in the demands for grants since then. It will

appear that I have made only two changes. The first is in respect of the relief of distress which is now prevailing in the district of 24-Parganas and some other districts of the State, which made its appearance after the Budget was presented in March last. The second is in respect of the community development projects which have taken shape since the Budget was presented in March last. As the community projects are to be financed mostly by loans and grants received from the Government of India, there have been consequential changes in the receipt side also.

The presentation of the budget is usually an occasion for stock-taking of work done in the past and also for indicating a programme for the future. As I look back to the immediate past and then to the future, I have a feeling that we have turned round the corner. In the face of endless problems arising out of Partition, the future at one time appeared to be dark. The social and economic structure of the State was shattered by the Partition. It appeared as if there was nothing to hold it together. The law and order problem continued to cause anxiety. In these circumstances we had on the one hand to establish and maintain law and order with a strong hand and, on the other, to plan and execute development schemes so that our people could be economically rehabilitated. Due to the Partition the old administrative structure had been badly disrupted and it had to be rebuilt in all directions. Today the law and order problem is completely under control. With a deficit budget, development projects are bound to cause a great financial strain.

On the other hand, without such projects it is not possible to raise the standard of living of the people. While some risks are inevitable in undertaking any schemes of development they have to be planned with due care and caution. Development projects can only be implemented if more funds can be raised. Every individual is called upon to pay increased contribution and he cheerfully accepts such sacrifices in order to secure development for the country as a whole. Fortunately for us many of our development schemes are now reaching the stage of fruition. Development of roads has made satisfactory progress and many inaccessible parts of the State have become accessible to a degree which was beyond our imagination a few years ago. The first part of the Mayurakshi project has been completed and it has started irrigating large tracts of paddy land. The Haringhata dairy scheme has reached the production stage. During the last 4 years small and minor irrigation schemes and tank improvement projects costing about 1½ crores have irrigated nearly 8 lakh acres of land. The State transport services are carrying thousands of passengers in the city and suburbs. Our fishery scheme has made considerable progress in surveying the scope for deep-sea fishing. The town of Kalyani near Kanchrapara is under speedy development. Refugees are being steadily rehabilitated into the economy of the State. The Government of India have executed one community development project at Fulia. This is now proposed to be handed over to the State Government. A number of similar projects are going to be executed in this State under the Indo-U.S. Technical Co-operation Agreement. These are expected to revitalise our shattered rural economy to the mutual benefit of the agriculturists and the middle-class people alike. We have taken electricity to villages and small towns and the process continues steadily. The Damodar Valley Corporation's work has made good progress. The rural health centres are growing up in large numbers to serve the country-side. The number of T.B. beds in the State is steadily being increased. We have reorganised centres of medical education and provided opportunities for admission of larger number of students. Colleges under the dispersal scheme have been opened in the different parts of the State so that students of outlying areas get facilities for higher training. The much expected Secondary Education

Board has been formed to look after secondary schools. Seven technical institutions of the polytechnic type have been set up where a little over 1,500 boys are receiving training for different kinds of industrial employment. Primary schools of a good standard are being set up all over the State. It is not a mere coincidence that the economic position in the State is easier today than when we first took over office.

While presenting the budget in March last Sri Nalini Ranjan Sarker referred to the fall in prices which had started near about that time. He referred to it as a green patch in an otherwise depressing economic picture. He expressed the opinion that on the whole the fall, provided it takes an orderly course, will tend to operate to the benefit of our economy. The fall in prices continued after that, though in quite an orderly fashion. According to the index number of wholesale prices for the whole of India issued by the office of Economic Adviser to the Government of India, in January, 1952, the general index number of wholesale prices stood at 430.3, a fall of nearly 6 per cent. from the peak figure of 457.5 reached in April, 1951. Between January and March there was a more pronounced fall in the index number for the whole of India which dropped to 364.9, i.e., by a further 14 per cent. by the middle of March. Since then there has been a slight upward movement and the index number for the whole of India for the week ended 31st May stands at 365.1. On the other hand, according to the Calcutta wholesale price index issued by the State Statistical Bureau, the peak stood at 579.0 in March, 1951. The index dropped to 436.0 in February, 1952—a drop of nearly 25 per cent from the peak. It rose to 390.0 in April and has again dropped to 332.0 in May. Commenting on this fall, the Finance Minister of India in his last budget statement has expressed the opinion that “On the whole the drop in the price level in recent months has been beneficial to the country’s economy although the readjustment necessitated by lack of accord between costs and prices is bound to cause some unavoidable difficulties to those engaged in business. In their own interest they must now decide to cut their losses reasonably and concentrate on economy and efficiency of production”.

The cause of the fall in prices is necessarily complex. The Finance Minister of India in course of his last budget statement expressed the opinion that it has been largely due to three causes, viz.—

- (a) disappearance of several international factors which led to an artificial rise in prices since June, 1950;
- (b) the impact of the monetary and credit policy adopted by Government to check inflation; and
- (c) the improvement in the general internal supply position as a result of increased production and larger imports.

The easier supply position in respect of cotton piece-goods, sugar and various other commodities of common use is obvious to everybody. This has brought relief to all. As our development projects make greater progress, the economic position should be easier still.

Thanks to the liberal imports from abroad, this Government holds today a stock of wheat as it never did before. The position of rice, however, is far from easy. There are signs, however, that it may be easier during the next season. In the race between growth of rice-eating population and the increase in the production of rice, the former is fast outpacing the latter and there does not appear to be any immediate prospect of the latter catching up the former. The Mayurakshi, the Damodar valley and the other irrigation projects will no doubt result in large increase in the production of rice but all the while the rice-eating population is also increasing and probably

at a faster pace. In the course of the last few years the Bengalees have changed their food habit, particularly in the cities and towns, and it appears as if that they will be called upon to change it still further in favour of wheat.

I will now discuss the Budget Estimates for the current year together with the Revised Estimates for the last year, the Final Actuals for that year not being available as yet.

The budgeted opening balance of the year 1951-52 was 3 crores 49 lakhs against which the actual opening balance amounted to 7 crores 42 lakhs excluding investment of 3 crores in short-term treasury bills. This improvement of 6 crores 93 lakhs represents improvement in the financial results of the year 1950-51 and is due to increase in that year of 3 crores 16 lakhs in the net receipts under debt heads, a saving of 1 crore 81 lakhs in the capital expenditure and a smaller revenue deficit of 3 crores 3 lakhs as against 4 crores 99 lakhs as anticipated in the Revised.

The increase under debt heads is due to net increase in receipts of 1 crore 83 lakhs under civil and other deposits and 1 crore 14 lakhs under remittances and 19 lakhs under other heads. Under the head remittances are booked transfers from one treasury to another and transfers between one Accountant-General and another in the course of inter-Governmental transactions. The adjusting debit and credit in respect of each transaction may not appear in the same financial year and therefore there may be an excess either of debits or credits. In 1950-51 we had an excess of credits amounting to 1 crore 14 lakhs. The saving in capital expenditure is composed of a saving of 1 crore 6 lakhs under State trading schemes, a saving of 38 lakhs under development of State roads, a saving of 18 lakhs under road transport scheme and a saving of 19 lakhs under other schemes. The net improvement in the revenue account is due to a saving of 2 crores 33 lakhs in revenue expenditure partly counterbalanced by a decrease of 37 lakhs in revenue receipts. The saving in the revenue expenditure is composed of a saving of 48 lakhs under unproductive development schemes, a saving of 56 lakhs in intensive food production schemes, a saving of 96 lakhs under civil works and a saving of 33 lakhs under other heads.

According to the Revised Estimates the year 1951-52 shows a revenue deficit of 2 crores 41 lakhs as against a revenue deficit of 4 crores 76 lakhs as anticipated in the Budget Estimates.

The total revenue receipts have improved from 34 crores 5 lakhs to 37 crores 68 lakhs. There is an improvement of 2 crores 30 lakhs under six principal heads of revenue, viz., 1 crore 6 lakhs under State's share of income-tax based on the Revised Estimate reported by the Government of India, 21 lakhs under State excise duties, 19 lakhs under stamps, 23 lakhs under motor vehicles tax, 12 lakhs under entertainment tax and 49 lakhs under sales tax. The appreciable improvements under other heads are 6 lakhs under administration of justice, 11 lakhs under medical and 1 crore 81 lakhs under miscellaneous. The increase under medical is due to larger amount of contributions received from private individuals for establishment of health centres and also for improvement of some hospitals while that under miscellaneous is due mainly to reimbursement by the Government of India of charges incurred by the State Government in the previous years on account of relief and rehabilitation of displaced persons which were not adjusted in reduction of expenditure during those years.

The increases are partly offset by decreases of 25 lakhs under betting tax, 25 lakhs under industries due to smaller sale of cinchona products and 25 lakhs under road transport scheme.

The total revenue expenditure for the year 1951-52 is 40 crores 8 lakhs according to the Revised Estimates as against 38 crores 81 lakhs according to the Budget Estimates. Thus the Revenue expenditure has increased by 1 crore 27 lakhs. The largest increase is under extraordinary charges in India amounting to 65 lakhs mainly on account of adjustment of arrear loss for supply of foodstuff to Government servants at concession rates for the year 1950-51 which was not adjusted in the accounts of that year.

Implementation of the enlarged new set-up for the Calcutta police, purchase of a building for accommodation of officers and men of the Calcutta police, purchase of arms and ammunitions for the West Bengal police to meet deficiency caused by Partition, reorganisation of the Cooch Behar police, etc., account for an increase of 42 lakhs under police. Purchase of appliances and equipments for the West Bengal fire service, payment of rehabilitation grants to persons affected by communal disturbances and cost of administration of the West Bengal Evacuee Property Act, 1951, mainly contribute to the increase of 17 lakhs under miscellaneous.

The increase is partly offset by a decrease of 24 lakhs under general administration due to recovery during the year from the Government of India of their share of the charges for the general elections. Small variations spread over other heads account for the balance of the *net* increase in revenue expenditure.

The provision for capital expenditure during the year is 17 crores 21 lakhs according to the Revised Estimates as against 14 crores 53 lakhs in the Budget Estimates. The provision for capital expenditure includes provision for productive development schemes including the Damodar valley project and Mayurakshi project, provision for State trading schemes and provision for capital expenditure for displaced persons. The increase in capital expenditure is mainly under State trading schemes and is due to larger procurement of wheat and wheat-products on account of increase in the scale of ration of that commodity with effect from 2nd July, 1951, and higher purchase price of imported stock. The higher price for procurement of rice with effect from January, 1952, also contributes to the increase.

Under this head are recorded the transactions in regard to the loans taken by the State Government, the State provident fund, contingency fund, deposits and advances of various nature including deposits of the civil, revenue and criminal courts, deposits of the local bodies, loans and advances by the State Government, etc. Temporary investments of the surplus cash balance in treasury bills are also accounted for under this head.

The receipts and expenditure in the Revised Estimate under these heads almost balance each other except in the case of investments in treasury bills, cash credit advances from the Imperial Bank of India for financing purchase of foodgrains, loans from the Union Government, loans raised in the open market and loans and advances by the State Government.

The Revised Estimate for loans from the Union Government is 16 crores 6 lakhs against 19 crores 20 lakhs provided for in the Budget Estimate. The decrease is due to reduction by 2 crores 73 lakhs in the amount of loan for relief and rehabilitation of displaced persons, as well as to curtailment of loans by 63 lakhs in the case of the Damodar valley project, 32 lakhs in the case of the intensive food production schemes and 4 lakhs in the case of the dispersal of displaced college students from Calcutta. The decrease is partly offset by an increase of 56 lakhs in the amount of loan for the

Mayurakshi project and receipt of a loan of 2 lakhs for schemes for development of cotton and jute in West Bengal not anticipated in the original estimate.

The Revised Estimates include provision for a loan of 1 crore 75 lakhs raised by the State Government in the market for financing some development schemes involving capital expenditure against 2 crores included in the Budget.

The Budget Estimate of revenue receipts for the year 1952-53, as now presented to the Legislature, shows a decline of 1 crore 31 lakhs as compared with the Revised Estimate of revenue receipts for the year 1951-52. There is a fall of 25 lakhs under taxes on income, 27 lakhs under State excise duties, 10 lakhs under irrigation, 7 lakhs under agriculture, 10 lakhs under civil works and 1 crore 87 lakhs under miscellaneous. There is, on the other hand, an improvement of 40 lakhs under motor vehicles tax, 14 lakhs under industries, 6 lakhs under miscellaneous departments, 15 lakhs under multi-purpose river scheme (Mayurakshi project), 14 lakhs under road transport scheme and 47 lakhs under extraordinary receipts.

The estimates under taxes on income are based on the forecast communicated by the Government of India.

The decrease under State excise duties is due to contemplated introduction of prohibition in two districts as also to reduction of the quota of supply of opium for West Bengal during the current year. The absence of provision for arrear recovery from the Government of India of expenditure on displaced persons mainly accounts for the decrease under miscellaneous.

The increase under motor vehicles tax is due to collection of taxes at the enhanced rates for the whole year under the Bengal Motor Vehicles Tax (West Bengal Amendment) Act, 1951, which came into effect from 1st July, 1951. Anticipated improvement in the sale of cinchona products mainly accounts for increase under industries. The expected receipts from water rates proposed to be realised from the areas which will receive irrigation from the completed portion of the Mayurakshi reservoir project contributes to the improvement in receipt under multi-purpose river scheme. The improvement under the road transport scheme is based on the anticipation that an increased number of buses will be available for operation during the current year. The increase under extraordinary receipts is due to contribution receivable from the Government of India on account of the community development projects.

The Budget Estimate of revenue expenditure for the year 1952-53 as now presented to the Legislature is 42 crores 4 lakhs as against the Revised Estimate of 40 crores 8 lakhs for 1951-52. Thus the revenue expenditure has increased by 1 crore 96 lakhs. There is an increase of 16 lakhs under irrigation, 17 lakhs under interest charges, 13 lakhs under appropriation for reduction or avoidance of debt, 16 lakhs under police, 49 lakhs under education, 45 lakhs under medical, 15 lakhs under capital outlay on industrial development within the revenue account, 6 lakhs under electricity schemes, 28 lakhs under famine and 61 lakhs under miscellaneous—community development projects. The increase is offset by a decrease of 22 lakhs under expenditure on displaced persons and 48 lakhs under extraordinary charges.

The increase under irrigation is due mainly to longer provision for intensive food production schemes while that under interest charges is due to inclusion of interest charges on the progressive higher outlay on the

Mayurakshi reservoir project as well as on the open market loans raised during 1951-52 and to be raised during the current year. The increase under appropriation for reduction or avoidance of debt represents a new provision for contribution to the sinking fund towards repayment of the open market loan raised during 1951-52. The increase under police is mainly due to inclusion of a full year's provision for the enlarged new set-up of the Calcutta police implemented gradually during the course of 1951-52. The increases under education and medical are mainly due to larger provision for development schemes and other new schemes.

The increase under famine is due to larger expenditure on relief of distress now prevailing in some districts. The increase under 57—miscellaneous—community development projects represents a new provision required to meet the current year's expenditure on account of these projects.

The total capital expenditure in the Budget Estimates for 1952-53 as now presented to the Legislature is 23 crores 68 lakhs as against 17 crores 21 lakhs in the Revised Estimates for 1951-52. The provision includes 11 crores 20 lakhs on account of this Government's share of expenditure on Damodar valley project, 3 crores 40 lakhs for Mayurakshi project, 3 crores for the scheme for development of State roads, 1 crore for Kanchrapara area development scheme, 15 lakhs for building residential flats at Karaiya Road, 4 crores 56 lakhs for expenditure on rehabilitation of displaced persons, 52 lakhs for the road transport scheme, 34 lakhs for North Calcutta rural electrification and Cooch Behar electricity extension schemes, 11 lakhs for certain small agricultural and industrial development schemes and 94 lakhs for community development projects. There is, on the other hand, a net receipt of 1 crore 49 lakhs under State trading schemes and 5 lakhs under Tollygunge land development scheme.

Excluding loans from the Union Government and the loan raised in the open market and loans and advances by the State Government the receipts and disbursements under these heads almost balance each other.

The provision for loans from the Union Government is 25 crores 22 lakhs against 16 crores 6 lakhs in the Revised. The provision includes 11 crores 20 lakhs on account of this Government's share of expenditure on the Damodar valley project, 3 crores 40 lakhs for the Mayurakshi project, 8 crores 77 lakhs for various schemes of capital expenditure for relief and rehabilitation of displaced persons as well as for grant of advances to them, 83 lakhs for intensive food production schemes, 4 lakhs for improvement of the Sibpur Engineering College, 4 lakhs for jute development scheme and 94 lakhs for capital expenditure on community development projects.

We propose to raise a loan of 2 crores this year also to finance certain development schemes involving capital expenditure.

On the expenditure side provision has been made under loans and advances by the State Government for 42 lakhs for advances to cultivators, 16 lakhs for loans to owners of *beel* fisheries and tank fisheries and to growers of agricultural produce, 20 lakhs for cattle-purchase loan, 6 lakhs for advance to the Provincial Co-operative Bank for financing the land mortgage banks, 3 lakhs for giving aid to industries and 4 crores 20 lakhs for loan to displaced persons for house-building, cultivation, etc.

The revenue deficit of the year 1952-53 is 5 crores 67 lakhs. The deficit outside the revenue account is 75 lakhs. The total deficit of the current year therefore amounts to 6 crores 42 lakhs. Setting off against it, the opening balance of 2 crores 68 lakhs, the year closes with a negative balance

of 3 crores 74 lakhs. The State has a public debt of 1 crore 75 lakhs at present. At the end of the current year our public debt will amount to 3 crores 75 lakhs. Our total debt to the Government of India at the end of 1951-52 stands at 36 crores 66 lakhs and will increase to 61 crores 46 lakhs at the end of 1952-53. This debt includes an advance of 2 crores 50 lakhs granted by the Government of India to help us clear half of the debit balance with the Reserve Bank left by the Government of undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 58 crores 96 lakhs consists of 21 crores 47 lakhs on account of rehabilitation of displaced persons, 24 crores 19 lakhs on account of Damodar valley project, 9 crores 72 lakhs on account of the Mayurakshi and other development projects, 1 crore 64 lakhs for grow more food or intensive food production schemes, 86 lakhs for scheme of dispersal of displaced college students from Calcutta, 9 lakhs for development of Sibpur Engineering College, 5 lakhs for jute development schemes and 94 lakhs for community development projects.

The expenditure on relief and rehabilitation of displaced persons proceeds mainly against three different budget heads, namely, 57—Miscellaneous—expenditure on displaced persons, 82—capital account of other State works outside the revenue account—expenditure on displaced persons, and a debt head, namely, loans and advances by State Governments—loans and advances to displaced persons.

Revenue expenditure is booked under 57—Miscellaneous. Under this head the budget provision for 1951-52 was 2 crores 48 lakhs, out of which 2 crores was to be recovered from the Government of India. Of the net expenditure of 48 lakhs, 12 lakhs was offset by receipts taken into account under the head XLVI—Miscellaneous and the balance of 36 lakhs was a net charge on the State. This is inclusive of 20 lakhs on account of the scheme for dispersal of displaced college students from Calcutta, against which an equal amount of loan is received from the Government of India.

In the Revised Estimates for 1951-52, the corresponding provisions for expenditure under this head and recovery from the Government of India in respect thereof stand at 3 crores 92 lakhs and 3 crores 33 lakhs, respectively. Net expenditure in the Revised Estimate thus stands at 59 lakhs. Deducting 7 lakhs, taken into account as current revenue receipts under the head XLVI—Miscellaneous, the balance of 52 lakhs is a net charge on the State. This is inclusive of 26 lakhs on account of dispersal of displaced college students from Calcutta.

The corresponding budget provision for the current year is for expenditure of 3 crores 60 lakhs and recovery of 3 crores 23 lakhs from the Government of India. Receipts on account of displaced persons have been taken at 2 lakhs in the Budget. The charge on the State Government is 35 lakhs including 10 lakhs for the scheme for dispersal of displaced college students from Calcutta.

Under revenue expenditure there is also a provision of ten thousand in the Revised for 1951-52 against a provision of one lakh in the Budget for that year under 22—Interest on debt and other obligations on account of payment of interest on loans taken from the Government of India for relief and rehabilitation of displaced persons. The budget provision for the same purpose for 1952-53 is half a lakh. Equivalent amounts on account of realisation of interest on loans from displaced persons are included as receipts under the head XX—Interest.

A provision of 2 crores 3 lakhs was made in the budget for 1951-52 under 82—capital account of other State works outside the revenue account—expenditure on displaced persons for the scheme of housing displaced persons, colonisation scheme and other schemes for rehabilitation of displaced persons. The corresponding provisions in the Revised Estimates for 1951-52 and in the Budget Estimates for 1952-53 are 74 lakhs and 4 crores 61 lakhs, respectively. Receipts from sale of lands, buildings, tools, implements, etc., are taken in reduction of capital expenditure and the amounts booked under this head therefore represent net expenditure.

Loans and advances to displaced persons proceed against a debt head. The capital expenditure and the loans and advances are met out of loans of equivalent amounts from the Union Government, the provision for which appears under Loans from Union Government. It is expected that we would be able to recover a large part of these loans.

The Revised Estimates for 1951-52 include a provision of 59 lakhs for net expenditure under the capital head and 6 crores for payment of advances to displaced persons. Against these the amount of loan from the Union Government included in the Revised Estimates is 6 crores 80 lakhs. The excess loan of 21 lakhs during 1951-52 is on account of expenditure incurred up to 1950-51 in excess of loans received. Besides, the provision for loan receivable from the Union Government in respect of the scheme for dispersal of displaced college students from Calcutta is 16½ lakhs.

In the Budget Estimates for 1952-53, the provision for net expenditure under the capital head is 4 crores 56 lakhs and the provision for payment of advances to displaced persons is 4 crores 20 lakhs. Against these the provision for loan from the Union Government is 8 crores 77 lakhs, which includes 1 lakh on account of working capital for training-cum-work centres.

The total outlay on displaced persons in this State under all the heads covering the shares of the Union and the State Governments is 28 crores 25 lakhs to the end of 1951-52 and would amount to 40 crores 32 lakhs at the end of 1952-53.

A statement showing the progress of development schemes included in the Revised Estimates for 1951-52 and the Budget Estimates for 1952-53 has been circulated in the House.

The development schemes were started on the assumption that grant or loan would be available from the Government of India to cover the full expenditure on the schemes according as the schemes were unproductive or productive. But it was subsequently decided by the Government of India to reduce the grant payable to the State during 1948-49 and 1949-50 by fixation of a ceiling and to stop the grant completely from the year 1950-51. Loans for all productive development schemes with the exception of the Damodar valley project and the Mayurakshi project were also completely stopped in 1949-50. The only assistance which is now received by the State Government from the Government of India in respect of the development schemes is the loans in respect of two river valley projects mentioned above.

On the Damodar valley project West Bengal's share of expenditure will amount to 24 crores 20 lakhs from the date of Partition up to the end of 1952-53. The whole of the amount will be received as a loan from the Government of India. On the Mayurakshi project the total expenditure till the end of current year will amount to 8 crores 77 lakhs, of which 8 crores 73 lakhs will be received as loan from the Government of India.

On other productive development schemes our expenditure till the end of current year will amount to 17 crores 48 lakhs. Out of this amount, only 99 lakhs was received as loan from the Government of India till the end of 1948-49. The balance of 16 crores 53 lakhs represents the amount provided out of the resources of the State Government.

Our total expenditure on productive development schemes from the date of Partition till the end of 1952-53 will amount to 20 crores 49 lakhs. Out of this amount, only 4 crores 73 lakhs was received as a grant from the Government of India till the end of 1949-50. The balance of 15 crores 76 lakhs has been provided from the resources of the State Government.

It will thus appear that from Partition to the end of current year the State Government will spend on development schemes a total sum of 70 crores 94 lakhs, out of which 32 crores 29 lakhs represents the amount provided from the resources of the State.

These schemes are also included in the Five-Year Plan of West Bengal. According to the existing procedure of financing the intensive food production schemes, the food procurement bonus, if any, receivable from the Union Government, is first set off against the net expenditure on all such schemes and the balance of the expenditure is shared between the Union and the State Government on a 50 : 50 basis.

There is one scheme, however, viz, Sonarpur Arapanch Matla drainage scheme in the Irrigation and Waterways Department in which the State Government has to bear more than 50 per cent. of the expenditure. The total cost involved on account of the scheme is 44 lakhs (11 lakhs during 1951-52 and 33 lakhs in 1952-53). The share payable by the Government of India is 11 lakhs and that debitible to the State is 33 lakhs. The Government of India have agreed to pay a grant of 11 lakhs during 1951-52 to meet their share cost and a loan of 33 lakhs in 1952-53 to enable the State to meet its own share.

From the 1st January, 1951, the payment of food procurement bonus to this State was regulated as follows:—

An import quota was fixed for the State. For the year 1951-52, the quota fixed was 4 lakhs tons.

No bonus therefore was payable if actual imports exceeded 125 per cent. of the quota.

When imports exceeded the quota but were less than 125 per cent. of the quota, bonus was payable at the rate of Re. 1 per maund on the quantity by which imports fell short of 125 per cent. of the quota.

When imports were less than the quota, bonus was payable at the rate of Re. 1 per maund on 25 per cent. of the quota and at the rate of Rs. 1-8 per maund on the quantity by which imports fell short of the quota.

The estimated import of foodgrains during 1951-52 is 555,845 tons which is more than 125 per cent. of the quota. No bonus is therefore payable to this Government during the year 1951-52. Government of India have decided to discontinue the bonus scheme with effect from 1st January, 1952. The estimates for bonus for both the years have therefore been taken as nil.

The original estimate of expenditure on intensive food production schemes during 1951-52 was 2 crores 4 lakhs. The Revised Estimate for all the schemes has been fixed at 1 crore 95 lakhs (1 crore 40 lakhs in the

Agriculture Department, 44 lakhs in the Irrigation Department, 9 lakhs in the Fisheries Department and 2 lakhs in the Industries Department). Against the above estimate of expenditure, 57 lakhs is included in the Revised Estimates of revenue receipts, being the amount likely to be received in respect of these schemes on account of sale proceeds of seeds, manures, etc. The net expenditure thus comes to 1 crore 38 lakhs. Deducting 11 lakhs for Sonarpur Arapanch Matla scheme, the divisible balance amounts to 1 crore 27 lakhs. As full grant of 11 lakhs receivable from the Government of India for the Sonarpur scheme is included in the Revised Estimate for 1951-52, the net charge on the State Government amounts to half of the divisible amount of 1 crore 27 lakhs for the schemes.

The estimate of expenditure on these schemes for 1952-53 is 2 crores 3 lakhs (1 crore 32 lakhs in the Agriculture Department, 60 lakhs in the Irrigation Department, 9 lakhs in the Fisheries Department and 2 lakhs in the Industries Department). 51 lakhs is included in the Budget on account of receipts in respect of the schemes. The net expenditure is thus 1 crore 52 lakhs. Deducting 33 lakhs for Sonarpur Arapanch Matla scheme, the divisible balance amounts to 1 crore 19 lakhs. Half of this amount, i.e., 59 lakhs plus 33 lakhs on account of three-fourths share of the Sonarpur scheme will thus form the net charge on the State Government. The Government of India have, however, sanctioned a loan to meet this Government's share of the cost of the Sonarpur scheme. Besides the provision under revenue heads, provision for payment of loans in furtherance of these schemes has also been made to the extent of 14 lakhs in the Revised and 16 lakhs in the Budget.

The purchase price of articles of food together with certain incidental charges as well as receipts from sales thereof are adjusted under the capital head Capital Outlay on Schemes of State Trading while the administrative cost of the Food Department together with that of the Supply Department is recorded under the revenue head Extraordinary Charges in India.

The value of stock of rice, wheat and wheat-products and sugar in the beginning of the year 1951-52 was 5 crores 85 lakhs. A provision was made for the purchase of stock of the value of 70 crores 41 lakhs including incidental charges in 1951-52 against which the receipts from sale-proceeds were estimated at 63 crores 92 lakhs. A subsidy of 2 crores 56 lakhs was also expected from the Government of India in respect of the quantity of imported wheat to be consumed in Calcutta and Asansol. There was thus a net increase of stock of the value of 3 crores 93 lakhs. The stock at the end of the year is estimated to be of the value of 9 crores 78 lakhs.

The cost of purchase of articles of food including incidental charges during the current year is estimated at 68 crores 49 lakhs and the receipts from sale-proceeds thereof have been taken at 67 crores 60 lakhs. Provision has also been made for a subsidy of 2 crores 57 lakhs from the Government of India. In view of the subsequent decision of the Government of India to discontinue the subsidy, the selling prices of wheat and wheat-products have been raised and the increased receipts from the sale-proceeds are expected to neutralise the decrease due to the withdrawal of subsidy by the Government of India. The stock at the close of 1952-53 will thus be worth 8 crores 10 lakhs.

The transactions of the road transport scheme are booked under two heads, namely, 82B—Capital Outlay on Road Transport Scheme outside the Revenue Account and XLVIA—Receipts from Road Transport Scheme.

For capital outlay which includes cost of buses, land, garage, workshop, equipment, etc., the provision during the year 1951-52 is 46 lakhs in the Revised against 48 lakhs in the Budget for that year and the Budget provision for the current year is 52 lakhs. Besides body-building for 44 single-deckers, orders were placed for purchase of another 30 single-decker buses during the last year. The current year's estimate includes 27 lakhs for the purchase of 20 more single-deckers and 5 more double-deckers which are expected to be put on the road this year.

Gross receipts and working expenses are booked under the head XLVIA—Receipts from Road Transport Scheme. It will appear that the net result of the transactions during 1951-52 is a loss of 20 lakhs according to the Revised as against a surplus of 6 lakhs anticipated in the original Budget. The loss was due to non-availability of the required number of buses for operation during the last year. The net loss in the transactions for the current year, after providing for a total sum of 24 lakhs for depreciation and interest, amounts to 6 lakhs only which shows an improvement of 14 lakhs as compared with the Revised Estimate for 1951-52.

The Five-Year Plan for West Bengal as included in the draft report of the Planning Commission of the Government of India provides for a total expenditure of 68.77 crores consisting of 10.35 crores under agricultural and rural development, 15.96 crores under major irrigation and power projects, 1.16 crores under industry, 15.76 crores under road and road transport and 25.54 crores under social services, e.g., education, medical, public health, etc. The Plan includes the existing as well as some new development schemes and grow more food or intensive food production schemes of the State. As against a total outlay of 68.77 crores, the available receipt is estimated at 34½ crores. The estimated receipts comprise 10 crores from open market loans, 5 crores from the surplus under deposits, etc., 3 crores from share of Union estate duty, 6 crores from additional yield from sales tax over the level of the budget of 1950-51, 1 crore from additional yield from agricultural income-tax, 4½ crores from motor vehicles tax, etc., and 14 crores representing assistance from the Union Government. The total receipt during the 5-year period would thus be 43½ crores; of this sum 9 crores will be required to meet deficits in our normal budget for this period leaving a sum of 34½ crores for development schemes included in the plan. There will thus be a gap of about 34½ crores to be filled up during this period.

