

PROVINCIAL DEVELOPMENT PROGRAMME



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GOVERNMENT OF INDIA

CABINET SECRETARIAT

ECONOMIC AND STATISTICAL CO-ORDINATION SECTION

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FOREWORD

Dr. Gyan Chand was asked to carry out a survey of the development programmes of the various Provinces on behalf of the Economic and Statistical Coordination Section of the Cabinet Secretariat. This book is the result of that survey.

During the past twelve years or more there has been in India a great deal of talk about planning. Just before the last world war began, the National Planning Committee undertook this vast task of planning in India. Its work was interrupted by the War and certain consequences that flowed from it. It was never completed, as it was meant to be. Nevertheless, a great deal of good work was done. Official and non-official agencies became interested in planning for the great future that was ahead. During the later stages of the War the Bombay Plan came out and the Government of India appointed all manner of panels and committees. Development Boards came into existence and everyone talked of planning and rapid industrial growth.

All this was hardly planning in the real sense of the word, as the projects and schemes that were produced dealt with particular sectors of industry or other subjects. The attempt to form an all-India picture was seldom made. Partly this was inevitable in the separate functioning of Provinces.

Expectations ran high and enthusiasm outran discretion and rather ignored the facts of the situation. Gradually the effects of wartime economy began to be felt. Food deficits led to a great drain on our resources and income. Then came the Partition with all its terrible consequences and burdens. Wrapped up by these new problems, we paid little attention to the larger picture, till circumstances compelled us to cry halt. We had lived extravagantly and beyond our means. Whether this extravagance had produced any marked results in the way of development was not clear, because we lacked adequate statistics or other data which would give us some such indication.

Certain facts stand out. Before we can decide anything, we must know exactly where we are. We must have full information of what has been done by the Centre or the Provinces, what results achieved, what waste of effort incurred. We must know what our capacity and resources are and function within them. We must have some picture of the future we are aiming at and plan so as to realise that objective as rapidly as possible. Intelligent planning is necessary for any ordered growth. It becomes doubly necessary when resources are limited and priorities have to be thought of, so that first things may come first. Planning is also necessary for a proper coordination of our varied activities. Or else there are bottlenecks, delays, and waste.

This report of Dr. Gyan Chand gives us a bird's eye-view of the various development schemes in our Provinces. As such it is an exceedingly useful book and should help us in forming some idea of what has been aimed at, what done, and what not done. Much more data will probably be required, before we can form a really correct picture. That data will not merely consist of economic facts and figures, but should include a social analysis of the situation and of the impact of our work on the masses of this country.

No major effort at development can succeed merely by governmental activity, however, well-intentioned that might be. It has to bring in the people, make them understand the significance of it, enthuse them somewhat, and make them partners in the carrying out of the work. It is not enough to work for the people, it is necessary to work with them, and to make them realise that it is their work.

Unfortunately this sense of cooperative effort is largely absent in the country today and people are inert and passive and look up to Government to do everything for them. This prevailing psychology of the masses has to be changed. That is no easy task but none-the-less it is an essential one, if substantial progress is to be made.

Dr. Gyan Chand's main theme is of lack of coordination and perspective. That means lack of a planned approach to our problems. That lack is evident not only in the relations of the Centre with the Provinces but also as between various departments of Government.

In planning we must pay heed to the basic facts of the situation, economic and financial. But another fact, which is basic, is the social approach to the problem. The world has developed some kind of a social conscience, and much, that might have been endured in the past, is no longer tolerated.

Dr. Gyan Chand's report, I am sure, will help us in understanding the problem and in thinking a little more concisely about the future steps to be taken.

Jawaharlal Nehru

New Delhi,
26 December 1949.

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PREFACE

In this Report, the development programme of the provinces has been reviewed on the basis of the available information. The programme has now been in operation for four years. A review of the programme is called for, in spite of the fact that the entire period has been a time of severe stress for the country. As pointed out in the report the programme was originally conceived without reference to any estimate of the resources or needs of the nation as a whole; and since then, though it has gone through successive revisions, it has not acquired coherence or a unity of purpose in the process. The Government of India has, through grants and loans, rendered financial assistance to the Provinces for the implementation of their schemes and exercised a certain amount of control over them in the initial and subsequent stages. The control, such as it has been, has, however, been exercised only over individual schemes, and each provincial programme and the programme, as a whole, has remained, what it was originally, a collection of departmental development schemes unrelated to any over-all estimate of what the country or even each individual province needs or can achieve with the available means.

The programme having been in operation needs to be reviewed in spite of the limitation arising out of its unco-ordinated character. It represents for a country like ours a big effort; and analysis of the development expenditure is of interest in order to know how the expenditure has been distributed in each province and for all provinces taken together. An examination of the objects of expenditure and means adopted to realise them shows in some cases stirring of new tendencies and forces. Analysis of the expenditure, according to the sources from which it has been met, indicates among the provinces the varying degrees of self-reliance and dependence upon central aid for executing their programme, and from the point of view of the Centre the extent to which central assistance was made available and could have been used to steer the development of the country for pre-determined ends. The distribution of the total expenditure by objects is also of interest to appraise the relative importance which they have acquired as a result of the combined effect of a number of un-related decisions. It is not possible to impute a purpose to the distribution of the total development expenditure and of the expenditure on each head in view of the known fact that purpose has been and is non-existent. It is, however, of interest to know what this distribution has been and how far there is even a rough correspondence between actual distribution of development expenditure and the wellknown needs of the country or its different parts.

It was intended that this Report should, as far as possible, give quantitative estimate of the achievements of the programme. Quantitative estimates have been given wherever possible; but the most important limiting factor in this respect has been the fact that a very large proportion (32 per cent.) of the total development expenditure was incurred in the third year of the programme, i.e. 1948-49 and even a larger proportion (50 per cent) was provided for in the budgets of the current year, i.e. 1949-50. The whole programme has, however, had to be revised drastically owing to the announced reduction of central loans and grants in the current year and complete cessation of central grants in 1950-51. This may be unavoidable, but is nevertheless unfortunate because the development programme was just getting under way when it was subjected to a major surgical operation. Apart, however, from the radical revision of the programme, the fact that half the total development expenditure during 1946-50 was budgeted for the current year and nearly 45 per cent. of expenditure is on capital account has its own inherent limitations, so far as appraisal of the results of the development programme is concerned. The results cannot be appraised because many schemes involving heavy capital outlay are in early stages of execution and direct return from them will begin to accrue when the schemes have been fully implemented. The present financial stresses create a difficult situation but also an opportunity for stock-taking. Our resources are very limited, but that is just the reason why they should be carefully allocated and on a planned basis.

This report, as stated above, is based upon the available material. One result of the absence of co-ordination at the Centre and in the provinces has been that the available information on the development schemes and their results are neither full nor adequate. Attempt was made to make up the deficiency through personal visits to the provincial headquarters and discussion with the various development officers. These were found worthwhile and gave a more realistic appreciation of the development programme than could have been acquired otherwise. The available information, however, is still inadequate for an appraisal of the programme and its constituent elements.

This Report has been prepared and is being published by the Economic & Statistical Co-ordination Section of the Cabinet Secretariat. This Section has taken over the functions of the late Development Board. The functions assigned to the latter were :—

- (a) to carry out for the Cabinet a general examination of integrated development plans,

(iii)

- (b) to carry out for the Cabinet a detailed examination of memoranda on matters of general policy or administration affecting development as a whole which may be submitted to them by the appropriate ministries.
- (c) to initiate action on any matter affecting planning and development policy generally and to recommend that the appropriate Ministry should submit a Memorandum or recommendations to the Board or take other appropriate action,
- (d) to examine and recommend priorities among development plans, programme and schemes, and
- (e) to keep a watch on development plans generally and to report progress.



The Development Board, in practice, performed these functions to a limited extent. If these functions are to be performed with any degree of success, a fully equipped planning organ will have to be created to co-ordinate the schemes, central and provincial, now in operation, prepare an over-all plan for the country as a whole and undertake general responsibility for its execution. An examination of the development schemes now in operation can, however, be usefully undertaken even under the limitations of the existing circumstances and is called for under (a) and (e) of the list of functions referred to above. This report is confined to the examination of the provincial development schemes, which account for nearly two-thirds of the total development expenditure of the country during 1946-50. Examination of the central development schemes also needs to be undertaken but would raise certain issues which can best be dealt with separately. The scope of this Report is, as stated above, limited to the examination of the provincial development schemes. In spite of the limitations under which it has had to be prepared, it will, it is hoped, provide material on the basis of which the provincial development programme and its results can be judged.

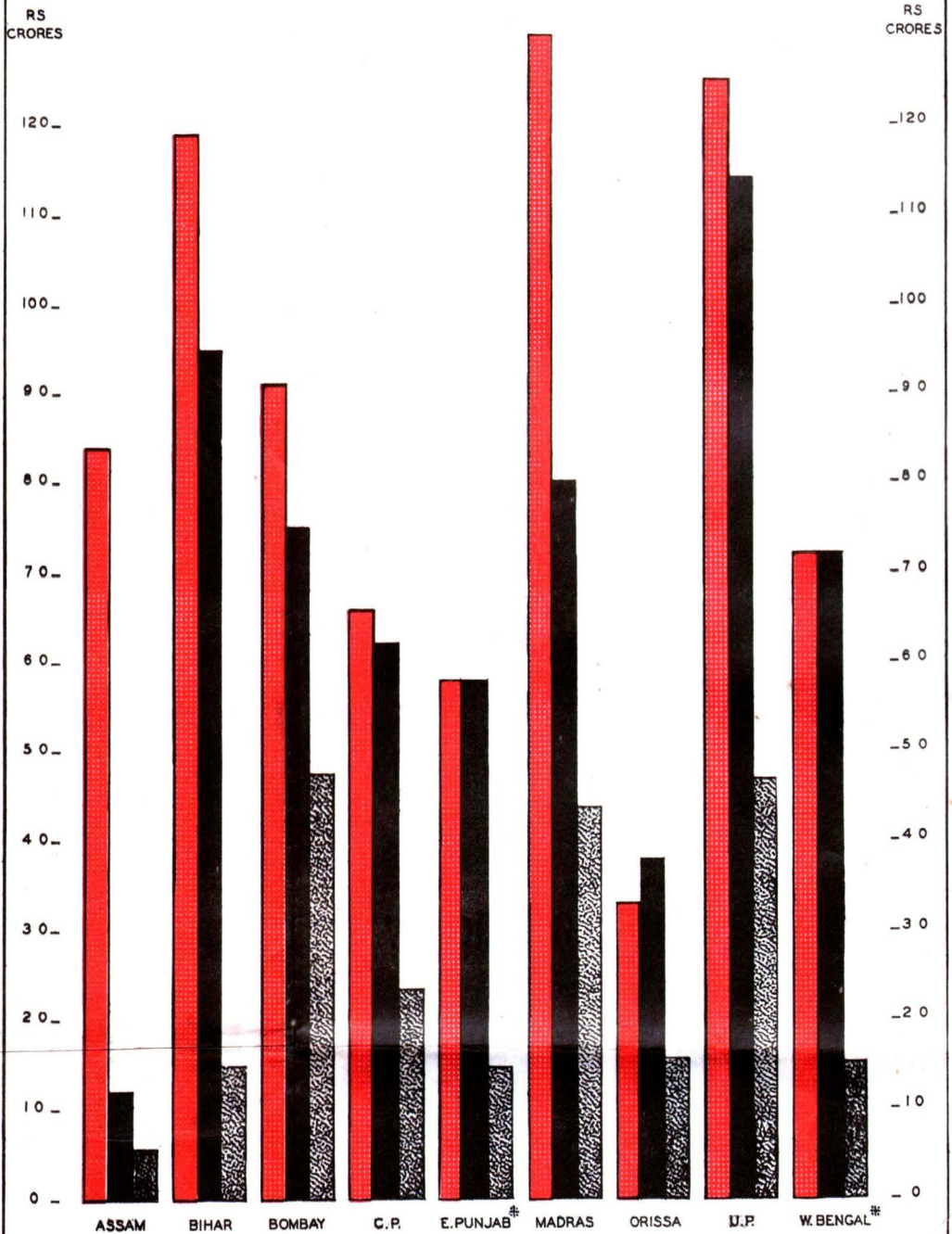
New Delhi }
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Economic & Statistical Co-ordination Section,
Cabinet Secretariat.

PROVINCIAL DEVELOPMENT PROGRAMME

ORIGINAL FIVE YEAR PLAN   PRESENT PROGRAMME

ESTIMATED EXPENDITURE
FROM 1946-47 TO '49-'50  



^Δ ADJUSTED FOR RECENT REDUCTION IN CENTRAL LOANS TO ASSAM, THE E.P., ORISSA AND WEST BENGAL FOR '49-'50.

[#] ON ACCOUNT OF PARTITION, THE FIGURES IN COLUMNS 2 AND 3 ARE ROUGH ESTIMATES.

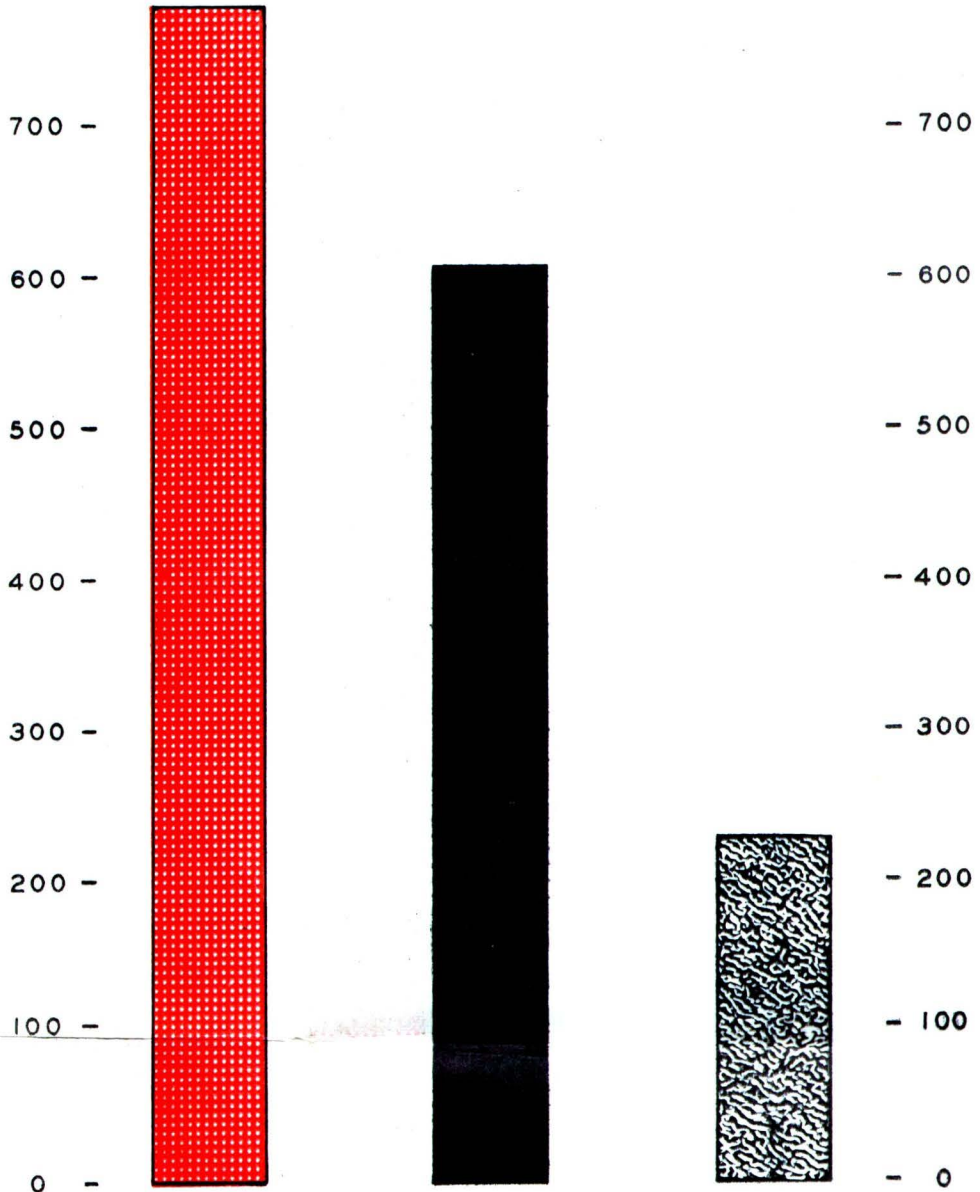
PROVINCIAL DEVELOPMENT PROGRAMME TOTAL

ORIGINAL FIVE YEAR PLANS  PRESENT PROGRAMMES 

R.S.
CRORES
800

ESTIMATED EXPENDITURE
FROM 1946-47 TO '49-'50 *

R.S.
CRORES
800



*ADJUSTED FOR RECENT REDUCTION IN CENTRAL LOANS TO
ASSAM, THE E.P., ORISSA AND WEST BENGAL FOR '49-50

CHAPTER I

PROVINCIAL DEVELOPMENT PROGRAMME

GENERAL REVIEW¹

The Development Programme of the provinces taken together falls short of the targets laid down in their original development programmes. These were drawn up on the assumption of a very substantial measure of financial assistance from the Centre, based on the expectation of a revenue surplus of the order of Rs. 500 crores in the first quinquennium. The Provincial Governments accordingly drew up a programme of development costing nearly Rs. 800 crores². As the original expectations failed to materialise, the Provincial Governments have had to revise their original programmes of development. The total expenditure, both on revenue and capital accounts of the programme now in operation amounts to nearly Rs. 250 crores³ from 1946-47 to 1949-50. Even this represents, for a country like India, an impressive effort. During these years, this country has passed through a series of crises and the Administration has been working not only under strain, but even below its normal level of efficiency.

The programme in hand is no doubt inadequate from the point of view of our needs; and the results achieved so far have not contributed materially to the solution of any of our urgent fundamental problems. Even the present scale of expenditure has, however, involved severe financial strain, and experience has suggested the need for easing it; but the scale of expenditure has helped us partially to assess our needs in the right measure and pitch our expectations with reference to them. Realistic considerations have, however, in a number of cases, been overlooked and logic of facts not taken into account. The whole programme is, as stated below, unco-ordinated and lacks perspective. All the same, the fact that this development programme has been in operation can be taken as an earnest of what needs to be done for developing our resources and solving our economic problems.

¹ For statistical details see Appendices I, II & III.

² This calculation relates only to the development programmes of the Indian Union Provinces.

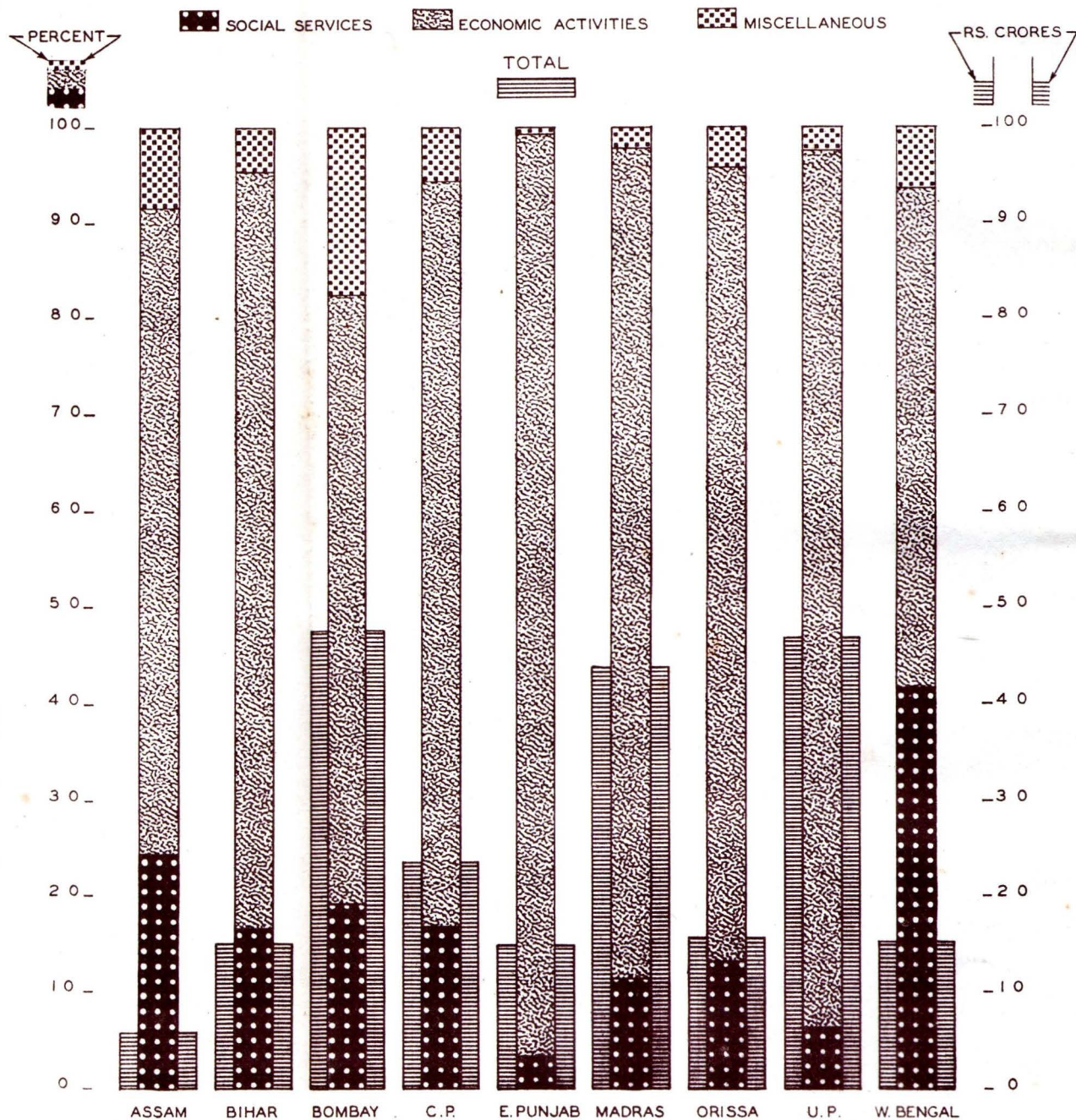
³ Rs. 250 crores is inclusive of the provincial budget allocations for 1949-50 and does not take into account the recent scaling down of central loans and grants. This, however, has been taken into account in Supplementary Notes II and III to Chapter II and the statistical appendices have been adjusted on the basis of the revised central loans and grants for the current year.

The magnitude of the problem carries with it the necessity of utilising our resources to the greatest advantage. Owing to the very genesis of the programme and the circumstances under which it had to be put into operation, considerations of real economy have not been and could not be given their due weight. This is primarily due to the fact that there was practically no co-ordination within and between the provinces in the preparation and execution of the programme. In the expectation of large sums for development being available and the assumed need for avoiding large-scale unemployment owing to the cessation of war expenditure, it was taken for granted that large development plans could be financed and their execution would be in the interest of the community. The assumptions on which the programme was based, it is known, have not been borne out by events. The original programmes, with considerable revisions and modifications, are, however, still in operation. The targets have been revised, the total estimated expenditure has been reduced and in some cases the distribution of expenditure has been changed. But these changes have not in any way altered the basic fact that the programme in its conception, preparation and execution has been and is unco-ordinated and lacks internal coherence and consistency with reference to any objective criteria.

