
SPEECH

OF

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Finance Minister

**On the Budget Estimates for 1959-60 of the
Government of Bombay in the Legislative Assembly
on Thursday, the 19th February 1959**

Sir,

I rise to present the Budget Estimates of the State for the year 1959-60.

2: The year about to end marks the completion of the third year of the Second Five-Year Plan period. These years have been a period of achievement as well as of strain. Foreign Exchange situation took a sharply adverse turn in the beginning of the Plan period. The industrial production has continued to expand. The index which stood at 122 in 1955 rose to 132 in 1956. The index for 1957 was 137 while the average index for the period from January to September 1958 stood at 143. Of particular interest to this State in its programme for rapid industrial development is the recent oil find at Cambay and the neighbouring areas. The industries in the State will receive a fillip if the oil at Cambay proves to be commercially exploitable.

3. During the period of transition following the reorganisation of the States, the progress of our Plan has been rather slow. During the year 1956-57 an amount of Rs. 47 crores was spent on various Plan schemes. During the year 1957-58 our Plan expenditure was nearly Rs. 51.5 crores. Since then various steps have been taken to increase our implementing capacity, with a fair amount of success, by means of administrative reforms and wider delegation of powers to the officers in the field. Execution of works has been expedited. Shortage of technical personnel, especially in Public Works Department and Agricultural Department has been reduced to some extent by fresh recruitment. As a result, it is expected that our Plan expenditure during the current year would be about Rs. 78 crores. The Plan outlay for the next financial year is proposed at a still higher figure, i.e., Rs. 90 crores.

Progress
of the
Plan.

4. The statement next page shows the Plan expenditure incurred during the previous two years revised estimate for the current year and proposed outlay for the next year under different sectors of development. It also shows the total Plan allocation for the Five-year period in different sectors. The percentage of the provision made for the different sectors in the next year's budget as compared to the total Plan outlay for the next year is also indicated :-

Statement showing progress of Plan expenditure.

(In crores of rupees.)

Heads of Developments.	Total 2nd Five Year Plan ‡Allocation.	Percentage of total Plan Outlay.	Expenditure in 1956-57.	Expenditure in 1957-58.	Revised Estimate, 1958-59.	Budget Estimate, 1959-60.	Percentage of total outlay for 1959-60.	Total for 4 years.	Percentage of outlay in Column 9 to Plan provision in Column 2.
1	2	3	4	5	6	7	8	9	10
1. Agriculture and Community Development.	86.65	24.7	9.22	13.55	24.43	25.38	28.1	72.58	83.8
2. Irrigation and Power ..	1,36.43	39.0	20.07	19.52	25.26	32.66*	36.2†	97.51	71.5
3. Industry and Mining ..	13.17	3.8	1.63	1.38	2.00	2.22	2.5	7.23	54.9
4. Transport & Communications ..	29.21	8.3	6.80	5.91	9.06	7.07	7.8	28.84	98.7
5. Education	22.91	6.5	2.06	3.00	4.25	6.17	6.8	15.48	67.6
6. Health	27.46	7.8	3.31	4.09	5.38	6.54	7.3	10.32	70.3
7. Housing	17.34	5.0	2.93	2.54	5.66	5.49	6.1	16.62	95.8
8. Other Social Services ..	8.31	2.4	0.48	0.72	1.63	3.24	3.6	6.67	73.0
9. Scientific and Industrial Research language, literature Arts, Culture and all other activities.	8.80	2.5	0.43	0.50	0.53	1.41	1.6	2.87	32.6
Total ..	3,50.28	100	48.93	51.21	78.20	90.18	100	2,66.52	76.1

†The figures in this column are arrived at after making adjustment on account of the allocation for Abu Taluka.

	*Plan Provision for 1959-60.	† Percentage of total outlay for 1959-60.
Irrigation	19.52	21.6
Power	13.14	14.6
Total ..	32.66	36.2

5. I will now briefly review the progress achieved under some of the important sectors of development.

Agriculture. The high priority assigned by Government to the development of agriculture will be evident from the fact that out of the total Plan provision of Rs. 90.18 crores made in the next year's budget, an amount of Rs. 44.90 crores or nearly 50 per cent. of the Plan outlay for the next year, has been earmarked for "Agriculture" and "Irrigation". The country cannot afford to import foodgrains year after year and it is essential to pursue the agricultural production programme with a greater sense of urgency. The Second Five-Year Plan of the State seeks to raise food production by 15 lakh tons. In order to achieve the target, various "Grow More Food" measures are being intensified. The programme for the construction of 35,000 new wells and repairs to 28,000 old wells by the end of the Second Five-Year Plan period, is being pursued with vigour. The programme of drilling new tube wells is also well in hand. The programme of Soil Conservation is also being intensified. Since the introduction of the Soil Conservation scheme, about 9.31 lakh acres of land have been contour-bunded till the end of 1957-58, especially in areas with low rainfall. The target fixed for new bunding during the current year was 3.82 lakh acres against which actual work over about 1.6 lakh acres was carried out in the first half of this year which, due to the monsoon, is generally a slack season. With a view to increase the output of improved seeds, it is decided to establish 323 taluka seed farms covering an area of about 16,000 acres during the Second Five-Year Plan period. Already 240 seed farms have started working. The entire target is expected to be reached by the end of the current year. The pilot scheme for intensified cultivation of paddy which was launched in 1957 has made rapid progress and is being extended to new blocks. The

main features of the scheme are extension of liberal credit facilities through co-operative societies, quick and adequate supply of fertilisers, and purchase of marketable surplus from the cultivators after the harvest in repayment of the loan. The total area expected to be brought under Pilot Paddy scheme by 1959-60 will be 4.5 lakh acres. The scheme of intensive paddy cultivation by Japanese method also made rapid progress. The total area brought under the scheme by the end of 1957-58 was about 1,99,000 acres.