Three rural-cum-urban community projects have been recently approved by the Government of India for execution in West Bengal under the Indo-U.S. Technical Co-operation Agreement. Sites for eight development blocks constituting these three community projects have been selected in the districts of 24-Parganas, Nadia, Midnapore, Burdwan and Birbhum and the preliminary work has started. The execution of the projects is expected to be completed within a period of three years, the total outlay involved being of the order of 3 crores 33 lakhs. Loans will be made available by the Government of India partly out of funds obtained under the Indo-U.S. Technical Co-operation Agreement and partly from Union resources for meeting the entire cost of self-financing schemes to be undertaken under these community development projects. In regard to other schemes connected with these projects, the net expenditure on such schemes (i.e., gross expenditure on those schemes less receipts in connection therewith) will be shared as follows, viz., 75 per cent. of the total non-recurring expenditure and 75 per cent. of the first year's recurring expenditure will be met by the Government of India partly from funds under the above Agreement and partly from Union resources, the balance of 25 per cent.

being met by the State Government. The recurring expenditure for the second and third years will be shared between the Union and State Governments in the proportion of 1 : 1 and 1 : 2, respectively, the recurring expenditure from the fourth year onwards devolving entirely on the State Government.

The current year's provision for these projects consists of 61 lakh 32 thousand under the head 57—Miscellaneous—Community Development Projects which represents revenue expenditure on schemes other than self-financing ones, e.g., education, health, agriculture, etc., and of 94 lakh 37 thousand under the head 82—Capital Account of other State Works outside Revenue Account—Community Development Projects which represents capital expenditure on self-financing schemes, e.g., irrigation, housing, electricity, etc. Provision has also been made for recovery of 45 lakh 99 thousand, representing 75 per cent. of the expenditure under the former head and for receipt of a loan of 94 lakh 37 thousand, equivalent to the expenditure under the latter head, from the Union Government in the receipts side of the Budget under the heads LI—Extraordinary Receipts and Public Debt—Loans from Union Government, respectively.

Honourable members are aware that a Finance Commission has been appointed by the President under Article 280 of the Constitution to make recommendations on the allocation of the net proceeds of income-tax, fixation of the grant-in-aid in lieu of a share of jute duty and determination of the principle according to which grants-in-aid should be given to States in need of assistance. The Commission visited this State in April last. My colleagues in the Cabinet, official heads of important departments and I explained our position fully to the Commission. We showed by statistical analysis how the present distribution of the net proceeds of income-tax is without any principle and without any equity or reason. Thus we have pointed out that under the present arrangement, for every hundred rupees collected in its territory, for income-tax Bombay gets Rs. 24, Uttar Pradesh gets Rs. 178, Madras gets Rs. 93, West Bengal gets Rs. 21, Bihar gets Rs. 322, Madhya Pradesh gets Rs. 215, Punjab gets Rs. 71, Assam gets Rs. 86, and Orissa gets Rs. 617.

Shri Nalini Ranjan Sarker, in his successive Budget statements in the past, explained to the House how after the Partition the share of this State was reduced by about 3 crores though the net collection lost in East Bengal was only a few lakhs and the money thus taken away from us was distributed to other States without their asking for it. Shri C. D. Deshmukh, who was thereafter appointed an arbitrator, seems to have recognised the justice of our claim, but he thought that the claim, if admitted, would result in changes in the shares of other States and that a fair reallocation *de novo* could hardly be affected without changing the share of the Centre. But as a change in the share of the Centre was kept outside the scope of his enquiry and particularly in view of the fact that his award was to remain operative only for a short period of about two years, he left the question of reallocation *de novo* to be determined on a scientific basis by the Finance Commission.

The Finance Commission is now touring all the States in India and according to reports it is expected to submit final report by November next. We do hope that the Commission will give us the justice which has so long been denied to us, but which this partition-shattered State needs very badly today.

The honourable members will notice that the papers circulated include the following booklets, viz.—

- (a) the West Bengal State Rupee—From where it comes and where it goes;
- (b) statement showing the progress of development schemes and new schemes outside the development programme; and
- (c) statement showing estimated financial results of important schemes of Government involving transactions of a commercial or semi-commercial nature.

It will appear that in several directions the level of expenditure in West Bengal has exceeded the undivided Bengal level. The rise is most striking in roads and irrigation. Our expenditure on education and medical relief and public health has also exceeded the level ever reached in undivided Bengal. Nevertheless as the honourable members are aware, we did not make any great change in taxation. We did not levy any new tax. The rates of three taxes only were increased, viz., the amusement tax, the agricultural income-tax and the motor vehicles tax. In the case of the betting tax some decrease was effected in view of the fact that the higher rate of tax was encouraging bucket shops and the revenue was consequently on the decline. With a lower rate the bucket shops appear to have been checked and the revenue is looking up. We have also increased our rates of excise duty on country spirit, opium, foreign liquor, etc. We have strengthened our taxation administration and this has yielded good result. In the case of the sales tax, for example, the total revenue on the eve of the Partition was 3.50 crores from the whole of Bengal out of which a little over 2 crores was raised from the territories now comprising West Bengal. We are now deriving revenue of 5½ crores from West Bengal without altering the rate. To this increase the removal of the few items from the exemption list of the Sales Tax Act has contributed only a very small amount—no more than two or three lakhs. The balance of the increase is mostly due to the strengthening of the administration.

On the capital side, the Damodar valley and the Mayurakshi projects and the refugee rehabilitation schemes are being financed by loans obtained from the Government of India. The capital expenditure under the community development projects will also be financed by loans from the Government of India. We raised an open market loan of 1 crore 75 lakhs last year and we propose to raise a similar loan of 2 crores during the current year. The rest of the capital expenditure is being financed from our own resources. I may state for the information of the honourable members that the loan of 1 crore 75 lakhs raised last year was fully subscribed within a few minutes of its opening.

For financing our development schemes we have to a considerable extent depended on deficit financing in recent years. If the Finance Commission rectifies the wrongs done to the State after Partition restoring to the State what are its legitimate dues in the matter of allocation of the net proceeds of income-tax and jute duty and if the productive development schemes we have taken on hand fructify in the manner expected there should be no cause for anxiety.

Though we have achieved much, I am conscious that much more yet remains to be done. In accomplishing what is left undone, I seek the co-operation, goodwill and guidance of every section of this House. During the next five years, we are on trial; it is by our ability to bring peace and plenty at the doors of our people that we shall be judged. And the

judgment of democracy is often harsh on those who fail to render account to its satisfaction. So let us not fritter away our energies in useless controversies and quarrelling on trifles. That will not help any of us in achieving our common aim which is to bring good to the people. You will realise that this State is faced with problems many of which are acute and abnormal. Sometimes these admit of an equally abnormal treatment which may not always be orthodox. In dealing with such problems we may commit mistakes; there is also the risk of wastage; but I will ask the House to bear with us in a spirit of sympathy and understanding so long as our intentions are honest and inspired by a desire to do our best within the limitations of a given condition. The spirit of trust and understanding in vital matters of social good is the best guide of an enlightened democracy; for democracy for the matter of that party government does no longer mean organised quarrel as it used to be in its early days. Amid the destruction and dislocation left by the past, the immediate task before us will be to rebuild our material fabric and restore the severed human relationships on which our culture rests. When so much has to be done and reconstruction must be so elaborate, we shall perhaps do well to wait for better days to split hairs on fundamental principles and ultimate aims. In the meantime, let us address ourselves to the task of bringing back this fair State of ours to its pristine glory, with a chastened mind, and with heart within and God overhead. Let the Bengal of Rammohan and Keshab Chandra, Ramkrishna and Vivekananda, Bankimchandra and Rabindranath, Surendranath and Chittaranjan once more take her proper place under the sun. (Applause.)

### **Supplementary Estimate for the year 1952-53**

*(Presented on the 19th March, 1953)*

**The Hon'ble Dr. Bidhan Chandra Roy:** Sir, I beg to present under the Provisions of Article 205 of the Constitution a Statement of Supplementary Estimate of expenditure for the year 1952-53. The total amount covered by the present Supplementary Estimate is Rs. 1,50,02,900 of which the voted items account for Rs. 1,39,46,900 and the charged items for Rs. 10,56,000. There are only four voted items; of them the amount under Famine represents mainly additional expenditure on gratuitous relief and test relief works in the areas affected by distress. The amount under Loans and Advances represents agriculturists' loans granted in the distressed areas. The additional expenditure under these two items to the extent of Rs. 25 lakhs has been met from the Contingency Fund and the Fund will be reimbursed on receiving sanction of this House to this expenditure.

The third item relating to Extraordinary Charges is mainly due to adjustment of arrear loss on account of issue of food at subsidised rates to certain low-paid Government servants. The loss could not be adjusted last year and will be adjusted this year on receipt of sanction of this House.

The fourth item is a small one, relating to the pensions to members of the Cooch Behar family.

Of the charged items, the amount under the head "Interest" does not wholly represent additional expenditure but is mainly a book adjustment. As there was smaller capital expenditure under the Mayurakshi Project than was anticipated at the time of preparing the Budget Estimates, the interest chargeable to that Project and adjusted under this head as deduction of expenditure also became smaller. The interest receivable from that head thus becoming smaller, the net amount under "Interest" has increased correspondingly.

The charged amount under "Civil Works" mainly represents cost of addition and alteration to and payment of arrear municipal taxes of Raj Bhavan.

The other charged items are minor.

The total amount for which the demand is placed is very small and mostly on account of re-adjustment that has to be made of an expenditure; this re-adjustment should have been made much earlier but only the accounts were not completed. That is why it has come here as a Supplementary Estimate. Secondly, the unprecedented distress which was not foreseen at the time of the preparation of the Budget accounted for the increase in expenditure.

With these words, Sir, I present the Supplementary Estimate of Expenditure for the year 1952-53.

**Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1953-54**

*(Presented on the 16th February, 1953)*

I rise to present the Budget Estimates of the State of West Bengal for the financial year 1953-54.

Together with the Civil Estimates and the Explanatory Memorandum thereon, commonly known as the Red Book, I have had circulated to the honourable members three other booklets, viz.—

- (1) Statement showing the progress of Development Schemes and other new schemes included in the Revised Estimate for 1952-53 and Budget Estimate for 1953-54;
- (2) The West Bengal Rupee—From where it comes and where it goes; and
- (3) Statement showing the results of some commercial and semi-commercial schemes undertaken by Government.

These three booklets, it is hoped, will be helpful to the honourable members in studying the Budget.

*Economic Situation.*

In presenting to the House the Budget Estimates for 1952-53 I stated last year: "As I look back to the immediate past and then to the future, I have a feeling that we have turned round the corner". I thank Providence that this statement has proved correct.

In the year just gone by, inflation was completely checked. After a long time the prices started moving in favour of the consumer. The general wholesale price index issued by the Economic Adviser to the Government of India, which stood at 457.5 in April, 1951, dropped to 367.1 in May, 1952. It rose again to 389.0 in September, 1952, but has again come down to 372.7 in December, 1952. The working classes' cost of living index issued by our Labour Commissioner, which stood at 387 in August, 1951, dropped to 339 in April, 1952, and was 346 in December, 1952.

A satisfactory feature of the year is that this fall in prices did not have any adverse effect on production which went on increasing. Thus during the year we have had more food, more cloth, more sugar, more steel, more coal, more cement, more matches, more paper, more fertilisers and more of many other things. Good weather, good relations between the industry and the labour, easier position in regard to industrial raw materials—all contributed to this increased production. Lower prices and increased production are evidence that transition from the high price economy to a low price economy was being effected in a smooth way and this enabled Government to remove controls and return to normalcy in several spheres without repeating the sad experience of earlier years. Cloth, sugar and several other commodities are now cheaper and easily available to the great satisfaction of the masses.

Food position is also easier today. All restrictions on the movement of foodgrains within a district or between districts have been removed. The only cordons that remain are those along the State border and round the statutorily rationed areas. In the non-rationed areas rice mills are now free to purchase paddy on condition that they will sell to Government one-third of their output at the Government procurement price, the remaining two-thirds being left to them for sale in the open market. In the statutorily rationed areas the rice component of the *per capita* ration has been increased from 4½ oz. to 6 oz. per adult per day and an additional quantity of rice continues to be made available through economic price rice shops.

Tea is an important industry in this State. In this industry the transition from the high price economy to a low price economy has not been as smooth as it has been in some other industries. The international agreement for limiting production introduced an element of protection to the industry as far back as 1933. During the war and the immediate post-war period the disappearance of the Indonesian supply and the bulk purchase system of Great Britain made it possible for the industry to sell almost whatever could be produced and whatever be the quality and costs. These advantageous factors have now disappeared but by long existence they have left deep marks on the industry which are making the transition to normalcy rather difficult. I am sure the resourcesfulness of the industry and the enlightened self-interest of labour, aided by the Central and the State Governments, where necessary, will be able to surmount all difficulties successfully.

In 1952, the jute industry came out of a period of anxiety which began with Partition. The position of raw materials is easier today, the export duty has been reduced and greater attention is being paid to the market. It is increasingly being realised that greater attention to the market and greater efficiency in production are now essential to the prosperity of the industry. While the problem of raw material to the industry is now solved, the problem of good prices to the grower of the raw material has appeared. Being the biggest producer of jute goods in the world, we are undoubtedly interested in low prices of raw jute. But the grower must have a fair price if he must grow raw jute for the industry. In this matter the jute-growers, the jute-mill owners, and the Government will co-operate to ensure a reasonable return to the grower.

In the year 1952 the volume of trade increased appreciably. During the period January to October, 1952, the volume of exports which passed through the Port of Calcutta was 5,273,000 tons as against 4,099,000 tons during the corresponding period of 1951. During the same period the imports to the Calcutta Port amounted to 3,343,000 tons as against 3,190,000 tons of the corresponding period of the previous year. Of the exports, the

largest increases occurred under coal, ores and scrap. Coal increased from 2,112,000 tons to 3,186,000 tons; ores increased from 284,000 tons to 628,000 tons; scrap increased from 40,000 tons to 222,000 tons. Of the imports, the largest increase was under petroleum which increased from 599,000 tons to 777,000 tons. Salt increased from 419,000 tons to 425,000 tons and foodgrains increased from 1,247,000 tons to 1,277,000 tons.

#### *Five-Year Plan.*

During 1952 the Five-Year Plan was finalised. The Plan contemplates an expenditure of 2,069 crores by Central and State Governments in the five-year period, productive activities outside this Government Sector being left to private enterprise. Of the total expenditure of 2,069 crores in the Government Sector, 24 per cent. is on transport and communications, 21 per cent. is on irrigation including multi-purpose irrigation and power projects, 17.5 per cent. is on agriculture and community development, 16.4 per cent. is on social services, 8.4 per cent. is on industry, 6.1 per cent. is on power, 4.1 per cent. is on rehabilitation and 2.5 per cent. is on miscellaneous items. Excluding the Damodar Valley Project, the Community Development Projects, etc., which come within the Central Sector of the Plan, the Plan for the Government of West Bengal contemplates an expenditure of 69 crores in five years. Of this expenditure of 69 crores, 36.9 per cent. is on social services including education, medical, public health, etc., 23.3 per cent. is on major irrigation and power projects, 22.9 per cent. is on communication and transport, 15.2 per cent. is on agriculture and rural development and 1.7 per cent. is on industry. It will appear that the greatest emphasis in the West Bengal Plan is on social services, irrigation-cum-power projects and communication and transport taking the second and the third places, respectively.

That the Plan is a move in the right direction and that the finalisation of the Plan is a historical event of great significance nobody can deny. A great merit of the Plan is that it clearly demarcates the Government Sector and the private Sector so that private enterprise also can go ahead on the path of productive activity without any confusion or misgiving. The critics of the Plan can be broadly divided into four categories. Some critics are of the opinion that the Plan is too ambitious and cannot be successfully executed without causing inflation and consequential hardship to the people. Others have said that the Plan seeks to achieve too little. The third group of critics find fault with the distribution of expenditure over the various services in the Plan. Almost each possible manner of different distribution has its exponent in this group. The critics of the fourth category are of the opinion that the reliance on foreign capital has been rather too great.

This country is poor and ours is a backward economy. It is natural that poverty makes us impatient and induces a wish for a quick change. Our financial deficiency, however, severely limits our capacity to go forward. This disparity between needs and capacity is the great tragedy. Those who are of the opinion that the Plan is too ambitious are only thinking about our poor capacity for performance. Those who state that the Plan seeks to achieve too little are only thinking about our great deficits in all directions and the urgency for betterment. Those who criticise the distribution of expenditure are mostly looking at the deficiency in particular sectors only. The solution of the problem of disparity between needs and capacity must lie not in emphasising one in disregard of another but in finding a method of bringing about an all-round development. This is what the Plan seeks to do.

It is not claimed that another manner of distribution of the expenditure is impossible. All that is claimed is that the manner adopted in the Plan is quite reasonable. Further, all the details of the Plan are not immutable. It would be a bad Plan, if it were so. As we go forward, we must bring to bear on the Plan all the lessons of our experience and all the requirements of a developing and changing situation. At this stage I appeal to all to go forward with all the enthusiasm which the Plan rightly calls forth from all of us.

Regarding the fourth type of criticism, the figures will tell their own tale. Of the resources provided for in the Plan, the largest item is public savings from current revenues and amounts to 738 crores. The next biggest item is private savings amounting to 520 crores. The external assistance received is only 156 crores. In a Plan of over 2,000 crores this is a paltry sum. Apart from the figures, there is nothing wrong in this loan. If it is necessary to take the help of foreign aid so that we can accelerate the rate of our progress and consequently the rate of improvement in the standard of living of the masses, there can be nothing wrong in it. The United States of America, Canada and Russia were developed with the help of foreign loans. China also is going in for foreign loans to accelerate the rate of her progress. If with a loan from the World Bank we can complete in two to three years the Damodar Valley Project which without it we could not complete at all or would take ten years more to complete and if such aid is available without affecting our dignity as a free country and with no loss of self-respect as a nation, we would take it, because the masses are benefited by it. On the resources side of the Plan small savings of the poorer people have been estimated to yield 270 crores out of a total private savings of 520 crores. There has recently been a shift in the income structure of our economy and money incomes have been better distributed and have trickled down to the masses in a quite appreciable measure. The masses have, therefore, to be persuaded to acquire the habit of saving which will give them freedom from wants and a confidence in the future. By providing for the largest amount of saving from these classes, the Plan not only secures funds for development but also seeks to improve the position of the masses by winning them away from the path of improvidence to the path of thrift and thereby making them better citizens in a democracy.

The above criticism only helps to bring into relief the realistic character of the Plan. Honourable members will notice that during the next year we shall be spending nearly 14 crores on development schemes in West Bengal. This is nearly the annual average of the estimated expenditure of the five-year period. In the Plan the target of extra production of jute fixed for West Bengal at the end of the five-year period is 10 lakh bales over the production of 1950-51 which was 14.96 lakh bales. The production already achieved during 1952-53 has been 24.13 lakh bales. Thus both in the annual average rate of expenditure for development as well as in raw jute production we have almost reached the target fixed for us in the Plan. With determination we do hope to succeed in the execution of the Plan.

#### *Finance Commission.*

During the year 1952-53 the first Finance Commission appointed under Article 280(1) of the Constitution completed its work and submitted its report. The report has been accepted by the President. It was laid before Parliament on the 13th of this month and is now public property. We had been looking forward to the report of the Commission for the rectification of the grave injustice done to this State in the past, in the matter of distribution of the net proceeds of income-tax and in fixing the grant in

lieu of the share in the net proceeds of the export duty on jute and jute products. We confess we have been disappointed. Under the Deshmukh Award, Government of India used to retain 1 per cent. of the net proceeds of income-tax as attributable to Part C States and of the balance, 50 per cent. was retained by the Government of India and 50 per cent. was distributed among the Part A States. Under the recommendations of the Finance Commission, Government of India would retain 2.75 per cent. of the net proceeds as attributable to Part C States and of the balance 45 per cent. would be retained by the Government of India and 55 per cent. would be distributed among the Part A and Part B States. Of the amount divisible among the States, West Bengal used to get  $13\frac{1}{2}$  per cent. under the Deshmukh Award but would get only  $11\frac{1}{2}$  per cent. under the recommendations of the Finance Commission.

The grant-in-aid of the revenues of this State in lieu of assignment of a share of the net proceeds of the export duty on jute and jute products has been fixed by the Finance Commission at 1 crore 50 lakhs instead of 1 crore 5 lakhs under the Deshmukh Award.

The third recommendation of the Finance Commission is that under Article 272 of the Constitution 40 per cent. of the net proceeds of Union duties of excise on tobacco, matches and vegetable products should be distributed among Part A and Part B States. The share of West Bengal in the amount distributable to the States has been fixed at 7.16 per cent.

The fourth recommendation of the Finance Commission is that a sum of 80 lakhs should be paid each year to this State under the substantive portion of Article 275(1) of the Constitution.

In these recommendations the net proceeds of the income-tax are distributed among the States partly on the basis of population and partly on the basis of collection, 80 per cent. being distributed on the basis of population and 20 per cent. on the basis of collection. The net proceeds of Union duties of excise are distributed among the States on the basis of population only. The grant-in-aid of 80 lakhs is said to be fixed on the basis of needs. The grant-in-aid in lieu of a share in the net proceeds of the export duty on jute and jute products is fixed on the basis of the revenue of 1949-50.  $62\frac{1}{2}$  per cent. of the revenue of that year is reduced in the ratio which the jute grown in West Bengal, Bihar, Orissa and Assam in that year bore to the total quantity of raw jute which was either directly exported in that year or was required to manufacture the jute goods exported in that year. The amount so reduced is distributed amongst the four jute-growing States in the ratio of jute grown in each of these States in that year. The net result is that the four jute-growing States will now get  $32\frac{1}{2}$  per cent. instead of  $62\frac{1}{2}$  per cent. as under the Niemeyer Award and that on the revenue of 1949-50 and not of subsequent years when the revenue increased tremendously.

The revenue gap grant which this State has been receiving in respect of Cooch Behar is to be discontinued.

All the recommendations take effect as from this year. The Revised Estimate of the current year and the Budget Estimate of the next year have accordingly been based on these recommendations.

I will refrain from making any detailed comments on the report of the Finance Commission at this stage. In several respects the report is an improvement on the present position. Thus it recommends distribution for the first time of a portion of the net proceeds of some Union duties of excise and thereby brings into use Article 272 of the Constitution which

has been a dead letter so long. Secondly, it recommends grants to State Governments in need of assistance under the substantive portion of Article 275(1). Thirdly, the distribution of the net proceeds of both income-tax and Union duties of excise is based on a concrete formula uniformly applied to all States. On the other hand, the fixation of the grant in lieu of a share of the export duty on jute and jute goods is at best unrealistic, being fixed on the figures of 1949-50. The calculation by which the grant to this State under the substantive portion of Article 275(1) has been fixed at 80 lakhs has not been made clear. But by any reckoning our needs are much greater. Our greatest grievance about the recommendations, however, is that in distributing proceeds of income-tax, contribution or derivation is given as low a weightage as 1 to 4 and Union duties of excise is distributed on the basis of population only and not on the basis of consumption. In the latter case the Commission recognises that consumption is a better basis of distribution but desists from adopting it on the ground of lack of data and suggests that data in this respect should be collected so that the next Finance Commission may base its recommendation in this respect on a sounder basis. We must also hope that the next Finance Commission will give adequate weightage to contribution or derivation in the matter of distribution of the proceeds of income-tax. Till then we have to reconcile ourselves to the position under which the State Government will receive credit, not for increasing industrial and business activity in their respective territories, nor for raising the standard of living of their people which also helps such increase in production, but for simply the number of their population. I am sure, students of economics and public finance would in the meantime carry on intensive study of the subject so that the next Finance Commission may get the full benefit of such scientific studies.

#### *Estimates.*

I will now discuss *seriatim* the Revised Estimates for the current year and the Budget Estimates for the coming year.

#### THE YEAR 1952-53.

##### *Opening Balance.*

The year 1952-53 actually opened with a balance of 7 crores 28 lakhs instead of 2 crores 68 lakhs as anticipated at the Budget stage. This represents an improvement of 4 crores 60 lakhs and is mainly due to slower clearance of food debits from the Central Government during the year 1951-52. The amount of food debit left outstanding at the end of 1951-52 was greater by 3 crores 96 lakhs than what was anticipated at the Budget stage. The balance of the improvement was due to small variations under other heads.

##### *Revenue Receipts.*

The total revenue receipts have improved from 36 crores 37 lakhs to 38 crores 30 lakhs, i.e., by 1 crore 93 lakhs. Out of this, 1 crore 26 lakhs represents the share of this State in the net proceeds of Union Excise Duties which, according to the recommendations of the Finance Commission, are being shared with the States as from this year under the provisions of Article 272 of the Constitution. There is an improvement of 24 lakhs under

Other Taxes and Duties consisting of 10 lakhs under Betting Tax, 9 lakhs under Sales Tax and 5 lakhs under Electricity Duties. There is an increase of 46 lakhs under Miscellaneous and this is due mainly to larger credits of unclaimed deposits lapsed to Government and reimbursement by the Government of India of the charges incurred by the State Government in previous years on account of the relief and rehabilitation of displaced persons which were not adjusted in reduction of expenditure during those years. On the basis of the recommendation of the Finance Commission the grant in lieu of the share in the net proceeds of export duty on jute and jute products has been increased from 1 crore 5 lakhs to 1 crore 50 lakhs, the grant under the substantive portion of Article 275(1) of the Constitution of India has been taken at 80 lakhs instead of nil and the grant to cover the revenue gap in Cooch Behar has been taken at nil instead of 12 lakhs. A provision for a grant of 6 lakhs has been included in the Revised for welfare of Tribal people. The net result is an improvement of 1 crore 19 lakhs under Grants-in-aid from Union Government.

The increases are partly offset by decreases of 19 lakhs under State Excise Duties due mainly to diversion of consumption of country spirit from licit to illicit channel on account of the present economic recession, 13 lakhs under Agriculture on account of smaller subvention from Government of India in respect of intensive food production schemes, 22 lakhs under Industries due mainly to smaller sale of Cinchona products, 15 lakhs under Multi-purpose River Schemes (Mayurakshi Project) due to absence of demand for canal water for irrigation as a result of unusual rains this year, 14 lakhs under Road Transport Scheme and 25 lakhs under Extraordinary Receipts due to smaller receipt of grant from the Government of India on the basis of the progress of expenditure on Community Development Projects.

#### *Revenue Expenditure.*

The total revenue expenditure for the year 1952-53 is 42 crores 13 lakhs according to the Revised Estimate as against 42 crores 4 lakhs according to the Budget Estimate. The variations under separate heads almost cancel one another and as a result there is little over-all variation. The largest increase is under Extraordinary Charges in India amounting to 91 lakhs mainly on account of adjustment during the current year of arrear loss for supply of foodstuff to certain classes of Government servants at concession rates. The other appreciable increases are 34 lakhs under Famine due to prevalence of distress in 24-Parganas and other districts, 17 lakhs under Civil Works due mainly to larger expenditure on certain building schemes relating to the Development Programme and maintenance of certain additional roads and buildings taken over by the Works and Buildings Department and 10 lakhs under Superannuation Allowances and Pensions due to inclusion of provision for death and retiring gratuities admissible under the New Pension Rules.

The increase is partly offset by decrease of expenditure of 31 lakhs under Police mainly on account of non-implementation in full of the new set-up of the Presidency Police and 29 lakhs under Community Development Projects due to the work being started later than anticipated. Smaller expenditure on Health Centres mainly accounts for decrease of 22 lakhs under Medical and smaller payment of Pre-partition claims passed by the Application Committee due to stop orders issued by courts in certain cases causes a decrease of 14 lakhs under Pre-partition Payments. A large-scale release of detenues and abolition of the Buxa Special Jail have resulted in a decrease of expenditure of 12 lakhs under Jails and Convict Settlements.

The decrease of 12 lakhs under Public Health is mainly attributable to smaller purchase of quinine during the current year on account of a larger outstanding stock of the previous year. Slower progress of work on certain food production schemes and non-utilisation in full of the provision for the schemes for the introduction of compulsory primary and basic education mainly account for the decrease of 11 lakhs under Irrigation and 11 lakhs under Education, respectively.

#### *Capital Expenditure.*

The provision for capital expenditure during the year is 16 crores 90 lakhs according to Revised Estimate as against 23 crores 68 lakhs in the Budget Estimate. Out of this total decrease of 6 crores 78 lakhs, decrease of 3 crores 68 lakhs is under Expenditure on Displaced Persons and is due mainly to smaller expenditure on cost of acquisition and development of lands for rehabilitation purposes. Smaller expenditure on Damodar Valley Project accounts for a decrease of 1 crore 55 lakhs under Multi-purpose River Schemes. There is a decrease of 58 lakhs under Community Development Projects and this is due to the work not being started as early as anticipated while smaller expenditure on development of State roads accounts for a decrease of 27 lakhs under Capital Account of Civil Works outside the Revenue Account. Adjustment of arrear losses in the supply of foodstuff at concession rates to certain classes of Government employees in reduction of expenditure by corresponding debit to the revenue head Extraordinary Charges in India mainly accounts for the decrease of 40 lakhs under Capital Outlay on Schemes of State Trading partly counter-balanced by a net increase in other transactions. The other decreases are 16 lakhs under Road Transport Schemes and 14 lakhs under other schemes.

#### *Debt and Other Heads.*

Under this head are recorded the transactions in regard to the loans taken by the State Government, the State provident funds, contingency fund, sinking funds, deposits and advances of various nature including deposits of the civil, revenue and criminal courts, deposits of the local bodies, loans and advances by the State Government, etc. Temporary investments of the surplus cash balance in treasury bills are also accounted for under this head.

The receipts and expenditure in the Revised Estimate under these heads almost balance each other, excluding investments in treasury bills, cash credit advances from the Imperial Bank of India for financing purchase of foodgrains, loans from Union Government, loans raised in the open market and loans and advances by the State Government.

The Revised Estimate for loans from Union Government is 19 crores 23 lakhs against 25 crores 22 lakhs provided for in the Budget Estimate. The decrease is due to reduction by 3 crores 42 lakhs in the amount of loan for relief and rehabilitation of displaced persons, as well as to curtailment of loans by 1 crore 55 lakhs in the case of the Damodar Valley Project, 51 lakhs in the case of the Intensive Food Production Schemes, 47 lakhs in the case of the Community Development Projects and 4 lakhs in the case of the Jute Development Scheme.