An outstanding feature of the programme is that about half the total development expenditure is on capital account. Electricity, irrigation and roads, but particularly electricity and irrigation, figure very prominently in the programme and taken together involve over 40 per cent. of the total outlay. This fact points to two conclusions. In the first place, it represents long-term investments which have not borne any fruits so far and will involve very long, though varying, degrees of waiting before its results can express themselves in increase of wealth and income. The strain of the outlay has been greater owing to the fact that in the immediate or near future, the country cannot get any measurable return for it. The expenditure may be and in most cases, is worthwhile; but if the need for this strain and its prospective results are to be appreciated, it is necessary that the public should know what their benefits are and why it is worthwhile to think in terms of deferred gains. The other conclusion is that for these long-term investments, it is necessary that we should have some kind of plan into which these investments fit and for the implementation of which they are essential. Long-term investments require long-term objectives, both economic and technical; and these objectives have not been formulated in the past and the need for them is hardly realised. There are plans, for example, for generation of electricity on large scale in different provinces, and in a few years large blocks of additional capacity will be available

DISTRIBUTION OF PROVINCIAL DEVELOPMENT EXPENDITURE

1946-47 TO 49-50



which could, if properly utilised, be a real asset. For its utilisation, however, plans have to be prepared in advance and such plans are at present in most cases non-existent.

Social Services

Distribution of development expenditure varies from province to province; but generally speaking, it can be said that expenditure on social services, *i.e.*, on education and public health, has been a small proportion of the total expenditure. The average for the country as a whole is only 15 per cent. for the four-year period 1946—50. In these two fields, however, some development has taken place and in a few cases the results have been not only tangible, but also noteworthy. Most of the expenditure on education has been incurred on the development of elementary education. The need for basic education is admitted and officially its introduction is the accepted policy of all Provincial Governments. In a number of cases provision has been made for training of teachers; and in one or two cases real progress has been made in the development of basic education. Taking the country as a whole, the development of basic education still remains an unaccomplished objective. This is not the fault of the Provinces. Basic education, though intrinsically sound, is more costly than the existing system of elementary education and most provinces cannot afford it. The original expectation that the scheme would be self-financing has not been realised in practice. All the same, the fact is that, in spite of a very large proportion of educational expenditure having been devoted to the development of elementary education, actual progress has been negligible so far as concrete results are concerned.

In the sphere of public health again, schemes have been formulated and some of them are imaginative and in accord with the needs of the country. But, apart from improving buildings, staff and equipment of hospitals and taking over of a few hospitals, which were being inefficiently run by local bodies, hardly any impression has been made on our dismal public health situation. There is evidence that the Provincial Governments are thinking in terms of the needs of the countryside and are definitely interested in extending medical facilities in rural areas. The results of these intentions, however, have been meagre and there does not seem to be any prospect in the immediate future of any real progress being achieved.

Economic Development

All expenditure on capital account is for economic development; but besides expenditure on capital account, expenditure on revenue account for economic development has also been considerable. The proportion of the

total expenditure on economic development in various provinces varies from 50 to 90 per cent. of the total expenditure. Besides objects of long-term investment referred to above, the provinces have given to economic development as such, high priority in their development programme and some significant developments have taken place. The significance of this development lies not in its quantitative results, but in its underlying purpose, *i.e.*, it is interesting more from the standpoint of the direction of effort than its actual achievement.

Agriculture

In agriculture the country has been mostly preoccupied with Grow More Food Schemes and their results so far, again on account of lack of co-ordination and limitations of administration, as is well-known, have been incommensurate with the efforts made. Now a new earnestness of purpose has been put into this part of the programme; but if the new targets are to be realised, it would be necessary to act not only at Government level, but also at basic level. Attempts to enlist the co-operation of the men in the field have, in the past, met with no success. That the country will now fare better in this respect is an act of faith on which a lot depends, but it can only be justified by events.

In regard to agriculture, it is necessary to mention another development which, in spite of its limited quantitative results, is important because it has a meaning of its own. Units of Central Tractor Organisation and Provincial Tractor Units have been and are being used to reclaim land; and it is now realised that reclamation has to play a very important part in the solution of our food problem. It is, however, also of interest to note that the demand for mechanised cultivation has been growing all over the country. The extent to which this demand has been met is very small owing to the scarcity of tractors; but existence of this demand is confirmed from all parts of the country and points to a change which probably has occurred on account of increase in working costs of cattle for agricultural operations. The fact, however, that people are getting used to mechanised cultivation and are learning to appreciate it not only shows that a new factor has been brought into play, but also indicates the possibility of the extension of mechanical cultivation performing a very useful educative function.

Agrarian Changes

The more important aspect of the agricultural situation, however, is that the whole agrarian economy is in a state of ferment and new economic relations are in the making. The *rentier* class is in a process of elimination, but it has not been eliminated; and if the process is prolonged, the

necessary readjustments will take time and the new rural economy will be long in coming. The need for not only eliminating the functionless class but also making basic changes in the rural economy is widely appreciated. Attempts are being made to provide for the introduction of co-operative farming and other changes in the structure of rural economy in most of the provinces. New legislation in most provinces envisages the introduction of co-operative farming, and even isolated experiments have been tried, though with somewhat indifferent results. Agriculture will remain in a state of flux so long as the new contours of rural economy do not become clear and definite. Greater earnestness to shorten the period of transition would be the most important step which can be adopted to bring new productive forces into play and lay the foundations of a new pattern of rural economy. Development of agriculture is at present largely limited by the existing set-up of agrarian relations and substitution for it of a new and far better set up is an essential condition of real and rapid agricultural progress.

People's Role in the Development Programme

In the execution of the development programme as a whole, as in the execution of Grow More Food Schemes, popular co-operation has so far not been enlisted. But all over the country the need for bringing people into the picture and making them active participants in the work of development is, in theory, clearly understood, and steps have been taken to express this understanding into action. In the last four years co-operation seems to have come into its own; and now it is more and more realised that in fact there is no alternative to co-operation if the process of development of this country has to be democratic and people's interest and enthusiasm have to be tapped for it. Definite provision is being made to achieve this end. In the 900 blocks of the United Provinces, in the group unit scheme of the Central Provinces, in the *Sarvodaya* Scheme of Bombay, in the integrated *firka* development of Madras, in the proposed *Anchal* Organisation of Orissa and in the trading co-operatives of Assam, definite attempts are being made to broaden the basis of development schemes and make them really a people's business. These schemes are still in initial stages, their objectives are not clearly understood and a certain amount of make-believe has entered into their working. All the same, intelligent understanding and co-operation of the people on a large-scale are, it is accepted, essential for the success of the development programme, and are being provided for. This is at present an incipient development and to a certain extent, has an element of simulation in it. Nevertheless it is of real importance and has to be carried very much further.

Co-operation is also being used in the various fields—for improving milk supply, for organising co-operative consumer stores, for improving economic conditions of weavers and other craftsmen through industrial co-operatives at different levels and, in a few stray cases, for co-operative farming. The genuineness of co-operative effort varies from province to province, and in some cases real conviction, which is of vital importance, is utterly lacking. The situation as a whole, however, does indicate a revival of faith in co-operation and true appreciation of its fundamental importance. This resurgence of co-operative activity has not gone far, but the fact that there is such a resurgence may be taken as a good augury for the future.

Place of Major Industries in the Development Programme

Most of the provinces are interested not only in small-scale industries, but have also taken active interest in the development of major industries. In the United Provinces, the Central Provinces, Orissa and Madras, Government have definite plans for the development of major industries. The number of these industries is small, and only in a very few cases new productive units have been actually established. As the interest of private enterprise in the new industrial development has abated, the Provincial Governments are adopting a variety of measures to fill the gap within the limits of their resources. These efforts are, however, disjointed and are not related to the needs of the country as a whole. In a number of cases, Provincial Governments have on their own sought co-operation of foreign interests and have even entered into agreements with them. National interests can be taken to be safe in their hands; but in regard to participation of foreign interests in state-sponsored economic undertakings, it is obviously necessary to have not only a national policy, but also provision for such developments being taken due cognisance of at national level. Interest of Provincial Governments in the development of major industries indicates their willingness to play their part in the industrial development of the country, but has to be correlated to a well-conceived scheme of industrial development for the country as a whole.

Finance Corporations

A number of provinces have started or are starting Finance Corporations of their own to assist industries, large and small. Four provinces have so far established Finance Corporations; in the other provinces, the proposal is receiving very earnest consideration. Decentralisation of financing of industries is obviously necessary and such institutions cannot but serve a very useful purpose; but if the limited capital resources of the country have to be utilised to the greatest advantage, it is necessary that institutions like

Central Industrial Finance Corporation and the various Corporations established in the provinces should not only maintain a continued *liaison* with one another but also work according to a plan. These institutions cannot and should not give advances or render other forms of financial assistance merely according to the credit-worthiness of the applicants for assistance. Their decisions have to be based upon public considerations and an order of precedence has to be set by the needs of the community. This, it is not necessary to add, can only be done if the economic development of the country has a clearly indicated order of priorities which should be followed by all financial institutions, particularly by the institutions sponsored by the State at different levels.

Road Transport Services

With regard to road transport, the policy of public ownership and management of road transport services has been accepted by all provinces and is being implemented. The road transport programme is in different stages of development in different provinces, but in every province experience has justified the conversion of this important service into a public undertaking. The services are being better run, fares are reasonable, time schedule is being observed and passengers receive greater consideration.

Public management of these road transport services has raised important problems in economic administration. There seems to be general consensus of opinion that departmental management of this service has to be ruled out, and the establishment of an autonomous corporation for the purpose is generally favoured. Men are being trained, workshops established and vehicles standardised. Full realisation of this plan will still take some years, but crystallisation of opinion in favour of public ownership and management of road transport services is a development of real importance.

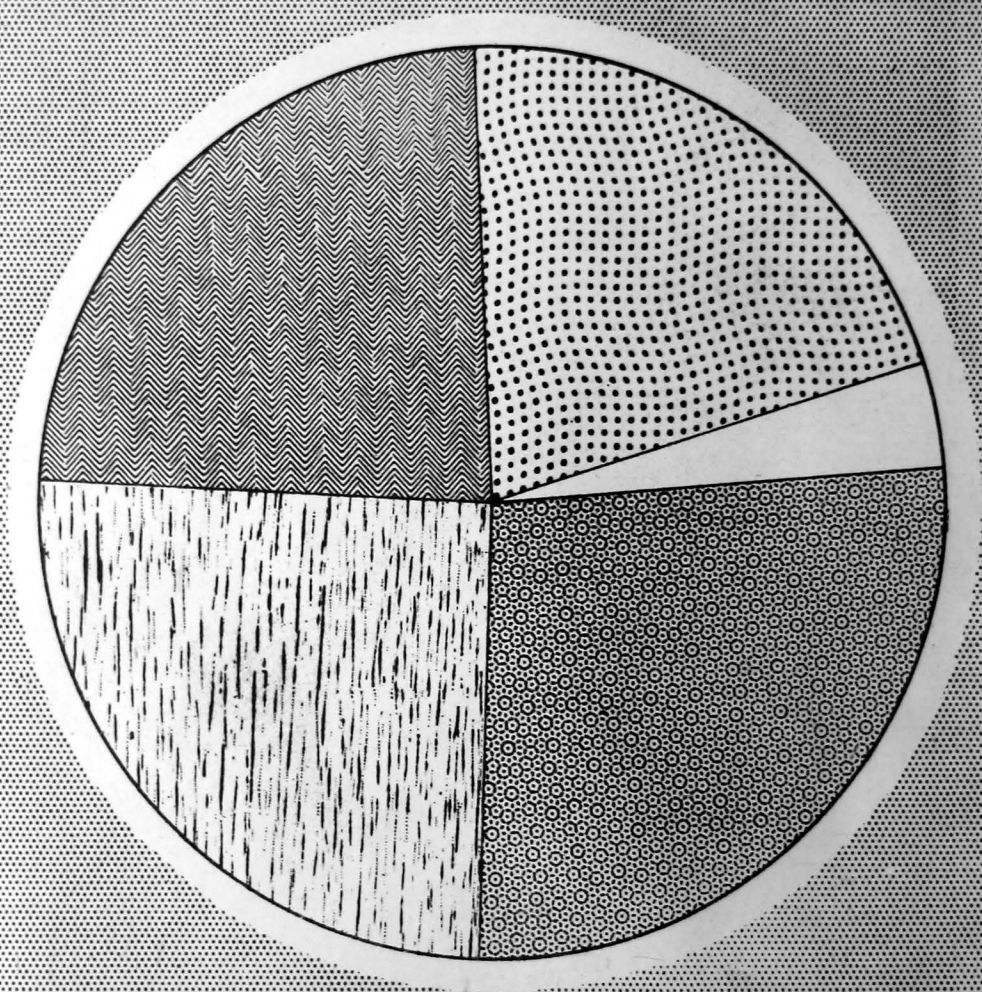
Machinery of Co-ordination

The economic development programme, as already stated, has been and is unco-ordinated; and yet the need for co-ordination has not been completely overlooked. In some provinces there are co-ordination and planning departments and in others their creation is under consideration. There are also in existence various inter-departmental committees; and at regional and basic levels there are various development boards and associations, the avowed object of which is to achieve co-ordination. All this machinery, however, is loose and poorly knit. The creation of these agencies does not really amount to appreciation of the need for co-ordination and unified control which must go with it. Departmentalism is still the rule and

mutual consultation, though not absent, is not at all adequate in most cases. The result is that in spite of the magnitude of the programme and its heavy outlay in material and social terms, the country is not getting the results which should flow from a programme of these dimensions. The financial situation having developed new stresses, it cannot be taken as assured that the programme now in operation will be completed. But the real inadequacy of the Programme is not primarily or mainly due to these limitations. The besetting weakness of the Programme has been and is that it is unco-ordinated and relaxation of the new financial restrictions will not change its essential character. The need of co-ordination at all stages and at all levels is urgent and has to be provided for.

FINANCING OF THE PROVINCIAL DEVELOPMENT PROGRAMME

1946 - '47 TO '49 - '50



CENTRAL GRANTS 26.6%



NET REVENUE SURPLUS
OUTSIDE D/ACCOUNT 23.5%



WITHDRAWAL FROM
PROV. BALANCES 25.3%



CENTRAL LOANS 20.9%

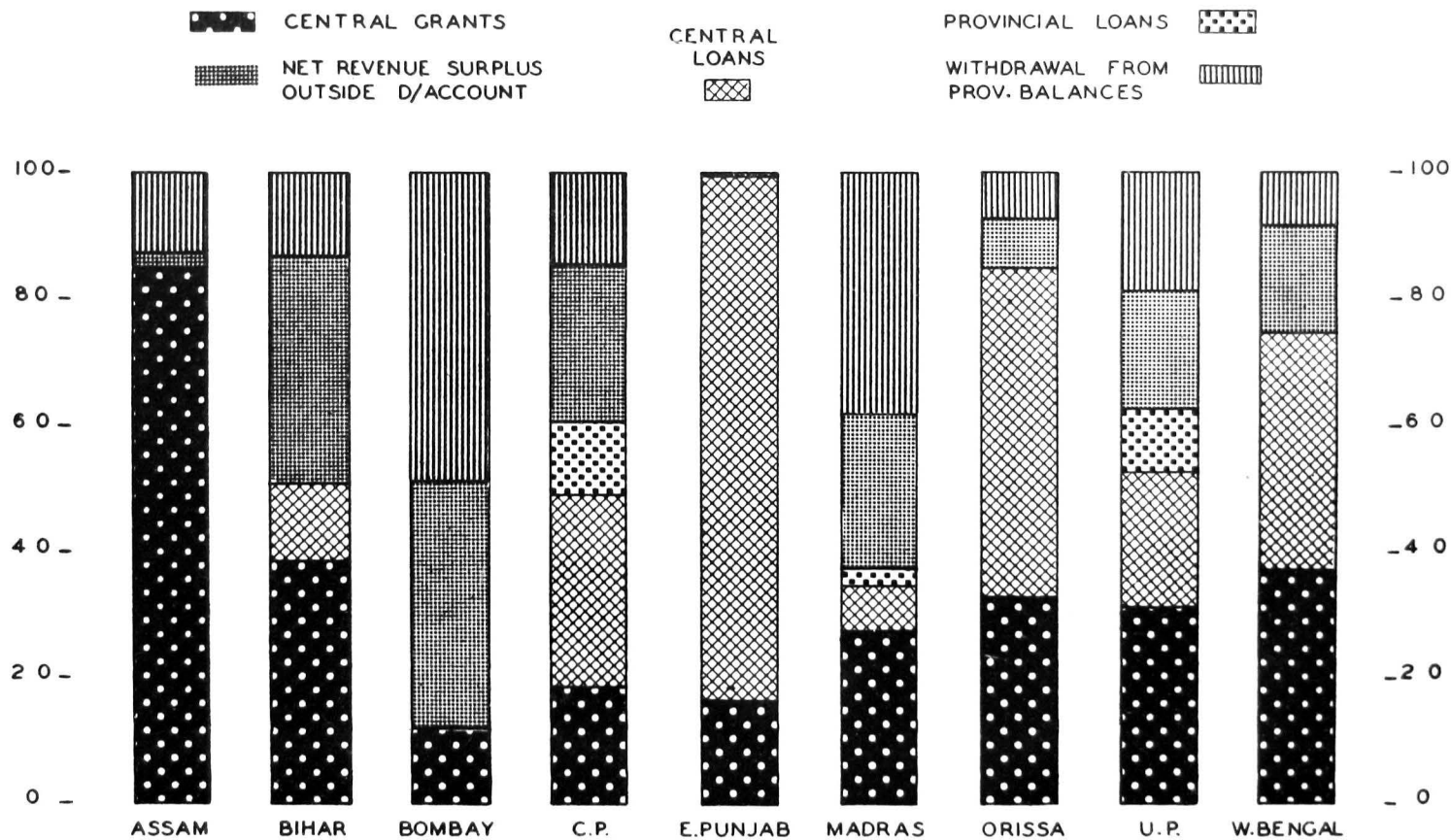


PROVINCIAL LOANS 3.7%

SEE APPENDIX -VI.

FINANCING OF THE DEVELOPMENT PROGRAMME OF EACH PROVINCE

1946-'47 TO '49-'50



CHAPTER II

FINANCING OF THE DEVELOPMENT PROGRAMME¹

SECTION I.—PROVINCIAL PROGRAMMES

Financing of the Provincial Development Programmes on Revenue and Capital Accounts for 1946—1950.

The total cost of the Provincial Development Programme, both on revenue and capital accounts, from 1946-47 to 1949-50, is of the order of Rs. 250 crores.² It has been financed as under :—

TABLE I

Financing of Provincial Development Expenditure

	Rs. in crores	Percentages
Central Grants	64.28	25.7
Central Loans	75.80	30.3
Provincial Loans	8.42	3.4
Net Revenue Surplus outside Development Account	53.55	21.4
Withdrawal from Provincial Balances	47.93	19.2
Total	249.86	100

Central Loans and Grants, taken together, have contributed Rs. 140 crores or nearly 56 per cent. of the total expenditure; and of these two sources, Central Loans are the more important. Essentially speaking Central Loans and Grants are on the same footing, as both have been financed out of Central balances.

The Provincial Governments have thus financed their development expenditure to the extent of 44 per cent. from their own resources. Of these, the net revenue surplus outside the development account is the most important. About Rs. 53 crores or roughly 21 per cent. of the total development expenditure has been financed from this source.

Loans raised by Provincial Governments have, relatively speaking, been only of minor importance, having contributed only 3.4 per cent. or a little over Rs. 8 crores to the total amount of development expenditure.

¹ For statistical details see Appendix IV, V and VI.

² This calculation does not take into account the recent revision in central loans and grants. Supplementary Notes II and III to this Chapter indicate as precisely as it could be done at this stage the impact of the revision in central grants and loans on the provincial development programmes. The consequent changes in the statistics of financing have been worked out in Appendix V.

The chart facing this page corresponds to this appendix.

Provincial balances have, however, been of far greater importance as a source of development finance. Provinces have withdrawn for this purpose nearly Rs. 48 crores or about 19 per cent. of the total development expenditure.

The extent to which the Provinces have been dependent upon Central Loans and Grants is indicated in the following table:—

TABLE II

Centre's contribution to Provincial Development Expenditure

<i>Provinces</i>	<i>Central Grant plus Central Loans as percentage of total development expenditure ³</i>
The East Punjab	99%
Orissa	86%
Assam	84%
West Bengal	83%
Bihar	65%
The Central Provinces	56%
The United Provinces	55%
Madras	36%
Bombay	23% ⁴

It is note-worthy that Bombay and Madras, which account for 19 and 18 per cent. respectively of the total provincial development expenditure have drawn upon Central assistance to the extent of 23 and 36 per cent. respectively. All the other provinces have financed more than 50 per cent. of their development expenditure from Central funds. Practically the whole of the development expenditure of the East Punjab and more than three-fourths of the same in the case of Orissa, Assam and West Bengal, have been met from Central sources; while the proportion for Bihar, the CP and the UP is 65, 56 and 55 per cent. respectively.

The detailed break-up of the Provincial Development Expenditure as between Revenue and Capital accounts is given below.

³ Except in the case of the East Punjab, where development expenditure is limited to the amount of Central aid available, these percentages will be lower due to reduction in Central grants and loans.

⁴ Under the revised loan programme, Bombay will not get the promised loan of Rs. 5 crores from the Centre. If it decides to make it up from its Post-war Reconstruction Fund, the percentage of Central aid will fall to about 12 to 13 per cent. of its total development expenditure. See supplementary note to this chapter.

Revenue Account

The expenditure on Provincial Development Programme on revenue account from 1946-47 to 1949-50 amounts to about Rs. 126 crores. This has been financed as under:—

TABLE III

Financing of Expenditure on Revenue Account

	Rs. in crores	Percentage to the total
Central Grants	64.3	51.1
Net Revenue Surplus outside Development Account	53.5	42.5
Provincial Balances	8.0	6.4
	125.8	100

This means that half the cost of the Provincial Development Programme on Revenue Account has been financed out of grants paid by the Central Government from its Capital Account.

In the context of the present financial structure, it is to the credit of the provinces that nearly half of the provincial development programme on Revenue Account has been financed from provincial sources; and of this half, 86 per cent. or Rs. 53.5 crores have been financed from provincial revenue surplus outside the Development Account.

Taking individual provinces, the position of Bombay calls for special comment. Its development programme on revenue account from 1946-47 to 1949-50 has been of the order of Rs. 29 crores out of the total provincial development expenditure of about Rs. 126 crores or approximately 23 per cent., which is striking. This has been largely financed out of provincial resources as shown below:—

	Rs. in crores	Percentage to the total
Central Grants	5.9	20.4
Net Revenue Surplus outside development account	18.8	63.9
Withdrawal from Balances	4.3	15.7

The Provincial Government has thus financed a programme of Rs. 29 crores to the extent of Rs. 23 crores (or 80 per cent.) out of its own resources. Only about Rs. 6 crores or 1/5th of the total amount, has been received by the province as Central Grant, which is the lowest proportion that Central Grant bears to development expenditure on Revenue Account for any province.