Crop competitions are being held in this State since 1954. At present the competition is held only at the Taluka level for one out of four main crops and one cash prize of Rs. 75 is awarded. In addition, a second prize of Rs. 50 is awarded in Vidarbha. In view of the importance attached by Government to increased food production and the need to provide suitable incentives for achieving such increase within the shortest possible time, it is now proposed to expand the scope of the scheme and to hold such crop competitions, at various levels, i.e., Taluka, District and State levels. This will be done by increasing the value and number of prizes and by award of prizes for more than one crop at each level and also by giving the prizes on a community basis. Necessary additional provision will be made for the purpose.

I have no doubt that these measures undertaken by Government to intensify agricultural production will yield satisfactory results and the target of 15 lakh tons of additional food production by the end of the Second Plan period will be achieved.

6. The Vidarbha Second Five-Year Plan provided Rs. 21.4 lakhs for dairy schemes. A beginning was made at Nagpur this year with the first phase of a Milk supply scheme which will ultimately cost Rs. 31.5 lakhs. Likewise a provision of about Rs. 13 lakhs is

being made in the next year's budget for dairy development schemes in Saurashtra.

In order to meet the shortage of veterinary doctors a second veterinary college has been established at Nagpur during the current year. There has been a great demand for veterinary graduates for various activities undertaken by Government such as Community Development Programme, National Extension Service, Key Village Schemes, Artificial Insemination, etc. The establishment of a new college will, to some extent, reduce the shortage of trained veterinary graduates.

Irrigation. 7. It is well known that the country's agricultural production is largely dependent on the vagaries of monsoon. There can be no permanent solution to our food problem unless a large number of major, medium and minor irrigation projects are developed. Our Second Five-Year Plan, therefore, lays stress on the development of irrigation facilities. Of the various spillover works carried over from the First Five-Year Plan, Ranand tank and Radhanagari Hydro Electric Project have been practically completed, while Gangapur Stage I is in an advanced stage of construction. The work on Kakrapar and Mahi Projects is progressing rapidly while the Shetrunji project in Saurashtra is well ahead of schedule. As a result of the irrigation facilities provided by various major and medium irrigation projects included in the second Plan, an area of 1,38,000 acres has been brought under irrigation by the end of 1957-58.

8. In order to induce the agriculturists to take to irrigation and to provide for fuller utilization of our irrigation potential, various steps have been taken. Orders have been issued to supply water for irrigation purposes from newly completed irrigation works at

concessional rates for the first three years. To solve the difficulties of some of the tenant cultivators, orders have been issued to local officers to supply water to such cultivators even without the signature of the landlord as surety for the payment of water rates. Some of the agriculturists are reluctant to avail of the irrigation facilities because they are required to construct considerable length of field channels to take water from a Government outlet to their own fields. To eliminate this difficulty, Government has recently fixed criteria according to which no field will be more than one mile distant from a Government outlet and cultivators will have to dig channels only below 1 cusec level. In order to educate the cultivator in the use of irrigation facilities so as to derive the maximum benefit and to show what new crops can be grown with the help of irrigation water, trial-*cum*-demonstration farms are being established in the project areas:

9. An important step was taken in the field of irrigation this year by the establishment of the Bombay State Irrigation Board. The Board will consider the question of irrigation development and make recommendations to Government for consideration. Another important step taken by Government during the year was to set up a Central Engineering Research Institute. The Institute will undertake the study of various problems and carry out research connected with irrigation as well as roads and buildings. The Central Design Organisation set up last year to devote attention to planning and design of projects has done considerable work towards finalisation of a number of new major and medium irrigation works included in the Second Five-Year Plan. The Water Resources Investigating Circle set up last year for comprehensive basinwise appraisal of the utilisable water resources available for irrigation and hydro power production in the State has taken up studies

of the Godavari, Krishna, Bhima, Narmada and Tapi basins and the west flowing rivers as well as river basins in Saurashtra and Vidarbha. These investigations will help Government in considering projects for inclusion in the Third Five-Year Plan.

**Land
Reforms.**

10. Allied to agriculture is the question of land reforms. It has been recognised that one of the causes of diminution of agricultural yield is the excessive sub-division and fragmentation of land which hampers the growth of agriculture and affects food production. "The Bombay Prevention of Fragmentation and Consolidation of Holdings Act" was enacted to counter-act the evil. The scheme which was undertaken in pre-reorganised Bombay State areas in 1948 has made considerable progress. The consolidation work has been completed in 556 villages covering an area of 10.4 lakh acres. The scheme was also started in Vidarbha and Marathwada from January 1957 and April 1956, respectively.

Although it is yet too early to assess the benefits of the scheme, a cursory survey of a few old Bombay villages where the consolidation schemes have been completed has shown that there has been some improvement in agriculture and social relations. Activities like well irrigation, construction of bunds, and systematic drainage etc. have increased. Social disputes have gone down and activities like construction of roads, schools and other buildings have increased. The Act has now been extended to the whole State.

11. The Government's policy about land tenure is to remove gradually all intermediaries and to make the tiller of the soil the occupant of the land. In the tenancy laws in force in old Bombay State areas and the Marathwada areas of the State, provisions exist for conferring occupancy right on tenants

and for re-distribution of surplus land among landless persons. The tenancy laws in the remaining areas of Vidarbha, Saurashtra and Kutch did not contain any provision or did not adequately provide for conferring occupancy rights on tenants or fixing ceiling on land-holdings. Suitable legislation for Vidarbha region and Kutch areas has been framed and the new Act, viz. "Bombay Tenancy and Agricultural Lands (Vidarbha Region and Kutch) Area Act, 1958," has been brought into force from 30th December 1958. So far as Saurashtra region is concerned, the question of undertaking suitable legislation is at present under consideration of Government.