The Revised Estimate includes provision for a loan of 2 crores raised by the State Government in the market for financing some development schemes involving capital expenditure, as provided in the Budget.

On the expenditure side, the Revised Estimate under Loans and Advances by the State Governments stands at 6 crores 23 lakhs as against 5 crores 26 lakhs in the Budget. The increase of 97 lakhs is due to increased provision of 71 lakhs for loans to displaced persons and 15 lakhs for advances to cultivators in distressed areas. The balance of the increase is due to inclusion of a provision of 11 lakhs for loans for Community Development Projects.

#### *Net Result.*

The year 1952-53 ends with a revenue deficit of 3 crores 84 lakhs. The deficit outside the revenue account amounts to 1 crore 42 lakhs. The total deficit is, therefore, of the order of 5 crores. As a result the opening balance of the year amounting to 7 crores dwindles down to 2 crores with which the year 1953-54 opens.

### THE YEAR 1953-54.

#### *Revenue Receipts.*

The Budget Estimate of revenue receipt for the year 1953-54 stands at 38 crores 16 lakhs as against the Revised Estimate of 38 crores 30 lakhs for the current year. There is a fall of 20 lakhs under Taxes on Income, 12 lakhs under State Excise Duties, 13 lakhs under Civil Works and 25 lakhs under Miscellaneous. There is, on the other hand, an improvement of 11 lakhs under Interest, 14 lakhs under Multi-purpose River Schemes and 30 lakhs under Extraordinary Receipts.

The estimates under Taxes on Income consist of the estimate of receipts under Agricultural Income-tax and estimate of the share of the State Government in the net proceeds of the Central income-tax. The former shows an increase of 3 lakhs over the Revised Estimate of the current year. The latter which shows a decrease of 23 lakhs is based on the forecast communicated by the Government of India following the recommendations of the Finance Commission. The decrease under State Excise Duties is due mainly to progressive reduction in the supply of opium by the Government of India according to the ten-year programme of complete prohibition of opium except for scientific and medicinal purposes. Smaller provision for receipts from the Central Road Fund on account of smaller programme of Road Fund works accounts for the decrease under Civil Works. The absence of provision for arrear recovery from the Government of India of expenditure on displaced persons mainly causes decrease under Miscellaneous.

The increase under Interest is due to provision for receipt of interest from the Calcutta Corporation on account of outstanding loans according to the programme of repayment. The anticipated receipt of water-rates from the completed portion of the Mayurakshi Project contributes to the improvement under Multi-purpose River Schemes. The increase under Extraordinary Receipts is due to larger amount of contribution receivable from the Government of India on account of larger expenditure on the Community Development Projects.

#### *Revenue Expenditure.*

The Budget Estimate of revenue expenditure for the year 1953-54 is 43 crores 27 lakhs as against the Revised Estimate of 42 crores 13 lakhs for 1952-53. Thus the total revenue expenditure has increased by 1 crore

14 lakhs. The largest increase is that under Education, being of the order of 64 lakhs. The second largest increase is under Civil Works and amounts to 56 lakhs. Community Development Projects account for an increase of 44 lakhs and Public Health for 17 lakhs. Besides, there is an increase of 11 lakhs under Forest, 14 lakhs under Appropriation for Reduction or Avoidance of Debt, 15 lakhs under Police, 14 lakhs under Interest on Capital Outlay on Multi-purpose River Schemes, and 17 lakhs under Pre-partition Payments. The increase is offset by a decrease of 65 lakhs under Famine, 37 lakhs under Extraordinary Charges in India and 36 lakhs under Irrigation.

Additional provision for new schemes including the scheme for enhancement of the dearness allowance of the teachers and other staff of the non-Government Primary and Secondary Schools and Colleges and enhancement of the pay of primary school teachers mainly contributes to the increase under Education. The increase under Forest is due mainly to provision for compensation for waste lands under acquisition in connection with the afforestation programme. The increase under Appropriation for Reduction or Avoidance of Debt is due to inclusion of provision for contribution to the sinking and depreciation funds in respect of the open market loan of 2 crores raised in the current year. Inclusion of a full year's provision for some posts lying vacant for a part of the current year in the new set-up under Presidency Police mainly accounts for the increase under Police. Additional provision for new building projects contributes to the increase under Civil Works. Increase under Community Development Projects is due to a larger programme of work. Larger provision for control of malaria under the development programme mainly accounts for increase under Public Health. The increase under Interest on Capital Outlay on Multi-purpose River Schemes is due to inclusion of interest charges on the progressively higher outlay on Mayurakshi Project. Anticipated withdrawal of stop orders by Courts and consequential larger payment of outstanding bills of contractors passed by the Application Committee account for the increase under Pre-partition Payments.

The decrease under Irrigation is due mainly to smaller expenditure in connection with intensive food production schemes while that under Famine is due to omission of additional provision for relief operations in the areas affected by distress during the current year. The decrease under Extraordinary Charges is due mainly to smaller provision for adjustment of loss in respect of supply of foodstuff to certain classes of Government employees.

#### *Capital Expenditure.*

The total capital expenditure in the Budget Estimate for 1953-54 is 21 crores 2 lakhs as against 16 crores 90 lakhs in the Revised Estimate for 1952-53. The provision includes 10 crores 3 lakhs on account of this Government's share of expenditure on Damodar Valley Project, 3 crores 95 lakhs for Mayurakshi Project, 2 crores 95 lakhs for development of State roads, 1 crore 14 lakhs for Kanchrapara Area Development Scheme, 12 lakhs for building residential flats at Karaiya Road, 2 crores 80 lakhs on Rehabilitation of Displaced Persons, 1 crore 3 lakhs for Community Development Projects, 28 lakhs on account of Road Transport Scheme, 13 lakhs for North Calcutta Rural Electrification Scheme and Cooch Behar Electricity Extension Scheme and 6 lakhs for certain small agricultural and industrial development projects. Under State Trading Schemes, the result is a net receipt of 1 crore 47 lakhs.

*Debt and Other Heads.*

Excluding loans from Union Government and the loan raised in the open market and loans and advances by the State Government, the receipts and disbursements under these heads almost balance each other.

The provision for loans from Union Government is 22 crores 23 lakhs against 19 crores 23 lakhs in the Revised. The provision includes 10 crores 3 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 3 crores 95 lakhs for the Mayurakshi Project, 6 crores 38 lakhs for various schemes of capital expenditure for relief and rehabilitation of displaced persons as well as grant of advances to them, 42 lakhs for Intensive Food Production Schemes, 4 lakhs for improvement of the Sibpur Engineering College and 1 crore 41 lakhs for capital expenditure on Community Development Projects.

We propose to raise a loan of 2 crores next year to finance certain development schemes involving capital expenditure.

On the expenditure side, provision has been made under loans and advances by the State Government for 45 lakhs for advances to cultivators, 14 lakhs for loans to owners of *beel* fisheries and tank fisheries and to growers of agricultural produce, 22 lakhs for cattle purchase loan, 10 lakhs for advances to the Provincial Co-operative Bank in terms of the Government guarantee in respect of non-realisation of investments in East Bengal and for financing the land mortgage banks, 3 lakhs for giving aid to industries under the State Aid to Industries Act and 3 crores 58 lakhs for loans to displaced persons for house-building, cultivation, etc., 38 lakhs for loans for Community Development Projects, 14 lakhs for loans to local bodies, 2 lakhs for loans to artisans and 4 lakhs for loans to Government servants for house-building and other purposes.

*Net Result.*

The revenue deficit for the year 1953-54 is 5 crores 11 lakhs. The deficit outside the revenue account is 1 crore 3 lakhs. The total deficit for the next year therefore amounts to 6 crores. Setting off against it the opening balance of 2 crores the year is expected to close with a negative balance of 4 crores. The State has a public debt of 3 crores 75 lakhs at present. At the end of the next year, the public debt will amount to 5 crores 75 lakhs. Our total debt to the Union Government at the end of 1952-53 stands at 55 crores 94 lakhs and will increase to 77 crores 79 lakhs at the end of 1953-54. This debt includes an advance of 2 crores 50 lakhs granted by the Union Government to help us clear half the debit balance with the Reserve Bank left by the Government of Undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 75 crores 29 lakhs consists of 24 crores 40 lakhs on account of rehabilitation of displaced persons, 33 crores 6 lakhs on account of Damodar Valley Project, 13 crores 34 lakhs on account of Mayurakshi and other development projects, 1 crore 64 lakhs for Grow More Food or Intensive Food Production Schemes, 80 lakhs for schemes of dispersal of displaced college students from Calcutta, 14 lakhs for development of Sibpur Engineering College, 3 lakhs for Jute Development Schemes and 1 crore 88 lakhs for Community Development Projects.

*The Progress.*

The unsettling effects of Partition and the Plan under execution dominate the economic situation in the State. With determination we are going forward steadily. Our revenue receipt which was 31 crores 77 lakhs

in 1948-49 has gone up to 38 crores 16 lakhs in 1953-54. Our revenue expenditure which was 29 crores 10 lakhs in 1948-49 has increased to 43 crores 27 lakhs in 1953-54. Our capital expenditure which was a negative sum in 1948-49 has risen to 21 crores 2 lakhs in 1953-54. The total outlay on displaced persons in this State under revenue, capital and debt heads covering the shares of the Union and the State Governments amounts to 38 crores to the end of 1952-53 and would amount to 48 crores to the end of 1953-54. As stated before, in 1953-54, that is, the third year of the Plan, our expenditure on development schemes will amount to nearly 14 crores which is nearly the annual average of the estimated expenditure of the Five-Year Plan. As from the date of the Partition up to the end of 1953-54 we shall be spending 24 crores 63 lakhs on development schemes in the revenue side of the Budget, 31 crores 84 lakhs on productive development schemes on the capital side of the Budget, and 33 crores 6 lakhs on the Damodar Valley Project. The total expenditure is thus nearly 90 crores. Of this, the expenditure in the current year and the last year together with the expenditure in the coming year amounts to 12 crores 89 lakhs on the revenue side, 26 crores 15 lakhs on the Damodar Valley Project and 20 crores 74 lakhs on other productive development schemes on the capital side. Thus the total expenditure is nearly 60 crores during these three years. How our expenditure on education, medical, public health, roads and irrigation is increasing from year to year will be seen from the Statements given in the West Bengal Rupee—From where it comes and where it goes. It will be evident that under revenue expenditure the greatest emphasis is being given to social services as contemplated in the Plan. The expenditure under Education has increased from 2 crores 56 lakhs in 1948-49 to 4 crores 52 lakhs in 1953-54 and that under Medical has increased from 2 crores 77 lakhs in 1948-49 to 3 crores 53 lakhs in 1953-54. Between 31st March, 1948, and 31st March, 1953, i.e., in a period of five years mileage of Government roads has increased from 1,347 to 2,627, i.e., by 1,280. Thus we have constructed roads at the rate of 7 miles in every 10 days. The number of scholars in primary institutions has increased from about 13 lakhs in 1949-50 to about 15 lakhs in 1951-52 and the number of teachers in these institutions has increased from about 41,000 to nearly 44,000 over the same period. The number of technical institutions teaching certificate and diploma courses has increased from 3 in 1949-50 to 12 in 1951-52 and the number of scholars in these institutions has increased from 300 to 2,020 over this period. Between March, 1948, and December, 1952, the number of our hospitals including Health Centres and Auxiliary Government and Famine Relief Emergency Hospitals but excluding special hospitals increased from 336 to 441. Over the same period the number of tuberculosis beds increased from 981 to 1,823 and that of leprosy beds increased from 644 to 968. During the current year we started an Agricultural College and thereby repaired a serious gap in our system of agricultural education caused by Partition. Since the date of Partition the irrigated area has increased from about 15.5 per cent. to about 23 per cent. of the net cropped area in the State, and Government have sanctioned loans of 3 crores 75 lakhs to agriculturists in the forms of cattle-purchase loan, agriculturists' loan, land improvement loan and crop loan. The Haringhata milk distribution centres in Calcutta which numbered 20 a year ago have increased to 41 and 3 or 4 additional centres are being opened every month. Haringhata has now a herd of 1,444 of which as many as 970 are calves. As these calves attain maturity the milk production will increase and as more calves are born the herd will reach its full strength of 2,000 in about one year and a half. The Haringhata Farm has also begun distributing farm-born bulls in certain concentrated areas with a view to improve the stock in the localities and it is hoped that we shall be able to do away with the need for importing better bulls in two to three years.

Next year we are taking up a new programme of provincialisation of veterinary hospitals in the district headquarters and shall be starting four new veterinary hospitals outside district headquarters.

I need hardly mention more instances. Evidence of steady progress will be found as the honourable members go through the Budget papers themselves.

### *Unemployment.*

In spite of all this activity and steady progress unemployment, particularly among the middle-class, persists. According to the theory of unemployment accepted in the Western countries, investment is a remedy of unemployment and inflation begins only when investment is pushed beyond the level of full employment. In a backward economy like ours this theory apparently does not hold good. In this country, inflation begins long before the level of full employment is reached and stands in the way of further investment. This again makes the problem of unemployment peculiarly difficult of solution. The Western theory assumes that the unemployed people are all employable according to the requirement of industry and trade and that the industries and trades in which they are employable are fully equipped. When on account of a recession or other reasons, people become unemployed and the equipments become idle, any agency willing and able to make adequate investment can forthwith bring them together till the level of full employment is reached. This assumption is quite valid under Western conditions but is quite inapplicable to our economy. We find from our experience that unemployment is most prevalent among the people of the middle-class. They are willing to accept employment or are capable of being employed, only in certain restricted spheres and to a limited extent. Any scheme to cover unemployment, therefore, can be of a restricted scope for them. The numbers of the middle-class are often unwilling to accept employment or are unemployable in those lines of trade, industry and construction which it is possible to expand by more investment to the benefit of the people. This disparity between employability and expansibility is thus a standing hindrance to our solution of the problem of unemployment. Our young men must be willing and able to use their limbs and try their talents in more and more diversified channels. Until they are able to minimise, if not to eliminate the disparity referred to above, it will be difficult to solve this problem. It is the experience of all of us that this diversification of vocation is taking place under the stress of circumstances and we do hope to see the time when expansion and unemployment do not exist in this country side by side, when our people will be employable in all spheres of activity in full strength.

Then again the very pattern of the agricultural sector of our economy is based on a short period of intensive activity alternating with a long period of idleness. When land was plentiful and population sparse little difficulty was felt. But in the long unequal race between population and resources, the villager is being gradually impoverished and he finds this deteriorating position so much beyond him that today in many places he is suffering from a sense of complete frustration. In many villages today there is not enough internal strength to stabilise any improvement introduced by outside efforts. Small industries have long been advocated for keeping the villager employed during the idle season. While small industries may undoubtedly prove beneficial, the villager requires to be rehabilitated today not only economically but morally and psychologically as well. All his problems are to be attacked simultaneously in a rightly co-ordinated fashion. His

agriculture and his industry, his health and his education, his social and organising capacity have to be simultaneously helped to develop so that he may once again come back to his own self which he once was. This rehabilitation must take place on the basis of balance between agriculture and local small industries, so that all can find employment and all can exchange his product. This is the only way to generate enough confidence and enough internal strength in the village which will enable it not only to stabilise the improvement now being introduced by the State Government but also to go forward on its own and to play its part in the moral and material life of the country. Our community development projects are experiments in such concentrated efforts and we look forward to their success as a radical cure of unemployment.

*Conclusion.*

Ours is a backward economy. We are a poor people. We want many things and are in urgent need of them. Our resources and our capacity to produce them are, however, extremely limited. We have, therefore, to march steadily forward with extreme caution and care and with whatever aid we can get on fair and honourable terms from others. While we have achieved much and are maintaining a steady rate of progress, we are quite conscious that much more remains to be done. We are struggling hard against scarcity of resources and technical personnel. Our struggle so far has borne fruit. But this should not lull us to complacency but should encourage us to greater effort and harder struggle. Mistakes there are bound to be some; but these mistakes and failures, instead of damping our enthusiasm, will be the pillars of our success. In this hard struggle against poverty, disease and ignorance, I crave for the support of the House and, I am sure, I shall have it in the fullest measure.

## APPENDIX

## West Bengal Budget, 1953-54

(In thousands of rupees.)

	Actuals, 1951-52.	Budget, 1952-53.	Revised, 1952-53.	Budget, 1953-54.
<b>Receipts—</b>				
Opening Balance ..	7,42,05	2,67,81	7,27,63	2,02,18
Revenue Receipts ..	38,58,84	36,37,05	38,29,51	38,15,87
Receipts from Debt Heads, Contingency Fund and Public Accounts.	1,46,32,72	1,34,85,36	1,54,11,70	1,62,16,30
<b>Total ..</b>	<b>1,92,33,61</b>	<b>1,73,90,22</b>	<b>1,99,68,84</b>	<b>2,02,34,35</b>
<b>Expenditure—</b>				
Revenue Expenditure ..	37,30,75	42,04,41	42,13,30	43,26,63
Capital Expenditure ..	11,20,35	23,68,34	16,89,98	21,01,58
Expenditure on Debt Heads, Contingency Fund and Public Accounts.	1,36,54,88	1,11,91,94	1,38,63,38	1,42,17,56
Closing Balance ..	7,27,63	—3,74,47	2,02,18	—4,11,42
<b>Total ..</b>	<b>1,92,33,61</b>	<b>1,73,90,22</b>	<b>1,99,68,84</b>	<b>2,02,34,35</b>
<b>Net Result—</b>				
Surplus (+)				
Deficit (—)				
(a) On Revenue Account ..	+1,28,09	—5,67,36	—3,83,79	—5,10,76
(b) Outside Revenue Account	—1,42,51	—74,92	—1,41,66	—1,02,84
(c) Net, excluding Opening Balance.	—14,42	—6,42,28	—5,25,45	—6,13,60

## Supplementary Estimate for the year 1953-54

(Presented on the 9th November, 1953)

**The Hon'ble Dr. Bidhan Chandra Roy:** Mr. Speaker, Sir, I beg to present before the Assembly a statement of Supplementary Estimates of expenditure for the year 1953-54 under the provision of Article 205 of the Constitution of India. The total amount covered by the present Supplementary Estimates is Rs. 13,91,56,001 of which voted items account for Rs. 5,91,56,001. The charged provision of Rs. 8 crores under the head "Public Debt" for repayment of advances taken from time to time to the Cash Credit Account opened with the Imperial Bank of India for procurement operations is covered by the corresponding amount of sale proceeds of foodstuffs credited to Government. Ordinarily we provide two crores under this head but in view of the fact that we have got no funds available to meet such expenditure out of our own resources, we have got to make provision for eight crores under the head "Public Debt" for repayment of advances taken from time to time from the Imperial Bank. Of the voted items the demand of 50 lakhs under the head "Miscellaneous—Miscellaneous" represents an additional imprest money and does not by itself constitute an extra expenditure in view of the fact that advances made out of this Contingency Fund to meet unforeseen charges are recouped as soon as grants under the respective heads are voted by the legislature. Two other amounts, viz., Rs. 9,68,000, under the head "38—Medical" and Rs. 75,000 out of the provision of Rs. 11,17,000 under "Capital Outlay on electricity scheme met out of revenue", do not also involve any additional expenditure as these merely represent book adjustments from one head of account to another on account of inter-departmental transfer of stores. If these amounts are disregarded the total extra demand comes to Rs. 5,31,13,001. Against this we received loans totalling Rs. 2,12,68,000 from the Government of India for financing certain schemes: for example, Rs. 2 crores on account of the scheme for re-distribution of fertilizers, Rs. 2,68,000 for the lift irrigation scheme and Rs. 10 lakhs for the special tube-well programme. After setting off this amount the net additional demand amounts to only Rs. 3,18,45,001. The bulk of this additional demand falls under the head "54—Famine and Loans and Advances", and is due to larger expenditure on gratuitous relief and test relief works and larger payment of loans to agriculturists in consequence of the widespread distress during this year. The additional expenditure under these two heads to the extent of Rs. 85,13,000 has already been met from the Contingency Fund, and the Fund will be reimbursed on receiving sanction of this House to this expenditure. Demands on other important schemes are Rs. 13,78,000 for revisional Settlement operations in connection with Estates Acquisition Bill, Rs. 17 lakhs for removal of *khatal* from Calcutta Rs. 9,50,000 for implementation of the Employees' State Insurance Scheme and Rs. 30 lakhs for investment of shares in the West Bengal Finance Corporation to provide trading facilities to small and medium scale industries in West Bengal. The other items are only minor. The honourable Ministers-in-charge of different departments will move the demands of their respective departments separately.

With these words, Sir, I present the Estimates of the Supplementary Budget for the year 1953-54.

## Supplementary Estimate for the year 1953-54

(Presented on the 22nd March, 1954.)

**The Hon'ble Prafulla Chandra Sen :** Sir, I beg to present under the provisions of Article 205 of the Constitution a Statement of Supplementary Estimate of expenditure for the year 1953-54.

The total amount covered by the present Supplementary Estimate is Rs. 7,84,93,702 of which the voted items account for Rs. 1,79,55,002 and the charged items for Rs. 6,05,38,700. Of the voted items the largest demand is under the head 63—Extraordinary Charges in India. It includes Rs. 59,98,000 required for adjustment of arrear loss on account of issue of foodstuff at subsidised rates to certain classes of Government servants and Rs. 15,00,000 required for acquisition of land for the Lake Food Depot and garage of the Food Department. The loss on account of issue of foodgrains at subsidised rates could not be adjusted in the previous years and will be adjusted this year on receipt of the sanction of this House. The total cost of acquisition of land for the Lake Food Depot and garage is Rs. 25 lakhs of which Rs. 10 lakhs will be met by reappropriation of savings under other heads.

The next largest demand is under the head 37—Education. It includes mainly—

- (i) Rs. 23,82,000 for expansion of education and welfare services to relieve educated unemployment;
- (ii) Rs. 7,66,600 required for payment of grants to several institutions and local bodies;
- (iii) Rs. 4,64,000 for payment of a non-recurring grant to the Calcutta University on account of arrear compensation for loss of income from the Matriculation Examination in terms of the award of the Tribunal and also for the construction of a hostel and purchase of equipments. The entire amount paid to the University for the construction of hostel was recovered from the Government of India; and
- (iv) Rs. 4,04,000 for larger expenditure on development schemes on the expansion of Basic Education and Social (Adult) Education.

The additional demand of Rs. 15,27,000 under the head 57—Miscellaneous—Miscellaneous is in respect of expenditure in connection with the Local Development Works Programme for which no provision was included in the current year's budget. The total expenditure anticipated on the programme during the current year is Rs. 34,80,000 out of which Rs. 19,53,000 will be made by reappropriation from savings under other heads. 50 per cent. cost of these schemes will be borne by the Government of India while the other 50 per cent. by the local beneficiaries.

The demand of Rs. 11,73,000 under the head 38—Medical is on account of expenditure incurred for the establishment and maintenance of a larger number of health centres, continuance of a number of auxiliary Government hospitals even after opening of health centres in those areas to meet local needs and also for the construction of students' hostel for Medical College, Calcutta.

The demand of Rs. 11,70,000 under the head 25—General Administration mainly represents additional expenditure incurred in connection with the Rural Broadcasting Scheme, Folk Entertainment Scheme, etc., of the Publicity Department and pay of certain additional staff and other miscellaneous expenses.

The additional demand of Rs. 10,49,000 under the head 55—Superannuation Allowances and Pensions is made on the basis of the progress of actuals. The provisional payment of pension to pensioners who drew their pensions from treasuries in East Pakistan and migrated before the 15th October, 1952, but could not apply for transfer of such pension before 1st January 1950, accounts for a part of the increased expenditure.

The additional demand also include Rs. 5,61,000 under 10—Forests, Rs. 4,01,000 under 56—Stationery and Printing, Rs. 2,74,000 under 8—State Excise Duties, Rs. 75,000 under 9—Stamps, Rs. 63,000 under 11—Registration and a token grant of Re. 1 under 40—Agriculture—Agriculture and also under 82—Capital Account of Other State Works Outside the Revenue Account.

The demands under these heads are comparatively small and call for no special comments.

Of the charged items, the amount of Rs. 5,97,04,000 under the head Public Debt—Floating Debt is required to cover repayments made from time to time to clear off as far as possible the outstanding debits in the Cash Credit Account with the Imperial Bank of India in connection with procurement operations. Recently we have had to increase the limit of these advances in order to finance purchases of rice and paddy.

Of the amount of Rs. 6,11,000 included under the head 22—Interest on Debt and other Obligations a sum of Rs. 5 lakhs representing interest charges on the capital outlay on the Mayurakshi Project does not wholly represent additional expenditure but is mainly a *pro forma* adjustment. As there was smaller capital expenditure under the Mayurakshi Project than was anticipated at the time of preparing the Budget Estimates, the interest chargeable to that Project and adjusted under this head in reduction of expenditure also becomes smaller. The balance of Rs. 1,11,000 represents interest charges payable on the Depreciation Reserve Fund of State Buses for the years 1951-52 and 1952-53 which were not previously included in the Budget Estimate but are likely to be adjusted during the current year.

The demand of Rs. 1,11,000 as a charged item of expenditure under 63—Extraordinary Charges in India represents rent compensation of Rs. 1,07,500 payable under the orders of the Court in respect of the textile godown at 244, Upper Chitpore Road, Calcutta, and other smaller claims against Government awarded by Courts.

The other charged items are minor and call for no comments.

The reasons for the demands included in the Supplementary Estimates have been set forth in the Explanatory Memorandum given under each head. The Hon'ble Ministers-in-charge of different departments will go into them in further details as each demand is moved.

With these words, Sir, I present the Estimates for the Supplementary Budget for 1953-54.

### **Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1954-55.**

*(Presented on the 17th February, 1954.)*

I rise to present the Budget Estimates of the State of West Bengal for the financial year 1954-55.

#### **Economic Situation**

The steady progress to which I had occasion to refer in presenting to this House the Budget Estimates for 1953-54 was maintained during the year just gone by.

In view of the satisfactory paddy crop during the year under review, the area of rationing was curtailed and rice is now rationed only in Calcutta, industrial area and the towns of Kurseong, Kalimpong and Darjeeling. While there is cordon round the rationed area to prevent smuggling in and out of it, there is today no crop levy,

no procurement, no price control and no restriction on movement outside the rationed area. The price of rice is lower today than it has ever been in the post-war period. The problem now is to prevent not a rise but a fall in the price of rice. Government no longer require power to compel people to sell and deliver rice at controlled prices, but they have, on the contrary, to buy in the open market in order that prices may not go down unreasonably so as to affect the producer. Wheat has been completely decontrolled all over the State including also the towns which are still on ration of rice.

The general index of industrial production steadily progressed from 105.0 in 1950 to 117.2 in 1951, 123.9 in 1952 and 133.8 during the first nine months of 1953, the general index for September, 1953, being 137.6. In the year just gone by, chemical and engineering industries recorded large progress. The production of cotton cloth was fairly good. Production of coal just maintained itself. Production of sugar recorded a decline on account of a smaller sugarcane crop. Production of jute goods fell on account of the market conditions. Iron and steel production also came down, mainly on account of the strike in Burnpur. With the restoration of normal condition in Burnpur the monthly index figure for steel production has gone up again. The index figure for steel production which was 100 only in August has actually gone up to 127 in October. The tea industry to whose difficulties I had to refer in my last Budget statement is now out of the woods and is again prosperous.

Prices during the year were generally stable with a slight downward tendency. The fluctuations were mostly of a seasonal nature. According to the wholesale price index issued by the Economic Adviser to the Government of India, the peak was reached in August at 410.4. Since then the index has been steadily declining and stood at 389.4 in December, 1953.

The cost of living of the working class has been lower during the year than in the previous year. According to the working class cost of living index prepared by the Labour Commissioner of the Government the peak was reached in July at 375. Since then it has been declining steadily till in November it was 339 as against 357 in November last year. A particularly good feature of the year has been that while the level in the wholesale price index remained steady there was a downward trend in the working class cost of living index.

#### *Five-Year Plan*

The House is aware that the Five-Year Plan for West Bengal contemplates an expenditure of 69 crores in the five-year period 1951-56. Of this expenditure, 36.9 per cent. is on social services including Education, Medical, Public Health, etc; 23.3 per cent. is on Major Irrigation and Power Projects; 22.9 per cent. is on Communication and Transport; 15.2 per cent. is on Agriculture and Rural Development and 1.7 per cent. is on Industry. Having regard to the meagreness of our resources some diffidence in some quarter was expressed at one time about our ability to carry out the Plan, particularly because at the time the Plan was made, there was a gap of 22 crores between our estimated resources and the estimated expenditure of 69 crores. We are now at the end of the third year of the Plan and we have placed estimates for the fourth year before the House. It will be seen that we spent on the Plan 10 crores 28 lakhs in 1951-52 and 12 crores 12 lakhs in 1952-53. The Revised Estimate of expenditure on the Plan during the current year is 16 crores 30 lakhs and the Budget Estimate of expenditure on the Plan during the next year is 15 crores 10 lakhs. It will be seen that in four years we will be spending 53 crores 80 lakhs leaving a balance of little over 15 crores to be spent in the fifth year of the Plan, a sum which is equal to the amount we will be spending in the fourth year. We can, therefore, reasonably expect to spend the entire estimated sum of 69 crores for development in five years.

This expenditure of 69 crores excludes our share of the expenditure on Damodar Valley Corporation on which West Bengal's quota of the expenditure during the past four years amounts to 36 crores. Then again when the Plan was made it was assumed that we would keep our expenditure outside the Plan both in the administrative and the developmental departments at the level of 1950-51. But today our expenditure outside the Plan both in the administrative and the developmental departments is considerably above the 1950-51 level. In order to present a correct picture of expenditure for all types of development undertaken by this Government during the Plan period, we propose to move the Planning Commission to revise the Five-Year Development Plan for West Bengal so as to include in it all operative schemes of development executed during the period.

#### *Estimates*

I will now discuss *seriatim* the Revised Estimates for the current year and the Budget Estimates for the coming year.

### **THE YEAR 1953-54**

#### *Opening Balance*

The year 1953-54 actually opened with a balance of 7 crores 59 lakhs instead to 2 crores 2 lakhs as anticipated at the Budget stage. This represents an improvement of 5 crores 57 lakhs and is mainly due to slower clearance of food debits from the Central Government during the year 1952-53. The amount of food debits left outstanding at the end of 1952-53 was greater by 3 crores 89 lakhs than what was anticipated at the Budget stage. The balance of the improvement was due to expenditure on some Development schemes being smaller by 1 crore 2 lakhs and small variations under other heads.