The scale of the development expenditure of the CP is much less—only Rs. 10 crores on Revenue Account; but out of this amount, Rs. 6 crores or 56 per cent. of the total expenditure has been met out of provincial resources:

The proportion for Madras and Bihar is 45 and 43 per cent. respectively while that for the UP is rather low *i.e.*, 35 per cent or an absolute figure of Rs. 9 crores out of their total development expenditure on Revenue Account of Rs. 25·5 crores. Orissa, owing to its limited resources, has been able to find from its own funds only Rs. 2·5 crores out of a development expenditure of Rs. 7·5 crores or 33 per cent.

The three partitioned provinces of West Bengal, the East Punjab and Assam are, of course, a class by themselves. West Bengal, among these, has done rather well in this respect, and has spent nearly Rs. 4 crores or 42 per cent. of its total development expenditure on Revenue Account from its revenue surplus and balances. The corresponding ratio for the East Punjab and Assam are 1 and 16 per cent. respectively and are, of course, a measure of their dependence upon the Centre for want of resources of their own.

Capital Account

The Provincial Development programme on Capital Account⁵ during 1946-50 has been financed as under:—

TABLE IV
Financing of Capital Expenditure

Province	Central Loans		In lakhs of rupees (Percentages in brackets)				
	(2)	(3)	PROVINCIAL Loans	PROVINCIAL Balances	PROVINCIAL Total	(8)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Assam . . . . .	...	...	..	..	..	..	..
West Bengal	1385	(18·3)	..	..	..	..	1385
Bihar	336	(4·4)	..	..	..	..	336
Bombay	500	(6·6)	..	..	1375	(34·5)	1875
The C P	823	(10·9)	268	(31·8)	234	(5·9)	1325
Madras	300	(4·0)	113	(13·4)	1585	(39·7)	1998
Orissa	1212	(15·9)	..	..	..	..	1212
The East Punjab	2124	(28·0)	..	..	8	(0·2)	2132
The U P	900	(11·9)	461	(54·8)	787	(19·7)	2148
	75,80	(100)	842	(100)	3989	(100)	12411

Out of a total provincial development programme on Capital Account of about Rs. 124 crores, Central Loans account for nearly Rs. 76 crores or 61

⁵ In the case of Orissa and Bihar, the development expenditure on certain schemes, *viz.*, Hirakud and Damodar Valley Projects, which have been financed out of Central Loans, has been included in the above table, though the provincial governments concerned have not included these amounts in their development account.

per cent. and the remaining Rs. 48 crores or 39 per cent. has been found by provincial governments mainly by withdrawal from their balances (32 p.c.) and to some extent (6 p.c.) from loans raised by them.

Central Loans

All provinces, except Assam, have received loans from the Central Government for their development programme on Capital Account. The three provinces which have received the largest loans are the East Punjab, West Bengal and Orissa *i.e.* Rs. 21, 14 and 12 crores respectively. A very large proportion of these loans is represented by heavy Capital expenditure on multi-purpose river valley projects. These have, however, been substantially affected by the recent decision of the Government of India to reduce central loans to provinces by nearly Rs. 30 crores during the current year.⁶

Provincial Loans

Loans raised by Provincial Governments themselves constitute a small proportion of the total Capital expenditure on the Development Programme. During this four year period, the provincial governments have raised a little over Rs. 8 crores for development purposes. The UP, the CP and Madras are the only three provinces which have raised loans on their own account for development. The total of Rs. 8 crores is made up of Rs. 4.6 crores for the UP, Rs. 2.6 crores for the CP and Rs. 1.1 crores for Madras.

Provincial Balances

Only four provinces have drawn upon their balances for financing development expenditure on Capital Account. Madras, Bombay and the UP have, taken together, drawn Rs. 38 crores out of the total of Rs. 40 crores for the purpose *i.e.* Madras, Rs. 16 crores, Bombay, Rs. 14 crores and the UP Rs. 8 crores. The CP has also drawn upon its balances for development expenditure on Capital Account to the extent of Rs. 2 crores.

⁶ See Supplementary Note II to this chapter.

SECTION II.—FINANCING OF THE DEVELOPMENT EXPENDITURE OF PROVINCIAL AND CENTRAL GOVERNMENTS ON REVENUE AND CAPITAL ACCOUNTS.

In Section I of this note on the Financing of the Provincial Development Programme on Revenue and Capital Accounts during 1946-47 to 1949-50, it was shown that this programme has been financed in the following ways :—

TABLE V
Financing of Provincial Development Expenditure

Central Grants	Rs. 64·28	crores
Central Loans	Rs. 75·80	"
Provincial Loans	Rs. 8·42	"
Net Revenue Surplus outside Development Account	Rs. 53·55	"
Withdrawal from Provincial Balances	Rs. 47·93	"
Total	Rs.249·98	crores

The Development Programme of the Central Ministries on Revenue Account during this period has been financed as under :—

TABLE VI
Financing of Central Development Expenditure on Revenue Account

From Net Revenue Surplus outside Development Account	Rs. 29·9	crores
By withdrawal from Central Balances	Rs. 8·7	crores

The Central Balances have had also to bear the pressure of the development expenditure of the Central Ministries on capital account and of the payment out of that account of grants and loans to provinces, as the capital account of the Central Government, not taking this⁷ into consideration, was deficit in this period to the extent of over Rs. 250 crores.

The development expenditure of the Central Ministries on capital account from 1946-47 to 1949-50 (budget) has been of the order of Rs. 85 crores.

The balances of the Central Government have thus financed the development programme of the Central and Provincial governments to the following extent :—

TABLE VII
Contribution of Central Balances

	<i>Rs.</i>
	<i>(in crores)</i>
Withdrawal from Central Balances on account of Central Ministries' Development Programme on Revenue Account	8·7
Withdrawal from Central Balances on account of Central Ministries' Development Programme on Capital Account	85·0

⁷ Development expenditure of Central Ministries and grants and loans to Provinces.

Withdrawal from Central Balances on account of payment of Grants and Loans to Provincial Governments for Development expenditure	140.1
Total	233.8

To this may be added the withdrawal from Provincial Balances for financing of their development expenditure—

TABLE VIII

Rs. (in crores)

Withdrawal from Central Balances for Development Expenditure	233.8
Withdrawal from Provincial Balances for Development Expenditure	47.9
Total	281.7

Development expenditure financed from Net Revenue Surplus may also be summed up as below—

TABLE IX

Rs. (in crores)

Development Programme financed from net Revenue Surplus of Provincial Governments	53.4
Development expenditure financed from Net Revenue Surplus of Central Government	29.9
Total	83.3

The total expenditure on development programme of Central and Provincial Governments on all accounts has, therefore, been financed as under :—

TABLE X

	<i>Rs. (in crores)</i>	<i>% to total</i>
Withdrawal from Central and Provincial Balances	281.7	75.4
Net Revenue Surplus of Central and Provincial Governments outside Development Account	83.3	22.3
Provincial Loans	8.4	2.3
Total	373.4	100

SUPPLEMENTARY NOTE I

All the figures relating to development expenditure—Central grants, Central loans, withdrawal from balances etc.—given in chapter II on Financing of Provincial Development Programmes, are based on information provided in Provincial Budget accounts for the years 1946-47 and 1947-48, revised estimates for 1948-49 and budget estimates for 1949-50.

Where the amount of grant during a year provided in the Central Budget was in excess of the total development expenditure during that year, the actual Central grant drawn has been taken as equal to the development expenditure itself. Similarly for all Provinces, except Assam, Orissa, the East Punjab and West Bengal, the actual grant earned on the basis of the 50:50 formula⁸ (under which the Provinces debit half of the approved actual development expenditure on revenue account to the Central grant subject to the ceiling fixed for the year by the Central Government) has been taken into account and not necessarily the amount provided for in the Central budget.

Figures in respect of the East Punjab and West Bengal are from the 15th of August, 1947, when these Provinces came into existence.

As regards Central finances, the calculations, as shown in the final analysis of the total financing of development programme, are based on Accounts for 1946-47, revised estimates for 1947-48 and 1948-49 and budget estimates for 1949-50.

In these calculations, excepting for Assam, no allowance has been made for the recent decision of Government to scale down Central grants and loans. The effects of this decision on the development programme of most of the Provinces have, to the extent that they can be forecast at this stage, been broadly pointed out in Supplementary Note II.

⁸. Applicable for 1948-49 and 1949-50.

SUPPLEMENTARY NOTE II

Calculations in the preceding chapter on the financing of the provincial development programmes were made on the assumption that the budget provision of central grants and loans to provinces and Central budget allocations for the current fiscal year (1949-50) would hold good. The Government of India have, however, recently decided to scale down these grants and loans and also budget provision for its own development schemes. The revision so far as it relates to grants and loans to the provinces is indicated below:—

TABLE XI⁹
Revised Central Grants and Loans

1	<i>Central Grants</i>			<i>Central Loans</i>		
	Original	Revised	Difference	Original	Revised	Difference
	2	3	4	5	6	7
Assam	160	160	..	258(233)	Nil	—258
West Bengal	240	230	—10	1072(834)	254	—818
Bihar	400	267	—133	275	117	—158
Bombay	227	209	—18	500	Nil	—500
C P	180	175	—5	300	190	—110
Madras	500	400	—100	(600)	Nil	Nil
Orissa	135	160	+ 25	862 (778)	467	—395
E P	150	137	—13	1500(1000)	600	—900
U P	517	357	—160	400	500	+100
Total.	2509	2095	—414	5167	2128	—3039

⁹ The original figures in columns 2 and 5 are as given in the provincial budgets. In some cases the corresponding provision in the central budget differs from the original figures. In such cases the provision in the central budget is indicated in brackets.

The reduction in central grants affects three provinces : the United Provinces lose Rs. 160 lakhs, Bihar Rs. 133 lakhs and Madras Rs. 100 lakhs. Of these three provinces, Bihar would not be materially affected because even if its actual development expenditure in 1949-50 amounts to the budgeted provision of Rs. 618 lakhs, it would be eligible to receive only half of this amount *i.e.* Rs. 309 lakhs. It would thus lose only Rs. 42 lakhs. The real losers therefore are the United Provinces and Madras, who would now be getting less than what they were entitled to under the fifty-fifty formula. It is difficult to say at this stage how far this would affect the development programme on revenue account of these provinces. Bihar has budgeted for a revenue surplus of nearly Rs. 5 crores outside the development account and would easily be able to make up for the loss of Rs. 42 lakhs by drawing upon the surplus ; but Madras and the UP would have to draw upon their reconstruction and revenue reserve funds to the extent of Rs. 91 and Rs. 145 lakhs respectively if they want to work up to the budgeted provision for development on revenue account. The revision in central grants does not affect the development programme on revenue account of the provinces of Bombay, West Bengal, the CP and the East Punjab. Orissa is the only province which has benefited by revision of Central grants, its revised grant being higher by Rs. 25 lakhs than the original provision.

The heavy reduction, however, in central loans will involve very considerable reduction in the provincial development expenditure on capital account. A loan of Rs. 10 crores had been provided for the East Punjab in the Central budget for the current year. The Provincial Government, however, took credit for Rs. 15 crores in its budget on this account, presumably on the assumption of being able to get the higher amount from the Centre. In the revised Central programme of loans to the Provinces, the allotment of the East Punjab only amounts to Rs. 6 crores which would necessarily compel it to slow down operations on the Bhakra and Nangal projects. West Bengal will also have to make radical re-adjustment of its programme on account of this revision. It cannot be said at present in what precise way this would affect its development programme, for the loan was intended for a number of development projects including the GMF and West Bengal's contribution for the Damodar Valley Corporation. Its principal development projects for the current year are, besides its share of expenditure on the Damodar Valley Project, the development of provincial roads (Rs. 2½ crores), Kanchrapara area development scheme (nearly Rs. 1½ crores), the Mor Reservoir Project (Rs. ¾ crore), the North Calcutta Rural Electrification Scheme (nearly Rs. ¼ crore) and a number of other small schemes. Out of the revised Central loan of Rs. 254 lakhs, Rs. 214

lakhs are earmarked for the Damodar Valley Project and only Rs. 40 lakhs would be available for the remaining schemes. It is obvious that most of the development schemes of the Province will have to be suspended.

The reduction by nearly Rs. 4 crores in the case of Orissa is substantial. The reduced loan of Rs. 247 lakhs has a specific provision of Rs. 347 lakhs for the Hirakud Dam and Rs. 50 lakhs for GMF. This would leave a balance of Rs. 70 lakhs for all the remaining schemes on Capital account, of which the construction of the new capital is the most important. As this, however, is a commitment which has to be met, probably the balance of Rs. 70 lakhs would have to be utilised for this purpose, the original provision for this being Rs. 133 lakhs. This scheme may therefore have to be modified or its execution slowed down. The other projects of development on capital account would necessarily have to be completely suspended for the time being.

Elimination of loan provision for Assam would really not call for any adjustment on the part of the Provincial Government, as the amount was intended for new industries which it wanted to start and finance on its own account. This proposal had, however, already been abandoned, even before the revised loan programme was decided upon.

The province of Bombay was to get a loan of Rs. 3 crores for its capital development expenditure and an advance of Rs. 2 crores for its Housing Scheme. Under the revised central loan scheme, it will get nothing, but it has a Post-war Reconstruction Fund of Rs. 17 crores and may well, if it so desires, maintain its budgeted scale of capital expenditure by drawing upon this Fund.

Generally speaking, the substantial reduction in central loans would mean the slowing down of capital works on irrigation, electricity and communications.

The calculations in the preceding chapter are based on a total development expenditure of about Rs. 250 crores from 1946 to the end of 1950 for all the provinces of the Indian Union. The revision in central grants and loans, referred to above, is, however, likely to bring down the actual development expenditure to between Rs. 220 to Rs. 230 crores.¹⁰

In the case of the East Punjab and Assam, the reduction in loans made in the revised programme has been allowed for in the following chapters. In the case of the East Punjab it would practically affect only the execution

¹⁰ See Supplementary Note III.

of the Bhakra and Nangal projects, while in that of Assam, as stated above, absence of loan provision would not make any real difference. In the case of the other Provinces, calculations have been based upon the original budget provisions, as the effect of the revision cannot be precisely forecast at present.

SUPPLEMENTARY NOTE III

The total development expenditure in the various provinces of the Indian Union, as calculated from their accounts for the years 1946-47 and 1947-48, revised estimates for 1948-49 and budget estimates for 1949-50, has been in the following order. Their present population and areas are also shown below :—

TABLE XII

	Rs. in crores	Area in thousand sq. miles		Population in millions
1. Bombay	47.73	99		29
2. U.P.	46.97	106		59
3. Madras	43.83	128		53
4. East Punjab	23.89	37		14
5. C.P.	23.57	130		21
6. West Bengal	23.49	28		21
7. Orissa	19.76	60		14
8. Bihar	14.98	70		38
9. Assam	5.76	50		8
TOTAL	249.9			

or approximately Rs. 250 crores

It is likely that the actual development expenditure upto the end of 1949-50 will be less than Rs. 250 crores¹¹ on account of a net reduction of approximately Rs. 30 crores in central grants and loans to provinces for the current year. In the case of the East Punjab, Orissa and West Bengal, which have no reserve funds of their own, this reduction will bring down their total development expenditure, in the period from 1946-47 to 1949-50, to the following figures, instead of those given above:—

East Punjab	Rs. 14.89 crores
Orissa	Rs. 15.81 crores
West Bengal	Rs. 15.21 crores

The remaining provinces have reserve funds from which to make up the loss, if they so desire, on account of the reduction in central grants and loans. The total development expenditure from 1946-47 to 1949-50 is thus likely to vary between Rs. 220 to Rs. 230 crores.

This works out to a *per capita* development expenditure in the various provinces of the Indian Union as follows:—

In the case of the East Punjab, Orissa and West Bengal, the reduction in central grants and loans has been fully allowed for in working out the average. In the case of the other provinces, it is assumed that the loss will

¹¹ Central loan to Assam has not been taken into account in the original calculation of Rs. 250 crores.

be made up from their reserve funds and the budgeted level of expenditure for the current year will be kept up.

Per Capita Development Expenditure

Bombay	. . . . .	Rs.	17-13-6
Orissa	. . . . .	Rs.	11-9-2
C.P.	. . . . .	Rs.	11-7-2
West Bengal	. . . . .	Rs.	10-15-10
East Punjab	. . . . .	Rs.	10-9-6
Madras	. . . . .	Rs.	8-2-9
U.P.	. . . . .	Rs.	7-13-10
Assam	. . . . .	Rs.	7-6-11
Bihar	. . . . .	Rs.	3-15-9

DISTRIBUTION OF DEVELOPMENT EXPENDITURE

ASSAM



PERCENT

100

90

80

70

60

50

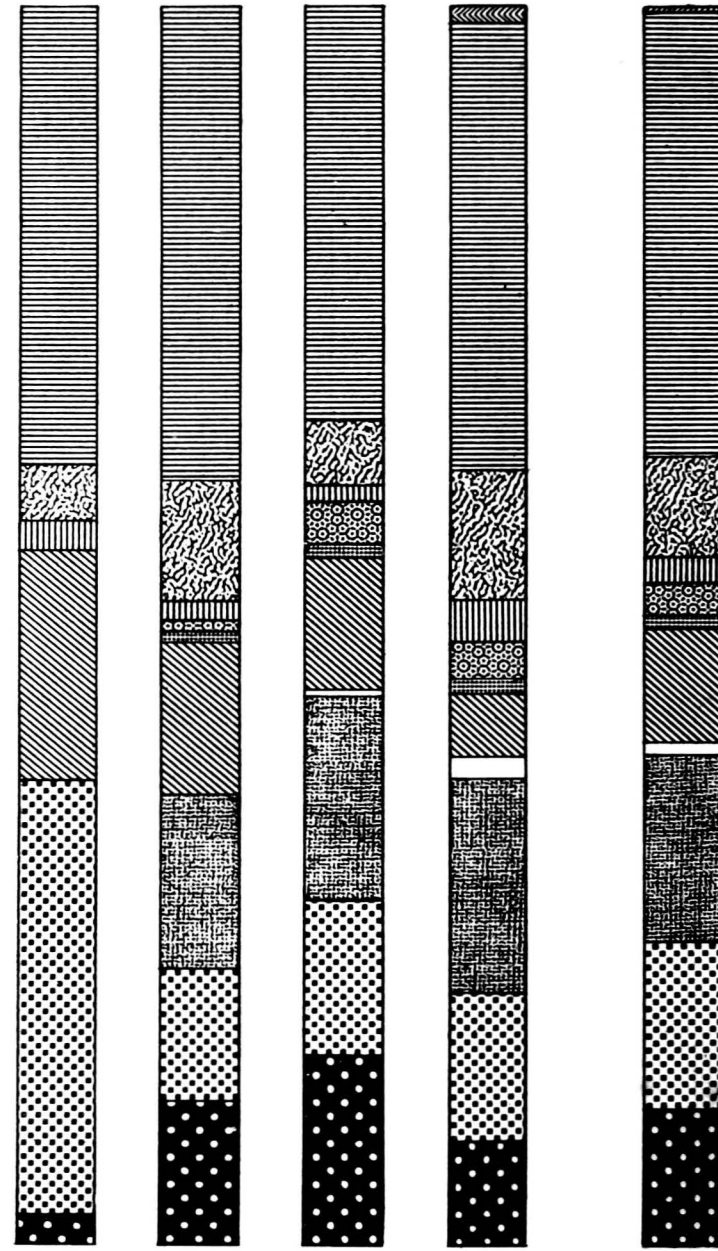
40

30

20

10

0



1946-47

47-48

48-49

49-50

TOTAL

CHAPTER III
DEVELOPMENT PROGRAMME OF ASSAM¹

SECTION I

Introduction.

The last war demonstrated vividly the strategic and economic importance of Assam and the precariousness of its position. The Partition and consequent separation from Assam of a large part of the Surma Valley have greatly changed its economic position and outlook. The geographical factors have gained greater importance and indicate clearly how essential it is that all-round development of the Province should be regarded as a national responsibility. As the only Province which has two international frontiers, it is obviously entitled to special consideration and treatment. Its large undeveloped resources are not only an asset but also, for obvious reasons, a serious risk which the country has to take into account.

Special problems and advantages of the Province are well-known and have to be fully taken into account in framing its development programme. The Partition has not only disrupted the communications of the Province but also its internal economy. It is essential that the inherent weakness of its position should be redressed as early as possible and a new equilibrium established. That two-thirds of its area is inhabited by aborigines, who form one-third of its total population, is a fact of far-reaching importance and creates problems of its own not only from the administrative but also economic standpoint. The Province cannot do without its complement of institutions like high court, university, technical colleges etc. The establishment of these institutions is essential owing to the imperative need of making the Province as self-contained as possible. It is a disadvantage that this need has to be given precedence over the other development needs; but the facts of the case make it impossible to avoid this course. The same consideration applies to the costly undertaking of developing its communications. For strategic and economic reasons, it is essential to make adequate provision for their rapid development.

Main advantage of the Province, of course, is that it has large undeveloped resources. As a province which has large virgin tracts almost ready for cultivation, it provides opportunities for agricultural development which do not exist in most of the other provinces. A very large portion of its area, about 40 per cent., is under forests—really the largest in the country. These can and should be developed in its own interest and that of the

¹ For statistical details see Appendix VII.

country. It is also known to be very rich in mineral wealth, in spite of the fact that a very large portion of its area has not been surveyed at all. As the only internal source of oil, Assam, it is realized, has an importance of its own for the country, but there is urgent need to explore the possibilities of further development of its oil resources. The need for rapid economic development of the Province has to be measured as much in terms of its potential resources as in the relative backwardness of its people.

The Province could contribute materially to the economic development of the country; but it is clear that, like the other two relatively backward provinces of the CP and Orissa, it cannot develop its resources without substantial assistance from the Centre. As an area of great possibilities, the Province is for the country a valuable asset. At present, it is, however, a liability and has to be accepted as such. These facts indicate not only the economic importance of the Province but also the need for paying special attention to it in the development programme of the country as a whole.

SECTION II

II(a).—The following table presents the financial position of the development programme as a whole during 1946—50 :—

TABLE I

	(In lakhs of Rs.)	
	On Revenue Account	On Capital Account
1946-47 (Accounts)	43	..
1947-48 (")	122	..
1948-49 (revised)	172	..
1949-50 (budget)	239	..
TOTAL	576	..

It will be seen that there has been no expenditure on capital account. The Provincial Government intended to nationalize some industries with the help of loan money from the Central Government but later abandoned the idea of starting industrial ventures on state account.

The sources from which the development expenditure has been met are indicated in the following table:—

TABLE II

Financing of the Development Programme

(Figures in lakhs of rupees) (Percentages in brackets)

Year	Central grant	Central Loans	Net Revenue Surplus Outside Dev- Acct	Provl. Loans	Withdrawal from balances	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1946-47 (Accounts)	43	..	..	..	..	43
1947-48 (")	122	..	..	..	..	122
1948-49 (Revised)	160	..	..	..	12	172
1949-50 (Budget)	160	..	19	..	60	239
TOTAL	485(84)	..	19(3)	..	72(13)	576(100)

The fact that central grant accounts for 84 per cent. of the total development expenditure of the Province upto 1949-50 is the measure of its dependence upon Central assistance.