In pursuance of the general policy in regard to land reforms, Government has introduced a ceiling on existing agricultural holdings in certain areas and contemplates extending the same to remaining areas.

12. Besides these measures, the implementation of various land tenure abolition laws is being pursued with vigour. Of these, the most important has been the step taken by Government for the abolition of inferior village watans. The financial implications of this measure are heavy and it will be necessary to adopt a phased programme for implementation. The bill is awaiting the President's assent but preliminary arrangements for its implementation have been completed.

13. The Co-operative movement has made substantial progress during the last year. The total number of co-operative societies stood at about 32,000 with a membership of over 40 lakhs and working capital of about 250 crores. There has been particular expansion during the year with respect to supply of credit. Agricultural societies are expected to advance to their members about Rs. 40 crores by way of loans. It is proposed to accelerate the progress of the movement by further strengthening the credit structure of co-operative societies by a substantial increase

in short, medium and long-term loans through the central financing agencies to the primary societies. With that end in view, steps are being taken to strengthen the base by increasing their share capital, by contributing to the share capital of the eligible societies, by establishing and strengthening the central financing agencies at the district level throughout the State, by revitalising the administrative machinery, by increasing crop loan limit in the component areas, by working out pilot schemes in some selected districts and by taking other necessary steps. Significant development can be noticed in the field of co-operative marketing and processing. Efforts are being made to link credit with marketing by organising and strengthening sale unions, processing societies, by assisting them in having their own godowns and by insisting on co-operative sales. The House will be glad to know that out of 18 co-operative sugar factories registered, 12 have gone into production and 3 others will shortly start production.

14. Recently the important role of co-operative movement in the field of agricultural production and the rural economy as a whole has been stressed by the National Development Council which has suggested the organisation of multi-purpose service co-operatives at the village level. These co-operatives will be responsible for the development of the village as a whole. Plans have been drawn up for the implementation of the recommendations of the National Development Council.

This new orientation visualises co-operativisation of all the rural economic activities in order to increase agricultural production and benefit the producer. It is expected that all villages will be covered by service co-operatives within a span of three years and that these co-operatives will be strong enough to

undertake all necessary activities. It has been decided to select one district from each of the nine co-operative divisions as a pilot district for this purpose and to take all possible steps to work out the above programme on a planned intensive scale.

15. As the House is aware, a large number of co-operative housing societies are coming into existence and there is an ever increasing demand for loans from the societies. In order to assist the Bombay Co-operative Housing Finance Society to perform its functions, Government has guaranteed a sum of Rs. 50 lakhs taken from Life Insurance Corporation of India. The Society has already disbursed Rs. 43.55 lakhs for Low Income Group Societies and Rs. 1.22 lakhs for ordinary societies. Government proposes to guarantee a further sum of Rs. one crore to be advanced by the Life Insurance Corporation of India. It is proposed to extend the benefits of this scheme to all component parts of this State.

16. There has been substantial progress in the sphere of Industrial Co-operatives. At the end of the last financial year there were 770 handloom weavers' societies, 250 forest labourers' societies, 295 labour contract societies and nearly 450 tanners and leather workers' societies. In the handloom sector the actual production has exceeded the target of 135 million yards. A co-operative spinning mill has been established at Limbdi in Rajkot division.

17. Government attaches great importance to the rapid development of rural areas. In the implementation of the plan for rural development, the role of village panchayats is assuming increasing importance. Village panchayats are the basic units of self-government and it is the policy of Government to establish a village panchayat in each and every village of the State. As many as 20,978 village

**Village
Panchayats
and Rural
Develop-
ment.**

panchayats covering 33,111 villages and 77 per cent. of rural population were established in the State by 30th September 1958. In the entire State, 15 districts have already achieved hundred per cent. coverage of villages by village panchayats. In other twelve districts, notifications establishing village panchayats in remaining villages as well as election programmes have been issued and it is hoped that in these twelve districts also hundred per cent. coverage will be achieved by the end of March 1959.

A bill for the administration of village panchayats was passed by the Legislature which provides for enlarged functions that a village panchayat can undertake for the socio-economic development of the village. Powers are also given to village panchayats to raise their own revenue. In 1957-58 village panchayats had collected taxes, fees, etc. to the tune of over Rs. 300 lakhs. Government has already issued orders that village panchayats in Vidarbha, Marathwada and Kutch areas should be given 25 per cent. of land revenue as grants. As a result of this, an amount of Rs. 63 lakhs will be paid to the village panchayats this year which will enable them to expand their activities.

Government has decided to impart training to new recruits as well as talatis and patwaris so as to enable them to function satisfactorily as secretaries of village panchayats. At present there are 10 training centres providing training facilities to 775 trainees. It is proposed to start 11 more training centres shortly, providing training facilities to about 1,000 more trainees. It is hoped that with trained staff and adequate financial resources the village panchayats would be able to play their part in the development of rural areas.

18. The Community Development Programme has continued to expand and it now covers practically half the rural population of the State. The programme

has been completely revised recently. Greater financial allocations have been made and the Block committees of officials and non-officials have been given more importance so as to play their part in the work of the block. Another important change is that the major portion of the works programme of the block is to be entrusted to different village panchayats in the block. Minor irrigation, reclamation of land, contour bunding and the development of co-operatives continue to occupy front rank positions in the programme. Village Leaders' camps is a new feature started since the last year and it seems to have yielded satisfactory results and enabled administration to secure an increasing measure of public participation in Community Development Programmes.