#### *Revenue Receipts*

The Revised Estimates of the total revenue receipts of the current year stand at 38 crores 82 lakhs against 38 crores 16 lakhs in the Budget. The variation is practically nil in the aggregate. There is however significant variation in details. Thus there have been improvements of 95 lakhs under Agriculture, 58 lakhs under Miscellaneous and 28 lakhs in the State's share of the proceeds of Income-tax. The increase under Agriculture is due mainly to larger receipts from sale and distribution of fertilisers. The contribution from the Government of India and local beneficiaries in connection with the Local Development Works Programme sponsored by the Planning Commission which was not included in budget and unclaimed deposits lapsed to Government having been larger than anticipated in the Budget account for the increase under Miscellaneous. The increase in the State's share of Income-tax is based on the figures furnished by the Government of India after the Budget was presented last year. Other improvements in receipts are 17 lakhs under Public Health, 16 lakhs under Grants-in-aid from Union Government, 13 lakhs under Medical and 9 lakhs under Irrigation. The increase under Public Health and Grants-in-aid from the Union Government is due mainly to grants receivable from the Government of India for sinking tube-wells in the Sunderbans area and for relief of educated unemployed. The increase under Medical is due mainly to some outstanding book adjustments in respect of stores supplied by the Central Medical Stores and for larger credit of sale proceeds on account of sale of Government land at Baitakkhana Road which belonged to the Medical Department. The recovery of arrear grant from the Government of India in respect of the Sonarpur-Arapanch-Matla Scheme, Part I, accounts for the increase under Irrigation.

The increases are partly offset by decreases of 80 lakhs under Sales Tax mainly due to lack of purchasing power and consequent fall in the volume of taxable transaction 48 lakhs under State Excise Duties mainly due to smaller licit consumption of country spirit on account of the present economic condition, 14 lakhs under Stamps due mainly to decline in the price of lands, 14 lakhs under Multi-purpose River Schemes on account of lack of demand for canal water for irrigation in the Mayurakshi area because there was adequate and well distributed rain water available to agriculturists. A decrease of 14 lakhs in receipts is distributed on other smaller heads.

### *Revenue Expenditure*

The total revenue expenditure for the year 1953-54 is 50 crores 57 lakhs according to the Revised Estimate against 43 crores 27 lakhs according to the Budget Estimate. The revenue expenditure is thus estimated to increase by 7 crores 30 lakhs. The largest increase is under Agriculture amounting to 2 crores 31 lakhs mainly due to large-scale supply of fertilisers to cultivators on a loan basis. The other significant increases are 1 crore 60 lakhs under Famine due to large-scale relief operations undertaken in a number of districts, 1 crore 1 lakh under Miscellaneous for augmentation of the Contingency Fund by 50 lakhs and for works undertaken for Local Development Works Programme. Other increases are 76 lakhs under Extraordinary Charges in India for adjustment of arrear loss for supply of subsidised foodstuff to Government employees, 48 lakhs under Irrigation, due mainly to provision for Sonarpur-Arapanch, Part II, and Bagjola Schemes, 42 lakhs under Education due mainly to the provision for the employment of teachers under the scheme for the relief of the educated unemployed, 27 lakhs under Medical due mainly to the opening of large number of health centres and some outstanding book adjustments of stores supplied by Central Medical Stores, 15 lakhs under Public Health mainly on account of sinking of tube-wells in the Sunderbans area, 13 lakhs under Land Revenue for the Revisional Settlement Operations in connection with the Estates Acquisition Scheme, 12 lakhs under General Administration, 11 lakhs under Superannuation allowances and pensions, 10 lakhs under Electricity Schemes and 10 lakhs on Expenditure on displaced persons.

The increases are partly offset by a decrease of 23 lakhs under Civil Works due to smaller progress of work in some building projects and of 3 lakhs due to smaller variations under other heads.

### *Capital Expenditure*

The provision for Capital Expenditure during the year is 18 crores 66 lakhs according to the Revised Estimates against 21 crores 1 lakh in the Budget Estimates. There is thus a net decrease in expenditure by 2 crores 35 lakhs. A decrease of 2 crores 5 lakhs occurs under Expenditure on Displaced Persons and is due mainly to suspension of certain building programmes under the direction of the Government of India and smaller expenditure on acquisition and development of lands for rehabilitation purposes. Smaller expenditure on the Mayurakshi Project accounts for a decrease of 71 lakhs under Multi-purpose River Schemes. There is a decrease of 43 lakhs under Community Development Projects due to delay in starting works on account of non-receipts of necessary equipments. Non-utilisation of the full provision for the payment of land compensation in Kanchrapara Development Area accounts for a decrease of 37 lakhs under Capital Account of other State works outside the Revenue Account, while the decrease of 28 lakhs under the Capital Account of Civil Works outside the Revenue Account is mainly due to slower progress in the development of State roads.

The decrease is partly counter-balanced by an increase of 1 crore 6 lakhs under Capital Outlay on State trading. There was a larger gap between the cost of purchase and sale proceeds of rice which was to some extent offset by larger receipts in the case of wheat. There was also an increased expenditure of 28 lakhs under Capital Outlay on Industrial Development due mainly to investment in shares of the State Industrial Finance Corporation set up during the course of the year. There are also increases of 10 lakhs under Road and Water Transport Schemes and 5 lakhs under other heads.

#### *Debt and Other Heads*

The transactions under this head fall into two broad sectors. The first sector includes investments of surplus cash balance in Treasury Bills, cash credit advances from the Imperial Bank of India for financing purchases of foodgrains, loans from the Union Government, loan from the Reserve Bank of India, loans raised in the open market and loans and advances made by the State Government. All these items relate to money raised or paid by Government in respect of purposes of the State. The rest of the transactions come within the second sector and relate mainly to other people's money in relation to which Government act more or less as a banker, as, for example, the State Provident Funds, deposits and advances of various types including deposits of the civil, revenue and criminal courts, deposits of the local bodies, etc. The receipts and expenditure in the second sector almost balance each other.

The Revised Estimates for loans from the Union Government stand at 23 crores 67 lakhs against 22 crores 23 lakhs estimated in the Budget. Loans for development projects have increased by 2 crores 5 lakhs and include a sum of 2 crores granted by the Union Government after the Budget was framed. These loans were in respect of the shortfall in the promised Central assistance to the State Plan. Loans for Intensive Food Production schemes have increased by 2 crores 58 lakhs. There has been an increase of 3 lakhs in the loan for industrial housing scheme and of 1 lakh in the loan for National Extension Service programme. The increases are partly offset by curtailment of loans for relief and rehabilitation of displaced persons by 2 crores 49 lakhs, and of the loans for the Damodar Valley Project and the Community Development Projects by 2 lakhs and 72 lakhs, respectively.

The Revised Estimates for loans raised by the State Government in the open market for financing some development schemes involving capital expenditure are 3 crores 60 lakhs as against 2 crores provided for in the Budget.

On the expenditure side, the Revised Estimate under Loans and Advances by the State Government stands at 5 crores 77 lakhs against 5 crores 10 lakhs in the Budget. The increase of 67 lakhs is due to increase in the provision by 40 lakhs for loans to cultivators, by 7 lakhs for loans to artisans and by 8 lakhs for cattle purchase loan, by 44 lakhs for loans to displaced persons, by 2 lakhs for loans under educational and other schemes, partly set off by curtailment of loan by 26 lakhs for Community Development Projects and by 8 lakhs for loans under the Intensive Food Production schemes.

#### *Net Result*

The transactions of the year 1953-54 result in a deficit of 11 crores 75 lakhs on revenue account and a surplus of 4 crores 27 lakhs outside revenue account. The aggregate result is thus a deficit of 7 crores 48 lakhs, which is met out of the opening balance of the year amounting to 7 crores 59 lakhs, leaving a total closing balance of 11 lakhs only with which the year 1954-55 opens.

## THE YEAR 1954-55

### *Revenue Receipts*

The Budget Estimates of Revenue Receipts for the year 1954-55 stand at 39 crores 93 lakhs against the Revised Estimates of 38 crores 82 lakhs for the current year. The improvement amounts to 1 crore 11 lakhs. The largest increase is one of 98 lakhs under Grants-in-aid from Union Government and is due to a grant receivable from the Government of India for the relief of the educated unemployed. There is also an increase of 36 lakhs under Extraordinary Receipts due mainly to anticipated larger grant from the Government of India on the basis of the estimated expenditure on Community Development Projects. Other increases are 19 lakhs under Civil Works due to larger transfer of receipts from the Central Road Fund on account of increase in the programme of Road Fund Works, 15 lakhs under Agriculture due mainly to provision for collection of sale proceeds of fertilisers supplied to cultivators on loan, 11 lakhs under Multi-purpose River Schemes due to receipt for anticipated demand for canal water for irrigation purposes in the Mayurakshi area and 7 lakhs under Electricity Schemes due to receipts from extension of electric supply in rural areas.

The increase is counter-balanced by decrease of 25 lakhs on the State's share of Income-tax based on the estimates furnished by the Government of India, 20 lakhs under Public Health due to omission of the provision for a grant from the Government of India for sinking tube-wells in the Sunderbans area, 18 lakhs under Other Taxes and Duties mainly on account of smaller receipts under Sales Tax due to lack of purchasing power and consequent reduction in the volume of taxable transactions and 12 lakhs under Medical due mainly to omission of provision for arrear book adjustment in respect of Central Medical Stores.

### *Revenue Expenditure*

The Budget Estimate of Revenue Expenditure for the year 1954-55 is 53 crores 31 lakhs against the Revised Estimate of 50 crores 57 lakhs for 1953-54. The increase is 2 crores 74 lakhs. The largest increase is one of 1 crore 66 lakhs under Education. The next in order are 1 crore 30 lakhs under Civil Works, 1 crore under Land Revenue and 80 lakhs under Irrigation. Other increases are 61 lakhs under Community Development Projects, 54 lakhs on account of Interest Charges, 45 lakhs under Medical, 32 lakhs under Miscellaneous Departments, 30 lakhs under Appropriation for Reduction or Avoidance of Debt, 29 lakhs under Pre-partition Payments, 13 lakhs under Police and 7 lakhs under Expenditure on displaced persons. The increase is off-set by decrease of 2 crores 37 lakhs under Agriculture, 1 crore 6 lakhs under Famine, 65 lakhs under Extraordinary Charges in India, 60 lakhs under Miscellaneous, and 5 lakhs on account of variations under other heads.

Larger provision for appointment of school teachers under the scheme for relief of unemployment among the educated middle-classes and additional provision for improvement of Secondary Education mainly account for the increase under Education. The increase under Civil Works is mainly due to larger provision for Road Fund Works and for construction of new buildings. The increase under Land Revenue is due to larger provision for Revisional Settlement operations. Increased provision for Sonarpur-Arapanch, Part II, and Bagjola schemes mainly contributes to the increase under Irrigation. The increase on Interest charges is due mainly to provision for interest in respect of the open market loans to be raised in the coming year and loans from the Union Government to be taken this year. Larger provision for Health Centres mainly contributes to the increase under Medical. The increase under 47—Miscellaneous Departments is mainly due to transfer on account of a change in classification of provision for the welfare of Scheduled Tribes, Control of

Vagrancy and Chief Purchasing Adviser to this head from 57—Miscellaneous and also to larger provision for welfare of Scheduled Tribes. Larger provision for Sinking and Depreciation Funds in respect of the open market loans accounts for the increase under Appropriation for Reduction or Avoidance of Debt. The increase under Pre-partition Payments is due to anticipated larger payment of Pre-partition bills. Inclusion of provision for filling up of vacant posts next year in the Presidency Police and District Police accounts for the increase under Police. The increase under Expenditure on displaced persons is due to gradual reduction in the share of expenditure reimbursable by the Government of India in respect of some of the schemes.

The decrease under Agriculture is mainly due to smaller provision for distribution of fertilisers. The decrease under Famine is due to omission of provision for any large-scale relief operations. A smaller provision for adjustment of loss on subsidised supply of foodstuff to Government employees accounts for the decrease under Extraordinary Charges in India. The decrease under 57—Miscellaneous is due to transfer of provision in respect of certain items to 47—Miscellaneous Departments as mentioned above. The omission of the provision for augmentation of the Contingency Fund is partly counter-balanced by increase due to larger provision for Local Development Works programme.

#### *Capital Expenditure*

The total capital expenditure in the Budget Estimate for 1954-55 is 20 crores 82 lakhs against 18 crores 66 lakhs in the Revised Estimate for 1953-54. The provision includes 11 crores 38 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 3 crores for Mayurakshi Project, 2 crores 72 lakhs for Development of State roads, 90 lakhs for Kanchrapara Area Development Scheme, 13 lakhs for building residential flats at Karaya Road, 8 lakhs for housing scheme at Bawali Mandal Road, 12 lakhs for preparation of project reports in respect of coke oven, gas grid and power plant, 1 crore 36 lakhs on rehabilitation of displaced persons, 1 crore 31 lakhs for Community Development Projects and National Extension Service Programme, 30 lakhs on account of Road and Water Transport Scheme, 5 lakhs for North Calcutta Rural Electrification Scheme and Cooch Behar Electricity Extension Scheme and 7 lakhs for certain small agricultural and industrial development schemes.

There is a net receipt of 48 lakhs under scheme of Government trading. A receipt of 12 lakhs is also anticipated from sale of land under the Tollygunge Land Development Scheme.

#### *Debt and Other Heads*

Excluding loans from Union Government and the Reserve Bank of India, the loan raised in the open market and loans and advances by the State Government, the receipts and disbursements under these heads almost balance each other.

The provision for loans from Union Government is 24 crores 44 lakhs against 23 crores 67 lakhs in the Revised Estimate. The provision includes 11 crores 38 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 4 crores for the Mayurakshi and other development projects, 5 crores 3 lakhs for various schemes of capital expenditure for relief and rehabilitation of displaced persons as well as grant of advances to them, 1 crore 60 lakhs for Intensive Food Production schemes, 4 lakhs for improvement of the Sibpur Engineering College, 1 crore 70 lakhs for capital expenditure on Community Development Projects, 17 lakhs for capital expenditure on National Extension Service Programme and 52 lakhs for permanent improvement of Sunderbans area in the district of 24-Parganas. Loan from the Reserve Bank of India in respect of the National Extension Service Programme amounts to 7 lakhs.

We propose to raise a loan of 4 crores next year to finance certain development schemes involving capital expenditure and to meet the expenses in connection with the revisional settlement operation for the abolition of zemindary.

On the expenditure side, provision has been made under loans and advances by the State Government for 60 lakhs for advances to cultivators, 11 lakhs for loans to owners of *beel* fisheries and tank fisheries and to growers of agricultural produce, 25 lakhs for cattle purchase loan, 18 lakhs for advances to the Provincial Co-operative Bank in terms of the Government guarantee in respect of non-realisation of investments in East Bengal and for financing the land mortgage banks and the non-credit co-operative societies, 4 lakhs for giving aid to industries under the State Aid to Industries Act and 3 crores 67 lakhs for loans to displaced persons for house-building, cultivation, etc., 62 lakhs for loans for Community Development Projects and National Extension Service Programme, 11 lakhs for loans to local bodies, 5 lakhs for loans to artisans and 4 lakhs for loans to Government servants for house-building and other purposes.

#### *Net Result*

The revenue deficit for the year 1954-55 is 13 crores 38 lakhs. The surplus outside the revenue account is 95 lakhs. The aggregate result for the next year therefore is an overall deficit of 12 crores 43 lakhs. Setting off against it the opening balance of 11 lakhs, the next year closes with a negative balance of 12 crores 32 lakhs.

The State has a public debt of 7 crores 35 lakhs at present. At the end of the next year the public debt will amount to 11 crores 35 lakhs. Our total debt to the Union Government at the end of 1953-54 stands at 75 crores 91 lakhs and will increase to 97 crores 84 lakhs at the end of 1954-55. This debt includes an advance of 2 crores 50 lakhs granted by the Union Government to help us clear half the debit balance with the Reserve Bank left by the Government of undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 95 crores 34 lakhs consists of 27 crores 18 lakhs on account of rehabilitation of displaced persons, 42 crores 87 lakhs on account of Damodar Valley Project, 17 crores 73 lakhs on account of Mayurakshi and other development projects, 3 crores 44 lakhs for Grow More Food and Intensive Food Production schemes, 80 lakhs for dispersal of college students from Calcutta, 16 lakhs for development of Sibpur Engineering College, 1 lakh for Jute Development scheme, 2 crores 42 lakhs for Community Development Projects, 18 lakhs for National Extension Service Programme, 52 lakhs for improvement of Sunderbans area and 3 lakhs for Industrial Housing Scheme.

#### *The Progress*

How our expenditure on Education and Medical and Public Health is increasing steadily from year to year will appear from the statements given in the West Bengal State Rupee—From where it comes and where it goes. Our expenditure under 37—Education has increased from 2 crores 56 lakhs in 1948-49 to 3 crores 7 lakhs in 1950-51, 3 crores 36 lakhs in 1951-52, 3 crores 91 lakhs in 1952-53, 4 crores 94 lakhs in 1953-54 (Revised) and 6 crores 59 lakhs in 1954-55 (Budget). Next year we shall be spending 12 crores under 37—Education, 38—Medical and 39—Public Health or, in other words, we shall be spending 30 per cent. of our revenue receipts on these items. Our expenditure under 37—Education alone represents 16.5 per cent. of our total revenue receipts. If we include other expenditure on Education, e.g., expenditure on educational buildings booked under 50—Civil Works, expenditure on Scientific Departments, Agricultural Education, Medical Education, etc., as shown in the West Bengal State Rupee—From where it comes and where it goes, the total expenditure on Education amounts to about 20 per cent. of our revenue receipts. The number of scholars in primary institutions is now 15 lakhs which

represents about 50 per cent. of the children of primary school-going age in the State. We have adopted a scheme of appointing 30,000 school teachers in three years which is expected to increase the number of primary school-going children to nearly 75 per cent. in three years. During the current Plan period 1,450 miles of new roads and 23 major bridges totalling 6,090 running feet have been constructed and thrown open to traffic. In addition to this 2,321 miles of roads are being maintained by the State Government. The year 1953-54 opened with 141 health centres functioning with 1,872 beds and will end with 171 health centres functioning with 2,232 beds. At the end of the next year we shall have 271 health centres functioning with 2,762 beds. The number of beds in sadar and Subdivisional hospitals which were 1,950 at the beginning of the current year will increase to 2,271 at the end of the current year and to 2,469 at the end of the next year. The number of tuberculosis beds which were 1,885 in the beginning of the current year will rise to 2,283 at the end of the current year and to 2,353 at the end of the next year. Sixteen National Malaria Control units are working this year to minimise the incidence of malaria in the State. Three more units are proposed to be added next year so that the entire State may be covered. The number of tube-wells sunk and resunk which were 6,457 at the beginning of the current year will increase to 7,263 at the end of the current year and to 7,763 at the end of the next year. The corresponding figures for the reinforced cement concrete wells are 300, 354 and 400, respectively. Haringhata has now a herd of 1,630 and is running 54 milk distribution centres in the city from which 250 maunds of milk are being sold daily. The centre is also distributing farm bulls in concentrated areas with a view to improving the stock in such localities and the number of bulls ready for distribution this year is 150. The scheme for the removal of *khatal*s from Calcutta for which the first milk colony is being constructed at Haringhata is making headway. As regards the Mayurakshi Project, about 75 per cent. of the dam and 450 miles out of the total projected length of 848 miles of main and branch canals and distributaries as also three minor barrages have been constructed. The remaining barrage is nearing completion. The first phase of the Sonarpur-Arapanch-Matla Drainage Scheme estimated to cost 44 lakhs is nearing completion. A submerged area of about 17,300 acres has already been reclaimed and the remaining areas of 6,000 acres falling within the scope of the scheme are being de-watered and rendered fit for cultivation by March 1954. As the entire area drained this year could not be brought under cultivation by the tenants themselves, Government took over an area of 1,200 acres of land and cultivated it departmentally with the help of tractors and other mechanised equipments. The area has produced paddy at the rate of 30 maunds per acre. The second phase of the Sonarpur-Arapanch-Matla Drainage Scheme estimated to cost 71 lakhs and the Bagjola-Ghuni-Jatragachi Drainage Scheme estimated to cost 104 lakhs will drain out large tracts of land which have been lying submerged under water for a long time.

With a view to actually demonstrating the improved scientific methods of agriculture to the cultivators 423 new five-acre demonstration centres were established on cultivators' own holdings during the year while 155 such centres were continued from last year. The new centres established during the year include about 100 established in the Mayurakshi and D. V. C. commanded areas, especially to demonstrate the feasibility of double and treble cropping by the proper utilisation of the irrigation facilities made available. In addition, forty centres were established in the tribal areas. The Agriculture Department arranged the distribution of about 30,500 tons of fertilisers during the year under review as against 11,250 tons during the year before. The cultivators were given the option to obtain the fertilisers either in cash or on loan repayable in cash or kind after the harvest. Large amounts of short-term loans to agriculturists in the form of crop loans, agriculturists' loans, cattle-purchase loans, etc., are being distributed. Long-term credit for improvement of agriculture is also being advanced to Co-operative Land Mortgage Banks. As against two

Land Mortgage Banks in the State on the date of partition we have now eight, and another Land Mortgage Bank is being opened next year at Bankura. On the date of the partition, the number of co-operative credit societies in West Bengal was 9,873 with a total membership of 454,506 and total working capital of 13 crores. The number now is 10,930, the membership 552,800 and the working capital 16 crores. A university degree course in Veterinary Science has been introduced in the Bengal Veterinary College from last July in place of the previous diploma course. In accordance with the scheme of provincialisation of veterinary hospitals eight such hospitals have been taken over by the Government this year. A few others are likely to be taken over during the next few months, and the rest will be taken over in the coming year. Two new veterinary hospitals have been started at Asansol and Diamond Harbour. Besides, one veterinary hospital-cum-peripatetic service centre has been started in each of the eight Community Development Project Blocks. In connection with our scheme to remove the deficiency of forests in the State, 19 square miles have already been planted with trees. The Kalyani township scheme comprises an area of 8,000 acres divided into six blocks of which only one block of about 1,100 acres is at present under development. The development area has provision for over 5,000 residential plots of which about 900 have been sold. Under the Kalyani scheme 30 miles of roadways have been constructed and underground sewers, drinking water-supply and electricity have also been provided. Model buildings have been constructed consisting of 20 single-storeyed and 6 double-storeyed houses for sale to intending purchasers besides a large market place, a high school and a hospital. Under the North Calcutta Rural Electric Supply Scheme the towns of Habra, Ranaghat, Fulia, Santipur, Nabadwip, Kalna, Birnagar, Debagram, Beldanga, Jiaganj and Azimganj have been electrified. Under the scheme of Community Development Projects eight blocks were taken up for development by this State in October 1952. The special feature of the blocks in West Bengal has been their composite character under which a rural township for private occupation on middle-class people is expected to be developed within each cluster of about a hundred villages, medium-scale industries will be started in these townships. Three such new blocks have been selected during the current year in Cooch Behar, Sonamukhi and Habra. There has been an encouraging response from the local people, contributions from whom in the form of labour, cash and materials have been throughout held to be an important test of the success of the programme. The value of contributions so far received of all types from the local people in the Community Development Blocks is estimated at over 4 lakhs. The programme under the National Extension Service is being taken up in the current year. Its object is to cover one-fourth of the population of the State during the remaining period of the Five-Year Plan with an all-round development programme under the main heads of agriculture, animal husbandry, veterinary, fishery improvement, medical, public health and sanitation, education, communications and housing. The work under these National Extension Blocks is expected to pave the way towards establishment of the more intensive programme under the Community Development Projects. A sum of 17.4 lakhs has been allotted to West Bengal by the Planning Commission for undertaking small schemes of local utility wherever there is equal contribution from the local people themselves. 573 schemes consisting of 1,600 separate items of work of local improvement have been taken up in the different districts under this local works programme. These relate to the improvement of rural water-supply, village roads, school buildings, dispensary buildings and irrigation facilities. Besides these 573 schemes, 109 additional schemes consisting of 491 different items of work relating to similar improvements have been taken up with a grant of 7.38 lakhs from the State Government, the local contributions for which amount to 4.24 lakhs.

In this way development is going on in all directions. I have mentioned a few instances only. The honourable members who are intimately connected with

the countryside see the development going on before them and hence I need not multiply instances. Along with the Civil Estimates and the Explanatory Memorandum thereon, commonly known as the Red Book, I have had circulated to the honourable members three other booklets, viz.:—

- (1) Statement showing the progress of Development Schemes and new schemes outside the Development Programme included in the Revised Estimate for 1953-54 and the Budget Estimate for 1954-55;
- (2) The West Bengal State Rupee—From where it comes and where it goes; and
- (3) Statement showing the financial results of some schemes of Government involving transactions of a commercial or semi-commercial nature.

These three booklets, it is hoped, will be helpful to the honourable members in studying the progress.

### *Unemployment*

I have referred to the general stability in the price situation, the downward trend in the working class cost of living index, the rise in production in the industrial sector, the good food position, the execution of the Five-Year Plan according to programme and progressive trends in the various spheres of our activities. Nevertheless, unemployment persists. In order to obtain an idea of the measure of unemployment that prevails, we had a quick sample survey made of unemployment in Calcutta and other municipal areas. According to the result of this survey, for every one hundred Bengalees of all classes in the age-group of 16—20 employed in the city of Calcutta 42 Bengalees are unemployed and are seeking employment. If we take the middle-class sector in the same age-group for every one hundred Bengalees employed as many as 47 Bengalees are unemployed and seeking employment. The figures for the unemployed do not include those who, though unemployed, do not seek employment, e.g., most of the married women, students, etc.

Such large-scale unemployment in the midst of increasing production would appear to be a paradox to many. We have to understand the basic character of our socio-economic structure in order to find an explanation.

The State has a large middle-class population.

We are proud of its intellectual and emotional qualities as well as of its achievements. By long tradition this class has a strong preference for literary education and white-collar jobs which brought it good name and good money in the past. The investment of this class was mostly in land. Our systems of education and training are also biased in these directions. Days, however, have changed. Modern developments are very largely investments in technological processes which require a very large proportion of persons prepared to do manual work. White-collar jobs are only a few in these processes. Hence there is necessarily a great disparity between the types of jobs created by increasing development and the types of jobs preferred by the Bengalee young men, particularly those of the middle-class. Honourable members must be aware how on many of our schemes requiring manual skill and labour we suffer from dearth of suitable personnel, while at the same time the Bengalee young men go about unemployed in large numbers.

The unemployment problem is not new. But its magnitude and acuteness have largely increased in recent years on account of certain socio-economic changes. Firstly, our economy has suffered dislocation on account of increasing growth of population on the one hand and increasing effect of the transition from the use of hand-driven to power-driven machines. Secondly, the middle-class economy in the State has been dislocated by the loss of its support from land and by the

disintegration of the joint family. Almost every family had a home and some income from land. This, together with the joint family system, provided insurance against sickness and unemployment. It is common experience of us all that under the stress of economic circumstances the joint family is breaking down fast and the family home and the family land are also disappearing quickly. The partition has greatly hastened this process. A large number of middle-class people in West Bengal depended for their sustenance on the produce of their landed property in East Bengal. The displaced persons, many of whom belong to the families of middle-class people in West Bengal, have left behind them property without getting any income from or compensation for the same. Unemployment or sickness is therefore causing much greater suffering now and has become a much more acute problem now than ever before. Considerable volume of unemployment which were covered by the insurance of the joint family and the family land is now coming up before the public eye in the absence of any such cover.

Whatever may be the root cause of unemployment its solution must lie through increasing investments. Government are therefore going ahead with increasing investments in all fields within the public sector and are trying to create conditions under which investments may increase in the private sector also. But such increased investments will not necessarily relieve unemployment amongst the middle-class so long as they are not capable of taking full advantage of such expansive investments and so long as there remains a disparity between expansibility and employability. The problem, therefore, must be attacked on all fronts. First, we must as far as possible open up channels of employment in which our young men are more likely to be interested. Secondly, our educational system should be adapted to the new economy. Thirdly, we must make our young men interested in diversified economic pursuits. In co-operation with the Government of India we have adopted a scheme of employment of 30,000 teachers-cum-social workers in rural areas in three years. We have actually made Budget provision for the appointment of 8,500 such teachers during the current year and 10,000 more in the course of the next. This will create an appreciable volume of employment in which the Bengalee young men are likely to be interested and at the same time it will go a long way in making up our educational deficiencies in rural areas. Secondly, the House will notice that we are gradually giving a technical bias to our education by increasingly providing for technological and technical training in institutions. Thirdly, our National Volunteer Force is an attempt to interest our young men in all types of manual work. We have only a short experience of the work of the Force but it is already clear that our young men can use their hands with skill and ease. The Force has done arduous types of work under trying conditions with admirable efficiency. We also see before our eyes how under the stress of circumstances our young men are taking interest in various new fields of activity and are making use of their hands as well as of their heads. All this encourages me to hope that this problem of disparity between employability and expansibility will be solved and our young men will soon be able to reap the full advantage of the increasing investments that are going on all around us.

#### *The Second Paradox*

West Bengal contains the biggest city in the Indian Union. She has large mineral and industrial wealth. Her industrial activities are the pride of the country. And yet it would seem to be a paradox that the common man in West Bengal lives in comparative penury. The social services he should be provided with cannot be made available to him because of want of funds. The roads, the education facilities, the provision for medical relief should be higher than they are. Yet the West Bengal Budget remains unbalanced. Its revenue deficit is increasing. And why is it so? Or in other words why should the common man not receive services commensurate with the wealth in the midst of which he lives and still why should the Budget be in deficit ?

The answer is to be found in the pattern of distribution of taxing powers under the Constitution in the context of the character of the economy of the territory that is now called West Bengal.

Under the present pattern of distribution of taxing powers the industrial wealth is practically beyond the taxing power of the State Government. State Government is expected to live mainly by taxing agricultural wealth. Big agricultural States are therefore better off under this arrangement. Their land revenue, forest revenue, irrigation revenue, all grow and have potentiality. The growth may not be commensurate with their requirement but the revenues under these heads to grow and the State Governments do get full benefit of all development that they can effect in their States. The industrial States, however, can derive little benefit from the wealth in the industrial sector which is almost outside their taxing power. The industrial wealth which is there in plenty in West Bengal does not therefore bring any commensurate revenue to the Government of West Bengal and therefore does not bring any commensurate benefit to the common man in the State. The industrial State of Bombay suffers from the same disabilities in respect of its vast industrial wealth. It has, however, a large agricultural sector as well and in this respect it is unlike West Bengal. The industrial State of Bombay has a large territory and a large forest area from which its receipts by way of land revenue, forest revenue, etc., are fairly large and expansive. West Bengal has no such large revenue from this sector. Her land revenue is a small sum. She has no large forests to exploit and on the other hand she has to spend money on afforestation. Having regard to the climatic conditions of the State, charges for irrigation water, increased irrigation rates or betterment levy cannot yield any appreciable net revenue in this State. The agricultural sector of the economy of West Bengal is not only insignificant but is actually extremely weak and moribund. West Bengal has thus a unique economy in the country and her financial difficulty is therefore also unique. West Bengal has to depend for her very existence almost wholly on industrial activity and industrial expansion but the State Government would not in any commensurate degree benefit from the taxes which such industrial expansion would bring. The income-tax levied on the industrialist, the customs and export duties on goods produced and exported, the increased realisation from transport of goods produced by the industries go to the Central Fund from which we get only a small share absolutely incommensurate with the efforts made in this province for increased production and bigger industrial enterprises.