II(b).—The table below gives the overall picture of the distribution of development expenditure on social services and activities of economic importance:—

TABLE III

Year	Social Services		Economic Activities		Miscellaneous		Total	
	Rs. in lakhs.	% to Total	Rs. in lakhs.	% to Total	Rs. in lakhs.	% to Total	Rs. in lakhs.	%
1946-47 (Accounts)	16	(37.2)	25	(58.1)	2	(4.7)	43	(100)
1947-48 (")	27	(22.1)	83	(68.0)	12	(9.9)	122	(100)
1948-49 (Revised)	48	(28.0)	115	(66.8)	9	(5.2)	172	(100)
1949-50 (Budget)	48	(20.0)	166	(69.7)	25	(10.3)	239	(100)
1946-50	139 (24.0)		389 (68.0)		48 (8.0)		576 (100)	

Nearly a quarter of the total expenditure (24 per cent.) is on Education and Medical and Public Health; schemes of economic importance account for 68 per cent. and "miscellaneous", 8 per cent.

The following table gives the total development expenditure incurred on each subject during 1946-47 to 1949-50 and its proportion to the total development expenditure on all subjects.

TABLE IV

	Rs. (in lakhs.) % to total	
<i>Economic</i>		
Irrigation	14	2.5
Civil Works	208	36.2
Agriculture and Grow More Food	87	15.2
Forests	53	9.2
Veterinary	6	1.0
Cooperation	5	0.9
Industries	13	2.2
Electricity	3	0.5
		67.7
<i>Non-economic</i>		
Medical & Health	78	13.5
Education	61	10.5
		24.0
<i>Miscellaneous</i>	48	8.3
	576	100.0

It will be seen that civil works, comprising of roads and buildings, account for more than a third of the total development expenditure.

SECTION III

III(a).—The following table gives the expenditure on education and medical and public health:—

TABLE V

(Figures in lakhs of Rs.) (Percentages in brackets).

Social Services	1946-47 Accounts	1947-48 Accounts	1948-49 Revised	1949-50 Budget	Total
Education	1(6.2)	14(51.8)	26(54.1)	20(41.6)	61(43.8)
Medical & Public Health	15(93.8)	13(48.2)	22(45.9)	28(58.4)	78(56.2)
	16(100)	27(100)	48(100)	48(100)	139(100).

III(b).—The table below gives the distribution of development expenditure on education for 1946-50 :—

TABLE VI

University	Secondary Primary		(Figures in lakhs of rupees)		
			Special	General	Total
42	2	2	13	2	61

More than two-thirds of the total development expenditure on university education is a measure both of the inadequacy of the total expenditure and the relative costliness of a new university. Apart from a small provision for the preparation of the basic text books, there is hardly any development of primary education.

In the frontier agency area, however, which are covered by a separate five-year programme, entirely financed by special grants from the Centre, considerable progress has been made in the development of education. These areas had only six to seven schools when the Indian Union Government took over the responsibility. Upto the end of 1948-49, as many as 149 primary schools had been opened, besides 9 secondary schools and three special schools. In the next three years, it is proposed to open 115 additional primary schools and ten secondary schools.

III(c).—Expenditure on medical and public health from 1946-47 to 1949-50 is given in table VII below.

TABLE VII

(Figures in lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
15	13	22	28	78

The main item of development expenditure is the Assam Medical College. Provincialisation of five district headquarter hospitals has also been provided for, in accordance with the Bhoré Committee recommendations. The development programme covers anti-malaria, maternity, child-welfare and anti-leprosy schemes; but the expenditure on these units is on a very small scale and its results cannot be appraised.

SECTION IV

As stated above, major schemes of economic development have appropriated as much as 68 per cent. of the development expenditure to be incurred upto the end of 1949-50. In absolute terms, however, it is a very

modest amount. Out of a total development expenditure of less than Rs. 6 crores upto the end of 1949-50, less than Rs. 4 crores is to be attributed to the development of economic activities. Of this, Rs. 2 crores have been spent on public works, which leaves less than Rs. 2 crores for the remaining economic activities. Only Rs. 87 lakhs have been spent on agriculture and Grow More Food during the four years and Rs. 53 lakhs on forests; the remaining developmental activities have received small amounts.

IV(a). Agriculture

The development expenditure on agriculture and Grow More Food Schemes during the four years 1946-47 to 1949-50 has been only Rs. 87 lakhs which is broken up year by year as follows :—

TABLE VIII

(Figures in lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
	17	28	42	87

Out of Rs. 42 lakhs to be spent on agriculture and Grow More Food during 1949-50, only Rs. 7 lakhs are for agriculture and the rest for Grow More Food.

The main scheme under agriculture which will cost nearly Rs. 2 lakhs in 1949-50 is the establishment of an agricultural college. This has already started functioning since the middle of 1948. By 1951-52, it will attain the level of a fully developed institution. The two other schemes worth mentioning are (a) special provision for agricultural development in the partially excluded and frontier Agency areas and (b) improved organization for scientific research. All the agricultural schemes, now in hand, involve a total cost of only Rs. 27 lakhs, out of which Rs. 18 lakhs will be recurring, if the schemes are completed.

Grow More Food

The Province is normally taken as a surplus province, and under normal crop conditions, is expected to provide a surplus of about 50,000 tons over and above its own consumption. During the year ending 1948, it contributed to Central food reserves about 10,000 tons, while in 1949 it is expected to draw upon this reserve to the extent of 20,000 tons. From 1950 onwards it is again expected that the province will provide for the country a surplus of 75,000 tons in 1950, 100,000 tons in 1951 and 120,000 tons in 1952.

The Grow More Food Schemes now in operation are expected to bring in an additional production of 91,540 tons of foodgrains by 1951-52 as indicated in the following table:—

TABLE IX

Additional foodgrains

	Tons
1. Minor irrigation projects	80,697
2. Reclamation of wasteland	7,500
3. Distribution of fertilizers	319
4. Distribution of improved seeds	2,534
TOTAL	91,540

Assuming that there is a firm factual basis for these forecasts, the province can be taken to acquire a role of growing importance in the realization of the country's food plan. This is a role which it can perform even with greater distinction if its agricultural resources are fully developed with a clear-sighted purpose in relation to the needs of the country. Besides these food production schemes, the province has important schemes for the development of horticulture, poultry, milk supply, and bone-meal manufacture.

The total estimated cost of all these schemes works out as follows:—

Non-recurring	Rs. 52 lakhs
Recurring	Rs. 126 „
TOTAL	Rs. 178 „

Owing to financial limitations the prospect of these schemes being implemented cannot be taken as assured.

Mechanized Cultivation

The provincial government has a scheme of mechanised cultivation. Its present equipment consists of 31 tractors, 18 ploughs and 12 harrows. Two more tractors, 18 ploughs and 12 harrows have been indented and may have arrived. During 1948-49, the Department of Agriculture worked on some 8 projects and brought 2,677 acres under mechanised cultivation. They expect to bring about 10,000 acres of double cropped land under mechanised cultivation in the current year. The additional food realized last year was about a thousand tons, but it is expected to produce nearly 3,750 tons of

additional foodgrains this year. Attempts are being made to overcome the fundamental difficulty of smallness of holdings by forming co-operative farming societies in order to extend mechanized cultivation.

Further, in order to encourage farmers to employ machinery, Government have decided to establish a Central Workshop and two mobile workshops where all facilities for repairs and maintenance of all types of agricultural machinery will be available. The construction of the Central Workshop has been completed and necessary arrangements are being made to start work as early as possible.

Rural Development

As stated later, a scheme has been drawn up to make co-operation a cardinal feature of the development programme of the province. Development of co-operatives is an integral part of a comprehensive scheme of rural development and it is estimated that its implementation would cost about Rs. 2.5 crores in the five years ending 1951-52. It is proposed that under the Assam Rural *Panchayat* Act of 1948, rural *panchayats* will be constituted which besides performing administrative and judicial functions, will be charged with the duty of developing agriculture, cottage industries and local trade. In 1949-50, it is proposed to establish 30 rural *panchayats*; these will be federations of primary *panchayats* and on the average 25 to 30 primary *panchayats* will be affiliated to rural *panchayats*. To the latter will also be affiliated trading co-operatives referred to below which, in their turn, will be federations of industrial, agricultural, farming and other co-operatives. It has been provided that the rural *panchayats* besides being entrusted with administrative and judicial functions, will perform important economic functions and will be the centres of a network of primary *panchayats* and co-operatives. A provision of Rs. 2.5 crores has been made for this scheme upto 1951-52. The estimated cost of its full implementation is nearly Rs. 12 crores. It has still to receive the sanction of the Central Government as a development scheme to be eligible for central grant; but if it can be put into effect and its execution is animated by the right spirit, it should provide a sound basis for the development of a new rural economy for the province.

In 1949-50, it is proposed to establish 30 rural *panchayats* with 180 primary *panchayats*, 15 model villages and two rural polytechnics; in 1950-51, 30 more rural *panchayats* with 300 primary *panchayats* are expected to be constituted; in 1951-52, the rate of development for 1950-51 will be maintained. It has been planned that the whole province should be covered

in a period of 16 years. It is, however, not certain whether even the first five-year programme will be actually carried out. Finance again is the most important limiting factor.

IV(h). Co-operation

The expenditure of the provincial government on the development of the co-operative movement has been so far negligible; only Rs. 1 lakh in 1948-49 besides the budgeted provision of Rs. 4 Lakhs for 1949-50. The province has, however, a scheme for making co-operation the central feature of the development programme at the basic level, and proposes to spend Rs. 35 lakhs upto the end of 1951-52. Of this, Rs. 32 lakhs will be recurring.

The co-operative movement in this province has been mainly confined to credit societies and consumer stores. The latter sprang up with control measures during the war; and with decontrol, they languished. Credit Societies, as in other provinces, have done very little to foster co-operative initiative or create real co-operative spirit. The provincial government, therefore, proposes to reorganise the whole of the co-operative movement and give it a new sense of direction. It has already constituted the Assam Co-operative Apex Bank. A special feature, however, of the new development is the establishment of trading co-operative societies with multi-purpose functions to serve the needs of the surrounding villages within a radius of three miles. A number of co-operatives for weaving, sericulture, collective farming and cottage industries will be affiliated to the trading co-operatives to obtain cheaper raw materials and to market their products to the greatest advantage. These trading co-operatives will also serve as agencies for distribution of the provincial quota of cloth and yarn. During 1948-49, as many as 800 trading co-operatives and 18 central trading co-operatives have been established. In the current year, an additional 110 trading co-operatives have been organized and have actually started working.

Cottage industries are also being organised on a co-operative basis. A co-operative cottage industries association has been set up to act as a marketing emporium for the province. This association has established a museum of handicrafts and is collecting specimens with a view to seeing how they could be adapted for commercial purposes so that new cottage industries may be developed.

The Government has also established fishery co-operative societies, two cooperative marketing centres and the Assam Co-operative College for training of staff. They have also taken steps to introduce co-operative movement in the hill areas.

The programme for the current year, besides the items mentioned above, provides for the formation of industrial co-operatives, agricultural farming co-operatives, a Provincial Co-operative Wholesale Society and a Provincial Co-operative Insurance Society. Attainment of the targets set in these schemes are, however, beyond the present financial resources of the province.

IV(c). Forests

The total development expenditure on forests from 1946-47 to 1949-50 has been about Rs. 53 lakhs.

TABLE X
(Figures in lakhs of rupees).

1946-47	1947-48	1948-49	1949-50	Total
8	15	18	12	53

The development expenditure on forests has been as much as 9.2 per cent. of the total development expenditure on all activities upto the end of 1949-50. Even this provision falls far short of the needs of the province. As already stated, 40 per cent. of its total area is under forests.

The total estimated cost of the forest development schemes in hand is expected to be about Rs. 80 lakhs, a large part of which—as much as Rs. 72 lakhs—is non-recurring.

The major development activity under forests is the improvement and building up of communications. Of the 80 lakh rupees referred to above for all forest development schemes, the estimated cost of the development of communications is Rs. 28 lakhs.

Another important item of development is the establishment of the Assam Forest School. Work on it has been long held up on account of the non-availability of building materials, but it has now been formally opened.

Other forest schemes include aerial photography of forest reserves, expansion and regeneration, on a large scale, of reserve forests, improvement and uplift of forest villages, etc. This programme, however, does not amount to even a beginning of the utilisation of forest wealth of the province. In 1949-50 the province derived a revenue of Rs. 46 lakhs from forests by the sale of timber etc. as against the total expenditure of Rs. 43 lakhs; but if forest wealth is fully utilized, the income could be greatly increased. For that, however, a large initial investment to finance a well-thought out plan of development would obviously be necessary, for which no provision has been so far made.

IV(d). **Veterinary**

The total expenditure on veterinary development during the four years ending 1949-50 has been only Rs. 6 lakhs, broken up as under :

TABLE XI

1946-47	1947-48	1948-49	(In lakhs of rupees).	
			1949-50	Total
	1	2	3	6

The total estimated cost of the schemes in hand is expected to be a Rs. 14 lakhs, a large part of which will be recurring.

The principal scheme under veterinary development is the establishment of a veterinary college which started its first year class in August, 1948. Its first batch of veterinary graduates would be available by 1951-52. Another commendable scheme is the training of veterinary field assistants on which nearly Rs. 5 lakhs are to be spent during the quinquennium ending 1951-52.

IV(e). **Industries**

The development expenditure on industries has been only Rs. 13 lakhs in the four-year period ending 1949-50.

TABLE XII

1946-47	1947-48	1948-49	(In lakhs of rupees)	
			1949-50	Total
1	2	2	8	13

This expenditure is mostly on the development of cottage industries. The original proposal was that a few major industries would be owned and managed by the State, but the proposal has now been dropped. An order, however, for 25,000 spindles placed in the United Kingdom has been confirmed and an advance of about Rs. 8 lakhs has been paid to the manufacturers. The decision with regard to the management of the textile mill is under consideration of Government. For the paper plant, it has been decided to enter into a contract with a private firm on a participation basis of 51 per cent. for Government and 49 per cent. for the firm. In respect of sugar, the provincial government decided not to import new machinery but to participate in the industry with a private firm which is willing to shift and instal available machinery in good condition at a suitable place. Some other projects in the development of which the Provincial Government would participate are also under consideration.²

The Provincial Government is paying special attention to cottage industries. Among them, sericulture is known to have very great possibilities and nearly half the development expenditure on industries has been incurred

² According to latest information the Assam Government has decided to take no action with regard to these undertakings.

for its development. Mulberry growing is being subsidised; old sericulture farms are being expanded and new farms are being started. There is also a proposal to establish the ceramics industry on cottage basis. An expert has been appointed for the purpose who is surveying the available resources. Extensive surveys have been carried out for locating demonstration apiaries in suitable places. Provision has also been made for establishing a research laboratory for cottage industries. Establishment of rural polytechnics has been provided for in the programme of all-round rural development. Actual achievements in respect of development of cottage industries have not been so far considerable, but there is definite evidence that the problem is being earnestly considered and positive efforts are being made to give industries an important place in the economic development of the province.

IV(f). Electricity

In the fourth draft of the development programme of the Government of Assam, there is no mention of electrical development except the appointment of staff for hydroelectric survey. A provision for Gauhati rural electrification to the extent of Rs. 2 lakhs was made in the budget for 1949-50, but from the revised development programme it appears that the scheme has been dropped. Development of electric power has suffered most in this province owing to its financial limitations. Its potential resources in this respect are very large. Their development is not even under active consideration owing to financial reasons.

The rivers of Manas and Dihang possess immense possibilities for the development of irrigation and electric power in the province. It has been estimated that the construction of 400 to 500 feet high dams on these rivers would provide 1.25 million KW. of power, irrigation of the lands along the foothills, flood control in the Assam Valley and improvement of the river channels for navigation. But these are schemes beyond the financial capacity of this province. Even such a small scheme as the Um Tru Project estimated to cost only about Rs. 1 crore over a period of 7 years had to be dropped owing to the inability of the provincial government to find the necessary funds. This serves only to reaffirm the conclusion that the Province can only be developed as part of an all-India plan, for which the country as a whole must find the necessary resources.

IV(g). Roads and Buildings

As already stated, expenditure on roads and buildings in this province

is nearly half the total expenditure on economic development. Its break-up is given below :

TABLE XIII

	(In lakhs of rupees)				
	1946-47	1947-48	1948-49	1949-50	Total
Buildings	4	47	8	34	93
Roads	12	..	50	53	115

Development of communications being the most urgent problem in this province, high priority given to road development seems natural. The Central Government had, as a matter of fact, undertaken to finance the construction of Silchar-Shillong Road, which was estimated to cost about Rs. 2 crores. Owing to financial stringency, however, this project has had to be suspended. The construction of the rail and road link between Assam and the rest of India is well under way. The development of national highways in Assam has been assigned, owing to strategic considerations, a very important place in the National Highway Five-Year Development Plan. Actual construction, however, has been very inadequate in relation to the needs of the province; and for the present it seems unlikely that more funds would be available for the purpose.

SECTION V

V(a). Co-ordination

In this province, as in Orissa, the Premier himself is in charge of planning and therefore matters relating to development and co-ordination receive attention at the highest level. But in spite of this, the development programme of the province is lacking in coherence from economic and financial standpoints. There is a Co-ordination Department under the Development Commissioner, but it has still to acquire the necessary power and authority to scrutinize schemes and fix an order of priority within the available resources, physical and financial. In order to integrate rural development referred to in Section IV(a), a special Secretariat has been set up. This is divided into four sections viz. Rural Development, Co-operation, Cottage Industries and a Special Section for sericulture and weaving. The rural *panchayats* and trading co-operatives, referred to above, will between themselves combine all the economic and social functions relating to rural areas. The object is to plan for the masses and through them. This object is unexceptionable, but the necessary understanding of its importance and the spirit to sustain it have still to be created.

V(b). Conclusion

The outstanding characteristics of the development programme of Assam have already been referred to. Investment in development projects will, it can be fairly assumed, probably give a richer return in Assam than in other provinces. The known resources of this province, large as they are, are however merely a fraction of its total potential resources. Economic possibilities of the greater part of Assam have still to be surveyed. But even the development of its known resources is a task which is beyond the means of the province and will severely tax the resources of the country. Assam probably is the one province in which it is known for certain that there is scope for extension of cultivation and which therefore can carry a larger agricultural population. With 40 per cent. of its area under forests, it is obvious that a great deal remains to be done even to assess fully the possibilities of development of its forest wealth. As the only province in the country whose possibilities as a source of oil are known, it has an importance of its own. Its mineral wealth has practically not been touched at all. A scheme for the development of its coalfields in Garo Hills has been considered, but has had to be dropped for financial reasons. The Province has, it is known, a variety of other minerals like abrasives, limestone, sillimanite, glass sand and white clays.

In spite of its needs and possibilities, the development expenditure of this province amounts in four years (1946-47 to 1949-50) to less than Rs. 6 crores out of a total development expenditure of Rs. 250 crores for all provinces; and the whole of this expenditure is expenditure on revenue account. This province has not only not incurred any expenditure on capital account, but has practically no schemes of development involving heavy capital outlay. Its scheme for development of some major industries has had to be materially modified. It is now expected that their development will be entrusted to private agencies.

This province, in spite of its vast hydro-electric resources, has no schemes for development of electric power. There is a provision for development of agriculture and extension of cultivation but much more needs to be done in this respect as much in the interest of the country as that of the province. The most important development schemes of the province are the establishment of a university, high-court, medical and agricultural colleges and a few other institutions.

The development plans of all provinces, as pointed out in the opening chapter, are both un-coordinated and inadequate; but the inadequacy of plans in this province is incomparably greater. The four revisions through

which this development programme has gone, were necessary to make the plans realistic and plausible in relation to available resources. Even the execution of this programme has become doubtful owing to the financial difficulties which have arisen recently; but even if it could be carried through, it would hardly touch the fringe of the problem of development of this province.

Its development programme, therefore, is not only limited in actual achievement, but also limited in its conception. A different scale has to be adopted if justice is to be done to the urgent development needs of this province in general and its tribal areas in particular.

CHAPTER IV
DEVELOPMENT PROGRAMME OF BIHAR¹
SECTION I

I(a). Introduction

The special features of Bihar's economy are its enormous potential mineral wealth, its rich and fertile alluvial soil, its special problems created by a large proportion of aboriginal population living in Chota Nagpur, and, generally speaking, excessive pressure of population on land. Any programme of development in the province has to be related to these basic facts and to the needs and possibilities of the national economy as a whole. The development programme now in operation in this province, as in the other provinces, having been conceived without any clearly enunciated objectives or any overall plan for the country as a whole, is lacking in coherence, self-consistency and unity of purpose. The original programme was estimated to cost Rs. 119 crores by the end of 1951-52. This was subsequently revised to about Rs. 72 crores. At present prices, however, even the revised programme may well cost Rs. 95 crores. As against this, the actual expenditure during the four years ending 1950² amounts to only Rs. 15 crores; and even if in the remaining two years the execution of the programme can be greatly accelerated, it is obviously very unlikely that financial or other targets set by the programme will be actually realised. Even the revised programme is beyond the financial, administrative and technical resources of the province and has hardly any practical bearing from the point of view of the actual situation.

I(b). Financial Aspects of the Development Programme

The following table presents the financial position of the development programme as a whole :—

TABLE I
Development Expenditure

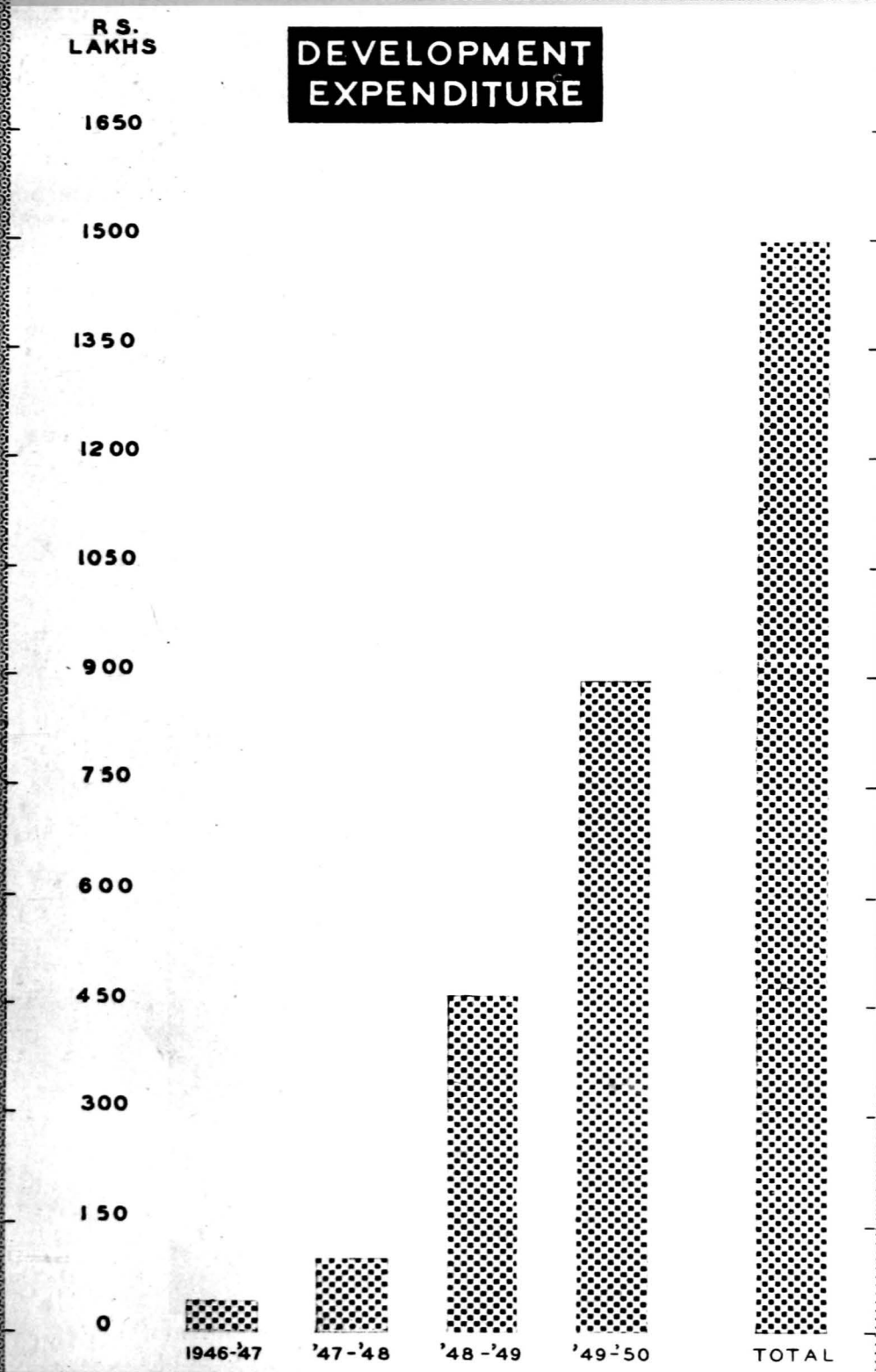
(Figures in lakhs of rupees ; percentages in brackets)

Year.	Expenditure on Account.	Revenue	Expenditure on Capital Account	Total
(1)	(2)	(3)	(4)	(5)
1946-47 . . .	43	(100)	.. (—)	43 (100)
1947-48 . . .	101	(100)	.. (—)	101 (100)
1948-49 . . .	401	(86·6)	61 (13·4)	462 (100)
1949-50 . . .	617	(69·2)	275 (30·8)	892 (100)
Total . . .	1162 (77·6)		336 (22·4)	1498 (100)

¹ For statistical details see Appendix VIII.