It was at one time intended that local development works should be discontinued from the next year. As, however, large areas of the State still remain to be covered by Community Development Programme and demands for starting of local development works continued to pour in from these areas, Government has decided to continue the programme of local development works during the next two years.

19. The programme of industrial development **Industries.** of the State is being pursued with vigour. A Master Plan for industrialisation of the State is expected to be ready soon. Regional committees have been set up for consideration of data collected by the Director of Industries and for putting forward concrete proposals. In view of the increasing demand for power alcohol for industrial purposes, it is proposed to shift the existing distillery from Nasik to Chitale and to increase its capacity to 2.7 million gallons, per annum.

20. As an antidote to the problem of unemployment, Government attaches great importance to the development of cottage and small-scale industries.

These industries occupy an important place in the programme of economic rehabilitation of the country. Emphasis has been laid on the organisation of these industries on co-operative basis.

The scheme for grant of subsidy towards the cost of electric power consumed in small-scale industries which was prevalent in Rajkot Division has now been extended to the entire State. The subsidy is given to industrial units which have a total connected electrical load not exceeding 20 H. P. and where the monthly consumption does not exceed 2,000 KWH. I hope this assistance will enable small industrial units to compete more effectively in their respective markets.

A scheme of quality marking of produce in small-scale industries is being introduced in Bombay City and will be extended to the other parts of the State in due course.

I had mentioned in my last budget speech that Government has decided to take over and run the Narsinggirji Mills at Sholapur as a measure of unemployment relief. A similar decision was taken in the current year with regard to the Seksaria Cotton Mills, Bombay, which closed down in April 1958 throwing about 4,500 workers out of employment. The Mill has now been working from October 1958.

Power.

21. The programme for increased power generation and supply so essential for industrial growth, is progressing satisfactorily. Koyna is the biggest of our power projects under construction. The first stage of the project envisages the installation of four units, each generating 60,000 KW power. The first generating set is expected to be commissioned by April 1961 and the remaining 3 sets at intervals of 6 months each thereafter.

The project poses rehabilitation problems of some magnitude as it will affect about 73 villages

by total or partial sub-mergence involving about 26,000 persons. The question of rehabilitation of persons affected by this project has been carefully considered by Government. A Resettlement advisory committee consisting of officials and non-officials has been appointed to assist the Rehabilitation Officer for the Project in the implementation of the programme. Similar Resettlement advisory committees are also being appointed in all major and medium irrigation schemes involving substantial sub-mergence of land.

22. In the State Second Five-Year Plan, a provision of Rs. 24.28 crores has been made for road development including provision for village approach roads. In addition a sum of Rs. 20.37 crores is proposed to be spent during the Second Plan period for the construction and improvement of roads and bridges under the Central sector, viz., National Highways, Express Highways, West Coast Roads, and roads of inter-State and economic importance. A new programme of about Rs. 2 crores has been drawn up for the development of roads in Marathwada region as it is deficient in communication facilities. **Roads.**

During the Second Five-Year Plan it has been decided to construct and improve 7,662 miles of roads and 183 major bridges and causeways. The actual achievement up to 1957-58 has been about 1,722 miles of new roads and 58 bridges. It is expected that during the current year about 1,600 miles of new roads, improvements to 200 miles of existing roads and 56 new bridges would be completed. It is proposed to complete about 1,750 miles of new roads, to improve 200 miles of existing roads and to complete about 40 new bridges and culverts during the next year.

Education. 23. The Bombay State continues to occupy an advanced position among the States in India as far as educational development is concerned. Priority has been given to the development of primary education without neglecting co-ordinated development at the higher stages. In order to unify administration and development in the different parts of the State, Government has appointed an Integration committee for primary education. This committee would advise Government on evolving a uniform pattern of education. The expansion of compulsory primary education is proceeding satisfactorily. The number of primary school teachers has now reached a figure of about 1,20,000.

It has been the policy to convert as many schools as possible into basic type. There are at present about 6,500 schools of this type. There are 115 Primary Training Colleges. The rate of Government grant for non-Government Training Colleges has been raised to 66-2/3 per cent.

In the budget speech last year I had referred to the revision of pay scales of primary school teachers. I am glad to say that the proposal has now been implemented. The schools along with the village panchayat and co-operative societies have to play a leading role in the development of rural areas.

In the field of secondary education, the policy of Government continues to be one of encouraging voluntary enterprise. Government is also encouraging private managements to construct buildings for secondary schools by grant of building loans. These loans will also be available for building hostels. For proper inspection of secondary schools teaching commercial subjects, Government is constituting an independent inspecting and examining unit from the next year.

Government has also appointed an Integration committee with a view to survey the existing pattern of educational administration at secondary stage as also to examine the different educational courses and administration practices including problems of pay of teachers, grant-in-aid, etc. at secondary stage. The whole question will be considered in all its aspects in the light of the recommendations of the committee.

As regards the University education, the current year saw the establishment of the Marathwada University. All the colleges in Marathwada have been affiliated to this University which will hold its first annual examinations in March 1959. It is hoped that with the establishment of this University, higher education will receive a fillip in this area. Government proposes to pay grants to Allahabad and Delhi Universities for teaching marathi and gujerati languages in those Universities. This is an important step towards national unity.

The pressure for admission into our technical colleges and institutions continues to be very great. Hence Government increased the intake capacity of degree and diploma courses in Engineering in the current year. Also, with a view to meeting shortage of teaching personnel in these technical institutions, pay-scales of the teaching staff have been revised which is estimated to raise the cost annually by about Rs. 5 lakhs. In the next year it is proposed to add three new polytechnics, six technical schools and four craftsmen's training centres.