The modern phase of public finance began with the Montague-Chelmsford Reforms. At that time the taxing powers of the Centre and the State Governments were separated for the first time and the provinces were made to depend mainly on the taxation on land. That this distribution of taxing powers was unfair to the industrial provinces was recognised by Mr. Montague and Lord Chelmsford. They actually stated in their Report : "We have indeed been told that income-tax is only the industrial or professional complement of land revenue and that to provincialise the latter while Indianising the former means giving those provinces whose wealth is more predominantly agricultural such as the United Provinces and Madras and initial advantage over a province like Bombay which has very large commercial and industrial interests". To this their answer, however, was—"We admit that these arguments have force; but we are not prepared to let them stand in the way of a complete separation of resources". Thus in their enthusiasm for separation of financial powers, they sowed the seed for financial disparity which has grown and assumed serious dimensions today. They forgot to take note of the hard fact that separate financial powers, however, valuable in principle, could not be of much avail if their contents were insignificant.

The Meston Committee reviewed the whole position soon afterwards. Discussing the position in different provinces, the Meston Committee observed : "Bengal on

the other hand has a low scale of expenditure and an inelastic revenue; and it will receive only a very moderate start in its new financial career. But its size, intrinsic wealth and general economic possibilities prevented us from treating it more favourably than the other provinces in this category". The Committee forgot to note that the great economic possibility of the province was being put outside the taxing power of the Provincial Government which, with an inelastic revenue, was being called upon to eke out an existence by taxing a decaying peasantry and labourers.

The financial history of Bengal under the Montague-Chelmsford Reforms is a record not of any progress but of constant endeavour to balance the two sides of the Budget by rigid curtailment of expenditure on the one hand and by increase of taxation on the other. When the Simon Commission reviewed the working of these reforms it found that "Bengal lives largely on revenues from 'Stamps' most of which arises from litigation". It also found that the percentage of increase in expenditure on Transferred Services between 1922-23 and 1929-30 was 86 in Madras, 82 in the Punjab, 30 in the United Provinces, 25 in Bombay and only 4 in Bengal. The Commission observed that "in Bengal the expansion of education and other services has practically ceased". The position became so acute in Bengal that something had to be done if a complete collapse was to be prevented. The Second Peel Committee of 1932 recommended that a share of the jute duty should be given to Bengal in view of her special difficulties and a share was actually given in 1934-35 mainly to avert an impending collapse. The total revenue of Bengal had then gone down to the low figure of 9 crores only.

During all these years the three important problems of inelasticity of provincial revenues, the disparity in the position of the agricultural and industrial provinces under the pattern of distribution of taxing powers and the special difficulties of Bengal in view of the unique inelasticity of her revenue from the agricultural sector engaged the attention of several expert committees, e.g., the Taxation Enquiry Committee, the two Peel Committees and the Percy Committee. As a result income-tax came to be shared with the provinces to mitigate the difficulties arising out of the first two problems and jute duty came to be shared to mitigate the special difficulty of Bengal.

The House is aware how after partition jute duty has ceased to be shared and income-tax is to be distributed not on the basis of industrial production and wealth but mainly on the basis of population. Partition has also brought about a drastic shift in the basic economy of Bengal. The industrial sector is now overwhelmingly predominant and the agricultural sector has now little importance financially in the economy of West Bengal and she has now little revenue from this sector. If the agricultural sector of undivided Bengal was weak, it is very much weaker today in West Bengal; for, all the agricultural wealth of Bengal was in East Bengal. Her main source of revenue today is provincial excise and sales tax. They have been exploited to the full and a downward tendency has already set in. The present distribution of taxing powers has therefore become completely unrealistic for West Bengal. While the disparity between the character of her economy and her taxing powers has increased, the remedies which were introduced in the past to mitigate the effects of this disparity are no longer available. For, the jute duty is no longer to be shared, and the sharing of income-tax is henceforth to have little relation to industrial activity. This has further accentuated the position and there is now little scope for efforts on the part of West Bengal Government to get out of this position or to improve it.

Under the present pattern of distribution of taxing powers, an agricultural State derives the full benefit of any expansion in the agricultural sector. On the other hand, the pattern of distribution of the proceeds of income-tax is such that today an agricultural State derives almost all the income-tax that is yielded by any

industrial expansion in the State. In addition they get a share of the income-tax yielded by industrial expansion in the industrial States also. The extent to which the agricultural States derive benefit from industrial expansion in their own States and in industrial States was calculated by this Government in the Memorandum submitted to the Finance Commission. It was pointed out therein that assuming that the ratio of income-tax collected in the different States had remained unchanged since 1948-49, the position in 1950-51 under the Desmukh Award had been that for every one hundred rupees collected in the State Orissa got Rs. 617, Bihar Rs. 322, Madhya Pradesh Rs. 215, Uttar Pradesh Rs. 178, Madras Rs. 93, Assam Rs. 84, Punjab Rs. 71, Bombay Rs. 24 and West Bengal Rs. 21. Under the recommendation of the Finance Commission the position has moved further against the industrial States and in favour of the agricultural States. Thus an agricultural State gets the full benefit of the agricultural expansion in the State, full benefit from any industrial expansion in the State itself as well as some benefit from industrial expansion in the industrial States. An industrial State on the other hand gets full benefit from the expansion of the agricultural sector but very little benefit from the expansion of its industrial sector and no benefit for the expansion of industries in other States. As the agricultural sector is almost non-existent for purposes of taxation in West Bengal, the position of the public finance in West Bengal is particularly unsatisfactory. This Government is expected to live by taxing agricultural wealth of which it has very little but cannot tax industrial wealth which it has got in plenty. This is a serious problem in public finance. The problem has become more serious and urgent after partition and after the recommendations of the Finance Commission. This unique basic economic structure of West Bengal is hardly appreciated either in the Centre or in any other part of the country.

#### *Conclusion*

The two paradoxes referred to above are at the root of most of the ills which today afflict the body politic of West Bengal. The first paradox is the paradox of disparity between expansion and employment. The second paradox is the paradox of the disparity between wealth and taxing power. In this State investments increase without creating corresponding employment for our young men to any commensurate extent. In West Bengal the economic activity increases without bringing commensurate revenue to the State treasury. These two paradoxes stand in the way of our prospering in the midst of prosperity. For the removal of the first disparity we must increase the adaptability of our young men and they must be prepared to work in diverse fields and with their hands as well as with their heads. For the removal of the second disparity the pattern of distribution of taxing powers should be changed so as to make it realistic for the economic condition of West Bengal and for this we are looking up to the Taxation Enquiry Commission and to the Government of India.

These paradoxes are great handicaps in the path of our progress. In spite of all handicaps we are going forward according to plan. We have in fact achieved more than we actually planned for. I am sure, with the support of the House and with the people of the State behind me, we will overcome all obstacles in the path of our progress in the service of the common man.

## APPENDIX

## West Bengal Budget, 1954-55.

(In thousands of rupees.)

	Actuals, 1952-53.	Budget, 1953-54.	Revised, 1953-54.	Budget, 1954-55.
<b>Receipts.</b>				
Opening Balance ..	7,27,63	2,02,18	7,59,25	11,48
Revenue Receipts ..	37,45,88	38,15,87	38,81,96	39,93,22
Receipts from Debt Heads, Contingency Fund and Public Accounts.	1,11,15,01	1,62,16,30	1,42,47,58	1,21,40,79
Total ..	<u>1,55,88,52</u>	<u>2,02,34,35</u>	<u>1,88,88,79</u>	<u>1,61,45,49</u>
<b>Expenditure.</b>				
Revenue Expenditure ..	38,94,12	43,26,63	50,57,13	53,30,76
Capital Expenditure ..	13,04,21	21,01,58	18,66,30	20,82,11
Expenditure on Debt Heads, Contingency Fund and Public Accounts.	96,30,94	1,42,17,56	1,19,53,88	99,63,99
Closing Balance ..	7,59,25	-4,11,42	11,48	-12,31,37
Total ..	<u>1,55,88,52</u>	<u>2,02,34,35</u>	<u>1,88,88,79</u>	<u>1,61,45,49</u>
Net Result—				
Surplus (+)				
Deficit (-)				
(a) On Revenue Account	-1,48,24	-5,10,76	-11,75,17	-13,37,54
(b) Outside Revenue Account.	+1,79,86	-1,02,84	+4,27,40	+94,69
(c) Net, excluding Opening Balance.	+31,62	-6,13,60	-7,47,77	-12,42,85

### Supplementary Estimate for the year 1954-55.

(Presented on the 22nd March, 1955).

**The Hon'ble Dr. Bidhan Chandra Roy :** Sir, I beg to present under the provisions of Article 205 of the Constitution a statement of Supplementary Estimate of expenditure for the year 1954-55.

The total amount covered by the present Supplementary Estimate is Rs. 8,84,42,401 of which the voted items account for Rs. 6,77,28,101 and the charged items for Rs. 3,07,14,300. Of the voted items the largest demand is under the head "40—Agriculture". It includes Rs. 1,12,00,000 under the scheme for distribution of chemical fertilisers due to the post-budget decision to continue during the current year, the last year's scheme for the large scale supply of fertilisers to the cultivators and Rs. 3,62,800 in connection with the scheme for the removal of *khatal*s from Calcutta partly for the completion of the unfinished works of the first unit of the Milk Colony at Haringhata and partly for the establishment of three additional units of Milk Colony and a fodder farm. The entire expenditure on the *khatal* removal scheme will be financed by a loan from the Government of India and the scheme will be completed next year.

The next largest demand is for Rs. 1,07,90,000 on account of expenditure on displaced persons under the heads "57—Miscellaneous—Expenditure on displaced persons", "82—Capital Account of other State works outside the Revenue Account—Expenditure on displaced persons" and "Loans and Advances bearing interest—Loans and Advances to displaced persons". It includes mainly Rs. 56,06,000 for payment of outstanding bills of previous years as well as for undertaking a building programme and for development of land for helping colonisation of displaced persons, Rs. 49,53,000 for larger payment of loans to displaced persons for speedy rehabilitation and Rs. 2,31,000 for increased expenditure on contingencies mainly doles due to larger influx of refugees.

The additional demand of Rs. 89,26,000 under the head "Loans and Advances bearing interest" is mainly in respect of the provision for distribution of loans and advances for relief in the flood-affected areas in North Bengal districts and loans to Co-operative Societies under the scheme for development of handloom industry.

The demand of Rs. 78,97,000 under the head "54—Famine" is mainly for large-scale relief operations in flood-affected areas of the State.

The demand of Rs. 64,36,000 under the head "57—Miscellaneous—Other Miscellaneous Expenditure" is in respect of schemes undertaken under the State Department Works Programme, works done out of contribution from the Sardar Vallabhai Patel National Memorial Fund and for larger expenditure in connection with the schemes under local Development Works Programme. It also includes a provision of Rs. 23,58,433 in respect of irrecoverable agricultural loans in the Midnapore district.

The demand of Rs. 81,71,000 under the head "82—Capital Account of other State Works outside the Revenue Account" is in respect of the expenditure in connection with the Kalyani Housing Scheme under the housing programme for this State which has been approved by the Government of India in course of the year as adjustment in the Five-Year Plan. The Government of India is financing this scheme through loans. Total anticipated expenditure on the scheme during the current financial year is Rs. 54,44,000 out of which Rs. 22,73,000 will be met by reappropriation from savings under other heads and Rs. 31,71,000 will be necessary to meet the remainder of the cost.

The demand of Rs. 26,69,000 under the head "63—Extraordinary Charges in India" is for adjustment of a part of arrear loss on account of supply of foodstuff to certain classes of Government servants at concession rates during previous years.

The demand of Rs. 18,69,000 under the head "25—General Administration" mainly represents additional expenditure incurred in connection with the Rural Broadcasting Scheme with provision for the staff at Chandernagore after the merger, pay of certain additional staff, larger cost for revision of electrical rolls and certain bye-elections and other miscellaneous expenses.

The demand of Rs. 17,12,000 under the head "82B—Capital Outlay on Road and Water Transport Schemes outside the Revenue Account" is mainly for the purpose of new buses for relief of unemployment and for giving employment to camp refugees. The Government of India have provided loan and approved of an expenditure of Rs. 30 lakhs as adjustment to the plan on account of the purchase of fifty new Comet buses towards the relief of unemployment and have also sanctioned a loan of Rs. 15,00,000 as fifty per cent. cost for the purchase of 50 buses for giving employment to 400 camp refugees. The purchase will be made during the current year and the next.

The additional demands also includes Rs. 7,36,000 under the head "81A—Capital Outlay on Electricity Schemes outside the Revenue Account" Rs. 5,86,000 under the head "56—Stationery and Printing", Rs. 4,96,000 under the head "27—Administration of Justice", Rs. 2,79,000 under the head "47—Miscellaneous Department—Fire Services", Rs. 2,25,200 under the head "43—Industries—Cottage Industries", Rs. 1,11,000 under the head "13—Other Taxes and Duties", Rs. 96,000 under the head "30—Ports and Pilotage", Rs. 94,000 under the head "4—Taxes on Income other than Corporation Tax", Rs. 67,000 under the head "9—Stamps", Rs. 14,000 under the head "54B—Privy Purses and Allowances of Indian Rulers" and Re. 1 under the head "39—Public Health".

The demands under these heads are comparatively small and call for little comment.

Of the charged items, the amount of Rs. 2,76,82,000 under the head "Public Debt—Floating Debt" is required to cover repayments made from time to time to clear off larger amount of advances which had to be drawn from the Imperial Bank of India on account of our food requirement.

Of the amount of Rs. 25,50,000 included under the head "22—Interest on Debt and other obligations", Rs. 18,89,000 is required to cover the interest charges payable to the Imperial Bank on account of the drawal of larger amount of advance and Rs. 83,000 is required to meet the interest on the larger volume of deposit in the General Provident Fund, Rs. 2,07,000 representing the interest charges on the Capital Outlay on the Mayurakshi Project and Rs. 3,71,000 on the Capital Outlay on the State Transport Scheme do not wholly represent additional expenditure under the *pro-forma* adjustments. As there was smaller capital expenditure under the Mayurakshi Project and the State Transport Scheme than was anticipated at the time of the preparation of the Budget Estimate, the interest chargeable to those schemes and adjustable under this head in reduction of expenditure also becomes smaller.

The demand of Rs. 2,42,000 as a charged item of expenditure under "17—Interest on Works for which capital accounts are kept" is required to cover the interest charges on actual capital outlay of irrigation works upto the end of 1953-54 and also in respect of Sonarpur-Arapanch-Matla Scheme, Parts I and II and Bagjola-Ghuni-Jantragachi Scheme.

The demand of Rs. 1,56,000 as a charged item of expenditure under "57 — Miscellaneous—Other Miscellaneous Expenditure" is to cover the awards of the Arbitrators in respect of rent compensation of requisitioned buildings and other incidental charges.

The other charged items are minor and call for no comments.

The reasons for the demands included in the Supplementary Estimate have been set forth in the Explanatory Memorandum given under each head. The Ministers in charge of different departments will go into them in further detail as each demand is moved.

With these words, Sir, I present the estimates for the Supplementary Budget for 1954-55.

**Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1955-56.**

*(Presented on the 15th February, 1955).*

I rise to present the Budget Estimates of the State of West Bengal for the financial year 1955-56.

*Economic Situation*

In presenting to this House the Budget Estimates for 1954-55 I had occasion to refer to two years of steady progress. During the year just gone by, the progress was fully maintained and in some spheres it received acceleration.

10th July, 1954, will be remembered as a red-letter day in the history of this State. On that day rationing and other controls on food were completely removed. After ten years of rationing and all-round control, during which people came to believe that these had come to stay permanently, they have again got the chance of marketing their crop freely and of buying the rice of their choice freely in the open market. The honourable members must remember vividly the joy and happiness with which the announcement of this decision was greeted. This decision was possible because of the steady progress in agriculture in the State that went before it. Against the annual requirement of about four million tons of cleaned rice, West Bengal's annual production between the years 1947-48 and 1951-52 varied between three and a third million tons to slightly over three and a half million tons. In 1952-53 production in West Bengal was estimated at 3 million 950 thousand tons. 1953-54 was a year of bumper rice crop and the production reached the figure of 5 million 220 thousand tons of cleaned rice. This made complete derationing of rice possible. On account of widespread flood and drought in different parts of West Bengal production has again fallen to 3 million 738 thousand tons in 1954-55 and there is again a delicate balance between production and requirement. There is, however, a large carry-over from the previous year and in Government godowns alone there is today a stock of 200 thousand tons of rice. Government rice is still being sold in the old ration shops, though offtake is extremely low. This makes the position invulnerable.

In the industrial sector the pace of expansion in the country was greater in 1954 than in 1953. With 1946=100 as the base year, the average of the general index of industrial production for the first nine months of 1954 was 143.7 against 134.1 for the same period in 1953 and 128.9 for the year 1952. Among the industries to record appreciable increase are steel, cement, paper, yarn and mill-made cloth. Jute recorded a small increase. Coal was practically static registering a slight fall of one per cent. Sugar, salt and matches recorded considerable declines.

Prices maintained their downward level during the year. In 1953 the general index on wholesale prices varied between 410·4 in August and 389·6 in December. In the year 1954 the limits were 402·6 in April and 367·8 in December. The working class cost of living also maintained its downward course during the year. The Labour Commissioner's index of working class cost of living in Calcutta which in 1953 had a peak of 375 in July and a bottom of 329 in December had in 1954 a much lower peak of 339 in May and also a lower bottom of 321 in December.

The tea industry experienced a period of high prosperity during the year under review.

Exports of Indian merchandise from the Port of Calcutta during the period October, 1953 to September, 1954, rose to 263 crores 69 lakhs from 243 crores 90 lakhs during the previous 12-month period. Imports during the former period fell to 114 crores 37 lakhs from 152 crores 18 lakhs during the latter period.

The labour relation during the year was fairly good. No serious labour trouble disturbed any major industry in West Bengal. The threatened bank employee's strike was called off at the last moment as wise counsel prevailed. The total number of strikes during the year and the amount of man hours lost were, however, not inconsiderable. The Port of Calcutta had to face during the year labour troubles of considerable magnitude. The troubles in the Port took both the forms of strikes and "go-slow" movement. Normal working was, however, restored soon.

#### *Estimates*

I shall now discuss *seriatim* the Revised Estimates for the current year and the Budget Estimates for the coming year.

#### THE YEAR 1954-55.

##### *Opening Balance*

The year 1954-55 actually opened with a balance of 3 crores 64 lakhs instead of 11 lakhs as anticipated at the Budget stage. This improvement of 3 crores 53 lakhs is the result of the working of the year 1953-54 and is mainly due to an improvement of 72 lakhs in the collection of Sales Tax and Motor Spirit Tax and savings of 2 crores 18 lakhs on some Development Schemes, 34 lakhs under Civil Works, 10 lakhs under Public Health and 10 lakhs under Stationery and Printing. Small variations on other heads account for the balance of the improvement.

##### *Revenue Receipts*

The Revised Estimate of the total revenue receipts of the current year stands at 41 crores 63 lakhs against the Budget Estimates of 39 crores 93 lakhs. The improvement is of the order of 1 crore 70 lakhs. Under Other Taxes and Duties alone there is an improvement of 1 crore 36 lakhs to which Sales Tax contributes 1 crore and Motor Spirit Sales Tax 20 lakhs. There is also a large increase of 1 crore 9 lakhs under Miscellaneous mainly in the course of the transactions with the Union Government on three different accounts. First, there is the provision for Union grant-in-aid of the flood relief measures in North Bengal not included in the Budget but now included in the Revised. Secondly, there is provision for recovery of the Union grant payable but not paid during the last year in respect of expenditure on displaced persons. Thirdly, there is the provision for larger contribution from the Union Government towards the programme of local development works following the progress of work. Other improvements in receipts are 27 lakhs under Civil Works, 22 lakhs under Education, 21 lakhs under Industries, 14 lakhs under State

Transport Scheme, 11 lakhs under Income Tax other than Corporation Tax, 11 lakhs under Estate Duty. The increase under Civil Works is due mainly to larger transfer from the Central Road Fund for readjustment of the past expenditure in respect of two road fund projects wrongly included in the programme for the development of State roads and the receipt of a part of the promised donation from Shri G. D. Birla towards the construction of a State College of Agriculture at Harin-ghata. The increase under Education is due to a contribution from the Government of India towards development of Technical Institutions and establishment of multi-purpose schools. The increase under Industries is due mainly to a larger quantity of cinchona products being sold on account of restriction put on the import of foreign quinine and also to the provision for a grant from the Union Cess Fund for development of Handloom Industries. Larger earnings on account of better administrative control and operation of a larger number of buses account for the improvement under State Transport Scheme. Larger collection of agricultural income-tax accounts for the improvement under Taxes on Income other than Corporation Tax. Pending formulation of a scheme of distribution, the Government of India have decided to distribute the net proceeds of the Estate Duty on property other than agricultural land on the same basis as the States portion of the net proceeds of income-tax. 11 lakhs represent the share of this State on that basis. The increases are partly offset by decreases of 85 lakhs under Land Revenue, 43 lakhs under Agriculture, 32 lakhs under Grants-in-aid from Union Government and 16 lakhs under Extraordinary Charges. The decrease under Land Revenue is due mainly to the moratorium granted to revenue payers by an amendment of the West Bengal Estates Acquisition Act while that under Agriculture is due to the smaller receipts from the sale of fertilisers. Slower progress of work on (1) the scheme for the relief of educated unemployment and (2) Community Development Projects and National Extension Service Blocks account for the decreases under Grants-in-aid from the Union Government and Extraordinary Charges respectively. Decrease of 5 lakhs occurs under other heads.

#### *Revenue Expenditure*

The Revised Estimate of the total revenue expenditure for the year 1954-55 is 55 crores 55 lakhs against the Budget Estimate of 53 crores 31 lakhs. The increase is 2 crores 24 lakhs. The largest increase is under Agriculture and amounts to 1 crore 46 lakhs. This is due to the post-budget decision to continue during the current year the scheme for the large-scale supply of fertilisers to cultivators and to construct three additional units of milk colony together with a fodder farm in connection with the scheme for removal of *khatahs* from Calcutta. Other significant increases are 79 lakhs under Famine due to large-scale relief operations in flood-affected areas in North Bengal and 66 lakhs under Miscellaneous due mainly to a bigger Local Development Works programme and writing-off of temporary loans and advances found irrecoverable. There have also been increases of 27 lakhs under Extraordinary Charges in India for adjustment of arrear losses for supply of subsidised foodstuff to Government employees, 22 lakhs under Interest on Debt and Other Obligations due to the payment of larger interest on account of larger drawals of cash credit advances from the Imperial Bank of India, 20 lakhs under General Administration for the extension of the scheme for Rural and School Broadcast and larger cost of revision of electoral rolls, 16 lakhs under Land Revenue due to the provision for preliminary expenses in connection with the Estates Acquisition Scheme, 15 lakhs under Public Health for provision of grants to the Municipalities for execution of National Urban Water Supply Schemes. The remaining increase of 9 lakhs is distributed over several other heads. The increases are partly offset by a decrease of 62 lakhs under Irrigation due mainly to the provision on account of Sonarpur-Arapanch-Matla and Bagjola-Ghuni-Jantragachi Schemes being transferred to the Capital head in accordance with a new classification, 61 lakhs under

Civil Works and 22 lakhs under Community Development Projects due to slower progress of work and 17 lakhs under Miscellaneous Contributions. Delay in the implementation of the Employee's State Insurance Scheme and adjustment of the cost of materials supplied by the Construction Board to other Departments in reduction of expenditure accounts for a decrease of 14 lakhs under Miscellaneous Departments (excluding Fire Services).

### *Capital Expenditure*

The provision for capital expenditure during the year is 16 crores 26 lakhs in the Revised Estimates against 20 crores 82 lakhs in the Budget Estimates. There is thus an overall decrease of 4 crores 56 lakhs. Decrease of 2 crores 89 lakhs occurs under Capital Outlay on State Trading due mainly to decontrol of foodgrains with effect from the 10th July last. There is a decrease of 1 crore 29 lakhs under Damodar Valley Project and a decrease of 81 lakhs under Mayurakshi Project. Under Community Development Projects there is a decrease of 64 lakhs because of slower progress of work. There is a decrease of 60 lakhs under Capital Account of Civil Works outside the Revenue Account mainly due to the expenditure on certain roads being transferred from this head to the Revenue head of 50—Civil Works. There is also a decrease of 2 lakhs under Capital Outlay on Industrial Development. The decreases are partly counterbalanced by an increase of 56 lakhs under Capital Account of Expenditure on Displaced Persons due mainly to the provision for building programme, 35 lakhs under Construction of Irrigation, Navigation, Embankment and Drainage Works due to the transfer of the provision for the Sonarpur-Arapanch-Matla and Bajgola-Ghuni-Jantragachi Schemes from Revenue to Capital Accounts, 32 lakhs under Capital Accounts of Other State Works due to the additional provision for the Kalyani Housing Scheme. There are also increases of 25 lakhs under the Capital Outlay on Electricity Schemes due to expansion of power to urban and rural areas and 21 lakhs under Capital Outlay on Road Transport Scheme for purchase of new buses.

### *Debt and Other Heads*

The transactions under this head fall into two broad sectors. The first sector includes investments of surplus cash balance in Treasury Bills, cash credit advances from the Imperial Bank of India for financing purchase of foodgrains, loans from the Reserve Bank of India, loans raised in the open market and loans and advances by the State Government. All these items relate to money raised or paid by Government for purposes of the State. The rest of the transactions come within the second sector and relate mainly to other people's money in relation to which, Government act more or less as a banker, as for example, the State Provident Funds, deposits and advances of various types, deposits of civil revenue and criminal courts, deposits of the local bodies, etc. In the Budget Estimates for 1954-55 the receipts and outgoings in the second sector almost balanced each other. In the Revised Estimates, however, the receipts exceed the outgoings by 2 crores 61 lakhs.

Of this excess, 1 crore 98 lakhs represent the credit balance in the cash credit account on the first day of the current year. This balance has already gone into the stock of rice and will stand cleared by the end of the year as the Government of India takes over the stock of rice on payment of the price thereof. Larger credits amounting to 53 lakhs in the State Provident Fund and 16 lakhs in the Depreciation Reserve Fund for State Buses and a saving of 58 lakhs in the Investment Account of Sinking Funds have resulted in further net increase in receipts. This is counter-balanced by increase of 60 lakhs in the Public Works advance for repair of embankments in the Sunderbans area and small variations on other accounts.

The Revised Estimate for loans from the Union Government stands at 34 crores 43 lakhs against 23 crores 44 lakhs in the Budget. Loans for Development Projects have increased by 5 crores in accordance with the decision of the Government of India to grant a loan of 9 crores instead of 4 crores during the current year to make up the short-fall in Central assistance for the execution of the Plan. Loans for Intensive Food Production Schemes and loans for relief and rehabilitation of displaced persons have increased by 30 lakhs and 18 lakhs respectively. The Union Government have also granted a loan of 4 crores out of the proceeds of the National Plan Loan to make up for the market loan of an equivalent amount which was to be raised by the State Government according to the Budget Estimate but was not actually raised at the instance of the Government of India. • New loans receivable from the Union Government also include a loan of 1 crore 57 lakhs for Flood Relief operations in North Bengal, 63 lakhs as Ways and Means Advance, 25 lakhs for expansion of power to urban and rural areas, 19 lakhs on National Water Supply and Sanitation Scheme in urban areas, 12 lakhs for development of Small-scale Engineering Industries at Howrah, 8 lakhs for development of Handloom Industry, 2 lakhs for Industrial housing and other schemes. The increases are partly offset by curtailment of loans by 1 crore 29 lakhs for the Damodar Valley Project, 94 lakhs for the Community Development Projects and National Extension Service Programme and 12 lakhs for permanent improvement of Sundarbans area.

On the expenditure side the Revised Estimate under Loans and Advances by the State Government stands at 6 crores 74 lakhs against the Budget Estimate of 5 crores 70 lakhs. The increase of 1 crore 4 lakhs is the net result of increases amounting to 1 crore 39 lakhs offset by a decrease of 35 lakhs. There have been increases of 51 lakhs under Loans to Cultivators, of 50 lakhs under Loans to Displaced Persons, of 5 lakhs under Loans to Local Bodies, of 2 lakhs under Loans to Artisans, of 19 lakhs under Loans on account of Development of Handloom Industries, of 10 lakhs under Ways and Means Advance to Damodar Valley Corporation and of 2 lakhs under Loans to the Baraset-Basirhat Railway.

The decrease of 35 lakhs occurs under Community Development Projects.

#### *Net Result.*

The transactions of the year 1954-55 result in a deficit of 13 crores 92 lakhs on revenue account and a surplus of 13 crores 29 lakhs outside revenue account. In the aggregate, the net result is a deficit of 63 lakhs which is met out of the opening balance of the year amounting to 3 crores 64 lakhs leaving a closing balance of 3 crores 1 lakh only with which the year 1955-56 opens.

### THE YEAR 1955-56.

#### *Revenue Receipts.*

The Budget Estimate of revenue receipts for the year 1955-56 stands at 45 crores 76 lakhs against the Revised Estimate of 41 crores 63 lakhs of the current year. The improvement is 4 crores 13 lakhs. The largest increase is one of 2 crores 73 lakhs under Land Revenue and is due mainly to provision for collection of rents direct from the raiyats after the acquisition of estates under the Estates Acquisition Act. There is an increase of 44 lakhs under Education due to larger contribution from the Union Government towards the development of Technical Institutions and establishment of Multi-purpose Schools. Increase of 41 lakhs under Grants-in-aid from Union Government is based on the larger programme of expenditure on the scheme for the relief of educated unemployment. The tax on aviation spirit and the enhanced rate of the tax on Raw Jute mainly account for an increase of 38 lakhs

under other Taxes and Duties. The increase of 19 lakhs under Forest is due to provision for receipts from private forests to be acquired under the Estates Acquisition Scheme. Increases of 18 lakhs and 12 lakhs under Estate Duty and Union Excise Duty, respectively, are based on the information furnished by the Union Government. There is an increase of 11 lakhs each under State Excise Duties, Miscellaneous and Civil Works. The balance of the increase of 9 lakhs is distributed over various other heads.