² Including budget estimates for 1949-50.

BIHAR



DISTRIBUTION OF DEVELOPMENT EXPENDITURE

BIHAR



PERCENT

100

90

80

70

60

50

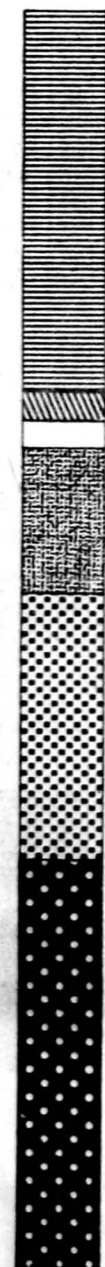
40

30

20

10

0



1946-47



47-48



48-49



49-50



TOTAL

The sources from which the Development Programme has been financed are indicated below :—

TABLE II

Financing of Development Expenditure on Revenue Account

(In lakhs of rupees ; percentages in brackets)				
(1)	Central Grants.	Revenue surplus outside development account	Withdrawal from provincial balances.	Total
(1)	(2)	(3)	(4)	(5)
1946-47	43	..	..	43
1947-48.	73	23	..	101
1948-49	200	160	41	401
1949-50	309	308	..	617
Total	625(54)	496(42)	41(4)	1162(100)

It would appear that nearly 54 per cent. of the development expenditure on revenue account has been financed from central grant and 46 per cent. from provincial funds.

The total development expenditure on capital account is given below in Table III. This amount is, relatively speaking, small and the whole of it is financed from central loans :—

TABLE III

Financing of Capital Development Expenditure

(In lakhs of rupees).				
(1)	Central Loans.	Provincial Loans.	Withdrawal from Provincial balances.	Total
(1)	(2)	(3)	(4)	(5)
1946-47 (Accounts) . . . . .	..	..	..	..
1947-48 (Accounts) . . . . .	..	..	..	..
1948-49 (Revised)	61	..	..	61
1949-50 (Budget)	275	..	..	275
Total	336	..	..	336

Taking into account the total expenditure both on revenue and capital account, nearly 65 per cent. of the total expenditure has been met from funds provided by the Centre.

I(c). The distribution of development expenditure on social services, activities of economic interest and other miscellaneous items, is given below.

TABLE IV

Distribution of Expenditure on social services, activities of economic interest and miscellaneous items

Year.	(In lakhs of rupees; percentages in brackets)			
	Social Services.	Activities of economic importance.	Miscellaneous	Total
(1)	(2)	(3)	(4)	(5)
1946-47	23 (53.5)	20 (46.5)	..	43 (100)
1947-48	53 (52.5)	46 (45.5)	2 (2.0)	101 (100)
1948-49	66 (14.3)	369 (79.9)	27 (5.8)	462 (100)
1949-50	108 (12.1)	742 (83.2)	42 (4.7)	892 (100)
Total	250 (16.7)	1177 (78.6)	71 (7.4)	1498 (100)

It would appear from this table that irrigation, roads, buildings, agriculture and other activities of economic interest, account for about 79 per cent. of the total development expenditure, and expenditure on education, medical and public health, 16.7 per cent.

SECTION II

II(a) The total development expenditure on education is given in the table below. It amounts to only Rs. 80 lakhs or about 5.3 per cent. of the total development expenditure.

TABLE V

Development expenditure on education

(In lakhs of rupees).				
1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total
14.5	20.1	22.9	22.5	80.0

The expenditure, as shown in the following table, has been incurred largely on development of elementary education. Bihar has paid special attention to development of basic education. It has a programme of starting 32,000 basic schools. A large number of these have already been established. It has also put through an intensive programme of basic education in a selected backward area in North Bihar. The province has taken the next step in the development of basic education and has started post-basic schools with agriculture as the basic craft. These schools, it is expected, will be self-supporting in a very large measure. The land attached to these schools is being given free by the villages. This is an achievement for which the Province can rightly take credit. A consistent effort has

been put forth to develop basic education and give it a trial. The percentage chart below gives an idea of the development expenditure on various heads under education during the period 1946-50.

Education
1946-50

Head	Percentage
University	25·2
Secondary	7·1
Primary	56·9
Other	10·8

The Provincial Government has an ambitious programme for educational development for the next two years and proposes to spend Rs. 4·9 crores in 1950-51 and Rs. 5·2 crores in 1951-52. In view of the past experience in respect of development, it is doubtful whether this programme will be actually implemented.

II(b). Medical and Public Health

The total expenditure on development of Medical and Public Health is given in table VI.

TABLE VI

Development Expenditure on Medical and Public Health

1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total (In lakhs of rupees)
9·5	33·0	43·0	85·0	170·5

It amounts to Rs. 170 lakhs or about 11 per cent of the total development expenditure. There are a number of small medical schemes. The most important among them is the provincialisation of *Sadar* Hospitals which has cost Rs. 42 lakhs in the last four years. Provision has also been made for setting up a public health organisation in the Kosi area on the lines recommended by the Bhore Committee, at an estimated cost of Rs. 65 lakhs in five years. Besides providing for 3 central hospitals, it is intended to start 4 other hospitals, 6 primary centres, 8 health centres and a mobile dispensary. The intention is to extend the health organisation scheme and provide for training of non-medical personnel as health assistants in rural areas. Besides these two major schemes, provision has been made for urban water-supply, drainage, etc. The total annual provision for water-supply in rural areas has amounted to only Rs. 23,000 and is, it need not be said, hardly of any consequence from the practical standpoint.

SECTION III

Expenditure on economic activities

The total expenditure on activities of economic interest amounts to nearly 79 per cent of the total development expenditure. Nearly 70 per cent of this is accounted for by irrigation, including river valley projects, roads and buildings.

III(a) Agriculture

Expenditure on agriculture amounts to Rs. 219 lakhs or nearly 15 per cent of the total development expenditure. Its annual break-up is given in the following table :—

TABLE VII

Development Expenditure on Agriculture

1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	(In lakhs of rupees)	
			1949-50 (Budget)	Total
5.0	33.1	84.0	96.5	218.6

This expenditure covers the GMF and also the normal development activities of the Department of Agriculture. Under GMF Schemes, this province had provided for an increase of 3,85,000 tons of additional food-grains. This target, however, has been further revised. The GMF scheme under the new self-sufficiency scheme of the Government of India, provides for minor irrigation works, distribution of seeds, reclamation of land etc. Being a deficit province, the need for increasing food production is duly appreciated, but so far no attempt has been made to link procurement with production and the programme has lacked drive and purpose. The success of the GMF programme would, of course, depend not only upon increased production of food grains, but their availability for meeting rationing commitments; otherwise the dependence of this province upon the Centre cannot be materially reduced. A significant development in Bihar as in most other provinces, has been the use of tractors not only for reclamation, but also for intensive ploughing of private agricultural land. In all, the province has 55 tractors out of which 30 are being used for reclamation and 25 for cultivating private land. Experience has shown that the use of tractors for private purposes can be extended. The supply of tractors, however, falls short of the growing demand. It is to the credit of the province that a well equipped Agricultural College has been established and developed.

III(b). Cane Development

Owing to the importance³ of sugar industry in the province, a special programme of sugarcane development has been drawn up. This programme is estimated to cost Rs. 2.5 crores but the actual expenditure so far is only about Rs. 2 lakhs. The programme provides for intensification of research in sugarcane, establishment of a research sub-section at Patna, improvement in cane cultivation by propagating and distributing improved seeds, fertilisers and implements and improved irrigation and communication facilities in the cane growing areas.

A beginning has been made in introducing co-operative farming for cultivation of sugarcane. Six such farms have been opened on a co-operative basis and four more are being started this year. The results of the experiment have to be watched.

III(c). Co-operation

Co-operative activities have made a fair amount of progress in the province. The expenditure incurred during this period is given in the following table.

TABLE VIII

Development expenditure on co-operative movement
(in lakhs of rupees)

1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total
0.8	1.2	2.5	0.9	5.4

The total expenditure, is small, being only Rs. 5 lakhs and is less than $\frac{1}{2}$ per cent. of the total development expenditure. The following developments are, however, of special interest.

- (i) Under the auspices of the Provincial Co-operative Bank, a scheme for distribution of chemical fertilisers was started in June 1945 with 8 depots. The number of these depots has increased to 118. They are distributing not only chemical fertilizers, but also oil cake, seeds, etc. Its total business in 1947 was Rs. 84 lakhs. This scheme is modelled after the Credit Agricole of Egypt; and besides distribution of chemical fertilisers can be used for other purposes.

³ Bihar employs 15 per cent. of its industrial workers in sugar factories which constitute a quarter of the total number of sugar factories in the country.

(ii) In this province, special attempt has also been made to develop multi-purpose co-operative societies. During the past three years, 1102 such societies have been formed. So far they have been used mainly for the distribution of controlled commodities. The total amount of business done on this account by the societies in 1948 amounted to Rs. 1.45 crores. These societies, however, have not been so far used for promoting other development activities in rural areas.

(iii) A number of industrial co-operatives has been organised among which Weavers Co-operatives are the most important. The latter numbered 89 in 1948, but their membership and the scale of operations are small. Among the other non-credit co-operative societies worth mentioning are 28 vegetable growers' co-operative societies working among *Adibasis*. They are reported to have derived considerable material benefit from the introduction of these co-operative schemes.

III (d). Veterinary

The activities covered by the veterinary development programme are more or less of a normal character and no scheme of special interest appears to have been taken in hand. The total expenditure on development of veterinary services amounts to only Rs. 6 lakhs from 1946-47 to 1949-50.

III (e). Forests

The total expenditure on forests during the same period was about Rs. 30 lakhs or 2.0 per cent. of the total development expenditure. In this programme, there is provision for conservation, revised working plans and development of forest communications. The item of special interest is the provision for the transfer of forests in private estates to the Forest Department for management. A special staff for this purpose is being recruited and will include officers of all grades and field workers. Management of private forests by Government would fit into the agrarian reforms introduced in Bihar which, in most cases, provide for transfer of landed estates to Government for management until the latter is in a position to pay the statutory compensation. But even apart from agrarian changes, management of these forests by Government is a step in the right direction, for landlords in most cases are in no position to manage efficiently their forest properties

III (f). Irrigation

The total expenditure on development of irrigation is given in table IX below :—

TABLE IX

Development Expenditure on Irrigation

				(In lakhs of rupees)
1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total
	7.2	178.6	385.2	571.0

Irrigation is, relatively speaking, one of the most important activities in Bihar and accounts for nearly 38.2 per cent. of the total development expenditure. The most important item provided for in this programme is the Damodar River Valley Project. It provides for irrigation of 900,000 acres. Besides this, there is the Gandak Valley Project, expected to bring about 25 lakh acres under irrigation. It has already been taken in hand. Another important irrigation scheme under consideration, expected to irrigate 13 lakh acres, relates to re-training of the Kosi river; its costs and benefits will be shared between Bihar and Nepal.

III (g). Industries

The total expenditure on industrial development schemes amounts to Rs. 68 lakhs or 4.5 per cent. of the total expenditure. This relatively low proportion of development expenditure, however, does not give any indication of the industrial plans of the Government of Bihar. Its intention is to establish important industries on its own and participate in others through private enterprise. Among industries which they propose to start on a state-owned basis, there is a project for the establishment of a factory for the manufacture of super-phosphate fertilizers with a capacity of producing about 60 tons daily. There is also a proposal to establish a few industries to utilise the power which will be available when the execution of Damodar Valley Project gets well under way. A scheme is under consideration for setting up a paper mill to utilise the large resources of *bamboo* and *sabai* grass in the province. This proposal is reported to have made good progress and is soon likely to yield tangible results. Two units with a capacity of one million gallons have also been installed for manufacture of power alcohol from molasses of which large quantities are available.

Among the undertakings which Government proposes to establish on a partnership basis with private enterprise, the most important is a factory for the manufacture of spun silk yarn from tassar waste. Government it is expected, will invest 55 per cent. of the capital and the rest will come from private resources. It is also proposed to establish a large factory for utilisation of hides and skins.

Besides these provincial plans, the various projects of the Government of India for the manufacture of machine tools, heavy electrical equipment, radar and other radio equipment, are likely to be located in this province and will contribute materially to the development of its industrial resources. The Provincial Government is naturally interested in these projects. It is already participating in the Sindri Fertiliser Project and has contributed Rs. 50 lakhs towards its expenditure in the last three years.

Most of the schemes, Central and Provincial, however, are projects for the future and the prospect of their being executed cannot be taken as assured. In fact hardly any large scale industrial development has taken place in the last few years, and the vast potential resources of the province remain unutilized.

In order, however, to prepare ground, the Provincial Government proposes to start an Industrial Development Finance Corporation with a capital of Rs. 5 crores, 51 per cent. of which will be contributed by Government.

In regard to small scale industries, apart from Weavers Co-operatives referred to already in Section III(c), there has hardly been any development to speak of; and even these co-operatives are reported to be working under severe stress. New schemes taken up by the Provincial Government relate to manufacture of palm jaggery and organisation of co-operatives of the producers and pressers of oilseeds but the progress made so far is not appreciable.

III (h). Electricity

The total expenditure on electrical development schemes has been Rs. 20 lakhs⁴ or less than 2 per cent. of the total development expenditure. Electricity has been given an important place in the development programme of the province. The Damodar Valley Project provides, as is well known, for generation of electricity on a large scale and it is expected to make available, when complete, 3·7 lakh kwt. units of electricity. But this Province is also relying upon other schemes for the generation of additional electricity for its own use. At present, the province has

⁴ The contribution of Bihar to the Damodar Valley Project is budgeted by the Provincial Government as expenditure on irrigation.

an installed capacity of only 33,000 kwt. of which 82.7 per cent is being used for industrial purposes, 14.6 per cent. for light and heating and 2.7 per cent. for irrigation. In their development programme, Government have provided for two grid schemes: one in Jharia coal-field area and the other in South Bihar. The latter is already in operation and is providing power for tube wells. In connection with the Sindri Fertilizer Plan, a thermal project is in hand and is expected, on completion, to provide 1,15,000 K.W. units of power. Another small scheme in hand for the extension of Patna Electric Supply will provide an additional capacity of 15,000 kwt. on completion. The province is also participating in a joint scheme with the UP and the CP for the development of electric power from the Rihand river. The Kosi Project under investigation is expected to increase very considerably the supply of electric power in the Province. The Jharia coalfield, the Rihand and the Kosi schemes have yet to be implemented. The two thermal schemes at present in hand will, as stated above, provide for 122,000 kilowatts, *i.e.*, an increase of nearly 400 per cent. over the present installed capacity. Generation of electricity, however, is only one aspect of the question; the other is that its utilization has to be planned for. The latter aspect of the matter has hardly received any attention as yet.

III (i). Roads and Buildings

The total expenditure on roads and buildings under the development programme amounts to Rs. 2,58 lakhs or 17.3 per cent. of the total development expenditure. The Province is badly served by roads, the northern part particularly so. Though roads in Chhota Nagpur are good, their total mileage is quite insufficient for the needs of that area. In the original programme of the Province, provision was made for the construction of 36,032 miles of roads of which 1,025 were minor district roads and 19,956 village roads. The programme, excluding National Highways, was expected to cost Rs. 29.65 crores in the first 5 years. The actual amount spent so far on roads and buildings has been, as stated already, Rs. 2.58 crores. Of this amount, about Rs. 1.8 crores have been spent on roads. The programme, it is expected, will be completed in 15 years but in the 4 years during which the scheme has been in operation, a very small part of it has been actually completed. Villages in Bihar, even more than in most Provinces, are without communications and the construction of nearly 20,000 miles of village roads, which were provided for in the original scheme, still remains a task for the future.

III (j). Transport

The Transport Department of the Province has been reorganized and strengthened, but no action has so far been taken regarding the development and administration of road transport services. It has, however, been decided that the Provincial Government should take over all passenger traffic services and a corporation should be constituted for running them. In this corporation, the private transport owners will also be represented, but the Provincial Government and the railways taken together will have the controlling interest and voice. For all practical purposes, road transport in this province, if the scheme is put into effect, will function as a state-managed enterprise.

SECTION IV

IV (a). Co-ordination

There is a Development Department in Bihar but it hardly performs any function by way of co-ordination. Every new scheme, of course, is scrutinized by the Finance Department, but the examination is not related to the economic development programme as a whole or the economic problems of the Province and the country. The development programme was not only prepared in an un-coordinated manner, but there has also been almost a complete lack of co-ordination in its execution. Recently, a Committee of Secretaries has been constituted to revise the original plan in the light of experience and changed economic conditions. But it has hardly started functioning and is not likely to develop into an effective co-ordinating agency.

There are a number of inter-departmental committees, but their utility from the point of view of co-ordination is very limited; and as they work on an *ad hoc* basis, they cannot possibly become an important factor in the co-ordination of development activities. At district level, however, an attempt is being made to achieve a certain measure of co-ordination. A number of district development committees has been started consisting of officers of the various development departments and presided over by the District Magistrate. These may have some possibilities, but unless there is real co-ordination at the top, these district agencies cannot possibly function effectively or to a purpose. At the village level, neither the *Panchayats* nor multi-purpose co-operative societies have acquired any function in respect of co-ordination. Their number is small; but such as they are, they are ill-equipped to perform this very necessary function. All these facts, as stated above, point to the conclusion that co-ordination of development activities is almost completely lacking and has still to be provided for.

IV (b). Conclusion

In relation to the economic possibilities of the province, the actual achievement during the last few years in the way of development cannot but be regarded as unsatisfactory. Bihar is participating in two big undertakings, that is, the Damodar River Valley Project and the Gandak Scheme, but on its own, its development activities neither show initiative nor true appreciation of its needs and possibilities. The execution of the development programme in Bihar, as in other Provinces, is hampered by lack of technical personnel, inadequacy of materials, want of capital goods and similar other bottlenecks; but the limited scale of actual achievements is not fully accounted for by these difficulties. The Province has not fully spent its central grant for development. It has large balances and reserve funds to draw upon and the financial resources, though inadequate if the whole development programme is to be put into effect, has not been a limiting factor in the execution of development schemes. Better co-ordination in the preparation and execution of development schemes and a greater sense of urgency in regard to the need for accelerating the economic development of the Province, it may be fairly assumed, would have yielded better results.

CHAPTER V

DEVELOPMENT PROGRAMME OF BOMBAY¹

SECTION I

I(a). Introduction

The Five-Year Development Programme was framed by Government in 1946 and published early in 1947. It consisted of 226 schemes and was estimated to cost about Rs. 91½ crores. Subsequently, however, it was felt necessary to revise the schemes and reduce the outlay to Rs. 75 crores. This reduction was brought about by dropping the schemes which were comparatively less important or could not be expected to yield tangible results in the near future. In order to scrutinise individual schemes, an Expenditure Priority Committee was set up and the following order of priorities was adopted :

Agriculture and Irrigation

Industries

Education

Communications

Public Health

Co-operation

Labour Welfare.

The total expenditure incurred upto the end of 1949-50 would amount to Rs. 47.73 crores which again shows that even the revised target of Rs. 75 crores, it is fairly certain, will not be realised at the end of the first quinquennium. The province has, however, put forth commendable effort in the execution of development plans. Nearly 19 per cent. of the total expenditure on provincial development plans for the country as a whole is accounted for by expenditure in Bombay, whereas the population of this province is only 11 per cent. of the total population of all the provinces taken together. The Provincial Development expenditure obviously shows initiative and enterprise. The development plans of this province in their relation to one another could, however, be made more coherent. Nevertheless the scale of effort and its earnestness give this province a position of distinction among the other provinces.

I(b). Financing the Development Programme

The following tables give the overall picture of how Bombay has financed its development programme, both on revenue and capital account,

¹ For statistical details see Appendix IX.