24. The programme under "Health" provides for **Health.** various preventive measures for the control of diseases and epidemics as also for increased facilities for medical relief. A notable step in the field of public health has been taken by Government during the current year by switching over from the measures for the control of malaria to the programme

for its total eradication. As the House is aware, malaria is a disease which affects large groups of people. Apart from the suffering caused by the disease, the country's agricultural production is also affected as malaria generally overtakes people during the harvesting season. The Government of India have agreed to share 50 per cent. of the extra expenditure involved in launching the eradication programme.

T. B. is another scourge which takes a heavy toll of lives. As a preventive measure, Government has set up 22 B. C. G. teams and one more team will be added during the next year. It is expected that by the end of the current Plan period the entire susceptible population will be covered. In addition to the various preventive measures undertaken by Government, more facilities are being provided for medical relief by the expansion of the existing hospitals and dispensaries and by opening new ones.

A notable feature of the current year in the field of medical research is the constitution of a Fund for research at and development of the Haffkine Institute by setting aside 50 per cent. of the profits of the Institute. The Fund will be utilised for the development of the Institute and for various research schemes.

25. The problem of financing piped water supply schemes of local bodies was recently reviewed by Government and it was assessed that during the last three years of the Second Five-Year Plan period the total requirements of funds for such schemes would be of the order of Rs. 9.98 crores. Against this, the amount available from the Plan provision is of the order of Rs. 1.75 crores. Government, however, considered that it was essential to complete the schemes already under execution and also to honour the commitments made by the Governments of the States now forming parts of the new Bombay State.

It was, therefore, decided that funds should be provided for all the schemes for which commitment was made by those Governments and their execution should be accelerated. In order to help the local bodies, Government has also decided that the repayment in respect of loans made to local bodies for such schemes should commence two years after the completion of the scheme and not after one year after the receipt of the loan as hitherto.

The excess of Rs. 8.23 crores over the Plan provision will be adjusted against other Plan or centrally sponsored schemes.

26. Special attention is being paid to the welfare of backward classes who constitute over 30 per cent. of the total population of the State. Government has taken various ameliorative measures and granted a number of special concessions for the socio-economic uplift of these classes. Rapid progress of these measures can be gauged from the fact that the expenditure of Rs. 77 lakhs incurred in 1950-51 under this head has risen to about Rs. 5 crores by the current year.

**Welfare of
Backward
Classes.**

A notable feature of the next year's budget is the proposal to modify the present classification of other backward classes based on caste and to replace it gradually by a classification of economically backward classes based on income. Caste as a basis of social structure has been outmoded and has had its baneful effects on the body politic and social in this country. Government feels that time has now come to shift the emphasis in status from birth as a factor to economic capacity. The basis of equality of opportunity in life must be equality of opportunity in education. Economic equality cannot be achieved without ensuring educational equality.

To start with, the pupils belonging to such economically backward classes will be given free student-ship at all stages of education during the

next year at an estimated cost of Rs. 105 lakhs to meet which an additional provision of Rs. 65 lakhs is being made over the normal provision of Rs. 40 lakhs. All the pupils irrespective of caste or creed whose parents' or guardians' income is less than Rs. 900 per annum will be eligible for free education at all stages. We are making by these proposals only a beginning for removal of economic inequalities. I hope that the Central Government will extend its help in this project. In course of time it may be possible to give free education to all students whose parents' or guardians' income is in a bracket higher than the maximum now fixed. Government has also decided that in addition to this scheme, previous schemes of a similar nature will continue to be operated in the region to which they apply, during the next year.

**Holiday
Resorts.**

27. Government has undertaken a scheme for the development of holiday resorts for the middle and low income groups. Eleven resorts have been selected for development, besides those already in existence like Mahableshwar. This involves construction of holiday camps where cottages or quarters would be available to families at Rs. 2 to Rs. 3 per day. The resorts will be provided with amenities like water supply, electricity, canteen, communications, transport, post and telegraphs, telephones, etc. The estimated cost of developing these resorts is Rs. 12 lakhs of which an amount of Rs. 5 lakhs has been sanctioned in the current year.

Another aspect of development is leasing out plots to private parties for building purposes wherever land is available in such resorts.

The development of these resorts would incidentally help to improve the economic condition of the people of the surrounding villages by finding a market for their produce in the resorts.

28. I may here briefly review the progress of the **Small Savings** Scheme. "Small Savings" with an annual net target of Rs. 26 crores for our State is an important item of our Plan resources. In order to make this campaign a mass movement, several facilities are being extended during the year. An attractive measure is the introduction of a scheme whereby agriculturists can deposit Treasury Savings Deposit Certificates with taluka/tahasil/mahal officers and interest from these certificates can be credited towards land revenue. This scheme will serve the twin objectives of bringing a large number of agriculturists into the small savings schemes for financing our developmental activities, as well as of inculcating the habit of thrift in the rural population. Another measure taken by Government is to reduce the amount of surety to be provided by the internal agent which has now been fixed at Rs. 100 only. The Village Panchayats are now exempted from furnishing security. With effect from 2nd January 1959 a new Five-Year and Ten-Year Cumulative Time Deposit Scheme has been started for the facility of regular earners who can save monthly.

As a result of the various measures undertaken by Government, Small Savings collections show a welcome trend. The net collections during the period from April to December 1958 were Rs. 13.29 crores as against Rs. 9.06 crores during the corresponding period of the last year. It is hoped that the movement will make further progress and our annual target of Rs. 26 crores net collections will be achieved and perhaps exceeded.