The increases are counter-balanced by a decrease of 53 lakhs under Taxes on Income receivable from the Government of India and 21 lakhs under Agriculture due to smaller receipts for fertilisers issued to cultivators on loan.

#### *Revenue Expenditure.*

The Budget Estimate of revenue expenditure for the year 1955-56 is 62 crores 88 lakhs against the Revised Estimate of 55 crores 55 lakhs. The increase is 7 crores 33 lakhs. The largest increase is one of 2 crores 49 lakhs under Education. The next in order are 2 crores under Land Revenue and 1 crore 47 lakhs under Irrigation. Larger provision for appointment of teachers under the scheme for relief of unemployment among the educated middle class; increased emoluments of primary school teachers and development of Technical Institutions and Multi-purpose Schools mainly account for the increase under Education. The increase under Land Revenue is due mainly to the provision for the cost of management of the estates vesting in Government under the Estates Acquisition Act, payment of *ad interim* compensation required thereunder and larger provision for Revisional Survey and Settlement Operations. The increase under Irrigation is due mainly to larger provision for Flood Protection Works in North Bengal and inclusion for the first time of provision for maintenance and repair of embankments in Sundarbans area so long the responsibilities of the zamindars. There are also increases of 87 lakhs under Civil Works due mainly to provision for completing building projects in progress and a few new buildings and 33 lakhs under Interest on Debt and Other Obligations due to the provision for interest for the larger loan from the Union Government and also for the open market loan to be raised in the coming year. Other increases are 26 lakhs under Miscellaneous Contributions, 19 lakhs under Public Health, 19 lakhs under Miscellaneous Departments (excluding Fire Services), 17 lakhs under Medical, 12 lakhs under Industries, 9 lakhs under Extraordinary Charges in India, 9 lakhs under Interest on Capital Outlay on Multi-purpose River Schemes, 7 lakhs under Fisheries and 11 lakhs under various other heads. Larger provision for National Urban Water Supply Schemes mainly accounts for increase under Public Health. Increased provisions for Welfare of Scheduled Tribes and Employees' State Insurance Scheme account for an increase under Miscellaneous Departments (excluding Fire Services). The increase under Medical is due to provision for 240 new beds to be opened in the Seth Sukhlall Karnani Memorial Hospital while provision for Development of Engineering Industries at Howrah contributes to the increase under Industries. The increase under Extraordinary Charges is due mainly to the adjustment of arrear losses on sale of subsidised foodstuff to Government employees partly counter-balanced by smaller expenditure due to progressive winding up of the Food Department. Larger provision for the payment of interest on progressive outlay accounts for the increase under Interest on Capital Outlay on Multi-purpose River Schemes while increase under Fisheries is due to larger provision for operation charges of three new Japanese Bull Trawlers. The increases are offset by decrease of 62 lakhs under Agriculture due mainly to smaller provision for distribution of fertilisers, 35 lakhs under Famine due to smaller provision for relief operations and 15 lakhs under Capital Outlay on Electricity Schemes met out of revenue due to the transfer of the administration of the schemes to the State Electricity Board which will function from April next.

### Capital Expenditure

The total provision for capital expenditure in the Budget Estimate for 1955-56 is 20 crores 79 lakhs against 16 crores 26 lakhs in the Revised Estimate for 1954-55. The provision includes 11 crores 90 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 2 crores 26 lakhs for Mayurakshi Project, 3 crores 10 lakhs for Development of State Roads, 45 lakhs for Kanchrapara Area Development Scheme, 20 lakhs for Kalyani Housing Scheme, 16 lakhs for residential flats at Karaiya, 9 lakhs for housing scheme at Bawali Mondal Road, 15 lakhs for housing scheme at Gariahat, 20 lakhs for the scheme for development of Salt Lake Area near Calcutta, 20 lakhs for coke oven, gas grid and power plant project, 2 crores 18 lakhs on rehabilitation of displaced persons, 85 lakhs for Community Development Projects and National Extension Service Programme, 44 lakhs on account of Road and Water Transport Schemes, 79 lakhs for Sonarpur-Arapanch-Matla and Bagjola-Ghuni-Jantragachi Drainage Schemes under Irrigation, Navigation, Embankment and Drainage Works and 7 lakhs for certain small agricultural and industrial development schemes.

There is a net receipt of 2 crores 17 lakhs under Scheme of Government Trading due mainly to the adjustment of arrear loss on supply of foodstuff to certain classes of Government servants at concession rates. A receipt of 9 lakhs is also anticipated from sale of land under the Tollygunge Land Development Scheme and Entally Housing Scheme.

### Debt and Other Heads

Excluding loans from Union Government, the loan raised in the open market and loans and advances by State Government, the receipts and disbursements under these heads almost balance each other.

The provision for loans from Union Government is 37 crores 98 lakhs against 34 crores 43 lakhs in the Revised Estimate. The provision includes 11 crores 90 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 8 crores 26 lakhs for the Mayurakshi and other Development Projects, 8 crores 51 lakhs for various schemes of capital expenditure for relief and rehabilitation of displaced persons as well as grant of advances to them, 2 crores 58 lakhs for Intensive Food Production Schemes, 2 crores 19 lakhs for flood relief schemes in North Bengal, 1 crore 38 lakhs for the scheme of expansion of power to urban and rural areas, 1 crore 5 lakhs for capital expenditure on Community Development Projects, 46 lakhs for National Extension Service Programme, 60 lakhs for permanent improvement of Sunderbans area in the district of 24-Parganas, 56 lakhs for National Water Supply and Sanitation Scheme in urban areas, 44 lakhs for establishment of additional milk colonies and a fodder farm at Haringhata in connection with the *Khatal* removal scheme, 4 lakhs for the improvement of the Sibpore Engineering College and 1 lakh for other small schemes.

We propose to raise a loan of 4 crores next year to finance certain development schemes involving capital expenditure and to meet preliminary expenses in connection with the implementation of the Estates Acquisition Act.

On the expenditure side, provision has been made under Loans and Advances by the State Government for 95 lakhs under Advances to Cultivators, 10 lakhs under Loans to owners of Beal Fisheries and Tank Fisheries and to growers of agricultural produce, 29 lakhs under Cattle Purchase Loan, 19 lakhs under Advances to the Provincial Co-operative Bank in terms of the Government guarantee in respect of non-realisation of investments in East Bengal and for financing the land mortgage banks and other co-operative societies, 1 crore 70 lakhs under Loans and Advances to the State Electricity Board, 25 lakhs under Loans to Municipalities in respect of the Urban Water Supply Scheme, 6 crores 32 lakhs under Loans to Displaced

Persons for house building, cultivation, etc., 70 lakhs under Community Development Projects and National Extension Service Programme. Other loans advanced by the State Government include loans of 7 lakhs to artisans, 5 lakhs to Calcutta Corporation for improvement of a service road from Topsia to Kulti, 9 lakhs to local bodies, 4 lakhs to the Calcutta University to meet capital expenditure for development of Post-graduate Training facilities, etc., 4 lakhs under State Aid to Industries Act, 3 lakhs for development of Engineering Industries at Howrah, 2 lakhs to West Bengal Financial Corporation, 2 lakhs to Baraset-Basirhat Railway for rehabilitation of the Railway, 3 lakhs to Government servants for house-building and other purposes, 4 lakhs for works under the Drainage and Embankment Act and 1 lakh to certain educational institutions.

#### *Net Result*

The revenue deficit for the year 1955-56 is 17 crores 12 lakhs. The surplus outside the revenue account is 9 crores 74 lakhs. In the aggregate the net result is an overall deficit of 7 crores 38 lakhs. Setting off against it the opening balance of 3 crores 1 lakh, the next year closes with a negative balance of 4 crores 37 lakhs.

The State has a public debt of 7 crores 35 lakhs at present. At the end of the next year the public debt will increase to 11 crores 35 lakhs. Our total debt to the Union Government at the end of 1954-55 stands at 104 crores 60 lakhs and will increase to 140 crores 90 lakhs at the end of 1955-56. This debt includes an advance of 2 crores 50 lakhs granted by the Union Government to help us clear half the debit balance with Reserve Bank of India left by the Government of Undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 138 crores 40 lakhs consists of 34 crores 38 lakhs on account of rehabilitation of displaced persons, 51 crores 93 lakhs on account of Damodar Valley Project, 30 crores 99 lakhs on account of Mayurakshi and other Development Projects, 4 crores 94 lakhs for Grow More Food and Intensive Food Production Schemes, 4 crores from the share of the National Plan Loan, 3 crores 76 lakhs for flood relief schemes in North Bengal, 2 crores 4 lakhs for Community Development Projects, 1 crore 63 lakhs for expansion of power to urban and rural areas, 1 crore for permanent improvement of Sunderbans area, 80 lakhs for dispersal of College Students from Calcutta, 75 lakhs for National Water Supply and Sanitation Schemes in urban areas, 55 lakhs for National Extension Service Programme, 44 lakhs for additional Milk Colonies at Haringhata, 17 lakhs for development of Sibpore Engineering College, 16 lakhs for development of Handloom Industries, 12 lakhs for development of Engineering Industries at Howrah, 8 lakhs for sinking of tube-wells in Sunderbans areas, 3 lakhs for Industrial Housing Scheme and a Ways and Means advance of 63 lakhs in connection with the replacement of 35,000 tons of rice taken from the Government of India.

#### *First Five-Year Plan*

We are now at the end of the fourth year of the Plan and are placing today before the House the estimates for the fifth and final year.

As the honourable members are aware, the West Bengal Plan contemplated an expenditure of 69·1 crores in the five-year period 1951-56, and the social services received the greatest weightage in it. At the time the Plan was drawn up there was a gap of 22 crores between our estimated resources and the estimated outlay of 69·1 crores. Doubts about our ability to carry out the Plan in these circumstances were seriously expressed. Today the full execution of the Plan of 69·1 crores is practically a *fait accompli*. In fact, our total investment in course of the five-year period will be considerably more. Any long period plan of welfare of the

masses must adjust itself to developing circumstances, if it is to keep in realistic touch with the lives of the people. The First Five-Year Plan which is integrally connected with the lives of the masses could not be an exception. New problems arose, new experience was gained in course of the execution and adjustments had to be made here and there in the light of the developing situation. Before entering upon the final year of the Plan, it is necessary to review the position with a view to check up the schemes and the estimates and to revise them where necessary in the light of actual performance. It is now found that on many items our expenditure has exceeded the original estimates made five years ago but on several others it is smaller than the estimates framed in the beginning of the Plan. Secondly, in several cases the content of particular schemes had to be expanded and altered. Thus under the scheme for rehabilitation and improvement of existing hospitals we had contemplated to improve State hospitals only. Actually, however, we took up a number of non-Government hospitals as well under the scheme. Similarly under the scheme for improvement of Secondary Education, provision was made in the Plan for expansion of training facilities for teachers and for sponsoring a few Girls' Schools only. But in addition to these items we undertook to improve the conditions in other Secondary Schools for boys also. Thirdly, there have been a few new schemes which we had to take up in course of the developing situation. In presenting the Budget Estimates for 1954-55 I had stated before the House that in order to present the correct picture of expenditure for all types of development undertaken by this Government during the Plan period we proposed to move the Planning Commission to revise the Five-Year Plan for West Bengal so as to include in it all operative schemes of development executed during the period. Our review of the Plan has since been completed and we have revised the Plan in the light of the results of the review. In those cases where we have exceeded the estimates we have revised the estimates accordingly. In those cases where we have fallen below the estimates we have brought down the estimates to a lower figure. In those cases where we had to expand the content of a scheme, e.g., where we have been able to develop more hospitals and more schools than we had at first contemplated under a scheme, we are adding the estimates on these analogous items with the estimates originally made. Where we had to do something new to rectify new shortcomings and new deficiencies of the developing economy as they came to light in course of the execution of the Plan, we are adding the new scheme to the Plan. The revised picture as it emerges now has been placed before the House in a separate booklet "Statement showing the progress of Development Schemes and New Schemes outside the Development Programme included in the Revised Estimate for 1954-55 and Budget Estimate for 1955-56." Part I of the booklet shows the schemes and the estimates as originally adopted together with the progress of expenditure on them without altering the content of any scheme. Part II shows the analogous schemes, that is, expenditure which legitimately comes under one of the schemes in the Plan but was not originally included in the content of the same scheme. New schemes to rectify deficiencies detected in the course of execution of the Plan are also included in Part II of the booklet. Part I together with Part II is now the revised version of the Plan and will show our actual performance. The Planning Commission has already agreed to the revision in principles. The actual Plan so revised and shown in the booklet will, after presentation to this House, be forwarded to the Planning Commission for approval. It will be seen that on the Plan as now revised, our expenditure will exceed 69 crores and will amount nearly to 75 crores. Part III shows other new schemes which also we have executed during this period but which are still treated as outside the Plan. The picture is now clear and we can say with a degree of certainty that our expenditure on the Plan will exceed the 69-crore figure as originally contemplated.

This expenditure does not take into account the expenditure on the Damodar Valley Project or the expenditure on a number of other schemes which are financed wholly with aid from the Union Government.

*The Progress*

A booklet "The West Bengal State Rupee—From where it comes and where it goes" has been separately circulated in the House. The progress we have made in different lines will appear from this booklet.

I have also had circulated to the House another booklet styled "Statement showing the financial results of some schemes of Government involving transactions of a Commercial or Semi-commercial nature" from which will appear the progress made in the operation of these schemes.

*Abolition of Intermediaries*

Bengal is the home of the Permanent Settlement and is a land of intermediaries. Since 1792 the Permanent Settlement has been by far the most dominating influence in shaping the economy and the social structure of West Bengal. The intermediaries too have played a very important part in the development of West Bengal, if not of the whole country. As from 15th April next the Permanent Settlement of Lord Cornwallis will be no more. All intermediaries between the Government and the raiyat will disappear. Raiyats will hold directly under Government. An intermediary who has *khas* lands also will not be permitted to retain more than 25 acres of agricultural land or more than 5 acres in homestead or more than 20 acres of non-agricultural land including the homestead land. Raiyats will be permitted to retain as much land as is under his personal cultivation but no raiyat will be permitted to retain more than 33 acres of land cultivated through share-croppers. Honourable members are aware that the West Bengal Land Reforms Bill, 1955, has been published in the *Calcutta Gazette* of December 10, 1954. The Bill will be brought up before this House during the current session. The Bill seeks to put a ban on sub-letting. It also seeks to ban future acquisition of land so that by future acquisition the limits to holdings fixed by the Estates Acquisition Act may not be transgressed. Further, it provides that no non-agriculturist shall acquire agricultural land. These are drastic changes indeed, and are in many respects more far-reaching than the changes brought about in 1793 by the Permanent Settlement. The economy of West Bengal, particularly the agricultural sector, is in the grip of a serious malady and it requires drastic treatment. The land : man ratio is so low in West Bengal that even such a drastic remedy will not, by itself, cure the malady.

*The Basic Malady*

The State of West Bengal has a territory of about 30 thousand square miles of which as much as 20 thousand square miles or 128 lakh acres is cultivable area. 117 lakh acres or 92 per cent. of the cultivable area is under actual cultivation and the remaining 11 lakh acres are waste land that can be brought under cultivation by development or reclamation. The ratio of land utilisation is very high indeed. In fact, it is the highest in India. Such high land utilisation has necessarily been at the expense of forest areas so that today only 14 per cent. of the land surface of the State is under forest though a forest cover of 25 per cent. is considered necessary to maintain its balance with agriculture. The House is aware how we have to expend money on afforestation of waste lands to avert the sharply progressing soil erosion in several parts of the State.

According to the census of 1951, 57.2 per cent. of the total population or 32 lakh families depend on agriculture for their livelihood. Of these 32 lakh families, 7 lakh families or 21 per cent. of the total number of agricultural families are landless farm labourers. The remaining 25 lakh families are owner-cultivators many of whom also cultivate lands under the share-cropping system.

It has been stated that for getting its bare requirements an agriculturist family of five would require at least 5 acres of land. If the 117 lakh acres of land under cultivation were equally distributed among the 32 lakh families depending on agriculture for their livelihood, the holding of each family would be 3.7 acres or, in other words, the entire rural population will go much below subsistence level. Of the 25 lakh families of owner-cultivators, 8.65 lakh families or 34.5 per cent. hold 8.8 lakh acres and the holding of each family in this group is below 2 acres. 9.05 lakh families of owner-cultivators hold 28.9 lakh acres of land and each family in this group has a holding below 5 acres. Thus 17.7 lakh families or 70.7 per cent. of the families of owner-cultivators have no economic holding today. Only 20 thousand families or .9 per cent. of the families of owner-cultivators have land above 33 acres each and their total holding is 10.5 lakh acres. It has been estimated that after the operation of the provisions of the Estates Acquisition Act 3.9 lakh acres will be released to Government for distribution among the owners of uneconomic holdings. If this area is distributed only amongst the 8.65 lakh families who own less than 2 acres each, it will increase the size of their holding by less than half an acre each and 70 per cent. of the owner-cultivators will still have badly uneconomic holdings.

The operation we have undertaken is a gigantic operation but still it does not solve the problem. In fact, West Bengal has no land to go by and by mere distribution of land the problem of poverty and living below subsistence cannot be solved.

West Bengal was once a land of prosperous cottage industries. There are many towns in West Bengal which were the clearing centres of the products of these cottage industries. The cottage industries have lost their old vigour and the towns through which their products were cleared are decaying. The population of many of these towns is now smaller than it was in 1872. The population is being increasingly thrown upon agriculture. This process is constantly reducing the size of agricultural holdings and when a man finds it impossible to live on agriculture he runs to Calcutta Industrial area in search of employment and swells the rank of the unemployed. The extensive growth of the share-cropping system is a necessary corollary to this continuing expulsion of people by the agricultural economy and the failure of the people so expelled to get a firm foothold outside the agricultural sector making them anxious to stick to the ownership of the land. The system has grown out of the pillar-to-post existence of the Bengalee. The rate at which employment-seekers are coming to the industrial towns is much greater than the rate at which the industries at the present level of investment can absorb them. In fact, statistics show that West Bengal is the only State in which the volume of factory employment has been decreasing for some years now. The result is an increasing unemployed population. According to the sample survey of unemployment carried out by the Statistical Bureau in September 1953, there were 4½ lakhs of unemployed employment-seekers in all the towns of West Bengal. For every 100 persons employed, there are 27 unemployed employment-seekers in Calcutta. Among the middle-class Bengalees, for every 100 persons employed, as many as 47 are unemployed and seeking employment.

No blame can be laid on the rate of growth of population; for West Bengal's rate of growth is now the lowest in the whole of India. Excluding displaced persons from East Pakistan, the annual growth of population between 1901 and 1951 has been 43.4 per cent. in West Bengal as a whole and only 27.4 per cent. in the rural areas of West Bengal. In few districts rural growth during this period exceeded half per cent. per annum and in many it was much less. There are several police stations in which density is lower in 1951 than it was in 1872. The population of Calcutta which increased by 84.9 per cent. between 1931 and 1941, increased by only 0.3 per cent. between 1941 and 1951, excluding the displaced population but including all other types of immigrants. The figures of 1941 have been considered to be inflated but still the trend is highly significant.

*The Second Five-Year Plan*

The above picture of the economy of West Bengal today clearly indicates that any effort to tackle the problem effectively must be stupendous. Tremendous investment is necessary if the economy is not to disintegrate completely. The agricultural sector of the economy is in a decadent state. It is not possible for it to absorb more men but it requires thorough revitalisation in order that it can maintain its present population at least at the subsistence level or slightly above it. Relief must come almost wholly through industries, both cottage industries as well as big industries. There is no getting away from this fact and the Second Five-Year Plan of West Bengal must be formulated accordingly.

The financial resources of the State Government are meagre. In presenting the Budget Estimate for 1954-55 I drew the attention of the House last year to two serious paradoxes which hinder progress. First, there is the paradox of disparity between expansion of industries and employment. Here in West Bengal expansion of industries takes place without bringing commensurate employment to the people of the State. Secondly, there is the paradox between wealth and the taxing power of the State. Large industrial wealth exists but the tax revenue therefrom is not available for the amelioration of the conditions of the poor people who live in the midst of that industrial wealth. This is a serious problem not only in public finance but also in the social and political spheres of the State. Necessarily the financial resources of the State are meagre and it cannot even maintain the existing services without running into large deficits. A look at the Budget figures will show how difficult the position is. Even then it would be both instructive and interesting to try to form an idea of the magnitude of the investment required during the Second Five-Year Plan, if we have to do something to tackle the problem of unemployment which is eating into the vitality of West Bengal.

As stated before, according to the unemployment survey conducted by the State Statistical Bureau in 1953 there are 4.5 lakhs unemployed employment-seekers in the urban areas of West Bengal. The same survey covered rural areas in four districts. On the basis of the results obtained in the four districts the unemployed employment-seekers in the rural areas of West Bengal have been estimated at 5.6 lakhs. Thus the total unemployed employment-seekers in West Bengal was 10.1 lakhs on the date of the survey.

Besides, it has been estimated that every year the net increase in the employment seeking population in West Bengal is 1.2 lakhs.

Thus we have to create jobs not only for the large accumulation of 10.1 lakhs of unemployed employment-seekers but also for the annual addition of 1.2 lakhs of the employable labour force. Assuming that the rate of growth remains the same, the addition to the employment-seeking population in five years will come up to the figure of  $1.2 \times 5$  or 6 lakhs. The Second Five-Year Plan has therefore to create jobs for 10.1 plus 6 or 16.1 lakhs of people, if it is to create conditions in which employment-seekers have a reasonable chance of getting employment.

It is definite that in this State practically the entire volume of new employment will have to be created in the non-agricultural sector. The average income per head in the non-agricultural sector has been estimated at Rs. 1,000 a year. These 16.1 or say, 16 lakhs of people, should, if employed, generate an income of 16 lakhs  $\times$  1,000 or 160 crores. It has been assumed in another context by the Finance Minister of India that for generating an income of one rupee it is necessary to invest Rs. 2.5 in the non-agricultural sector and 75 per cent. of that amount in the agricultural sector. Hence the additional investment required to generate an income of 160 crores will be of the order of 700 crores.

Apart from the uncertainty of the capital : output ratio as well as the varying employment generating capacity of different types of investment, leakages will have to be provided for. Even if an investment of 700 crores in West Bengal can generate employment for 16 lakhs of men and women, all the employment will surely not go to the people of West Bengal. If a part of the investment is spent on foreign equipments, a corresponding part of the employment will be generated in the foreign country and not in this country. Similarly, a large part of the employment generated by investments in West Bengal will go to persons other than the people of West Bengal. Leakages through these two sources must be very large in West Bengal. Assuming that the leakages from both sources would be as low as 50 per cent. only, an investment of 1,400 crores will be necessary to create full employment conditions in West Bengal in course of the Second Five-Year Plan. The investment is to be made not necessarily in the public sector alone but in the public and the private sectors taken together and the investment in the public sector includes investment by the Union Government as well as by the State Government. The task is obviously beyond the capacity of any one of the three parties. The Union Government as well as the State Government will have to make adequate investment in West Bengal and the two Governments together must maintain the climate necessary for increasing private investment. It is by the full co-operation of all the three parties that the problem can be tackled.

The multi-purpose schemes like the Ganga Barrage Scheme or the industrial projects like the Durgapur Coke Oven Plant Scheme, etc., are thus not mere attempts at a diversification of the economy of West Bengal but are matters of life and death to her.

The problem is stupendous. Those who would attempt its solution must take courage by both hands. We do hope that with the grace of God and with the support of this House we will succeed.

## APPENDIX

## West Bengal Budget, 1955-56

(In thousands of rupees.)

	Actuals, 1953-54.	Budget, 1954-55.	Revised, 1954-55.	Budget, 1955-56.
<b>Receipts.</b>				
Opening Balance ..	7,59,25	11,48	3,64,42	3,00,91
Revenue Receipts ..	38,08,24	39,93,22	41,62,67	45,75,91
Receipts from Debt Heads, Contingency Fund and Public Accounts.	1,44,60,56	1,21,40,79	1,10,34,80	95,02,18
Total ..	<u>1,90,28,05</u>	<u>1,61,45,49</u>	<u>1,55,61,89</u>	<u>1,43,79,00</u>
<b>Expenditure.</b>				
Revenue Expenditure ..	44,96,65	53,30,76	55,54,68	62,88,32
Capital Expenditure ..	19,02,01	20,82,11	16,25,96	20,78,63
Expenditure on Debt Heads, Contingency Fund and Public Accounts.	1,22,64,97	99,63,99	80,80,34	64,48,91
Closing Balance ..	3,64,42	-12,31,37	3,00,91	-4,36,86
Total ..	<u>1,90,28,05</u>	<u>1,61,45,49</u>	<u>1,55,61,89</u>	<u>1,43,79,00</u>
Net Result—				
Surplus (+)				
Deficit (—)				
(a) On Revenue Account	-6,88,41	-13,37,54	-13,92,01	-17,12,41
(b) Outside Revenue Account.	+2,93,58	+94,69	+13,28,50	+9,74,64
(c) Net, excluding Open- ing Balance.	-3,94,83	-12,42,85	-63,51	-7,37,77

## Supplementary Estimates for the year 1955-56.

*Presented on the 20th March, 1956.*

**The Hon'ble Dr. Bidhan Chandra Roy:** Sir, I beg to present under the provisions of article 205 of the Constitution a statement of the Supplementary Estimates of expenditure for the year 1955-56.

It will be recalled that the revised estimates for this year have already been enquired into by the House and accepted. The total amount covered by the present supplementary estimate is Rs. 11,29,26,000 of which the voted items account for Rs. 6,13,28,600 and the charged items for Rs. 5,15,97,400.

Of the voted items the largest demand is under the head "54—Famine". The additional demand under this head is for Rs. 2,83,90,000 which was necessary for the large-scale relief works undertaken in areas affected by flood and drought. The next demand is for Rs. 1,39,32,000 under the head "Loans and Advances by State Government". It includes Rs. 65,000 for low-income group housing scheme; Rs. 6,51,000 for special, medium and long-term loans to co-operative societies and borrowers groups for agricultural development due to post-budget decision. It includes Rs. 14,99,000 for payment of loans to district boards by way of assistance in respect of unrealised cess. It will be recalled that after the vesting of the estates with the Government the district boards have not been able to get the road cess and public works cess for the year 1955-56 except to a very small amount and therefore, we had to advance a certain sum of money to the district boards against such unrealised cess. Rs. 35,34,000 is required mainly for distribution of loans and advances to artisans and cultivators in areas affected by flood and drought. The additional demand of Rs. 77,13,000 under the head "Police" is mainly due to the provision for meeting increased charges following the revision of the pay-scale of subordinate ranks of the Police. You will recall that this matter was mentioned when we were discussing the Police budget, but the amount was not available in the budget. Therefore, a supplementary demand has been made. The additional demand of Rs. 58,15,500 under "Agriculture" is due to the post-budget decision to continue the scheme for large-scale supplies of fertilisers to cultivators. At the time the budget for 1955-56 was prepared and placed before the House we had no idea as to the total quantity of fertilisers that would be available from the Government of India during the year for distribution amongst the cultivators, but their approval came after the budget was placed before the House. The additional grant of Rs. 25,28,000 under Community Development Projects, National Extension Service, and Local Extension Development Works is required to cover a part of the expenditure under Local Development Works which have been transferred to this head under Major Head "25—General Administration" and "57—Miscellaneous—Other Miscellaneous expenditure" with effect from the current financial year. The additional demand also includes Rs. 69,000 under the head "Stamp", Rs. 1,43,000 under the head "Registration", and Rs. 1,57,000 under the head "Other Taxes and Duties", Rs. 7,50,000 under the head "General Administration", Rs. 2,86,000 under the head "Ports and Pilotage", Rs. 6,13,000 under the head "Industries—Cottage Industries", Rs. 3,95,000 under the head "Industries—Cinchona", Rs. 12,000 under the head "54—Privy Purses and Allowances of Indian Rulers" and Rs. 5,24,400 under the head "Stationery and Printing". The demands under these heads appear to be small and do not call for much comment.

Of the charged items the largest item is Rs. 4,81,37,000 under the head "Public Debt—Floating Debt". Out of this Rs. 4,36,37,000 represents repayment made from time to time in order to clear off the cash credit demand drawn from the State Bank of India in 1954-55 which could not be fully repaid in that year as previously contemplated, and the demand of Rs. 45 lakhs represents the provision for

repayment of the ways and means advance obtained from the Reserve Bank of India in August, 1955, when there was a temporary shortfall in the cash balance in the State. The demand of Rs. 27 lakhs 91 thousand under the head "Interests on Debt and other obligations" is mainly accounted for by the additional provision for interest due to the raising of a loan of Rs. 7,58,72,000 from the open market as against the four crores originally provided for in the budget and for larger interest charges payable on the outstanding advance from the State Bank in connection with the food procurement operations in this State, also provision for larger amount of interest on loans taken from the Union Government in respect of various schemes. The demands of Rs. 1,19,000 under the head "Interest on works for which capital accounts are kept" and of Rs. 85,000 under the head "Interest on capital outlay on multipurpose river schemes" are due to the decision to calculate the interest at  $4\frac{1}{2}$  per cent. instead of 4 per cent. as before.

The demand for Rs. 1,01,000 under the head "General Administration" is due mainly to the provision for pay and allowances of some additional staff of the Public Service Commission and increased payment of remuneration to examiners due to the increase in the number of candidates appearing for the various examinations under the Public Service Commission. The demand of Rs. 45,900 under the head "Medical" and Rs. 12,000 under the head "Miscellaneous—Expenditure on displaced persons", of Rs. 9,500 under the head "Extraordinary charges in India" and Rs. 71,000 under the head "Capital outlay on State schemes of Government trading" are required for payment of the decretal amount under orders of the court. The demand of Rs. 21,000 under the head "Superannuation allowances and pensions" and Rs. 5,000 under the head "Commutation of pensions" financed from ordinary revenues are required for meeting the larger demand for pensionary charges and for commutation of pension or by pensioners drawing charged pensions. The demand of Rs. 2 lakhs under the head "Public Debt—Loans for displaced persons" is required for repayment of a larger amount of loan to the Government of India, in view of the larger funds available for repayment in respect of loans distributed out of the Central loans obtained for the purpose. The reasons for payment included in the Supplementary Estimates have been set forth in the Explanatory Memorandum given under each head.

With these words, Sir, I present the Estimates for the Supplementary budget for the year 1955-56.

**Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1956-57.**

*Presented on the 20th February 1956.*

I rise to present the Budget Estimates of the State of West Bengal for the financial year 1956-57.

*Economic Situation.*

The progress in the economy of the country which began a few years ago continued its steady course during the year just gone by.