BOMBAY

R.S.
LAKHS

DEVELOPMENT EXPENDITURE

5500

5000

4500

4000

3500

3000

2500

2000

1500

1000

500

0

1946-47

'47-'48

'48-'49

'49-'50

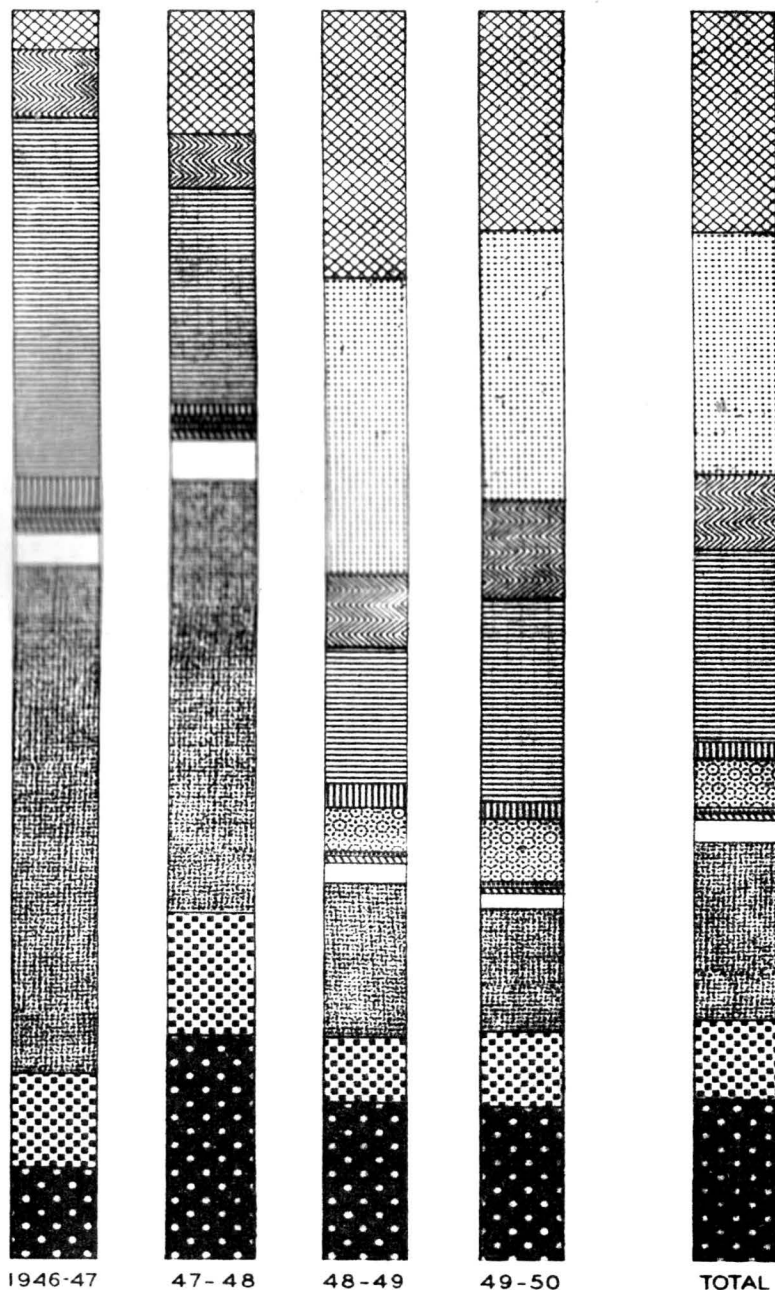
TOTAL

DISTRIBUTION OF DEVELOPMENT EXPENDITURE

BOMBAY



PERCENT



during the period 1946-47 to 1949-50 :—

TABLE I

Development Expenditure

(In lakhs of rupees; percentages in brackets)

Year	Expenditure on Revenue Account	Expenditure on Capital Account	Total
1946-47	97 (89.8)	11 (10.2)	108 (100.0)
1947-48	487 (84.0)	93 (16.0)	580 (100.0)
1948-49	873 (50.3)	862 (49.7)	1735 (100.0)
1949-50	1441 (61.3)	909 (38.7)	2350 (100.0)
Total	2898 (60.7)	1875 (39.3)	4773 (100)

TABLE II

Financing of the Development Programme

(Rs. in lakhs — percentages in brackets)

Year	Central Grants	Central Loans	Net Revenue surplus outside Development account	Provincial Loans	Withdrawal from Provincial balances	Total
1946-47	80	NIL	17	NIL	11	108
1947-48	151	NIL	366	NIL	63	580
1948-49	136	NIL	640	NIL	959	1735
1949-50	227	500	855	NIL	768	2350
Total	594 (12.4)	500 (10.4)	1878 (39.3)	NIL	1801 (37.9)	4773 (100)

It is clear from this table that the province has very largely been self-reliant in financing its development programme. Out of a total expenditure of Rs. 47,73 lakhs, incurred during the period under review, as much as Rs. 36,79 lakhs or 77.2 per cent. was borne by the province² itself. The main sources of development finance have been two—viz. net revenue surplus (Rs. 18,78 lakhs) and withdrawal from provincial balances

² With the Central Loan cancelled, this percentage will be higher, if the province keeps up its development expenditure on capital account by drawing upon its Post-war Reconstruction Fund.

(Rs. 18,01 lakhs).³ Assistance from the Centre amounted to Rs. 10,94 lakhs, consisting of Rs. 5,95 lakhs of Central Grants and Rs. 5,00 lakhs of Central Loans.⁴

Another characteristic feature of Bombay Government's programme is the higher proportion (60·7 per cent.) of expenditure on Revenue Account to the total development expenditure as will be seen from table I. The fact that expenditure on revenue account is such a large proportion of the total development expenditure, indicates the relative importance attached in this Province to development schemes which are likely to be fruitful in the near future.

1(c). In appendix VII, expenditure on various objects from 1946-47 to 1949-50 is given. The following table gives the break up of this expenditure under three main heads.

TABLE III

Expenditure on Social Services, Activities of Economic Importance and Miscellaneous Items

(Figures in Rs. lakhs—Percentages in brackets)

Year	Social Services	Activities of Economic Importance	Miscellaneous	Total
1946-47	16 (14·8)	89 (82·4)	3 (2·8)	1,08 (100)
1947-48	1,61 (27·7)	3,61 (82·3)	58 (10·0)	5,80 (100)
1948-49	3,12 (17·9)	10,52 (60·6)	3,71 (21·4)	17,35 (100)
1949-50	4,26 (18·1)	15,05 (64·0)	4,19 (17·9)	23,50 (100)
	9,15 (19·2)	30,07 (63·0)	8,51 (17·8)	4773 (100)

It would appear from the above table that though there has been considerable increase in expenditure on Public Health and Education, the increase of expenditure on economic development has been much greater—having increased from less than Rs. one crore in 1946-47 to about Rs. 5 crores in 1949-50, and has, during the entire period, accounted for nearly 63 p.c. of the total development expenditure.

³ Withdrawal from Provincial balances would be larger to the extent that the Post-war Reconstruction Fund is drawn upon.

⁴ Under the revised Central Loan Programme, Bombay will not get any loan. (See Supplementary Note II, Chapter II.)

SECTION II

Social Services

Distribution of expenditure from 1946-47 to 1949-50 on Education and Medical and Public Health is as follows :—

TABLE IV

Distribution of development expenditure on education Social Services

(In lakhs of Rupees; percentages in brackets)

Year	Education	Public Health	Total
(1)	(2)	(3)	(4)
1946-47	8 (50)	8 (50)	16 (100)
1947-48	104 (64.5)	57 (35.5)	161 (100)
1948-49	218 (72.1)	94 (27.9)	312 (100)
1949-50	284 (66.6)	142 (34.4)	426 (100)
	<u>614 (67.1)</u>	<u>301</u>	<u>915 (100)</u>

Nearly twice as much has been spent on education as on medical and public health.

II(a). Education

The following table gives the break-up of expenditure on education :—

TABLE V

Break-up of expenditure on Education

(Figures in '000 rupees).

	1946-47	1947-48	1948-49	1949-50	Total
1. University	273 (34.5)	7,60 (7.3)	33,74 (15.5)	41,61 (14.7)	85,68 (13.9)
2. Secondary	11 (1.4)	1,08 (1.0)	14,11 (6.4)	15,85 (6.4)	31,15 (5.6)
3. Primary	3,06 (38.5)	83,74 (80.5)	139,73 (64.0)	180,40 (63.4)	406,93 (66.2)
Total including others	<u>7,91</u>	<u>104,02</u>	<u>218,03</u>	<u>284,41</u>	<u>614,37</u>

It would appear from this table that while there has been an all-round increase in expenditure on education, the increase in expenditure on primary education is particularly striking. Expenditure on primary education rose from Rs. 3 lakhs in 1946 to Rs. 180 lakhs in 1949-50, increasing its share in the total budget provision for educational development from 38.5 per cent. in 1946-47 to 63.4 per cent. in 1949-50. Part of the increase of this expenditure is due to the grant of higher allowances to teachers.

The Provincial Government have not been able to introduce universal compulsory education. But their aim is to introduce it in all places with a population of 1,000 and over, and have, to that end, spent Rs. 55 lakhs in 1947-48, Rs. 97 lakhs in 1948-49 and Rs. 126 lakhs in 1949-50. The present system of elementary education is to be replaced completely by basic education; but, for the present, Government have introduced crafts in elementary schools as a preparation for the eventual adoption of basic education in all schools and during last three years have spent Rs. 42 lakhs for the purpose. The object is to make the children craft-minded before the craft-centered education is fully developed in the province.

There has not been any significant development in the field of university or secondary education and most of the expenditure charged to Development account is accounted for by increased grants to universities, professional colleges and aided secondary schools.

There is, however, another development in the sphere of education which is of some importance. There is a three-year scheme of extension of adult education. It is proposed to start 2,000 centres in the first year and 1,200 in the second year so that in all there will be 3,200 centres in the second and third year. The estimated cost of the scheme is Rs. 4,80 lakhs for 2,000 centres and additional Rs. 1,92 lakhs for 1,200 centres. It is expected that as a result of the operation of these schemes, 84 lakhs of adults will be made literate. In all, the schemes are expected to cost Rs. 6,72 lakhs during the three years of their operation. It is expected that the cost will increase by about 25 per cent. if the content of the scheme is to be changed and social education rather than literacy of adults is to be the objective.

II(b). Public Health

The expenditure on public health, as will appear from table No. IV, accounts for nearly one-third of the total expenditure on the development of social services from 1946-47 to 1949-50. This programme, besides providing for improved equipment of hospitals and expansion and improvement of medical education, includes some items of special interest, listed below :

- (i) There is a provision for starting 225 subsidised health centres in the rural areas. Of this, 100 centres will be financed entirely by the Provincial Government while for the remaining 125, the cost will be shared by the Provincial Government and the local boards in the proportion of 4:1. Out of the 142 centres

to be opened during the first five years, 58 were opened in 1948-49 and another 16 are expected to be opened in 1949-50. Each centre will, it is expected, be in charge of a subsidised medical practitioner.

- (ii) There is a scheme for the provision of a health organisation in each district with a standing nucleus staff to deal with epidemic diseases and to attend to rural health problems. The scheme has been functioning with limited staff in some districts. Under it, houses have been disinfected and fumigated and about 11 lakhs of persons have been vaccinated and inoculated. The scheme, it is expected, will be further developed.
- (iii) It is proposed to establish two leper colonies for better treatment and control of leprosy.
- (iv) In order to improve medical facilities in rural areas, it is proposed to open 33 cottage hospitals (in addition to the existing 5) so as to provide 2 such hospitals for each district. Eight hospitals are to be established during the first 5-year period, out of which 3 have been already established and probably one more will be provided during the current year. Cottage hospitals would be an improvement on village dispensaries though they will not attain the standard of urban hospitals. The Government is selecting certain rural dispensaries for conversion into cottage hospitals. This naturally would take time, as a rural dispensary has the barest facilities for medical assistance and a hospital on the smallest possible scale must have a few beds, maternity service, etc.
- (v) Besides this, there is a scheme for the establishment of combined medical and public health units in the rural areas. It provides for sanitary improvement and maternity and child welfare service in groups of villages. The scheme has started functioning at 22 selected centres, including 4 in the backward areas.
- (vi) There are other schemes which provide for formation of anti-malaria units, establishment of a permanent organisation to combat plague, establishment of two tuberculosis hospitals and formation of 3 field hospital units.

SECTION III

III(a). Agriculture

As stated already, 63 per cent. of the total development expenditure is accounted for by economic development. Of this, expenditure on development of agriculture during 1946-50 has been Rs. 6.84 crores or about 14 per cent. of the total development expenditure. The following table gives the details of expenditure from 1946-47 to 1949-50.

TABLE VI

	(In lakhs of rupees)
	Rs.
1946-47.	44
1947-48	99
1948-49	2,11
1949-50	2,30
TOTAL	6,84

This Province on the average has annually imported 6 lakh tons of foodgrains since 1943. In the revised 'Grow More Food' programme, the Province expects, by the end of 1951, to increase its production of foodgrains by nearly 14 lakh tons. It expects to bring about 91,500 acres under irrigation. Intensive cultivation through supply of better seeds and manures and other measures of land improvement are expected to contribute materially to increase in production.

Under the reclamation plans of the province, 8 lakh acres of culturable waste land and another 8 lakh acres of weed infested land are intended to be reclaimed. Of the culturable waste, about 2 lakh acres would be brought under cultivation in the next few years, and would cost Rs. 2,72 lakhs. As regards weed infested land, a plan for the de-weeding of 8 lakh acres is already in operation and when completed, is estimated to cost about Rs. 2 crores. The Provincial Government is operating 104 tractors and would need 66 more in order to complete the task. There is, as a matter of fact, a growing demand on the part of cultivators for tractors, which at present cannot be fully met. It has been estimated that at a cost of nearly Rs. 99 lakhs, 3.6 lakh tons of additional foodgrains have been made available. This figure needs to be scrutinized; but if it is correct, it suggests that further development of the 'Grow More Food' schemes would definitely be a good investment.

III(b). Co-operation

The total expenditure on co-operation from 1946-47 to 1949-50 amounts to Rs. 83 lakhs or 1·8 per cent. of the total development expenditure on revenue account. Co-operative activities, however, are a very important feature of the development programme of the Province and a number of important developments have taken place which are of real interest. They are given below.

- (1) It is proposed to set up a marketing organisation at each district headquarters and at the principal primary marketing centres in the interior. This organization, it is expected, will be linked up with primary co-operative credit and multi-purpose societies and would bring the cultivator in direct contact with the markets. As a part of the scheme, a large number of licensed warehouses are to be organized, which would enable the co-operative societies to raise funds on the security of warehouse receipts.

It is also proposed to regulate markets in order to eliminate trading malpractices. It is expected that by 31st March, 1951, 100 major markets will be so regulated. By September, 1949, 52 markets have already been brought under regulation.

- (2) A special organization has been created for developing cottage industries through the industrial co-operatives. By the end of 1948, 450 such co-operative societies were functioning, and had a membership of 57,000, working capital of Rs. 82 lakhs and annual turnover of Rs. 4·5 crores. The number of these societies is now about 600. Besides the primary industrial co-operative societies, there are district industrial associations and a provincial council. This organization, taken as a whole, is reported to be doing good work and has possibilities.
- (3) There is a co-operative scheme for promoting self-sufficiency in *khadi*. 84 such self-sufficiency centres have already been established. The scheme is again a small beginning and its capacity for growth is still to be tested.
- (4) It is proposed to start an organization for co-operative farming. Schemes for starting co-operative farming societies in Thana, Surat, Kanara, Dharwar, East and West Khandesh have been sanctioned. Forty-one co-operative farming societies have been registered from 1-4-47 to 31-3-49.

- (5) A number of co-operative milk unions and co-operative creameries have been established. They are referred to later in Section III (c).
- (6) A number of women's co-operatives particularly for home crafts have been organized and it is intended to develop this aspect of co-operative activity.

III(c). Veterinary

The total expenditure on veterinary development schemes from 1946-47 to 1949-50 amounts to Rs. 19 lakhs. The development plans provide for prevention and cure of animal diseases, artificial insemination etc. Among the other schemes, for which provision has been made, the following may be mentioned :—

- (i) Expansion of Bombay Veterinary College;
- (ii) Assumption by Government of full control of veterinary dispensaries maintained by District Local Boards, and
- (iii) Opening of Veterinary dispensaries in every *taluka*. 20 such dispensaries have been opened in 1947-48 and 1948-49. Programme for the next three years is 10 dispensaries a year.

A specially noteworthy feature of the development plans consists in improvement of milk supply. Bombay in this respect has given a lead. In Bombay City since November, 1948, 15,000 pounds of milk are imported daily from Anand in Khaira District, which has a surplus. It is hoped to increase this quantity to 100,000 pounds a day by establishing a special modern dairy for the purpose. There is also a scheme for the distribution of guaranteed pure milk supply and at present about 1,00 maunds of milk per day are available for distribution through 365 centres and about a lakh of families are taking advantage of the scheme. But the most important development for the improvement of milk supply is the construction of a milk colony on 3,000 acres of land, specially acquired for the purpose, about 20 miles north of Bombay. The estimated cost of the scheme is Rs. 2 crores. The colony will accommodate 15,000 milch cattle with other stock. It will be self-sufficient in respect of fodder. Care and feeding of the cattle will be supervised and milk will be pasteurised. The milk produced will, in the case of small cattle owners, be sold on a co-operative basis. The scheme will, it is expected, be in full operation by 1951. Establishment of this colony will not fully solve the milk problem

of Bombay, for there are known to be more than 50,000 cattle in Bombay City alone which are living under most unhygienic conditions. It will, however, demonstrate what can be done by judicious combination of private and public enterprise and should, if it succeeds, pave the way for extension of similar undertakings in other parts of the Province. In itself, it is a very promising experiment of its kind.

Government have also approved a scheme for the formation of milk supply unions in other urban areas. At present, only 13 dairy societies, one milk union and two producer societies have been registered but it is expected to develop co-operative milk dairies in the important urban centres and make pure milk available at consumers' residence. There is also a proposal for starting 5 Central Creameries at district headquarters—Belgaum, Satara, East Khandesh, West Khandesh and Dharwar. In these areas, there is said to be surplus supply of milk which, it is expected, will be converted into *ghee* by the proposed creameries. The scheme, however, has not been put into effect as yet.

Fisheries

The Bombay Government has not done much in the way of improvement of its fisheries, but a programme of development has been drawn up which comprises: (a) development of inland fisheries, (b) establishment of an experimental station for breeding exotic and indigenous fish, (c) subsidies and loans to fishermen to enable them to adopt modern craft; (d) establishment of a cold storage plant and (e) a modern aquarium and study of marine biology.

III(d). Forests

The forest problem in Bombay is one of rehabilitation of forests. On account of the heavy monsoon, the Province suffers heavily from soil erosion and denudation. Plans of development provide for forest rehabilitation, improvement of communications, and establishment of research stations.

The question of establishment of forest industry has received special attention and it is proposed to establish private factories for the manufacture of *katha*, paper, paper pulp and matches. One of the schemes, particular to this Province, is the working of certain forests on mechanised lines.

III(e). Irrigation

Development expenditure on irrigation upto the end of 1949-50 would amount to Rs. 1,55 lakhs. Irrigation is a special problem in this Province, as out of 282 lakh acres of total area cropped every year, only 12 lakhs or

about 4 per cent. are under irrigation. Extension of irrigation is obviously necessary, if the Province is to become self-sufficient in respect of food. There are 8 schemes already in hand which, when completed, are likely to irrigate an additional 4.2 lakh acres. Cost of these schemes is estimated to be about Rs. 14 crores.

III(f). Industries

Development schemes of the Bombay Province mostly relate to small scale and cottage industries. As already stated in Section III (b), special organization has been set up under which the industrial co-operatives are being organised. A research laboratory for improving the equipment needed by craftsmen has been established. Special efforts are being made to provide credit facilities to industrial co-operatives.

It is also proposed to set up a separate Industrial Credit Corporation to help mainly the medium and the small scale industries. This Corporation is intended to assist industrial ventures by granting loans, advances, underwriting and guaranteeing the issue of stock, bonds and debentures. This Corporation is still to be constituted. Special institution for financing small and medium scale industries is needed in the Province and is to be provided. But if this institution is to function well, two conditions need to be fulfilled. In the first place, there ought to be a provision for granting assistance with reference to some priority schedule drawn up in the interest of community. If assistance is granted merely with reference to the creditworthiness of the applicant, the available resources will not be utilised to the best advantage. Moreover, it is necessary to make provision for assessing economic and technical soundness of ventures to which assistance is to be extended. In the scheme now under consideration, these two conditions have not been given their due consideration.

III(g). Electricity

Development of electric power occupies an important place in the post-war development schemes in Bombay. The schemes in hand provide for extensive development of electricity in urban and rural areas. At present, the total installed generating capacity in the Province is 354,887 kilowatts⁵

(5) Present consumption of electricity for different uses is as follows :—

	% of the total
1. Sales to Lighting, Heating and Cooling	12.7
2. Sales to Industrial Power including Electric Traction and Water Works	87.2
3. Sales to Irrigation	0.1
TOTAL	100

of which 112,647 kilowatts are generated from steam plants, 20,914 from diesel plant and 221,326 from hydro-electric plant. There are 5 thermal schemes in hand which, on completion, would generate additional 1,70,000 kilowatts.

There are also 5 hydel schemes under consideration. Four of these schemes are being investigated. Only in the case of one scheme, investigation has been completed and preliminary work commenced. If these five schemes are executed, it is expected that additional 434,200 kilowatts of power will be generated.

The total expenditure on electric development from 1946-47 to the end of 1949-50 would amount to Rs. 3,15 lakhs, Rs. 7 lakhs on revenue account and Rs. 3,08 lakhs on capital account.

III(h). Roads and Buildings

From 1946-47 to 1949-50, Rs 7.02 crores have been spent on buildings and roads. Details of expenditure are given below. These, however, relate only to original works.

Table VII

(In lakhs of rupees)

	Buildings	Roads	Total
1946-47	10	5.0	15.0
1947-48	20	8.6	28.6
1948-49	73	45.0	118.0
1949-50	188	96.0	284.0
TOTAL	2,91	1,54.6	4,45.6

Nearly two-thirds of the expenditure on original works has been incurred on buildings and one-third on roads. The departments of agriculture, education, medical and public health account for a considerable proportion of the expenditure on buildings.

The road development programme of Bombay is given below :—

(a) National Highways (to be financed by the Govt of India)	1,438 miles
(b) Provincial Highways	3,863 "
(c) Major District Roads	7,964 "
(d) Other District Roads	7,294 "
(e) Village Roads	10,322 "

The total cost of the programme is estimated at about Rs. 5 crores, spread over five years. Actual expenditure during the four year period,

1946-47 to 1949-50, has been only about Rs. 1.5 crores. It is, therefore, almost certain that the targets set at the beginning of the quinquennium will not be reached.

It is realised that the road programme of the province should be drawn up with a clear understanding of economic needs and possibilities. A Communications Board has recently been constituted to collect data on road traffic, etc. with a view to correlate development of roads to changes in population and growth of agriculture, trade and industry of the province.

III(i). Road Transport

Government have decided to constitute a Public Road Transport Corporation to run the road transport services with a view to increase operational efficiency, to improve road services and co-ordinate rail, road and sea transport. The estimated cost of the entire scheme is Rs. 8.94 crores, spread over three years; Rs. 3.63 crores in the first year ('48-49), Rs. 2.27 crores in the second year ('49-50) and Rs. 2.04 crores in the third year ('50-51). The province has been divided into 14 divisions. The scheme, when completed, is expected to add considerably to the revenues of the province.

In 1947-48, public road transport service was started in five divisions, two of which are fully covered by public services and three only partially. In the first year, the new service is reported to have yielded a net income of Rs. 61 lakhs. From the point of view of quality and regularity, the new public service is reported to have been a success.

III(j). Housing and Labour

Housing forms a very important part of the post-war development programme of the province. Government have carefully prepared plans by which one-room tenements will be abolished, dormitories and hostels for single persons and tenements to suit all sizes of families would be constructed and the rent charged would be within the means of the tenants. A statutory body has been set up for the purpose and a five-year programme commencing from April, 1947, has been drawn up. This provides for direct construction of houses by Provincial Government and conversion of military buildings for civilian residential purposes. Under the scheme, there is also provision for construction of houses, according to prescribed standards and regulations, by employers, local bodies and co-operative societies. Government will help by way of loans, supply of building materials, research facilities etc.

Government intend to levy a special charge on employers for the construction of houses for their workers. This liability, however, has not so far been accepted by employers. In 1947-48 and 1948-49, an expenditure of nearly Rs. 1 crore has been incurred on house construction. The budgeted

expenditure for the current year is Rs. 5.54 crores. The Provincial Government expects loan from the Centre for carrying out this housing programme.⁶ It appears, however, unlikely that the housing programme will be actually executed.