29. Before I turn to the progress of expenditure **Accounts of 1957-58.** during the current year and the budget estimates for the next, I may give the actuals of receipts and expenditure for the year 1957-58. On the basis of the revised estimates for 1957-58, I had anticipated a revenue surplus of 5.57 crores. The actuals for the

year, however, reveal a revenue surplus of Rs. 12·08 crores as under:—

	Revised Estimates for 1957-58.	Actuals for 1957-58.
	(in crores of rupees)	
Revenue Receipts ...	117·34	128·35
Revenue Expenditure	111·77	116·27
Revenue Surplus ...	5·57	12·08

It will be seen that the receipts have gone up by Rs. 11·01 crores while the expenditure has shown an increase of Rs. 4·5 crores. On the receipts side there is an increase of Rs. 1·72 crores under Sales Tax, Rs. 74 lakhs under Inter-State Sales Tax, Rs. 43 lakhs under electricity duties, Rs. 1·69 crores under "Land Revenue", and Rs. 72 lakhs under "Forests". There is an increase of Rs. 1·6 crores under "Miscellaneous" due to reimbursement by the Government of India of expenditure on displaced persons incurred in the past, transfer of the balance in Bhavnagar State Multi-purpose Fund to this head, receipt of Central grant towards the deficit in Kutch for the period from 1st November 1956 to 31st March 1957 and increased Central subsidy on account of expenditure incurred on improvement of the emoluments of low paid Government servants. There is an increase of Rs. 1·5 crores under "Education" due to larger recoveries of over-payments and larger subvention from the Central Government for development schemes. There is also an increase of Rs. 91 lakhs under interest receipts. It will be seen that many of these items could not have been anticipated at the time of framing revised estimates. The increase on expenditure side is mainly under "Appropriation for Reduction or Avoidance of Debt" (Rs. 2·41 crores), due to larger repayment of loan taken for the rehabilitation of

displaced persons consequent upon larger recoveries from them as also due to the fact that the transfer of sinking fund contribution for open market and small savings loans to cash balance investment account was not made during 1957-58. The other heads which account for large increase in expenditure are "Education" (Rs. 84 lakhs) and "Community Development Projects and National Extension Service Blocks" (Rs. 74 lakhs). There are other small increases which are spread over a number of heads and which are partially counter-balanced mainly by smaller expenditure on schemes of agricultural experiments and research.

30. The capital expenditure during 1957-58 including expenditure met from State Road Fund but excluding outlay on State Trading Schemes amounted to Rs. 34.25 crores as against the revised estimate of Rs. 40.56 crores. The fall in expenditure was mainly on irrigation works (Rs. 3.18 crores), water supply schemes (Rs. 55 lakhs), Koyna Project (Rs. 83 lakhs) and communications and buildings (Rs. 1.34 crores).

31. At the time of the presentation of the current year's budget I anticipated a revenue surplus of Rs. 24 lakhs after taking into account the additional taxation proposals. The revised estimates framed on the basis of the actuals for the first eight months of the current year reveal a revenue surplus of Rs. 44 lakhs as under :—

(Figures in crores of rupees)

	Budget estimate, 1958-59.	Eight monthly revised estimate, 1958-59.
Revenue receipts ...	123.00	132.02
Revenue expenditure	122.76	131.58
Surplus ...	0.24	0.44

The revised estimates show an increase of Rs. 9.02 crores on receipts side and of Rs. 8.82 crores on the expenditure side. The main increase in receipts is under sales tax (Rs. 4.54 crores) as a result of tightening up of the recovery measures and also because they include sales tax on stocks of sugar, cloth and tobacco which were not subjected to additional excise duty. There is an increase of Rs. 1.5 crores under Inter-State sales tax, an increase of Rs. 2.23 crores under "Interest" on account of more interest receipts on loans granted to the Bombay Housing Board (which include arrears of interest) and the Bombay Electricity Board and the recovery of interest on loans granted to displaced persons. The increase on expenditure side is mainly on account of larger transfer (Rs. 1.11 crores) to the State Road Fund. There is an increase of Rs. 1.09 crores under "Interest" on account of a larger payment of interest on loans taken from the Government of India for the rehabilitation of displaced persons, in view of large recoveries from them and on account of interest payable on open market loans raised in the current year. The other increases on expenditure side are under "Education" (Rs. 1.87 crores) and "Community Development and National Extension Service Blocks" (Rs. 1.82 crores). The rest of the increases are spread over a number of heads, the details of which are given in the Budget Memorandum.

32. The current year's budget provided for a capital expenditure of Rs. 48.23 crores inclusive of provision for road works to be financed from the State Road Fund but exclusive of expenditure on State Trading Schemes. Against this the revised estimate comes to Rs. 46.75 crores. The main shortfall is under Irrigation Works (Rs. 2.29 crores), Koyna Project (Rs. 1.5 crores) partly counter-balanced by larger outlay on roads.

33. At the time of the presentation of the budget last year I had visualised the creation of sizeable earmarked funds out of certain accumulated funds which could be made available for development activities of the State in various fields. As the House is aware, the proposal has now taken a concrete shape and the necessary supplementary demand of Rs. 14 crores for the creation of these Funds is already presented to the House. It is proposed to create a Water Supply fund for financing water supply schemes especially in rural areas, a fund for amelioration of economically under-developed areas in the State, a fund for the grant of loans to municipalities, district local boards and gram panchayats for providing amenities such as playgrounds, parks, gardens, theatres, etc., a fund for the construction of quarters for the residence of nurses, midwives, school mistresses and women social workers in rural and semi-urban areas, a fund for the relief of distress caused by natural calamities other than famine, a fund for the grant of loans to educational institutions for the construction of hostels, staff quarters, school or college buildings, etc., a fisheries development fund for the grant of loans to fisheries co-operative societies, a Housing fund for giving loans to co-operative housing societies, District Municipalities, District Local Boards or Municipal Corporations for the development of lands for building activity. The proposal to set up a fund of Rs. 1 crore for co-operative development is also under consideration. The grant of loans to these various bodies referred to above will be at reduced rate of 3 per cent. and generally on the basis of repayment in 25 years. It is hoped that the creation of these funds will accelerate the pace of development of rural areas in the State. It is also proposed to create three Endowment Funds for Medical, Scientific and Industrial and Agricultural research. An amount of Rs. 1 crore will be earmarked for each of the above three

types of research. These endowment funds will be built up by the transfer of securities from cash balance investment account and only the interest accruing therefrom will be utilised for financing the research schemes.