The general index of industrial production with 1946=100, progressed from 105.0 in 1950 to 117.2 in 1951, 128.9 in 1952, 135.3 in 1953, 146.6 in 1954 and on the basis of the monthly figures so far available to 158.0 in 1955. The industries which recorded large increases of production during 1955 are sugar, jute goods,

coal, cement, steel and cotton textiles. The index of production for the sugar industry rose from 109·2 in 1954 to 171·0 in 1955. For the jute goods industry, it rose from 85·2 in 1954 to 93·3 in 1955. The jute industry with its easy supply of raw materials, a fair price for raw jute and a steady demand for its manufactured output is in a phase of steady production. It has recently increased its working hours. Out of the 12½ per cent. of its loomage, which was sealed so long, the industry unsealed 2½ per cent. in January, 1956, and another 5 per cent. in February, 1956. As between 1954 and 1955 and on the basis of monthly figures so far available for 1955, the index of production rose from 127·3 to 132·0 in the case of coal; from 130·2 to 134·0 in the case of steel and from 285·1 to 291·0 in the case of cement.

Prices during the year were stable at a slightly lower level. In 1954 the variation in the index number of wholesale prices ranged between 402·6 and 367·8. In 1955 the highest point was 368·4 and the lowest 342·0. There has been a slight upward trend during the last few months of the year but nevertheless the highest point reached in 1955 is very near the lowest point reached in 1954. The average of 1955 was therefore appreciably lower than the average of 1954. A special feature of the year was a tendency of the price parity between agricultural and manufactured commodities to move in favour of agricultural commodities.

In 1954 the cost of living index of working classes in Calcutta moved between 339 and 316. In 1955 the limits of fluctuation were 339 and 310. Here also the higher points were reached towards the end of the year but nevertheless the average is lower in 1955 than in 1954. The cost of living index was thus fairly steady at a slightly lower level.

The labour situation was fairly satisfactory. The number of man-days lost by industrial disputes in this State was slightly smaller in 1955 than in 1954 though more disputes were referred for adjudication and more awards were made in this State in 1955 than in 1954. It has been estimated that the average annual earning of a factory worker has gone up in this State from 248·7 in 1939 to 1057·4 in 1954, the index of rise being 404·2 against which the rise in the cost of living index was 327 in 1954.

In 1950-51 the total national product at 1955-56 prices was 82 abja, one abja being equal to 100 crores. In 1955-56, after the execution of the First Five-Year Plan, the total national product is estimated to stand at 96·45 abja at current prices. The increase is 17·5 per cent.

The per capita income at 1955-56 prices was 228 in 1950-51 and has risen to 251 in 1955-56. This is an increase of 10 per cent. The increase in the case of the per capita income is lower than the increase in the case of the total national product because while the latter is increasing, population is also increasing and this factor has been taken into consideration in working out the figures of per capita income.

It is common experience of us all that the last few years have seen relatively greater improvement in the income of the lower classes than in the income of the middle and upper classes. Hence the increase in the per capita income of the common man has been appreciably greater than the overall average of 10 per cent.

#### *Estimates*

I shall now discuss *seriatim* the Revised Estimates of the current year and the Budget Estimates for the coming year.

## THE YEAR 1955-56

*Opening Balance*

The year 1955-56 actually opened with a balance of 9 crores 6 lakhs instead of 3 crores 1 lakh as anticipated at the Budget stage. This represents an improvement of 6 crores 5 lakhs in the net result of the working of the year 1954-55 and is mainly due to an improvement during that year of 1 crore 21 lakhs in the collection of Sales Tax and Agricultural Income Tax savings during that year of 3 crores 67 lakhs on Development Schemes and smaller expenditure during the same year of 96 lakhs under Community Development Projects. Variations under other heads account for the balance of the improvement.

*Revenue Receipts*

The Revised Estimates of the total Revenue Receipts of the current year stand at 50 crores 69 lakhs against the Budget Estimates of 45 crores 76 lakhs. The improvement is of the order of 4 crores 93 lakhs.

Under "Other taxes and duties" alone there is an improvement of 1 crore 24 lakhs to which Sales Tax contributes 1 crore 6 lakhs and Entertainment Tax 14 lakhs. There is an improvement of 44 lakhs in our share of the proceeds of Income Tax and of 25 lakhs under Agricultural Income Tax. The receipts under "Stamps" account for an increase of 33 lakhs, those under Motor Vehicles Act account for an increase of 8 lakhs and those under "Interest" account for an increase of 21 lakhs. There is an improvement of 84 lakhs under "Education" due mainly to larger grant from Government of India for Multi-Purpose Schools and Educational Development Schemes and an improvement of 54 lakhs under "Agriculture" due to receipts under the scheme for distribution of fertilisers, continued during the year in pursuance of a post-budget decision. There is an improvement of 12 lakhs under "Public Health" mainly due to a grant from the Union Government for National Water Supply and Sanitation Schemes in rural areas. An increase of 36 lakhs occurs under "Civil Works" mainly due to transfer to this head of contributions from the Road Fund towards the construction of inter-State roads. Such contribution was so long being booked under the Capital head in reduction of expenditure. There is an increase of 11 lakhs under Multi-Purpose River Schemes due to a larger area being brought under irrigation under the Mayurakshi Reservoir Project.

Under "Miscellaneous", "Extraordinary Receipts" and "Receipts on account of Community Development Projects, etc.," there is a net increase of 1 crore 87 lakhs due mainly to larger Central assistance for flood and drought relief operations.

The increases are partly offset by decrease of 92 lakhs under "Land Revenue", 21 lakhs under the "State Excise Duties", 26 lakhs under "Grants-in-aid from the Union Government" and 9 lakhs under "Estate Duty". The decrease under "Land Revenue" is due mainly to the difficulties of the transition period resulting in slower progress of collections than anticipated. The decrease under "State Excise Duties" is due to smaller receipts from Ganja and Hemp. The decrease under "Grants-in-aid" is due to smaller contribution from the Union Government on account of the slower progress of the scheme for the relief of the educated unemployment. The decrease under "Estate Duty" is based on the estimates furnished by the Government of India.

*Revenue Expenditure*

The total Revenue Expenditure for the year 1955-56 stands at 65 crores 78 lakhs according to the Revised Estimates as against 62 crores 88 lakhs according to the Budget Estimates. The increase amounts to 2 crores 90 lakhs and is the net result of a number of increases and decreases.

The largest increase is under "Famine" and amounts to 2 crores 84 lakhs. This is due to large-scale relief operations in areas affected by flood and drought. The next largest increase is under "Agriculture" and amounts to 1 crore 37 lakhs. This is due to the post-budget decisions—

- (a) to continue during the current year the scheme for the large-scale supply of fertilisers to cultivators ;
- (b) to complete 4 units of milk colonies together with one fodder farm under the first and the second phase of the "Khatal Removal Scheme"; and
- (c) to take up establishment of 18 additional units of milk colonies, one fodder farm, one dry cattle farm and one dairy factory under the third phase of the same scheme.

Increase of 81 lakhs occurs under "Police", due to the recent revision in the pay scales of Subordinate Police Officers. Other significant increases are—

- (i) 40 lakhs under "Education" due to larger provision for Multi-purpose Schools and other educational development schemes ;
- (ii) 28 lakhs under "Interest on debts and other obligations" due mainly to slower repayment of the cash-credit advance from the State Bank of India as a result of slower disposal of the stock financed with the advance and to the increase in our last market loans ;
- (iii) 22 lakhs under "Forest" due to the payment of compensation for land acquired for afforestation ; and
- (iv) 14 lakhs under "Public Health" mainly due to a post budget decision to take up schemes of National Water Supply and Sanitation in rural areas.

Against the above increases, the important decreases are—

- (i) 1 crore 38 lakhs under "63—Extraordinary Charges" mainly due to smaller adjustment of losses on sale of subsidised food to Government servants ;
- (ii) 67 lakhs under "Civil Works" due to slower progress on certain building projects ;
- (iii) 66 lakhs under "Land Revenue" due to smaller number of cases maturing for payment of compensation during the current year ; and
- (iv) 35 lakhs under "Other Revenue Expenditure financed from ordinary revenues" due to smaller provision on account of flood protection works in North Bengal.

Decrease of 10 lakhs occurs under other heads.

#### *Capital Expenditure*

The provision for Capital Expenditure during the year is 14 crores 42 lakhs according to the Revised Estimates as against 20 crores 79 lakhs in the Budget Estimates. There is thus an overall decrease of 6 crores 37 lakhs.

Decrease of 5 crores 21 lakhs occurs under "85A—Capital Outlay on State Schemes of Government Trading", due mainly to expenditure being exceeded by receipts on account of sale-proceeds of rice and arrear receipts on account of transactions under wheat and wheat products. There is a decrease of 1 crore 14 lakhs under "82—Capital Account of other State Works outside the Revenue Account—Expenditure on displaced persons", due mainly to slower progress of work on building programme for housing displaced persons and the scheme for colonisation of displaced persons. Decrease of 82 lakhs occurs under "80A—Capital Outlay on Multi-purpose River Schemes—Damodar Valley Project" and is based on the revised estimate furnished by the Damodar Valley Corporation.

These decreases are offset by increases of 57 lakhs under "82—Capital Account of other State Works outside the Revenue Account" due to additional provision for Coke Oven and Power Plant at Durgapur and 22 lakhs under "82B—Capital Outlay on Road and Water Transport Schemes outside the Revenue Account" mainly due to increased provision for the First Five-Year Plan schemes and an additional provision for schemes to be financed out of the loans given by the Government of India for rehabilitation of displaced persons.

#### *Debt and other heads*

Under these heads are booked two different classes of transactions. First, there are transactions in moneys of third parties in respect of which Government act more or less as a banker, e.g., the court deposits, deposits of Government servants, etc. In this class of transactions the receipts and the outgoings almost balance each other both in the Budget and the Revised Estimates for 1955-56. Secondly, there are transactions relating to moneys borrowed and lent by Government. These are—

- (i) "loans raised in the open market;"
- (ii) "cash-credit advances from the State Bank of India" (for financing the purchase of foodgrains);
- (iii) "loans from the Union Government;" and
- (iv) "loans and advances by the State Government."

The Revised Estimates for loans raised by the State Government in the open market for financing some Development Schemes involving Capital Expenditure are 7 crores 59 lakhs as against 4 crores provided for in the Budget. I believe the honourable members will remember how our last loan was a great success.

No provision was made in the current year's Budget under "Cash-Credit advance from the State Bank of India" on the assumption that the entire stock of rice and paddy would be taken over by the Government of India and that the cash-credit advance would be liquidated in 1954-55 by the sale proceeds that would be available. Progress in the disposal of the stock to the Government of India was, however, slower and as a result, a part of the stock together with a part of the cash-credit advance was carried forward into the current year. The Revised Estimates under "Cash-credit advance from the State Bank of India" and "85A—Capital Outlay on State Schemes of Government Trading" have been framed on the assumption that the entire stock will be disposed of and the entire cash-credit advance remaining outstanding will be cleared during the current year.

The Revised Estimates of loans from the Union Government stand at 35 crores 42 lakhs against 37 crores 98 lakhs estimated in the Budget. The overall decrease is 2 crores 56 lakhs. The largest decrease amounting to 2 crores 66 lakhs is under loans for displaced persons due to smaller requirement of Capital Expenditure for relief and rehabilitation of displaced persons. Smaller requirements for the Damodar Valley Project account for a decrease of 82 lakhs and decrease of 83 lakhs is due to smaller receipts of loans in respect of "Intensive Food Production Schemes." Decrease of 37 lakhs occurs under National Water Supply and Sanitation Scheme in urban areas and decrease of 16 lakhs occurs under permanent improvement of Sunderbans area. There is decrease of 42 lakhs under loans for the Community Development Projects and National Extension Service Programme. The decreases are partly counter-balanced by increase of 93 lakhs under "Khatal Removal Scheme," a new provision of 75 lakhs for "Low-Income Group Housing Schemes," increase of 42 lakhs for relief operations in areas affected by flood and drought, increase of 17 lakhs for the scheme for extension of power to urban and rural areas, and a new provision of 20 lakhs for special, medium and long-term loans to co-operative institutions mainly for financing agricultural improvements.

On the expenditure side, the Revised Estimate under loans and advances by the State Government stands at 11 crores 9 lakhs against the Budget Estimate of 10 crores 94 lakhs. The increase of 15 lakhs is the net result of increases amounting to 1 crore 94 lakhs under loans to Local Funds, Private Parties, etc., offset by a decrease of 1 crore 50 lakhs under "Loans and advances to displaced persons" and a decrease of 29 lakhs under "Loans and advances for Community Development Projects." The increase under Loans to Local Funds, Private Parties, etc., is due mainly to the new provision of 75 lakhs for Low-Income Group Housing Schemes, increase of 56 lakhs on account of relief operations in areas affected by flood and drought, increase of 21 lakhs under loans to the State Electricity Board and an additional provision of 20 lakhs for medium and long-term loans to co-operative institutions. The decrease under loans and advances to displaced persons is due to smaller provision for payment of agriculturists' loan to displaced persons.

#### *Net Result*

The year 1955-56 ends with a deficit of 15 crores 9 lakhs on revenue account and a surplus of 12 crores 45 lakhs outside the revenue account. The net result is thus a deficit of 2 crores 64 lakhs, which is met out of the opening balance of the year amounting to 9 crores 6 lakhs, leaving a closing balance of 6 crores 42 lakhs only, with which the year 1956-57 opens.

### THE YEAR 1956-57

#### *Revenue Receipts*

The Budget Estimates of Revenue Receipts for the year 1956-57 stand at 49 crores 36 lakhs against the Revised Estimates of 50 crores 69 lakhs for the current year. There is thus a net decrease of 1 crore 33 lakhs which is the net result of a number of decreases and increases.

The largest decrease amounting to 2 crores 73 lakhs occurs under "Miscellaneous" due to omission of provision for Central grant on account of flood and drought relief operations. Decrease of 1 crore 22 lakhs occurs under "Education" due to reduction in the quantum of Government of India's grant for Multi-purpose Schools and other Educational Development Schemes included in the First Plan. Decrease of 22 lakhs occurs in our share of the proceeds of Income Tax and is based on the estimates furnished by the Government of India. Decrease of 32 lakhs under "Agricultural Income Tax" is due to the abolition of Zamindari. There is decrease of 35 lakhs under "Civil Works" mainly due to omission of Shri Birla's donation made during the current year towards the cost of construction of the Agricultural College at Harin-ghata and to smaller receipts from the Union Government owing to a smaller programme of construction of State roads of inter-State importance. Decrease of 34 lakhs occurs under "Grants-in-aid from the Union Government" and is due to smaller provision for contribution of the Union Government towards the relief of educated unemployment in accordance with the pattern of Central assistance for the scheme which is tapering in nature.

These decreases are partly counter-balanced by an increase of 2 crores 18 lakhs under "Land Revenue" due to a provision for full collection of rents in view of the field organisation coming into operation in full strength, an increase of 1 crore 44 lakhs under "Other Taxes and Duties" due mainly to provision of 1 crore 30 lakhs under the new tax on the entry of goods in local areas. Larger receipts from the Multi-purpose River Schemes account for an increase of 26 lakhs and are due mainly to a larger area to be irrigated under the Mayurakshi Reservoir Project.

*Revenue Expenditure*

Budget Estimates of Revenue Expenditure for the year 1956-57 stand at 63 crores 55 lakhs against the Revised Estimates of 65 crores 78 lakhs. The decrease is 2 crores 23 lakhs. The largest decrease is one of 2 crores 85 lakhs under "54—Famine" and is due to smaller provision for flood and drought relief operations based on the expectation of a normal year. Decrease of 1 crore 73 lakhs occurs under "Civil Works" due mainly to a change of classification based on the principle that expenditure exceeding 20 thousand on each item for creating assets having a life of 15 years or more should, as from 1956-57, be transferred to the corresponding Capital Head, viz., "81—Capital Account of Civil Works outside the Revenue Account." There is decrease of 93 lakhs under "Other Revenue Expenditure financed from Ordinary Revenues" due mainly to smaller provision on Flood Protection Works in North Bengal and maintenance and repairs of Sunderbans Embankments. There is decrease of 1 crore 50 lakhs under "Agriculture" due mainly to smaller provision for "Khatal Removal Scheme" and transfer of provision for constructions, etc., to the Capital Head "71—Capital Outlay, etc.," due to a change in classification.

These decreases are partly offset by increases of 1 crore 10 lakhs under "Land Revenue," 52 lakhs under "Interest on Debt and Other Obligations," 48 lakhs under "Appropriation for Reduction or Avoidance of Debt," 24 lakhs under "Police," 33 lakhs under "General Administration," 49 lakhs under "Public Health," 68 lakhs under "Industries" and "Cottage Industries," 25 lakhs under "Miscellaneous Departments excluding Fire Services" and 36 lakhs under "Extraordinary charges in India." The increase under "Land Revenue" is due to larger provision for payment of compensation under the Estates Acquisition Act. The increase under "Interest and Appropriation for Reduction or Avoidance of Debt" is due to larger provision for interest and sinking fund charges required for servicing increasing debts; the increase under "Public Health" and "Industries and Cottage Industries" is due to large provisions on Development Schemes included in the Second Five-Year Plan. The increase under "Extraordinary charges in India" is due to larger provision for adjustment of arrear losses on sale of subsidised food to Government employees.

*Capital Expenditure.*

The total provision for Capital Expenditure in the Budget Estimate for 1956-57 is 25 crores 62 lakhs against 14 crores 42 lakhs in the Revised Estimate of 1955-56. The provision includes 74 lakhs on account of payment of compensation under the Estates Acquisition Act, 69 lakhs on Capital Works in respect of the "Khatal Removal Scheme" and other schemes of improvement of agriculture, 1 crore 55 lakhs for Mayurakshi Reservoir Project, 53 lakhs for Kangsabati Reservoir Project, 11 crores 67 lakhs for Damodar Valley Project, 2 crores 75 lakhs on Development of State roads and 3 crores 18 lakhs mainly on works involving capital cost transferred from the Revenue Head "50—Civil Works," 2 crores 28 lakhs for Coke Oven Plant-cum-Power Project at Durgapur, 70 lakhs for subsidised Industrial Housing Scheme, 13 lakhs for Kanchrapara Area Development Scheme—Kalyani Township, 15 lakhs for Salt Lake Reclamation Scheme, 28 lakhs for various housing schemes, 2 crores 7 lakhs on building programme and colonisation scheme for displaced persons, 47 lakhs on Community Development Projects and 65 lakhs on road and water transport schemes.

There is a net receipt of 3 crores 49 lakhs under Schemes of Government Trading. This includes 65 lakhs on account of anticipated arrear receipts for sale of rice and paddy and the balance represents book adjustment of arrear losses on supply of foodstuff to Police personnel and certain other categories of Government servants at concession rates by corresponding debit to the Revenue Head "63—Extraordinary charges in India."

*Debt and Other Heads.*

Excluding loans from the Union Government, the loans raised in the open market and loans and advances by the State Government, the receipts and disbursements under these heads almost balance each other. The provision for loan from the Union Government is 28 crores 28 lakhs against 35 crores 42 lakhs in the Revised Estimates. The decrease is mainly due to reduced provision for Central loan in respect of development schemes. The provision includes 11 crores 68 lakhs on account of this Government's share of expenditure on the Damodar Valley Project, 1 crore 9 lakhs for Intensive Food Production Scheme, 26 lakhs for permanent improvement of Sunderbans areas, 70 lakhs for Low-Income Group Housing Scheme, 2 crores for certain Development Projects, 1 crore 11 lakhs for Community Development Projects and National Extension Service Programme and 8 crores 92 lakhs for loans for displaced persons and 10 lakhs for expansion of power to urban and rural areas, 1 crore 2 lakhs for flood and drought relief and 64 lakhs for flood control schemes and 38 lakhs for National Water Supply and Sanitation in urban areas.

We propose to raise a loan of 5 crores next year to finance certain development schemes of the Second Five-Year Plan. On the expenditure side, provision has been made under loans and advances by the State Government for 55 lakhs as advances to cultivators, 50 lakhs for Low-Income Group Housing Scheme, 10 lakhs for development of Digha, 8 lakhs for development of Handloom Industry, 29 lakhs under Cattle Purchase Loan, 15 lakhs under advance to Provincial Co-operative Bank in terms of Government guarantee in respect of non-realisation of investments in East Bengal and for financing the Land Mortgage Banks and other Co-operative Societies, 1 crore 8 lakhs to the State Electricity Board, 25 lakhs under loans to Municipalities in respect of National Urban Water Supply Scheme, 6 crores 85 lakhs under loans to displaced persons for house-building, cultivation, etc., 32 lakhs under Community Development Projects and National Extension Service Programme. Other loans to be advanced by the State Government include loans of 7 lakhs to artisans, 8 lakhs to local bodies, 4 lakhs under State Aid to Industries Act, 4 lakhs for Development of Engineering Industries at Howrah, 2 lakhs to West Bengal Financial Corporation, 30 lakhs for works under the Drainage and Embankment Act and 1 lakh to certain educational institutions.

*Net Result*

Revenue Deficit for the year 1956-57 is 14 crores 19 lakhs. The deficit outside the Revenue Account is 2 crores 70 lakhs. The overall deficit is therefore 16 crores 89 lakhs. Setting off against it the opening balance of 6 crores 42 lakhs, the year closes with a negative balance of 10 crores 47 lakhs.

The public debt of the State, which now stands at 14 crores 94 lakhs, will increase to 19 crores 94 lakhs at the end of next year. Our total debt to the Union Government at the end of 1955-56 stands at 136 crores 65 lakhs and will increase to 162 crores 86 lakhs at the end of 1956-57. This debt includes an advance of 2 crores 50 lakhs provided by the Union Government to help us clear half the debit balance with the Reserve Bank of India left by the Government of undivided Bengal, the other half of which was cleared by the Government of East Bengal. The balance of 160 crores 36 lakhs consists of 40 crores 17 lakhs on account of rehabilitation of displaced persons, 61 crores 59 lakhs on account of the Damodar Valley Project, 32 crores 99 lakhs on account of the Mayurakshi and other Development Projects, 4 crores 41 lakhs for Grow More Food and Intensive Food Production Schemes, 4 crores given out of the proceeds of the National Plan Loan in 1954-55, 4 crores 90 lakhs for Flood and Drought Relief Schemes, 2 crores 25 lakhs for Community Development Projects, 1 crore 90 lakhs for expansion of power to urban and rural

areas, 94 lakhs for permanent improvement of Sunderbans area, 80 lakhs for dispersal of college students from Calcutta, 75 lakhs for National Water Supply and Sanitation Schemes in urban areas, 38 lakhs for National Extension Service Programme, 1 crore 52 lakhs for the scheme of Removal of Khatala from Calcutta, 62 lakhs for Educational Development Schemes, 27 lakhs for Development of Handloom Industry, 12 lakhs for Development of Engineering Industries at Howrah, 6 lakhs for sinking tube-wells in Sunderbans area, 17 lakhs for Industrial Housing Scheme, 1 crore 45 lakhs for Low-Income Group Housing Scheme, 64 lakhs for Flood Control Scheme, 18 lakhs for special, medium and long-term loans to co-operative institutions and 25 lakhs for other schemes.

### *The First Five-Year Plan*

In about six weeks more, the First Five-Year Plan period comes to an end and immediately thereafter we begin executing our Second Five-Year Plan. The honourable members will therefore naturally expect me to place before them a brief review of our performance on the First Plan and a broad indication of the contents of our Second Plan. The review can be made from two aspects,—first, how far the performance has agreed with the promise made five years ago and secondly, what is the character and intrinsic merit of these performances.

Honourable members are aware that the West Bengal Plan contemplated an expenditure of 69·1 crores in the five-year period 1951-56. At the time the Plan was drawn up, there was a gap of 22 crores between our estimated resources and the estimated outlay of 69·1 crores. Doubts about our ability to carry out the Plan in these circumstances were seriously expressed. In the light of the experience gained in course of executing the Plan we even enlarged the Plan and revised it. On the Plan as so revised we spent 51·30 crores up to the end of 1954-55 and the revised estimate of expenditure during the current year is 20·28 crores. Thus by the 31st March next we shall be executing a Plan of 71·58 crores. This is exclusive of our share of expenditure on the Damodar Valley Project. Besides, we have executed during this period a number of other schemes sponsored by the Union Government on the basis of shared expenditure, e.g., the Community Development Projects, the National Extension Service, the Tribal Welfare Schemes, some educational schemes, etc. Our share of the expenditure on these schemes has been quite considerable. The House is also aware that in between the partition and the beginning of the First Five-Year Plan this Government's expenditure on new development schemes amounted to about 23 crores. The total expenditure on development works in West Bengal since partition up to 1955-56 will thus exceed 94 crores. The performance has thus been not too bad, particularly in view of the fact that we had to start with the endless problems of an unjust partition and with a negative opening balance of 2 crores in 1947. The performance has actually exceeded the estimate.

I will now deal with the extent of new taxation levied during this period. In 1949 we extended the coverage of sales tax by including a few new items, enhanced the rates of agricultural income tax on the higher slabs, and enhanced the rates of amusement tax on cinematograph shows. Thereafter up to 1954 we levied no new tax nor enhanced the rate of any existing tax. In October, 1954, we imposed a tax at 3 annas per gallon on aviation spirit. In September and October, 1955, respectively, we included sugar within the scope of the sales tax and levied sales tax at concession rates on gold and gold ornaments. The House will remember that the price of sugar did not rise with the levy of the new tax. These are all the new taxes we levied during the period. The new tax burden imposed during the period has thus been quite moderate. The House will, I hope, also recognise that having regard to the strictly limited powers of taxation granted to the State Governments, the items for new taxation were judiciously selected.

Our revenue expenditure which was 29 crores in 1948-49 is now 64 crores. Our capital expenditure which was a negative quantity in 1948-49 has now gone up to 26 crores. Our market loans have consistently been successful. Any bold attempt to develop a backward economy quickly must necessarily generate a constant tendency for expenditure to outstrip resources. We have not been an exception to this rule. But with the grace of God we have so far been able to surmount all difficulties in this respect with success.

I will now deal with the intrinsic merit and character of the performances in the different fields.

As from 15th April, 1955, all intermediate interests in agricultural land have ceased to exist. The zemindars are no more. The Permanent Settlement of Lord Cornwallis has gone the way of all impermanent things. The Land Reforms Bill which is supplementary to the Estates Acquisition Act has been passed by both Houses of the Legislature and is now awaiting the assent of the President. The object of these two measures is to redistribute land so as to bring holdings in conformity with the realities of the situation, to confer the maximum security of tenure on the cultivator by bringing him into direct relationship with the State and to rationalise the assessment of rent so as to minimise the burden on small holders. The land-man ratio is so low in this State that if all agricultural lands were equally divided among the present number of agricultural families, the holding of each family would be uneconomic and each family would live below subsistence level, assuming it had no other source of income. In these circumstances, excessively large holdings cannot be permitted to continue. We have therefore fixed ceilings to holdings and have adopted measures to prevent the growth of holdings beyond the ceiling. The ceiling has been fixed at 25 acres, excluding homestead. Security of tenure is essential for the best utilisation of land. The Permanent Settlement itself was a corollary to this principle. After the great famine of 1770 had converted the agricultural land of Bengal into jungles, the incentive of a permanent tenure was considered essential to bring the land back to cultivation. The experiment proved a great success. The magic of property converted jungles into rich agricultural fields. In course of time the zemindars came to play a great role in the all-round development of Bengal, and again in course of time they lost touch with the land, ceased to play any useful role in the agriculture of the country and came to depend more and more on their vested rights. These vested rights, which were transferable and profitable too, soon became a field of investment and attracted large capital. The capital of the province was in this way canalised into unproductive channels. Many people held the opinion that the abolition of these vested rights was necessary for preventing this canalisation of capital into unproductive channels, even apart from its adverse impact on agriculture. In the changed circumstances it is the raiyat who plays the most important role in agricultural production and it is now necessary to give him the ownership in land, if the magic of property is again to convert rural Bengal into a prosperous area which she was formerly. This is exactly what the two measures seek to do. The cultivator has actually been made the owner of the land, which he never was. Along with this right of ownership, the duty of personal cultivation has been cast upon him in order that the right in land may not again be divorced from agriculture.

Food was our acutest problem when we entered upon the First Five-Year Plan. About a third of the population of the State was on ration. Agriculturists and traders had to work under a system of strict control. Cordoning, price control, crop levy, procurement and various other restrictions on the movement of rice and wheat were the rule of the times. The First Five-Year Plan, therefore, laid great stress on Agriculture. We were actually able to make steady progress in Agriculture and on 10th July, 1954, rationing and other controls on food were completely removed.

The Mayurakshi Project has been executed. Two lakh acres of agricultural land have already come under irrigation from this project and have been producing excellent crops even with poor or ill-distributed rainfall. The Project will ultimately irrigate 6 lakh acres in the Kharif season and about 1.2 lakh acres in the Rabi season.

The irrigation to be provided by the Damodar Valley Project is almost ready and will soon be available. It will ultimately irrigate 10 lakh acres in the Kharif season and 3 lakh acres in the Rabi season.

Besides these major irrigation projects, we have, during the First Five-Year Plan period, executed 118 smaller irrigation and drainage schemes to the benefit of about 11 lakh acres of land. These include the Sonarpur-Arapanch Drainage Scheme which is producing rich crop on 23,320 acres of land, long given up as irredeemable because of bad water-logging.

The Sindri Fertiliser factory went into production during the period. We distributed among our agriculturists large quantities of fertilisers produced by the Sindri factory. It was optional to the agriculturists to take the fertiliser on credit, price being payable after harvest either in kind or in cash.

More than 6,000 plots were selected for demonstration in the cultivators' own holdings for Japanese method of cultivation and it is estimated that in about 39 lakh acres of land Japanese method of paddy cultivation is being followed.

A milk supply scheme for the city of Calcutta is being run in conjunction with the Haringhata scheme. The scheme now handles 400 maunds of milk daily and is functioning on a self-financing basis. The milk supply has had a ready market in Calcutta. The Haringhata farm, through various measures, is trying to improve the local breeds of cattle so that the milk yield in the State can be increased. Nothing can provide a better incentive for improvement of cattle than a ready market for the increased yield of milk. With the high density of population and small holdings, mixed farming is the only solution to the problem of poverty in the rural areas and the areas adjacent to Haringhata would show the way.

The first phase of the Khatal Removal Scheme, which will house 1,272 animals, has been completed for occupation, while the second phase of the scheme, which is to house 3,816 animals, is likely to be completed by March, 1956. The third phase, which aims at constructing 18 additional units of milk colonies, one more fodder farm, one dry cattle farm and one dairy factory has been taken up separately.