SECTION IV

IV(a). Co-ordination

In the Province, the need for co-ordination has been clearly appreciated since the introduction of the development programme. In fact there are functioning, on an administrative level, two agencies to satisfy this need. There is a Reconstruction Department under the Chief Secretary for the scrutiny of development schemes at preparatory stages and for watching the execution when they are put into operation. There is also a Development Board consisting of all Secretaries which meets every quarter, takes stock of the situation and indicates the need for changes, if any, in the conception and execution of the programme.

There are also quite a number of other agencies intended to help in co-ordinating and executing the development programme, e.g. Provincial, District and *Taluka* Rural Development Committees. These agencies, however, are still somewhat nebulous in character and their utility in carrying out development has not been fully established.

Government have, however, taken another step in regard to its development programme which is of special interest. They have introduced what are called *sarvodaya* Committees which, under non-official local leadership, are intended to tap local enthusiasm, interest and enterprise for the execution of the development programme. At one or two centres, results of some importance have actually been achieved and voluntary co-operative effort has been utilised for projects of local importance. More experience, however, is needed before the utility of this innovation can be demonstrated or judged. The relationship of the non-official public organisers with the permanent local administrative officers connected with the development programme has not yet been clarified and great deal of tact and discretion will be needed, both on the part of officials as well as non-officials, to use this new agency to good purpose.

In spite of conscious provision for co-ordination in the preparation and execution of the development programme, co-ordination between different agencies of the Bombay Government is far from complete or adequate. The

⁶ See Supplementary Note (II) chapter. II

development programme as a whole is not considered in its entirety and the inter-relations of different schemes are not fully understood or borne in mind.

IV(b). Conclusion

• The Bombay Government's Development Programme is a good effort in itself and shows earnestness of purpose and definite attempt to make a move on. The province, as already stated, has relied to a very considerable extent on its own resources and attached greater importance to schemes which are likely to fructify in the near future without neglecting schemes of long range development. Electricity, irrigation and roads have received attention but the immediate problem of this province is the problem of food deficit, which, as already stated, the Government is doing whatever is possible to reduce to a minimum.

In this province, as stated already, there is no provision in the development programme for expansion of major industries. The province, in many respects, is specially well-equipped to undertake development of major industries on a planned basis. It has resources, experience of the development and management of large-scale industries, and, of course, managerial ability of a high order. The absence of an industrial plan for the country must necessarily be an important limiting factor, as a new plan of large-scale industrial development of this province, as of all other provinces, has to be related to the needs of the country as a whole and assigned its due place in an all-India picture. The only industry which has attained a high level of development in this province, as is wellknown, is the textile industry; but its development also has taken place more under the stress of historical circumstances than with reference to any rational economic considerations. There is, therefore, over-concentration of textile industry at two or three centres which not only creates difficult economic and social problems for the centres concerned, but also introduces internal stresses in the working of the industry itself. The problem of location of industries and their decentralization have, therefore, a special importance for this province and can be successfully tackled only if it is approached from the point of view of the industrial development of the country as a whole in general and this province in particular. The fact that the development of electric power has been given a very important place in the development programme of the province makes it all the more essential that the development of large scale industries on a planned basis should be given high priority in the programme of economic development. The province in this respect needs a lead from the centre if it is to turn its opportunities and

resources to the best account; but the matter also needs more earnest consideration from the Provincial Government itself than it has received hitherto. Absence of any plans for the development of large scale industry is really a conspicuous lacuna in the economic programme of this province.

CHAPTER VI

DEVELOPMENT PROGRAMME OF THE CENTRAL PROVINCES¹

SECTION I

I(a). Introduction

Development is a matter of great urgency and importance in the CP owing to its being one of the backward provinces with large potential resources. Its minerals have not been fully surveyed; but even in respect of known deposits, the province occupies a high position. The integration of the States has increased its potential resources and correspondingly the importance of taking early action to utilise them to the greatest advantage. This province has a fourth of the total area under forests as compared to an average of 15 per cent. for the country as a whole. This again gives it a place of its own in the national economy and provides special possibilities of development.

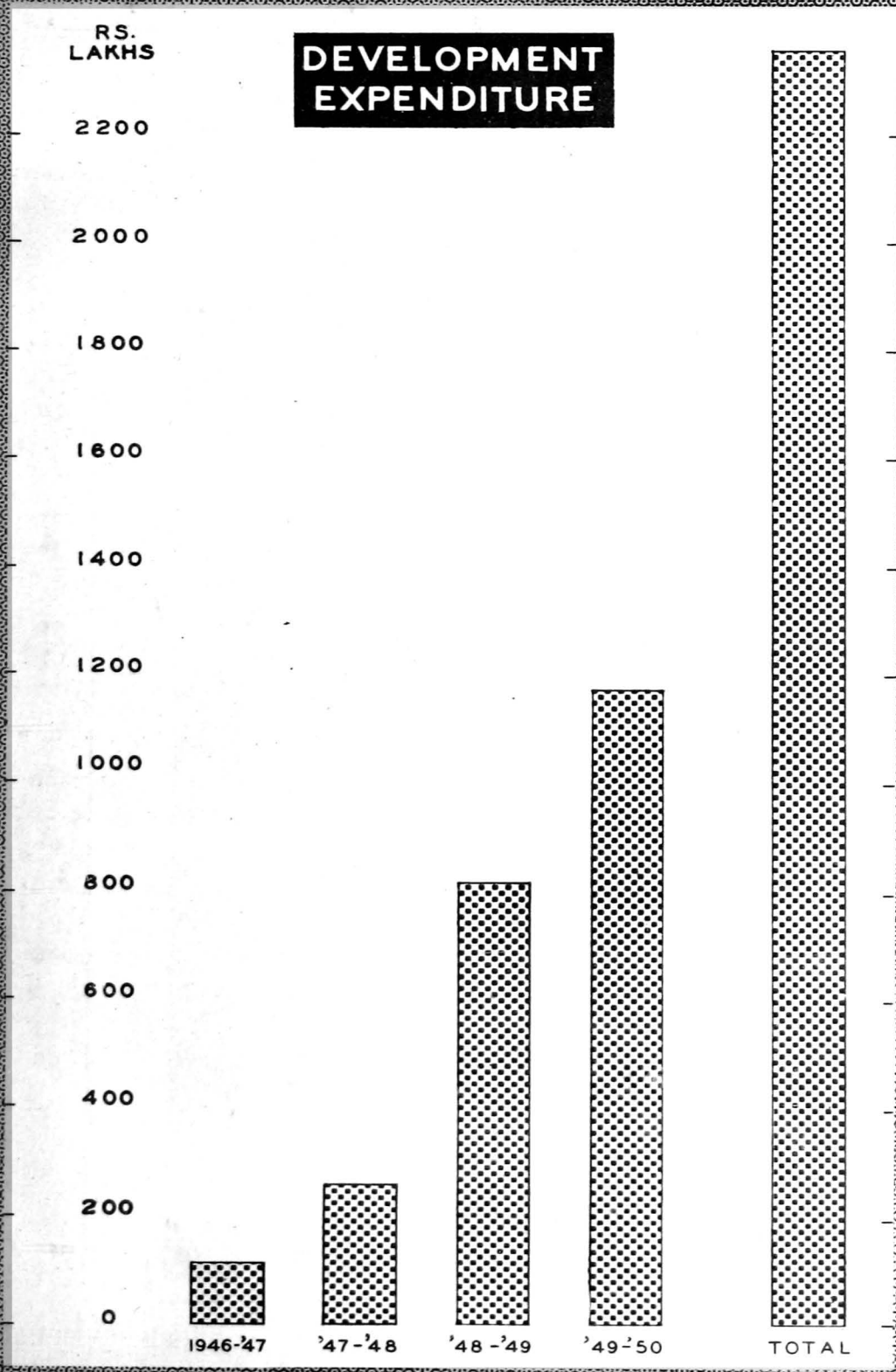
In respect of development of roads, education and health facilities, the province compares unfavourably with most of other provinces. Though a surplus province in respect of foodgrains and cotton, the irrigated area is only 7 per cent. of the total cultivated area. Its consumption of electricity is two kilowatts per head as compared to an average of 10 kilowatts for the country as a whole.

The original five year development programme was estimated to cost Rs. 66 crores and was based on a priority schedule for the various development plans in the following order—Electricity, Irrigation, Industrial Development, Road Transport, Education, Health and Agriculture. In the programme now in operation, however, though electricity and education have retained their high priorities, public health has been assigned a comparatively low position and irrigation has lost its importance.

The whole development programme, however, like that of Orissa, needs to be revised owing to the integration of States. This has increased the area of the province by 31 per cent. and its population by 17 per cent. The merged area carries enormous potential wealth; but it is without communications; the standard of administration is low and civic amenities are practically non-existent. Special efforts, however, have been and are being made to raise the level of administration of this area and to provide specific

¹ For statistical details See Appendix X.

C.P.



DISTRIBUTION OF DEVELOPMENT EXPENDITURE

C. P.

- | | | | | | |
|--------------|--|-------------------------|--|-------------------|--|
| EDUCATION | | MEDICAL & PUBLIC HEALTH | | AGRICULTURE & GMF | |
| CO-OPERATION | | FOREST | | IRRIGATION | |
| INDUSTRIES | | GENERAL ADMINISTRATION | | CIVIL WORKS | |
| ELECTRICITY | | | | MISCELLANEOUS | |

PERCENT

100

90

80

70

60

50

40

30

20

10

0



1946-47



47-48



48-49



49-50



TOTAL

facilities, particularly, for the aboriginal population. Though the area of the integrated States is nearly 27 per cent. of the total area, its revenue is only about Rs. 3 crores out of the total revenue of Rs. 22 crores for the province as a whole. Hence, though potentially an asset, these states are, in fact, at present a great liability. Even bringing this area to the level of the rest of the province would strain its resources severely; but if its potential resources have to be fully developed, the extent and content of the development plans and the estimates of financial outlay would have to be completely revised.

I(b). Financial aspect of the development programme

The following table presents the financial position of the development programme with its sub-divisions of expenditure on revenue and capital accounts.

TABLE I

Development Expenditure

Year.	(Rs. in lakhs)		
	Expenditure on Revenue Account	Expenditure on Capital account.	Total
1946-47	88 (75.9)	28 (24.1)	116 (100)
1947-48	125 (48.8)	131 (51.2)	256 (100)
1948-49	386 (47.4)	428 (52.6)	814 (100)
1949-50	432 (36.9)	739 (63.1)	1171 (100)
	1031 (43.7)	1326 (56.3)	2357 (100)

It would appear from the above table that about 44 per cent. of the total development expenditure has been incurred on revenue and 56 per cent on capital account.

I(c). In table II below the sources of funds spent on development have been indicated.

TABLE II
Financing of the development programme

Year	(Rs. in lakhs—% to total in brackets)					Total
	Central grant	Central Loans	Net Revenue Surplus outside development account	Prov. Loans	Withdrawal from Prov. balances	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1946-47	88	28	..	..	..	1,16
1947-48	1,00	85	25	..	46	2,56
1948-49	78	4,10	3,08	18	..	8,14
1949-50	1,80	3,00	2,52	2,50	189	11,71
	446 (18·9)	823 (34·9)	585 (24·8)	268 (11·4)	235 (10·0)	23,57 (100·0)

Taking into account its limited resources and relative backwardness, the province has done well and over 46 per cent. of its total development expenditure has been met from its own resources—revenue surplus, balances and loans raised on its own account. Nevertheless, more than a third of the total development expenditure has been financed by loans from the Centre, besides grants, amounting to nearly 19 per cent., the total central aid being 54 per cent.

I(d). Table III below gives the total development expenditure from 1946-47 to 1949-50 and its break-up between social services and activities of economic importance.

TABLE III
Distribution of expenditure on social services, activities of economic importance and miscellaneous

Year	Social Services		Activities of economic importance		Miscellaneous		Total	
	Rs. in lakhs	% of total	Rs. in lakhs	% of total	Rs. in lakhs	% of total		
1946-47	28	(24·1)	81	(69·8)	7	(6·1)	1,16	100
1947-48	59	(23·1)	1,81	(70·7)	16	(6·2)	2,56	100
1948-49	1,28	(15·7)	6,29	(77·3)	57	(7·0)	8,14	100
1949-50	1,81	(1·55)	9,37	(80·0)	53	(4·5)	11,71	100
	3,96 (16·8)		18,28 (77·6)		1,33 (5·6)		23,57 100	

This table shows that nearly 78 per cent. of the total development expenditure has been incurred on economic development and more than two-thirds of this is accounted for by electricity, roads and buildings.

SECTION II

Social Services

The development expenditure on education and on medical and public health is analysed in the following table.

TABLE IV

Development Expenditure on Education and Public Health

	(In lakhs of rupees)				Total
	1946-47 Accounts	1947-48 Accounts	1948-49 Revised	1949-50 Budget	
Education	24	47	1,02	1,35	3,08
Medical & Public Health	4	12	26	46	88
TOTAL	28	59	1,28	1,81	3,96

Education accounts for more than three-fourths of the expenditure on social services and the balance is on medical and public health schemes.

II(a). Education

Educational expenditure is further analysed according to objects in the following table.

TABLE V

Distribution of development expenditure on education

	Percentage
(i) Primary Education	48.6
(ii) Secondary Education	6.9
(iii) University Education	25.7
(iv) Special & general charges	19.8

The proportion of expenditure on primary education appears to be low in comparison to other provinces. Practically no new primary schools were established in the first three years of the development programme. It is expected that in the next two years, 300 primary schools will be opened each year and in the third and fourth year, *i.e.*, 1952-53 and 1953-54, 500 and 600 respectively. The only development of importance in the field of elementary education is the establishment of 7 normal training schools. It is expected that with the availability of trained teachers, it would be possible

to make more rapid progress in the development of basic education. The most significant educational development, however, has been the establishment of a network of centres for social education. According to available information this scheme represents an attempt to impart literacy to adults and awaken their intellectual, social and artistic interests. Under it, five hundred centres have been established all over the province and 7,000 volunteers, including 2,000 girls, have taken part in the working of the scheme. Each camp has a complement of one leader and about 10 volunteers. Both the leaders and volunteers are trained before they are given their assignments. The syllabus of each camp includes—besides reading, writing and arithmetic, instructions in civics, hygiene, village conditions and in the trades of the area in which the camp is held. Recreation is a very important part of camp activities. Besides these camps, there is also provision for monsoon and autumn courses and about 6,700 centres are reported to be working. It is estimated that about 3½ lakh adults have attended these courses and passed the qualifying tests. The entire scheme is estimated to cost Rs. 50 to 60 lakhs.

The real achievements of this scheme can only be assessed through intimate knowledge and careful examination of the work done. If sincerity of purpose and genuineness of effort are taken for granted, there can be hardly any doubt that the scheme is well conceived and should give good results.

II(b). Medical and Public Health

Table IV above also gives details of expenditure on medical and public health.

The original schemes provided for an expenditure of Rs. 12 crores or 18 per cent. of the total development expenditure. In the four year period, ending 1949-50, only Rs. 88 lakhs have been spent. The establishment of a medical college at Jubbulpore is a development of real importance. A mobile eye dispensary at Nagpur has also been opened for the benefit of villages within a radius of 60 miles. Apart from these and certain other minor schemes, most of the expenditure has been incurred for the training of nurses, compounders, TB and other medical personnel. There were proposals for setting up district public health organisations, a large number of health units and provincialisation of municipal health organisations. These schemes have not been proceeded with, on account of financial difficulties.

The Provincial Government has started a course of training for extending medical help to rural areas. It is intended that young men who have passed the matriculation examination should be given a three year course of training and be able to render medical aid in ordinary cases to the community. So far about 80 men have been trained for the purpose, but the intention is to increase their number. This plan has been adopted because the five year training, which is ordinarily given to medical graduates, besides being expensive, would delay the introduction and extension of health services in rural areas. Another important scheme provides for training stockmen-cum-health assistants of public health and veterinary departments for rendering medical and veterinary first aid to villagers and their cattle.

SECTION III

Activities of economic importance

As stated already, the expenditure on economic development accounts for nearly four-fifths of the total development expenditure and more than two-thirds of it has been spent on electricity, roads and buildings.

III(a). Agriculture

Among other activities of economic importance, development of agriculture has been given an important place during these four years, and Rs. 1.85 crores have been spent on development of agriculture and Grow More Food schemes. The programme of agricultural development, besides providing for experimental farms, demonstration and distribution of improved seeds and fertilizers, has three salient features.

(i) The Provincial Government is executing two schemes: one for reclaiming weed-infested land by borrowing tractors from the Government of India (Central Tractor Organisation), the other for deep-ploughing of certain areas by its own tractors. Under the first scheme, 90 tractors are working; but under the second only 2, to start with, because necessary mechanical personnel and sufficient number of tractors have not been available. Under these schemes, 55,081 acres have already been re-claimed. And it is expected that in the next five years, about 6 lakh acres would be reclaimed at the rate of 120 thousand acres each year.

(ii) Special efforts are being made to convert urban refuse, including nightsoil, into compost. In 93 out of 108 municipal towns, this scheme is already in operation. From 1943-44, when the scheme was introduced, to 1948-49, substantial progress has been made and the quantity of compost produced has increased from 1,900 tons to 61,864 tons. This scheme is being introduced in rural areas by way of demonstration. It is expected

that about 2,000 villages would be brought under this scheme by 1949-50. Targets of manure production for 1949-50, 1950-51 and 1951-52 are, 4, 5 and 12 lakh tons respectively.

(iii) Special effort has also been made to construct new wells and repair old ones. Loans have been advanced with the ceiling of Rs. 1,000 for the construction of each new well and Rs. 400 for the repair of each old well. 20 per cent. of the sum advanced is treated as subsidy. In 1947-48 and 1948-49, loans were advanced for the construction of 11,685 wells and repair of 5,674 old wells. The targets for the construction and repair of wells during the next two years are 24,000 and 14,000 wells respectively. If these targets are attained, 1.49 lakh acres of land will be irrigated and 30,000 tons of additional foodgrains will be produced.

III(b). Co-operation

Expenditure on development of co-operation during the four years under review amounted to Rs. 32 lakhs. The expenditure is small, but relatively speaking, a number of developments of real interest have taken place in this province. In brief, they are:—

(i) About 3,700 multi-purpose co-operative societies are functioning and 479 urban and rural consumer stores have been started.

(ii) The Provincial Government has organised Agricultural Associations in almost every sub-division. There are 81 such associations and four of them are reported to be doing very intensive work. They are expected to:

- (i) develop marketing and co-operative distribution of necessaries of life;
- (ii) take over processing industries (rice mills, etc.);
- (iii) promote cottage and other subsidiary industries and arrange for marketing of their products; and
- (iv) organise agriculturists in such a manner as to be able to introduce co-operative farming on a suitable basis through multi-purpose societies.

One such association is running a co-operative farm, has a rice mill of its own and is doing large-scale business in co-operative buying and selling. These associations have not yet acquired a firm foothold and a large number of them are working in a more or less nebulous manner. The underlying

principle of these institutions is sound. Given the right spirit and determination, they can play a very useful role in the reorganisation of the rural economy.

(iii) There are 200 weavers' co-operative societies and 89 other industrial co-operatives in the province. It is estimated that 50 per cent. of the available looms are being worked on a co-operative basis.

III (c). **Forests**

As stated already, about 25 per cent. of the total area in the province is covered by forests and their development must necessarily have a high priority in the development programme of the province. Actual development expenditure on forests has, however, been very meagre. In all, Rs. 29 lakhs have been spent for the purpose and out of the 28 schemes originally approved by Government, only 8 have been taken in hand.

It is proposed to develop certain forest industries like wood distillation, paper, resins and paints. The Provincial Government is also contemplating the control and management of private forests for their conservation and development.

III (d). **Veterinary**

Only Rs. 42 lakhs have been spent in these four years on veterinary development schemes. These provide for the establishment of dairy units in certain selected towns, supply of pedigree bulls, establishment of a Central Poultry Farm and development of indigenous varieties of fish in some of the big tanks.

For dairy development, Government propose to start a number of units, each of which, it is expected, will produce and distribute about 6 to 7 maunds of milk. Besides these units, it is proposed to establish a number of co-operative societies for increased supply of pure milk. Four such units have been established already and four more are expected to be established in the current year. This province, like the United Provinces, has also been adversely affected, by the Partition in securing the supply of high quality cattle. The Province was dependent upon the West Punjab and Sind, but now it is trying to tap available sources in the East Punjab.

The Provincial Government has a scheme for starting 800 key village centres in which the work of cattle improvement and veterinary aid will be concentrated. For the time being, it is proposed to start 100 such centres of which 35 have been already established.

A Veterinary College has started functioning in 1948-49 for training veterinary doctors, stock supervisors and stockmen.

For improvement of poultry, the Provincial Government has acquired a big military poultry farm which is being used for breeding purposes and supply and distribution of improved varieties of birds.

III(e). Irrigation

According to the original development programme for the quinquennium ending 1951-52, the total expenditure on irrigation works was estimated at Rs. 3,29 lakhs. The total expenditure so far incurred is small and most of the original plans remain unimplemented. At present only three works are under construction and ten more are under investigation; and all these are tank projects.

III(f). Industries

The Provincial Government has provided for a total development expenditure of Rs. 1,83 lakhs on industrial development schemes during the four years ending 1949-50. Of this amount, Rs. 1.77 lakhs have been spent on capital account and represents mostly participation of the Provincial Government in industrial development and aid to certain selected industries.

In respect of industrial development, this Province has shown initiative and enterprise. A Mining and Geological Department has been established to survey the mineral resources of the province and help in their development. A Board of Industries has been established for the management of State undertakings. The Provincial Government has also decided to establish an aluminium factory as a public enterprise and are also contemplating the development of two new important coal mines, *i.e.* Korba and Kampti Mines, as State undertakings. For these public undertakings assistance of some foreign firms is likely to be sought and is expected to be available.

Experience of state financing, referred to above, has indicated the need for much greater caution in contributing public funds to private firms on a participation basis. There is need for examining proposals, for which public aid is sought, and assessing the technical competence of private firms more carefully. The contribution made by the Provincial Government towards a paper mill and an aluminium factory were made in good faith, but the future of these undertakings is somewhat doubtful and the aluminium company is already in liquidation. The company will be replaced by a state-owned and state-managed enterprise.

The province has also plans for the development of cement and metal industries. As stated above, it has constituted a Board of Industries. This

Board, however, cannot be expected to undertake direct management of the various proposed State undertakings. Each industry will present its own problems of economic administration which will have to be separately considered. It would, however, be necessary to consider the whole question in its entirety and come to some general conclusions with regard to it. Standard of efficiency must be maintained and public interest must be safeguarded, if public management of these industries is to be a success. The Government of the CP has, however, shown initiative and enterprise and if this can be combined with the proper assessment of achievements and possibilities, favourable results can be assured.

III(g). Electricity

At present the Province has an installed thermal generating capacity of only 29,000 K.Ws., and three-fourths of this is utilised for industrial purposes. The Provincial Government has made the maximum amount of effort for electrical development. Almost half the expenditure on economic development and nearly 35 p.c. of the total development expenditure is on account of electrical development. Already six thermal projects, designed to produce some 80,000 K.W. of power, are under actual construction. But their execution is being hampered by the short supply of cement, cast iron pipes and inadequate transport facilities. Besides the thermal projects, there are nearly 12 hydro-electric projects which are estimated to produce between 3 and 3½ lakh K.Ws. But on none of these has construction actually started, and only six are under investigation.