**Administra-
tive
Reforms.**

34. I will now briefly review the progress of some of the measures of administrative reform to which I made a reference last year.

The vigilance section set up in the Finance Department towards the close of the year 1957 continued to deal with the problem of expeditious disposal of pending pension cases and old outstanding audit objections and audit inspection reports. Owing to the activities of the section which include inspection of district offices, there has been considerable improvement in the disposal of pension cases and audit objections. The number of pension cases finally disposed rose from 388 per month in 1957 to 501 per month in 1958 showing an increase of 29 per cent. As regards the pending audit objections, so far about 16,000 of these objections have been cleared through the efforts made by the section.

A Technical Examiner's Unit was created experimentally with a view to securing better technical and quality control of works in the Public Works Department whose activities have increased enormously during the past few years. The unit has so far test-inspected several important major and minor works, after completion or during progress, in 18 divisions spread all over the State whether the works have been executed in accordance with the specifications and whether there were any technical or financial irregularities. These inspections are undertaken either in routine course or on receipt of reliable and serious complaints from the public or on requisition by

Chief Engineers. In addition, the unit has examined and scrutinised accepted contracts with a view to finding out drawbacks in the terms and conditions of contracts or defects in specifications, if any, and has made suggestions for removing the shortcomings in the existing procedure and practice. Based on these suggestions and observations, general circulars have been issued to all officers indicating the correct procedure to be followed. The system has succeeded in creating a feeling in the minds of officers and contractors that serious notice is being taken of lapses where detected so that they may guard against their recurrence.

35. In the interest of decentralisation of administration, more financial powers have recently been delegated to authorities subordinate to Government. It is felt such delegation will be conducive to expeditious discharge of duties by the officers and a more efficient administration. After the reorganisation of the State, the authorities subordinate to Government in different regions continued to exercise the same powers as were delegated to them under the Financial Rules that were in force in those regions prior to reorganisation. With the establishment of a uniform administrative set-up in all the regions of the new State, it was essential that there should be uniformity in the powers exercised by the officers and this has been done. Wider financial powers have also been delegated to the administrative departments of the secretariat so as to obviate a reference to the Finance Department on issues involving small financial commitments. It is hoped that this delegation of powers will minimise administrative delays. Similarly all administrative departments are periodically reviewing the possibility of delegating more powers to officers in the field.

Budget
Estimates,
1959-60.

36. I will now turn to the main task before me. The estimates for 1959-60 show a revenue deficit of Rs. 98 lakhs without any change in the existing taxation as shown below:—

		In crores of rupees.
Revenue Receipts	...	136·74
Revenue Expenditure	...	137·72
<i>Deficit</i>	...	<u>0·98</u>

It will be seen that the receipts have gone up by Rs. 4·72 crores as compared to the revised estimates of the current year, while the expenditure has shown an increase of Rs. 6·14 crores.

Before I go into the variations under individual heads, I may mention that the next year's estimate on receipts side takes into account the reduction in land revenue as a result of the proposed reduction in the rates of assessment in some areas of the State. As the House is aware, Government had brought about a certain degree of correspondence between the rates of assessment existing in the Bombay State area and the princely States which merged with it. Government has decided to apply the same principle to the component areas of the reorganised Bombay State. The rates in the merged State areas were so worked out as to be about 25 per cent. above the Bombay State rates on similar lands. This difference was allowed because the revision settlement operations were going on in the old Bombay areas. These operations have taken a long time and the matter is likely to take some more time because of reorganisation. In view of this, Government has decided that until the question of revision of settlement for the whole new State is fully considered, this difference of 25 per cent. should also be removed. Instructions are being issued to work out the rates on this basis. Effect will be given to the new rates as soon as they are worked out.

Turning to the variations under individual heads as compared to the revised estimates of the current year, the main increases in receipts are as follows. Under Receipts from Motor Vehicles Acts there is an increase of Rs. 75 lakhs due to the inclusion of full year's receipts from the tax on Passenger fares levied from 15th October 1958. The receipts under "Medical" have also gone up by Rs. 91 lakhs on account of larger recoveries from the Employees State Insurance Corporation. The substantial improvement in receipts under "Civil Works" (Rs. 2.81 crores) is due to a change in the accounting procedure whereby the Government of India's subvention for road works such as West Coast Road Programme, Express High Ways, etc., is classified on the receipt side instead of as reduction in expenditure as in the current year. It has also been decided that with effect from 1959-60 the capital expenditure financed from the Government of India grant should be transferred to revenue section. The next year's estimate under this Head thus includes receipts on account of Government of India grant for Plan and centrally sponsored building works and road works under the central aid road development programme. The increase in expenditure is mainly due to larger outlay under the various plan schemes and is spread over a number of heads. As details of the Plan provisions have been given in the Brown book and as the variations under individual heads have been explained at length in the Budget Memorandum, I will not trouble the House by going over the same ground here.