The number of scholars attending primary schools increased from 14.08 lakhs in 1950-51 to 18.64 lakhs in March, 1955. Over the same period the number of primary school teachers increased from 42,856 to 60,980. Systematic arrangement has been made for technical education of boys from the age of 14 up to the post-graduate stage. A regional school of printing technology has been set up in Jadavpur. In the five-year period 156 girls' secondary schools have been set up of which 9 were initiated and sponsored by Government. Four new colleges for women have been set up during the period. On the research side, we were able with the help of the Government of India to set up an Institute of Nuclear Physics under the University of Calcutta and to develop the Indian Association for the Cultivation of Science. The Association is now housed in its new building at Jadavpur. With the College of Engineering and Technology, Bengal, as a nucleus, a new university called Jadavpur University has been set up. For training of personnel in Business Management and Social Welfare, an All-India Institute has been established in co-operation with the University of Calcutta. In the field of social education, we have been able to set up during the Plan period a comprehensive library service with a Central State Library and 17 district libraries, the bigger districts having 2 libraries each. We have also set up 12 youth hostels in different parts of the State which have facilitated educational excursions for young students.

In the field of professional education we established during the period two Medical Colleges, one Agricultural College and one Veterinary College, all affiliated to the University of Calcutta, and teaching up to the degree standard.

A sample survey was undertaken with a view to explore the potential strength of existing cottage and small-scale industries and the possibility of assisting their revival. The survey has already been completed and the district reports are being printed. In the meantime, intensive efforts have been made for development of certain traditional cottage industries like handloom, Khadi, handmade paper, gur, mat industry, etc. The mat-weavers of Midnapore and Basirhat have been organised into a number of co-operatives. To assist them, one research centre and one marketing centre have been started. A chain of co-operative societies, all affiliated to one Apex Society, has been established to assist the weavers by procuring yarn for them and by taking charge of the marketing of their products. Sixty-three production societies and 100 sale depots have already been set up. Twenty dye houses have been established on a regional basis to help the production societies. The Apex Society takes over the entire production for marketing through the sale depots. Government procure yarn directly for supply to the production units on credit. Wages are also advanced to the weavers by Government pending realisation of sale proceeds. The credit given and the wages advanced in course of the last eight months amount to 21 lakhs. The societies have in the same period delivered fabrics worth about 14 lakhs. For the benefit of the conch-shell artisans of the State, arrangements have been made on a Government-to-Government basis for purchase of Madras Chanks as well as for import of Chanks worth 3 lakhs from Ceylon.

In the sphere of bigger industries, the claim of Durgapur as a site for a million-ton steel plant to be established by the Government of India has been recognised and preliminary work for the setting up of the plant has already begun. The State Government is setting up a coke oven-cum-gas grid and thermal station in the same area. The North Calcutta Rural Electrification Scheme was completed in 1953. It is now providing retail supplies to 13 places, towns as well as rural areas, in the districts of 24-Parganas, Nadia and Murshidabad and bulk supplies to the distributing licensees at Berhampore, Krishnagar and Gouripur Electric Supplies. The D. V. C. grid line has already been extended to Burdwan and will soon come to Calcutta, lighting up many places and supplying power to many industries, urban and rural, on the way. The transmission line supplying power to the Arapanch-Sonarpur Drainage Scheme has been extended to Jaynagar-Majilpur and Diamond Harbour. Jaynagar-Majilpur has already been electrified and Diamond Harbour is expected to be electrified by the end of the current year. The power station at Messanjore is under construction and is expected to go into operation in April, 1956, the construction of the transmission system having been already completed. The station will supply electricity to Suri, Mohammedbazar, Ahmedpur and Sainthia. These places have already been electrified by taking current from the D. V. C.'s system but will be connected with the Mayurakshi System as soon as the latter goes into operation. Under the Community Development Programme, Baruipur, Nalhati and Saktigarh, in addition to Ahmedpur and Mohammedbazar referred to before, have already been electrified. Guskara and Jhargram will be electrified by the end of the current year and Sonamukhi will be electrified by April, 1956. Electricity is being supplied to run the tube-well irrigation scheme around Fulia. Five tube-wells are already in operation there. Under the programme of "Expansion of power facilities for increasing employment opportunities," 60 rural and semi-urban areas are to be electrified. Of them, Arambagh, Durgapur Township, Chakdah, Port Canning, Garia, Rajpur, Sonarpur, Putiary, Digha, Bethuadahari, Lalbag, Singur, Harishchandrapur, Lalgola, Jangipur, Duttapukur and Basirhat have already been electrified.

The State Transport now operates a fleet of over 400 serviceable vehicles in Calcutta and Cooch Behar out of which the number of buses daily on road is about 340. Bodies of a number of new chassis which have been imported are under construction in the Central Workshop. The workshop is now repairing and building bodies of the vehicles of other Departments also. The State transport system is now employing over 4,000 persons, the majority of whom are displaced persons from East Pakistan. The period of the teething trouble of this organisation appears to be over and it is now paying its way.

The mileage of metalled roads directly under Government maintenance increased from 1,200 miles at the commencement of the Plan to 3,076 miles at the close of the Plan. 1,876 miles of roads were thus improved or newly constructed during this period. Besides, 114 miles of new roads were constructed in the State in the National Highways Section. 8,215 r.ft. of major bridges have also been laid during the period. They include the Tilpara bridge over the Mayurakshi barrage (1,020 r.ft.) and the bridge over the Dwarakeswar River on the Bankura-Taldanga Road (900 r.ft.). Road development being a continuous process, work on more than a thousand miles of other roads begun in the First Plan period, is being carried over to the Second Five-Year for completion. The immediate object of the First Five-Year Plan, viz., to connect all the district and subdivisional towns with one another and with the State capital by an improved system of all-weather roads, has now been largely achieved. The Second Five-Year Plan aims at extending this network to reach every thana headquarters in the State.

During the First Five-Year Plan period, there has been a steady increase in our expenditure on "Medical" and "Public Health". The present per capital expenditure on "Medical" and "Public Health" in West Bengal, which is Rs. 2-12, is the highest among all the States in India and also exceeds the figure recommended by the Bhole Committee, viz., Rs. 1-14.

Rural areas of West Bengal were notorious for unhealthy conditions, particularly for malaria and cholera. We have set up anti-malarial squads in all the districts of the State which have been operating with success. During the Plan period we sank 4,531 new tube-wells and resank 2,314. We took up under the Plan a large programme of construction of health centres and today there are 228 health centres with 3,020 beds functioning all over the State. Hospital beds have increased from 10,997 in 1950 to 15,400 today, including 1,859 T. B. beds. 210 Mobile Medical Units are now working in epidemic areas. As a result of all these measures, the average mortality rate for all ages has declined from 18·1 per milli in 1948 to 8·8 per milli in 1955 and the birth rate which was 21·3 in 1948 has increased to 24·4 in 1955. The excess of births over deaths per thousand of population has thus increased from 3·2 in 1948 to 15·6 in 1955. Infant death rate decreased from 136·7 per milli in 1948 to 80·0 per milli in 1955. Malarial death rate decreased from 3·6 per milli in 1948 to ·6 per milli in 1955. Cholera death rate decreased from ·6 per milli in 1948 to ·02 only per milli in 1954. These figures tell their own tale about the efficacy of our health services.

My review has necessarily to be very brief. The honourable members will find the details of the progress of each scheme included in the First Five-Year Plan in the booklet which I have circulated with the Budget papers under the title "Statement showing the progress of Development Schemes and new schemes outside the Development Programme included in the Revised Estimates for 1955-56 and the Budget Estimates for 1956-57".

### *The Refugees.*

In the midst of all this progress and activity there is one thing which is a constant source of worry and provides cause for continuous anxiety. I am

referring to the influx of refugees from East Bengal. The influx not only continues but is increasing. By way of grants and loans we spent 54 crores 36 lakhs up to the end of 1954-55. We have spent 6 crores 9 lakhs up to December, 1955, and we expect to spend 6 crores 70 lakhs more during the rest of the current year. Thus, by the end of the current year our total expenditure amounts to 67 crores 15 lakhs. While we have been able to grant rehabilitation benefits to as many as 1,590,000 persons, there are today more than 237,000 persons in various camps, including relief camps, colony camps, transit camps, worksite camps and permanent liability camps. The daily arrival is now of the order of 125 families consisting of about 625 persons. The problem is tremendous, heart-rending and looks like a never-ending one. The Almighty alone knows when it will come to an end.

### *The Second Five-Year Plan.*

The Second Five-Year Plan contemplates a total outlay of 4,800 crores in the public sector. It is therefore much more ambitious than the First Plan, the total estimated outlay on which was 2,069 crores only in the beginning and, with additions and adjustments made in the course of execution, has now increased to 2,356 crores. The Second Five-Year Plan for West Bengal, which is included in the all-India Second Five-Year Plan, contemplates an expenditure of 153 crores in five years. This is inclusive of our share of expenditure on the D. V. C. As is well known to the House, the First Five-Year Plan for West Bengal contemplated an expenditure of 69.1 crores only, exclusive of our share of expenditure on the D. V. C. The Community Development Projects, the National Extension Service Blocks, the Tribal Welfare Schemes and a few other schemes, which were undertaken in the midst of the First Plan period and were kept outside the State Plan, have also now been integrated with the Second Plan.

The House may like to know the pattern of distribution of this outlay both in the all-India Plan and in the State Plan. The Plan is yet in the draft form and the comparative pattern can be set forth only on that basis. The outlay on irrigation and power represents 18.7 per cent. in the case of the all-India Plan but 19.8 per cent. in the case of the West Bengal Plan. The outlay on agriculture and community development represents 11.8 per cent. in the case of the all-India Plan but 21.7 per cent. in the case of the West Bengal Plan. The outlay on social services including education, health and housing represents 19.7 per cent. in the case of the all-India Plan but as much as 35.5 per cent. in the case of the West Bengal Plan. In all these three cases the proportion is higher in West Bengal than in all-India. The total outlay on industry and mining is 18.6 per cent. in the case of the all-India Plan but only 10 per cent. in the case of the West Bengal Plan. The total outlay on transport and communications represents 28.8 per cent. in the case of the all-India Plan but 12.4 per cent. in the case of the West Bengal Plan. The West Bengal proportion in these two lines is lower. This is because most of the heavy industries, on which outlay is large, are included in the Central sector of the Plan and railways, which come under transport and communications and on which outlay is very large, are also included in the Central sector of the Plan. Under miscellaneous, the Central ratio is 2.4 per cent. against the West Bengal ratio of 1 per cent.

The honourable members will find the details of the schemes included in the Second Five-Year Plan together with the Budget provision made on each in part III of the booklet circulated to them and entitled "Statement showing the progress of Development Schemes and new schemes outside the Development Programme included in the Revised Estimates for 1955-56 and the Budget Estimates for 1956-57".

It has been estimated that the effect of the Second Five-Year Plan will be to raise the total national income from 96·45 abja in 1955-56 to 121·20 abja in 1960-61 at 1955-56 prices. The increase is of the order of 25 per cent. The corresponding increase in the *per capita* income as a result of the Second Five-Year Plan, after taking into consideration the increase of population over the period, will be of the order of 18 per cent. In money term it will rise from 251 in 1955-56 to 296 in 1960-61 at constant prices.

While drawing up the First Five-Year Plan it was anticipated that as a result of the successive five-year plans the total national product of 1950-51 would double in 22 years. By the First Five-Year Plan we have achieved an increase of about 18 per cent. as against the anticipated increase of 10 per cent. If the rate of increase of the Second Five-Year Plan, viz., 25 per cent. in five years, is maintained during the third and the fourth Plan periods, the total national product will double in 16 to 17 years, instead of 22 years, i.e., in the midst of the Fourth Five-Year Plan.

According to the estimate of resources for financing the Second Five-Year Plan, half the money, viz., 2,400 crores, is to come out of revenue receipts and internal borrowing. Of this sum of 2,400 crores, half, viz., 1,200 crores, is estimated to be the proceeds of public loans and small savings collection; 250 crores are expected from provident fund deposits and other deposits; 800 crores are estimated to come from proceeds of taxation and 150 crores from earnings of railways. Of the estimated proceeds of taxation amounting to 800 crores, 350 crores are expected from taxation at current rates, and 450 crores are expected from additional taxation either by enhancement of rates or by imposition of new taxes.

Of the balance of 2,400 crores, half, viz., 1,200 crores are expected from deficit financing, 800 crores are expected by way of external assistance and the remaining 400 crores are left as a gap to be raised either from external sources or from some internal sources.

In estimating that taxation at current rates will be able to provide 350 crores for the Plan, it is assumed that the expenditure on non-developmental items will be kept at or near the 1955-56 level and that there will be little or no unplanned expenditure in the developmental departments.

It is well known to the House that West Bengal has a large current deficit. Hence taxation at current rates leaves nothing for the Plan. Our current deficit at present level of revenue is large but it is expected that partly through the gradual strengthening of the administration and partly through improvement of the economic condition of the people the taxes at current rates will be made to yield gradually increasing revenue so that the total deficit in five years will be reduced to 13·4 crores only. We shall thus have to raise, by additional taxation or borrowing, money enough for covering this deficit of 13·4 crores and for paying our contribution towards financing the Plan. It has been estimated that by additional taxation the State of West Bengal will be able to improve the aggregate yield of its taxation system by 12·1 crores in five years and that the State will, over a period of five years, be able to raise 25 crores by loan from the public. This loan of 25 crores will, after paying interest and sinking fund charges, leave a net sum of 22 crores for expenditure on the Plan. The additional taxations contemplated are the entry tax on tea, extending coverage of sales tax, irrigation rates, etc.

The House is aware of the small savings movement organised to provide opportunities to the poorer men to participate in the financing of the Plan and at the same time to keep their small savings in safe hands with a good return. This also helps democratise the financing of the Plan and strengthen the roots of democracy in the country. By making the financing of the Plan as broadbased as possible, we not only increase the self-respect of the common man but also ensure the success of the Plan. The target of net collection of small savings in West Bengal has been

fixed at 8.8 crores per year. If the net collection in a year does not exceed this figure but exceeds 80 per cent. of it, half the excess over 80 per cent. is given to the State Government as a loan, the balance being retained by the Government of India. If the net collection exceeds 8.8 crores, the State Government is given in addition the whole of the excess over 8.8 crores. It is expected that our share in the collections of small savings in this State will amount to 8.8 crores in five years.

Thus, the State resources available for the Plan are: 12.1 crores by taxation plus 22 crores by borrowing plus 8.8 crores from small savings minus 13.4 crores, being the deficit at current level of spending and taxation; or 29.5 crores in the aggregate.

These estimates were made a few months back. At that time the estimate of total additional taxation to be raised by the Central and State Governments was 350 crores. Since then this figure has been pushed up to 450 crores and the States have been called upon to raise correspondingly more revenue by additional taxation. Formerly, the estimate of additional taxation to be raised by the States was 160 crores. Now they are expected to raise 225 crores, the other half, viz., another 225 crores, being raised by the Centre. We shall, therefore, have to increase our effort correspondingly.

If we must execute the Second Five-Year Plan successfully and increase our national income by 25 per cent., we must be prepared to make a commensurate sacrifice and make the necessary effort for raising revenue and borrowing money and also for keeping the economy in stable condition so that it can admit of the necessary deficit financing and the necessary foreign aid may be forthcoming. We will also have to restrict our non-developmental expenditure to the minimum and to canalise all our developmental expenditure in the development departments through the Plan. This will require a great effort. We must prove ourselves capable of it because there cannot be a worthier cause.

The estimated expenditure of 4,800 crores on the Plan is matched with an estimated receipt of 4,800 crores. The expenditure has to be incurred by the Centre as well as the States. The resources also have to be raised by the Centre as well as the States.

As stated before, of the estimated resources, 2,400 crores or half are deficit financing and foreign aid. It is beyond the competence of the States to raise any resources on these items.

Of the other 2,400 crores, 150 crores are contribution from the railways. It is beyond the competence of the State to do anything on this item also. Eight hundred crores are to come from the proceeds of taxation, old and new. Having regard to the relative taxing powers of the Centre and the States, the bulk of the revenue has to be raised from Central taxes. One thousand two hundred crores are to come public borrowing. Central Government has always been raising and can always raise more money by borrowing than all the States put together. Of the 250 crores to come from provident fund deposits of Government servants and other deposits, the capacity of the State Governments put together and of the Centre may be rather even.

Thus the vast bulk of the resources has to be raised by the Union Government and the estimate provides accordingly.

The 4,800-crore plan is the sum total of the separately prepared plans of the State Governments and the Central Ministries. The estimated resources are also the sum total of separately calculated resources of the State Governments and the Central Government. As in the aggregate plan there is a balance between the estimated expenditure and the estimated receipts, it could be broken down into a number of balanced plans, one each for the States and the Central Ministries. In the case of

a State Plan the balancing resources would be an amount to be allocated out of the resources to be raised by the Centre by means of deficit financing, foreign assistance etc., which together with the resources the State Government is expected to raise will equal the estimated expenditure in the State Plan.

Our share of the expenditure on the D. V. C., which is being financed by loans from the Government of India, amounts to about 15 crores in the Second Plan period. Excluding D. V. C. the West Bengal Plan is, therefore, a 138-crore plan. As stated before, the estimated resources of West Bengal are 29.5. The balance of 108.5 crores is, therefore, to be allocated from the resources to be raised by the Centre.

The Budget provision on the Second Plan, which has been settled in consultation with the Planning Commission, is 35 crores 27 lakhs. This includes a provision of 11 crores 67 lakhs on the D. V. C. for which the Central Government have already agreed to give us a loan of an equal amount. The provision excluding the D. V. C. is, therefore, 23.60 crores which is about one-sixth of the total Plan of 138 crores, excluding the D. V. C. This is as it should be; for, the rate of spending should ordinarily increase as the execution of the Plan goes forward. In these circumstances we are expecting a Central assistance of about one-sixth of 108.5 crores, or say 18 crores. The amount of Central assistance promised so far is 5 crores 28 lakhs for Development Schemes other than the D. V. C. In addition, the Central Government have promised that various matching grants and loan assistance for certain schemes will also continue to be given on the existing pattern. On the basis of this assurance we have calculated that an additional Central assistance of 2 crores 1 lakh will also be admissible. Thus the total estimate of Central assistance adopted in the Budget for 1956-57 is 7 crores 29 lakhs, against the expected amount of about 18 crores. There is thus a shortfall of over 10 crores, and this accounts for the overall ways and means deficit of 10 crores in the Budget. The Finance Ministry of the Central Government informed us that the different Ministries would communicate to the State Government the assistance admissible from each. These communications are yet to be received. It is hoped that when these communications are received, the shortfall will be made good and the overall ways and means deficit will disappear.

#### *Conclusion.*

I have circulated to the honourable members two booklets, viz.—

- (i) The West Bengal State Rupee—from where it comes and where it goes; and
- (ii) The Financial Results of Schemes involving transactions of a commercial or semi-commercial nature.

The tables in these booklets will help analyse the trends in our financial position as well as in the working of the schemes included therein.

We began with an unjust partition. The forces of disorder and confusion came upon us like waves following waves in a storm-lashed sea. We took courage in both hands and never lost faith in the genius and destiny of the people of the State. Today we can face the Second Five-Year Plan with confidence born of success in the execution of the First Plan which at one time appeared beyond us to many. There is, however, no scope for self-complacency. The Second Plan is much bigger than the First and is, therefore, a bigger challenge to us. Let us neither be complacent nor let us waver or falter before it. We must now put our shoulders to the wheel bravely and with confidence. At the same time let us pray to the Great Task Master in all humility to give us the capacity to perform the hard task which it has been His kindness to allot to us.

## APPENDIX

## West Bengal Budget, 1956-57.

(In thousands of rupees.)

	Actuals, 1954-55.	Budget, 1955-56.	Revised, 1955-56.	Budget, 1956-57.
<b>Receipts.</b>				
Opening Balance ..	3,64,42	3,00,91	9,05,84	6,41,75
Revenue Receipts ..	42,64,66	45,75,91	50,69,13	49,36,05
Receipts from Debt Heads, Contingency Fund and Public Account.	92,10,69	95,02,18	97,60,48	87,51,27
Total ..	<u>1,38,39,77</u>	<u>1,43,79,00</u>	<u>1,57,35,45</u>	<u>1,43,29,07</u>
<b>Expenditure.</b>				
Revenue Expenditure ..	49,14,83	62,88,32	65,77,94	63,54,94
Capital Expenditure ..	19,57,61	20,78,63	14,41,94	25,61,77
Expenditure on Debt Heads, Contingency Fund and Public Accounts.	60,61,49	64,48,91	70,73,82	64,59,97
Closing Balance ..	9,05,84	-4,36,86	6,41,75	-10,47,61
Total ..	<u>1,38,39,77</u>	<u>1,43,79,00</u>	<u>1,57,35,45</u>	<u>1,43,29,07</u>
Net Result—				
Surplus (+)				
Deficit (-)				
(a) On Revenue Account	-6,50,17	-17,12,41	-15,08,81	-14,18,89
(b) Outside Revenue Account.	+11,91,59	+9,74,64	+12,44,72	-2,70,47
(c) Net, excluding Open- ing Balance.	+5,41,42	-7,37,77	-2,64,09	-16,89,36

**Statement by Dr. Bidhan Chandra Roy, Chief Minister and Minister-in-charge, Finance,  
in presenting the Supplementary Estimate of Expenditure for 1956-57.**

*(Presented on the 18th March, 1957.)*

Sir, I beg to present under the provisions of Article 205 of the Constitution of India a Statement of Supplementary Estimate of Expenditure for the year 1956-57. The total amount covered by the present Supplementary Estimate is Rs.15,37,47,237 of which voted items account for Rs.15,31,06,800 and the charged items for Rs. 6,40,437.

Of the voted items, the largest demand is under the head "54—Famine" being Rs. 5,65,29,000. The additional grant is required to meet the large expenditure incurred by Government in connection with the relief and rehabilitation of the people affected by the last flood. The additional demand of Rs.1,80,94,000 under the head "Loans and Advances by State Governments" is also mainly on account of loans to artisans, cultivators and others in the areas affected by flood.

The next largest demand is under the head "57—Miscellaneous—Other Miscellaneous Expenditure," being Rs. 3,98,42,000 under voted item. This is required for augmenting the contingency fund of the State in terms of the Contingency Fund of West Bengal (Amendment) Act, 1957. This was also necessary to meet large scale relief expenditure in excess of budget provision due to widespread flood. The actual amount required for the purpose is Rs.4,00,00,000 out of which Rs.1,58,000 will be met by reappropriation of savings anticipated under other heads within the grant.

The other large demands are Rs. 1,61,39,000 under "Agriculture—Agriculture" mainly for the continuance of the scheme of distribution of Chemical Fertilisers on a much larger scale due to a post-budget decision, Rs. 1,08,58,000 under "Education" mainly for establishment of Multi-purpose Schools and Second Five-Year Plan Schemes, Rs. 23,51,000 under "Extraordinary Charges in India" mainly on account of retention of a larger staff for the Food, Relief and Supplies (Food) Department than anticipated for administration of modified rationing in the districts and supply of foodstuff through fair price shops, and Rs.22,88,000 under "Other Revenue Expenditure financed from ordinary revenues" on account of repairs and maintenance of embankments in the Sunderbans.

The additional demands also include other smaller amounts under several heads as shown in the Statement, "Supplementary Estimate," presented before the House. The reasons for the demands included in the "Supplementary Estimate" have been set forth in the Explanatory Memorandum given under each head. The Ministers-in-charge of different departments will go into them in further details as each demand is moved.

The charged provisions amount to Rs.6,40,437 only under eleven different heads, the reason for which have also been given under each head in the "Supplementary Estimate".

With these words, Sir, I present the estimates of the Supplementary Budget for the year 1956-57.

**Speech by Dr. Bidhan Chandra Roy, Finance Minister, in presenting the Budget for 1957-58 (Vote on Account).**

*(Presented on the 18th March, 1957.)*

I rise to present the Budget Estimates for the year 1957-58.

The life of the present House terminates shortly. General Elections to constitute the new House are just over and the new House will start functioning soon. The present Ministry is going to resign in a short time and a new Ministry will take office soon. Honourable members will appreciate that in these circumstances it will not be fair to this House if it is called upon to take the responsibility of considering and passing the Estimates for the whole of the next year. It will also be unfair to the new House if it is to be deprived of the opportunities of discussing and passing the Budget Estimates of the first year of its life. Similarly, it is not proper for this Ministry to take the responsibility for getting the Budget for the next year finally approved by the House as the affairs of the next year will be conducted not by this Ministry but by the next Ministry which is coming to office soon. At the same time it is necessary that the administration must be carried on for the first few months of the next year, i.e., till the new House has got the opportunity of meeting, discussing and passing the Budget Estimates for that year. I will, therefore, ask this House simply to pass a Vote on Account just enough to carry on the administration till 31st August next, leaving it to the next House to discuss and pass the Estimates finally. This is in consonance with our Constitution and the Rules of Procedure of this House. This is exactly what was done in 1952. In that year the Budget Estimates were presented on the 14th of March, 1952, immediately after the General Elections for constituting the Lower House was over. The House which was in session then was to terminate shortly and the present House was to come into being soon. Out of deference to the present House, the previous House did not consider the Budget Estimates but merely passed a Vote of Account and it was the present House which considered and passed the Budget Estimates finally. On the last occasion the "Vote on Account" was taken for 5 months' expenditure and we propose to follow the same practice this time also as we are exactly in the same situation today.

Consistently with the circumstances we are in and following the past practice, I will not make any material observation on the Budget Estimates that have been presented to the House. I simply make a few general observations, appropriate to the occasion.

The present House, which I have had the honour of leading for the last five years, can look back on its career of five years with considerable satisfaction. This is the first House elected under the Republican Constitution of India and under adult franchise. Great misgivings were expressed about the wisdom and practicability of adult franchise in this country and the world at large watched the experiment with great interest. The House by its conduct and performance over the last five years has fully justified the responsibility imposed on it and the world at large is today recognising the great success of the experiment.

The history of the last five years is recent enough not to require recapitulation in detail. I will, therefore, refer to a few outstanding events only.

When this House came into being in 1952, the food situation was causing great anxiety. On 10th July, 1954, we were able to remove all controls on food. It required great courage at that time to take this decision. As the decision affected every person in the country, it is representatives elected on adult franchise alone who could take such a decision. Subsequent history has clearly proved the great wisdom of this decision.

Another very important achievement of this House has been the unsettlement of the Permanent Settlement of Lord Cornwallis. Land problems are naturally very acute in this small State with a high density of population. Further, the problem affects every citizen in the State. The problem had been discussed over and over again for decades but no action had been taken. The problem became acuter every day and the people wondered if the problem could be solved at all. It required great initiative and courage to act in a situation like this. The present House, however, succeeded in passing the necessary legislation in record time. All intermediaries between the tillers of the soil and the Government were abolished. Rigid and appropriate ceilings were placed on individual holdings. Appropriate measures of land reform were then adopted by the House. It was only a House elected on adult franchise which was capable of such initiative and courage. The posterity will always remember this far-reaching and comprehensive reform passed by this House, as a turning point in the history of progress of this State.

Apart from any spectacular performance of the type referred to above, the outstanding performance of this House has been the steady fulfilment of the First-Five-Year Plan. When this House started its life, many people could not believe that it would be possible for this State Government to execute a Plan of 69 crores, as, according to the estimates available then, the gap in resources was as big as 22 crores. The execution of the First Plan is a *fait accompli* today. In course of these five years people all over the State have seen good roads growing up steadily where there was no communication before, irrigation works being executed in places where agriculture was a gamble in rains, fully equipped Health Centres growing up in rural areas where death and disease ruled unchecked, educational institutions being set up in large numbers in areas where illiteracy prevailed, fertilisers being distributed to increase the yield of land where manuring was unknown. The average villager and even the townspeople have felt excited to see so many things growing up simultaneously in a place where for centuries there was steady decay. It has been quite a thrill to the people to find that malaria, the great scourge of rural Bengal, has practically disappeared. A dying land has thus been resuscitated into life. People have now been freed from a sense of frustration and have begun looking forward to a new life. They have begun to regain confidence in themselves which was lost through years of foreign rule and communal rule.

1952-53 was the first year of the life of the present House. The Budget Estimates I am presenting today relate to the year 1957-58. The only new tax which this House imposed during the period was the tax on the entry of tea and fruits, which is being levied from the beginning of the current year. Two new items were brought under the purview of the Sales Tax during the period and one item was exempted. The tax on motor spirit was extended to motor spirit used for aviation but the rate on aviation spirit was made lower than that on other forms of taxable motor spirit. Rate of tax on raw jute was also slightly increased. This is all the change which this House brought about in the structure of State taxation in this State. Thus this House has been a great protector of the interests of the common man. They did not increase the burden of taxation on him. Nevertheless, during this period, our revenue receipts have increased from 37 crores to 56 crores. The receipts under the head "13—Other taxes and duties" have gone up from 9 crores to 16 crores and receipts under Sales Tax alone have increased from 5 crores to 9 crores. This large improvement in our tax revenue is thus due not to any new taxation except what is indicated above but to the tightening up of the taxation administration and the general economic well-being of the State.

During the period of the life of the House our revenue expenditure has increased from 39 crores to 67 crores and our capital expenditure has increased from 13 crores to 30 crores. This increase is a measure of the extent to which we succeeded in ameliorating the condition of the man.

This House came into being at a turning point in the history of this country. It came to function after centuries of foreign rule and communal rule had brought decay and degeneration in all spheres of the life of the State. The State of West Bengal was also lying prostrate under the severe blow of the Partition. Many people had serious doubts whether the State could come to life again or whether a House could function smoothly under such difficult conditions. The House has proved that it has not only functioned but has functioned well and that it is the adult franchise which gave to the administrative machinery the confidence and the courage with which it has been able successfully to tackle problems considered insoluble so long. It has been able to free the people from the bondage of long frustration and to set them again on a bright and hopeful path.

For decades we argued whether this country was fit for democracy. We have stood the test. We can now proclaim that the country is not only fit for democracy but democracy is the only solution to its many problems which were actually created by non-democratic system ruling over this country for centuries. Democracy only gives an opportunity for self-rule. It creates responsibility; gives courage, confidence and initiative; can size up the character and magnitude of the problems and can hit upon and carry through simple solutions which no other form of Government can.

I take this opportunity of expressing my deep gratitude to the present House for all the help and constructive criticism which I have received from it. To the new House we look forward to help in carrying onward the Second-Five Year Plan which would further the progress which this House has initiated and carried forward. We expect from the new House vigilance for the rights of the common man as well as initiative and courage to solve his problems and to offer rigorous but constructive criticism which alone is the safe foundation for a wise policy.

CALCUTTA :

*The 28th May, 1957.*

A. R. MUKHERJEA,

*Secretary, West Bengal Legislative  
Assembly.*