37. The capital expenditure, excluding outlay on State Trading Schemes and expenditure transferred to Revenue Section equivalent to Government of India grant but inclusive of expenditure on road works financed from the State Road Fund provided in the next year's budget, comes to Rs. 52.51 crores. The above provision includes an amount of

Rs. 22.89 crores for irrigation works and Rs. 7.5 crores for the Koyna project. Other important items in the capital section are contribution to the share capital of agricultural credit institutions (Rs. 1.5 crores), development of ports (Rs. 87 lakhs) and roads and buildings (Rs. 14 crores). Out of the above capital expenditure, an amount of Rs. 15.97 crores will be met from the loans from the Government of India, Reserve Bank of India, Employees State Insurance Corporation and the National Co-operative Development and Warehousing Board. Further, capital expenditure amounting to Rs. 6.18 crores will be met from the State Road Fund, Sugar Cane Cess Fund, Milk Fund, Port Development Fund, and Bhavnagar Port Reserve Fund and Depreciation Reserve of Shri Shahu Chhatrapati Mills. The balance of the capital expenditure will be met from State's share in small savings (Rs. 14 crores), by a withdrawal of Rs. 4 crores from the Fund for Development Schemes and from open market borrowing and other receipts of a capital nature.

**Unification
of Taxes.**

38. As already mentioned by me earlier, the Budget for 1959-60 shows a deficit of Rs. 98 lakhs on Revenue Account. This deficit will be converted into a small surplus of Rs. 27 lakhs as a result of the following measures of unification of taxes which will be introduced shortly.

39. As the House is aware the question of replacing the various systems of sales tax in force in the State by a single uniform system applicable to the entire State was engaging the attention of Government since the reorganisation of the State. Government appointed a committee to go into the question. The committee examined the question and submitted its report in which it has recommended a composite system of sales tax intended to simplify the accounting and other requirements of the dealers and to be uniformly applicable to the State. The committee

has also dealt with the problems of administration of sales tax and of evasion and corruption and has made suitable recommendations. These recommendations have been carefully examined by Government and a bill generally incorporating these recommendations will be introduced in the Legislature shortly. As a result of this unification measure I expect an additional revenue of Rs. 1 crore.

I would like to thank the Chairman and the Members of the Sales Tax Enquiry Committee and place on record Government's appreciation of the arduous work done by them.

40. Another measure to which I made a reference in my budget speech last year relates to judicial stamps used in law courts. Government appointed a committee to go into the question and a bill based on its recommendations will be introduced shortly. This measure is expected to bring an additional revenue of Rs. 25 lakhs.

I heartily thank the Chairman and Members of the committee for their valuable work.

41. The aggregate effect of the above measures would be to bring an additional revenue of Rs. 1.25 crores during 1959-60 as follows :—

			Rupees in crores.
Sales Tax	...	...	1
Court fees	...	...	.25
			<hr/> 1.25 <hr/>

The revenue deficit of Rs. 98 lakhs will thus be converted into a nominal surplus of Rs. 27 lakhs.

42. At the end of the year 1957-58, there was a balance of Rs. 46.69 crores inclusive of the amount invested in Treasury Bills (but exclusive of long-term securities). During the current year I expect an

Ways and Means.

overall deficit of Rs. 8·89 crores on the basis of the revised estimates made up as follows :—

		(In crores of Rupees)
Revenue surplus	...	+0·44
Net capital expenditure (i.e., including recoveries on capital account which are taken in reduction of capital expenditure)	... ..	-40·80
Betterment under debt heads inclusive of loans received from the Central Government and open market borrowing	... ..	+31·47
		-8·89

The year is thus expected to close with a balance of Rs. 37·80 crores (Rs. 46·69 crores *minus* Rs. 8·89 crores). Excluding the amount of Rs. 7·10 crores which is expected to be invested in long-dated securities, etc. during the current year, the closing balance at the end of the current year will be Rs. 30·70 crores which is inclusive of the amount invested in Treasury Bills (but exclusive of long-term securities).

The next year's estimates reveal an overall deficit of Rs. 21·86 crores as follows :—

		(In crores of Rupees)
Revenue surplus	... ..	+0·27
Net capital expenditure (i.e., including recoveries on capital account which are taken in reduction of capital expenditure)	... ..	-41·96
Betterment under debt heads inclusive of loans to be received from the Central Government but without taking into account open market borrowing	... ..	+19·83
		-21·86

The year 1959-60 is thus expected to close with a balance of Rs. 8.84 crores inclusive of the amount invested in Treasury Bills (but exclusive of long-term securities). This will, however, increase to the extent of our open market borrowing.

43. I may here refer to a new Budget publication viz., "Detailed Estimates of the Second Five-Year Plan Schemes, 1959-60" (Brown book) which is presented this time along with the White, Blue and Green books. In September last, the Government of India directed that the expenditure on the Second Five-Year Plan schemes should be recorded under a distinct sub-head with effect from the next year's budget. A new sub-head "Schemes included in the Second Five-Year Plan" has, therefore, been opened under the relevant minor and major heads in the next year's budget, and the details of the Plan schemes have been shown separately in the Brown book. The new addition, I hope, will prove useful as it will show schemewise provision for the next year's Plan programme separately. As the new sub-head has been opened with effect from the next financial year, no figures have been shown in the Brown book for the years 1957-58 and 1958-59.

**New
Budget
Publication.**

44. I have briefly reviewed the progress of the Second Five-Year Plan and have outlined the programme for the future. Preparations are afoot to formulate the Third Five-Year Plan. We are passing through a peaceful economic revolution pledged to a socialist pattern of Society. The task before us will call for great efforts. It will need the fullest co-operation of the people. We are on the threshold of a new era. At this critical juncture in our Nation's history let us forget all differences and join in the mighty endeavour to build a new India of our dreams.

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