It is significant, however, that the entire plan of electrical development is conceived and being implemented on a regional basis, with the rural areas as an integral part of the scheme. For wide distribution of the electrical power generated, particularly to the rural areas, the Provincial Government is building up a grid network in various parts of the province. An area of approximately 20 miles radius around each grid sub-station will be developed in gradual stages. A comprehensive rural load survey of selected rural areas, within the reach of the main grid net work under development, has been made throughout the province. About 157 villages with a population between 3 to 4 lakhs have been selected for purposes of rural electrification, in the first five year programme of development.

III(h). Roads and buildings

The expenditure under this head during four years, 1946-47 to 1949-50, is given below.

TABLE VI*Expenditure on Roads and Buildings*

	(In lakhs of Rupees.)				
	1946-47 Accounts	1947-48 Accounts	1948-49 Revised	1949-50 Budget	Total
Buildings	21	10	81	238	410
Roads	34	14	34	30	112
	55	24	115	328	522

The expenditure on buildings and roads for the four years ending 1949-50, amounts to Rs. 5,22 lakhs which is approximately equal to the total in the five-year programme. Originally it was intended to devote only 3 per cent. of the total development finance to buildings and roads; but actually these heads account for 22 per cent. of the development expenditure incurred in the four years ending 1949-50. And, as shown above, while more than Rs. 4 crores have been spent on buildings, only a little over Rs. 1 crore has been devoted to roads.

III(i). Road Transport

The Provincial Government has schemes for introducing road transport services all over the province. As a start they have acquired controlling interest in two private companies, which were running at a heavy loss. Government have given them loans amounting to nearly Rs. 14 lakhs, repayable in instalments. Further, a Director of Transport Services, who functions as managing director of these companies, has been appointed. From the available information it appears that since January, 1949, both these concerns have been able to convert their recurring losses into profits.

The scheme of road transport development aims at providing public transport service for passengers all over the province, and it is expected that the scheme, when completed, will provide a daily service of 88,000 miles. No decision has been arrived at on the form of administration of this service or its relation to Government departments. It would, obviously, be necessary to have a distinct set up with its own rules and regulations for running the service. This question will necessarily come up for consideration

when the two companies, which have already been acquired, are placed on a sound basis and the next step in the development of road transport service can be taken.

III(j). Backward Area Development

In this province, aborigines are known to be a large proportion of the population. In the integrated areas, their proportion is larger. Government have constituted a Board to look after their interests and special measures have been taken to improve their condition. 109 primary schools and 18 middle schools have been started in the area. 43 multipurpose co-operative societies, including 15 in the integrated area, have been organised among the aborigines, and 140 centres have been opened to distribute simple medicines. The most important measure which has been taken for their benefit is the starting of village group schemes for rural reconstruction. Under this scheme, the beneficent activities of Government are brought within the orbit of group activities and all officers connected with them are placed at its disposal. The Departments of Agriculture, Public Health, Education and Co-operation work together as parts of the same organisation and take joint action for the general amelioration of the conditions of aborigines and their economic development. Three such centres have already been established and according to reports, they have done good work.

There is also a proposal for the establishment of a number of *lokshalas* for training village leaders. This scheme is supplementary to the group scheme and is intended to train potential local leaders. Each *lokshala* will provide training for 50 students for a period of three years and equip them for playing their role as village leaders with knowledge and understanding. One such institution has already been established and is reported to have made a good start.

SECTION IV

IV (a). Co-ordination

There is a Department of Development and Reconstruction in this Province which is intended to achieve a measure of co-ordination among the different departments of Government. In practice, this department only compiles available information about development schemes, and is not in a position to ensure best utilisation of the available financial and material resources. A Development Sub-Committee of the Cabinet has also been constituted, which considers the schemes before they are finally approved by the Cabinet. It, however, does not consider the development programme as a whole, or review from time to time its underlying assumptions in the light of actual experience.

It is proposed to set up provincial and district development boards to promote a larger measure of co-ordination. It is not possible to say how far these developments are likely to achieve the desired result. For Co-ordination at basic level, at present, there is no satisfactory arrangement. Multi-purpose co-operative societies and agricultural associations, referred to above, can be useful upto a point. The real important development at the basic level, however, is the introduction of the *Janapada* scheme, which involves complete re-organisation of administration, practical abolition of districts and district boards and transfer of all their functions to *Janapadas*. When completed, it is intended to bring into play local initiative and enterprise. The object is to constitute 30,000 *Gram Panchayats* in the villages and group them into 92 *Janapadas*. It is proposed to introduce *Janapadas* in the States also and 14 such *Janapadas* have already been established in the integrated area. All functions of administration, except law and order, police and justice, will be assigned to these new local bodies and they will be charged with all development and economic functions. Schools, local roads, and hospitals have already been transferred to them and in due course it is expected that they will be in charge of development of agriculture, cottage industries and co-operation. The elective *Janapada* will have a standing or executive committee, presided over by a permanent officer who will perform *liaison* duties between the Provincial Government and local authorities. His experience and continuity will provide the experience which *Janapadas* will need, and he in his turn will depend upon the co-operation and goodwill of *Janapadas* and foster their healthy growth. This scheme is still in its elementary stages. A start has been made for establishing 92 *Janapadas* and, as stated already, a few functions have been transferred to them. But if the democratic process implicit in the scheme can be fully developed, it can combine the merits of popular enthusiasm with expert guidance and experience and contribute to the healthy development of local administration and economic activities at the village level.

IV(b) Conclusion

The development programme now in operation, as stated already, is materially different from the original five-year development programme. The original programme was estimated to cost Rs. 75 crores of which Rs. 9 crores was recurring. The programme now in operation is estimated to cost Rs. 23.57 crores by the end of 1949-50 and its recurring cost has been estimated at Rs. 5.4 crores. The distribution of expenditure also is different from what was originally intended and some of the more beneficent activities like public health have suffered from comparative negligence. Development of electricity, on which more than one-third of the total development

expenditure is being incurred, is a long-term investment and is still to bear fruit. But plans for the utilisation of the power to be generated have still to be made. The Provincial Government has schemes for the development of forest industries and they would, if they can be established, create demand for new power. These schemes, however, cannot be taken as counterpart of the electricity development schemes.

In the field of social education, in the development of backward areas, and in the reorganisation of the whole system of local administration, this province has made a new start, and these developments in their conception and in their execution, indicate understanding of the essentials of the situation and realistic estimate of the needs of rural areas. These plans, however, will have to be carried out with real determination and purpose, if they are to yield good results. At present their promise is more important than their achievement.

The development plans now in operation have been picked out of the original five-year development programme but the selection does not show any intelligible pattern. A number of selected schemes are intrinsically sound, but if a well-balanced plan for the whole province, including the integrated States, has to be prepared, a complete review of the whole situation in respect of development plans is needed and a balanced programme including some of the schemes now in operation is obviously called for.

CHAPTER VII

DEVELOPMENT PROGRAMME OF THE EAST PUNJAB¹

SECTION I

I(a). Introduction

The original development programme of the Punjab has become obsolete owing to Partition and the revised programme has not yet been drawn up. The economy of the East Punjab has been completely disrupted and it has still to regain its internal equilibrium. Mainly an agricultural province, it has suffered grievously owing to its having received less than its due share, on population basis, of the irrigated area, particularly the canal irrigated area. Such industries as the Punjab had been able to develop were also mostly located in the West Punjab and now have to be treated as a dead loss. The immediate problem for the province is to stabilise its administration, raise the level of efficiency, and owing to the pressing nature of the needs created by the Partition, to import a sense of urgency into the execution of its development plans.

The paramount need is, of course, rehabilitation of refugees.² The mass transfer of population which has occurred has disturbed the structure of population of the Province and created a situation which calls for large scale transfer of population to new economic occupations. The problem of resettlement of agricultural population has presented difficulties of its own, but the difficulties of rehabilitating urban population are incomparably greater. They raise problems of reconditioning of millions of displaced persons and preparing them for new occupations to which they are not accustomed and for which, in a large number of cases, possibly they have no natural aptitude. This problem cannot be solved by relying upon free play of economic forces. It requires planned development of the Province as a part of the development of the country as a whole. The problem of development has not been conceived in these terms and there are hardly any projects in existence which can answer the needs of the situation.

The Centre has given help freely and in good measure. Almost the whole development expenditure of Rs. 15 crores from August 1947 to the end of 1949-50 has been financed by the Central Government.

The development programme of the East Punjab Government now in operation is merely a rump of the old development programme which happened to be physically located in the area assigned to the East Punjab. The

¹ See Appendix XI for statistical details.

² See Supplementary Note to this Chapter.

E.PUNJAB

R.S.
LAKHS

DEVELOPMENT EXPENDITURE

1650

1500

1350

1200

1050

900

750

600

450

300

150

0

1946-'47

'47-'48

'48-'49

'49-'50

TOTAL

DISTRIBUTION OF DEVELOPMENT EXPENDITURE

EAST PUNJAB



PERCENT

100

90

80

70

60

50

40

30

20

10

0

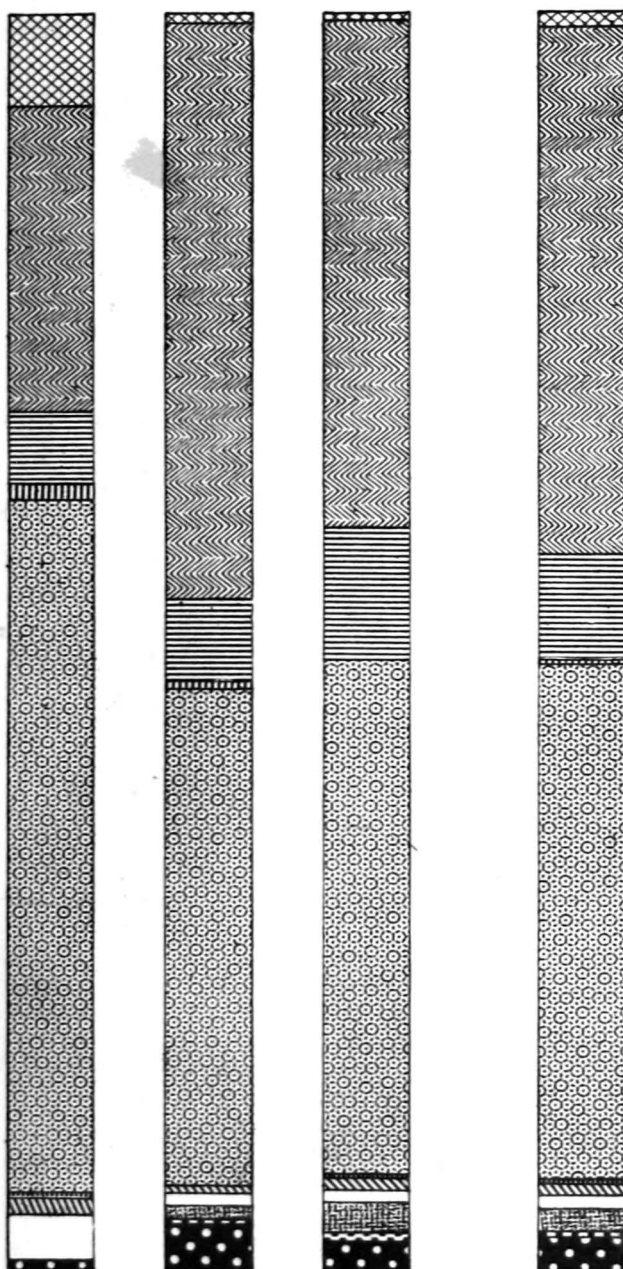
1946-47

47-48

48-49

49-50

TOTAL



only scheme of real importance is the multi-purpose scheme known as the Bhakra-Nangal project. This scheme accounts for more than 80 per cent. of the total development expenditure incurred during this period. Important as this scheme is, in prospect, it has hardly any bearing on the present economic situation. This scheme has, however, to be proceeded with; but it is urgent that the Province should frame a balanced and well-thought-out programme to re-establish a new equilibrium in its internal economy and create the capacity of growth from within.

As the revised programme is in the making, it is not possible to indicate its essential purpose. The need for this approach, however, it is clear from the available material, has not been clearly appreciated. The province having been completely dependent upon central grants and loans, has so far neither been able to regain its initiative nor has it thought out as to what it can do for itself. Its limitations are obvious and real. These, however, cannot be overcome by relying on central aid.

I(b). Financing of Development Expenditure

The total development expenditure since August 1947 including the revised budget provision for 1949-50 comes to nearly Rs. 15 crores³. On annual basis, it works out as under :

TABLE I
Development Expenditure

	(In Crores of rupees)
1947-48 (Accounts for 7½ months)	0·86
1948-49 (Revised)	6·63
1949-50 (Budget)	7·40
TOTAL	14·89

Table II below gives the break-up of the development expenditure as between the revenue account and the capital account.

TABLE II
Development Expenditure on Capital and Revenue Account

	(In crores of rupees; percentages in brackets)		
	Revenue Account	Capital Account	Total
1947-48 (Accounts) (7½ Months)	0·22	0·64	0·86
1948-49 (Revised)	1·03	5·60	6·63
1949-50 (Budget)	1·32	6·08	7·40
TOTAL	2·57 (17·5)	12·32 (82·5)	14·89 (100)

³The provincial government expected a loan of Rs. 15 crores from the Central Government for the current year, but according to the revised central loan programme, the East Punjab will get only Rs. 6 crores as loan for the current year's development programme. This has been taken into consideration in all the calculations in this Chapter and the statistical appendices.

Expenditure on revenue account in the Province is the lowest proportion of development expenditure for any province.

Financing of the East Punjab development expenditure presents no problem, as even its normal expenditure is mostly financed by the Centre. The revenue account, as given above, has been financed almost wholly from Central grants and the capital account entirely from Central loans. The Province cannot for any long time possibly rely exclusively or mainly upon Central aid for development and has to devise measures for making its own revenues as buoyant as possible.

I(c). A consolidated table showing distribution of development expenditure since August 1947 on activities of economic importance, social services and other miscellaneous items is given in Appendix number XI.

It would appear from the table that nearly 96 per cent. of the total development expenditure has been incurred on activities of economic importance. Of these irrigation, electricity, and civil works account for as high a proportion as 91.2 per cent. This heavy expenditure on three items leaves only 4.5 per cent. to be spent on other economic activities including GMF, Co-operation, Forests, Veterinary and Industry. The amount available for non-economic activities like education and health is much less, being only 3.4 per cent. of the total development expenditure.

SECTION II

II(a). Education

The development expenditure on education amounts to Rs. 44 lakhs during the 2½ years ending 1949-50. It is only 3 per cent. of the total development expenditure, which percentage is the lowest among all provinces. Annual development expenditure on education is given below :—

TABLE III

Development Expenditure on Education.

Years	(In lakhs of rupees.)
1947-48 (Since Aug. '47)	0.7
1948-49 (Revised)	25.3
1949-50 (Budget)	18.0
TOTAL	44.0

Information about the distribution of this expenditure for 1947-48 and 1948-49 is not available. The budget provision for educational development during the current year is Rs. 18 lakhs of which Rs. 13 lakhs is for primary education, a little over Rs. 1 lakh for secondary education and the balance for general and special schemes. No provision has been made for the development of University education.

The present schemes are necessarily limited and provide for the establishment of a few primary, middle and high schools. There is a provision for starting a basic training centre, but a serious effort to develop basic education itself is ruled out by financial limitations.

A scheme of special interest in the East Punjab is for social education, particularly visual education and youth organisation. The visual programme of education in fact was being worked out between 1938 and 1942. It had made good progress but had to be discontinued on account of the war. Government now proposes to take it up again, make their own films and demonstrate educational films accompanied by commentary and followed by short discussion. Every *tehsil* will be provided with a mobile unit which would go round the villages imparting visual education. This will be supplemented by wall papers and bulletins.

As for the Provincial Youth Organisation, there are at present 120 Farmers' clubs in the East Punjab and 30 are proposed to be started this year. The organisation through its various recreational activities and otherwise proposes to stimulate progressive interests of young farmers and pick out men who can benefit specially from training in various departmental courses and social education.

II(b). Medical and Public Health

The total expenditure on development of medical and public health facilities amounts to Rs. 6 lakhs since the Partition. It is only 0.4 per cent. of the total development expenditure.

TABLE IV

Development Expenditure on Medical and Public Health

	(In lakhs of rupees.)		
	1948-49 (Revised)	1949-50 (Budget)	Total
Medical	1.2	4.2	5.4
Public Health	0.2	0.4	0.6
	<u>1.4</u>	<u>4.6</u>	<u>6.0</u>

Division of the Punjab and loss of Lahore, which was a great centre of medical education and hospitals, and congestion in urban areas in the East Punjab on account of the influx of refugees, call for large-scale development of medical and public health facilities. This need has, however, not been provided for in the limited schemes now in operation. These schemes merely provide for provincializing some local hospitals, preventive public health activities, modernising one or two hospitals, opening a few welfare and maternity centres and establishing anti-malaria units in districts where malaria is a special problem.

Attempt is being made to revive what are called 'better-living' societies. Before the war they were specially interested in public health problems like water-supply and sanitation; but owing to scarcity of materials, they have not been able to maintain their activities. A few of them have started working again. It is proposed to increase their number and scope of their activities.

SECTION III

Expenditure on Economic Activities

As stated already, development expenditure on activities of economic interest amounts to 95.7 per cent. of the total development expenditure, and irrigation, electricity, roads and buildings account for as much as 91.2 per cent. This leaves hardly any margin for other economic activities.

III(a). Agriculture

Development expenditure on agriculture since 15th August, 1947, amounts to only Rs. 27 lakhs or about 2 per cent. of the total development expenditure. Its break-up is given in the following table:—

TABLE V

Development Expenditure on Agriculture

	(In lakhs of rupees)
1948-49 (Revised)	8.0
1949-50 (Budget)	19.0
TOTAL	27.0

This expenditure covers activities in connection with the GMF schemes as well as the normal development activities of the Department of Agriculture.

Inadequacy of this expenditure is obvious. By the Partition, the poorer and less developed part of the Punjab has been constituted into the new province. The East Punjab is, in fact, a deficit area in foodgrains as compared to the united Punjab which had a substantial surplus. Last year the province had deficit in wheat, rice and maize though it was surplus in gram, barley and millets.

The proportions of the area and population of the East Punjab to the total area and population of the old province are 48 and 42 respectively. This seems to indicate that the province has, in respect of area, not fared badly through Partition, but the capacity of the province to sustain its population depends not on its total area, but on cropped and irrigated area. The proportion of the cropped and irrigated area assigned to the East Punjab are 39 per cent. and 28 per cent. respectively and that of canal irrigated area only 21 per cent. The Partition has, it is evident, made the province a liability on the agricultural resources of the country as a whole; and expansion of its agriculture has, on that account, become an urgent task.

The food production programme of the province now in operation provides for the usual items of use of pure seeds of improved varieties, conservation and use of farmyard manure and composting of urban refuse⁴, eradication of pernicious weeds, control of pests, supply of improved agricultural implements, etc. Under the newly promulgated Ordinances, the provincial government has acquired powers to compel cultivators, wherever necessary, to carry out directions issued by government officers for improvement of agricultural standards and practices.

As the major irrigation projects are sure to take time to mature, plans have been prepared for expansion of irrigated area in the immediate future. It is proposed to sink 30,000 percolation wells and 1,050 tubewells by the end of 1951-52. This will, it is expected, irrigate about a million acres and increase the supply of foodgrains by a lakh tons. A beginning has, in fact, been made and *takkavi* loans for 2,154 wells have been distributed, and 600 wells have been actually sunk. Shortage of building materials like steel and cement is, more than finance, the real difficulty in the way of execution of these schemes.

The province has about 2½ million acres of culturable waste; and the provincial government has prepared a scheme for reclamation of 5 lakh acres at the rate of one lakh acres per year. The scheme is estimated

⁴ In Ludhiana, Jullundur and Amritsar cities, arrangements have also been made for distribution of manure from dumping grounds to surrounding villages. In Amritsar, the Agricultural Department is in charge of this work while in the other two cities, the Municipalities themselves have taken it over.

to cost Rs. 14 crores. The Central Government has, however, tentatively agreed to assist in the reclamation of about 50,000 acres every year. In anticipation of the final sanction, the Provincial Government has, with the help of the Central Tractor Organisation, actually commenced work on 10,000 acres of wasteland.

In this province, as in most other provinces, private farmers are definitely demanding facilities for mechanized cultivation. About 10,000 acres of land were ploughed last year as an urgent measure of rehabilitation and resettlement. There is, however, demand for extension of these facilities which cannot be met with the existing resources. Among the other causes which have contributed to the emergence of this demand is the fact that exchange of population between East and West Punjab has resulted in material reduction in the supply of agricultural and non-agricultural labour in rural areas. The incoming population, being of a different social composition, has not been able to make up this deficiency and, therefore, mechanical substitutes for human labour are in demand but cannot be made available owing to the scarcity of tractors.

III (b).—Co-operation.

Development expenditure on co-operation since the Partition amounts to Rs. 17 lakhs or a little over 1 per cent. of the total development expenditure. The break-up of the expenditure is given in the following table :

TABLE VI

Development Expenditure on Co-operation . . .

1947-48 (7½ months)	1948-49	(In lakhs of rupees)	
		1949-50	Total
(Accounts)	(Revised)	(Budget)	
3.1	6.4	7.5	17.0

The united Punjab had some 25 thousand co-operative societies out of which as many as 14 thousand were located in the East Punjab. Nearly half of them are non-credit societies. The Province has also a small number (200) of multipurpose societies. They propose to convert their A and B class societies into multipurpose societies. The provincial government is also paying special attention to co-operative societies for purposes of cattle-breeding, medical aid, joint farming etc.

After the Partition, a very valuable opportunity for introducing co-operative farming or joint cultivation was lost in this province. Owing to the

transfer of population about 2 million acres of evacuee land became available, in many cases in large compact blocks, without any prescriptive rights attached to them. Under the circumstances it would have been possible to carve out large economic units for co-operative cultivation and marketing. This opportunity, however, was not utilised. An experiment in joint allotment of holdings to groups of refugee families was made in the beginning with a view to evolve co-operative farming and joint management of land, but owing to lack of faith in co-operation, it was abandoned.

There is still considerable scope for extension of the co-operative movement for distribution of seeds, fertilisers, consumer goods and scarce materials. A proposal to utilise them for some of these purposes is under consideration.

I.I.c).—Forests

The development expenditure on forests has been only Rs. 12 lakhs upto the end of 1949-50 or less than 1 per cent. of the total development expenditure. This amount seems to be insignificant in view of the needs of the province. The area under forests in this province is only 9 per cent as against 15 per cent. which is the average for the provinces in the Indian Union. There is consequently great difficulty especially in the urban areas in meeting fuel requirements. The provincial government realise the necessity of meeting this need and have in fact started work on ten thousand acres. A proposal for transfer of wasteland along canals and roads to the forest department for raising timber is also under consideration.

Although the proportion of forest area is comparatively low, a large portion of hill forests in the united Punjab has now fallen to the share of East Punjab. These forests have their own problems. They have been heavily exploited during the last 10 years without any replacement. Moreover, just below the Swaliks, sand is drifting inwards damaging the forests which in turn become incapable of checking and canalising flow of water from the hills with consequent damage to the crops in the plains. To check this damage to soil and to reconstruct eroded land, Government have under operation a scheme costing nearly Rs. $\frac{3}{4}$ crore. This includes (a) terracing of sloping fields, (b) damming of ravines and gullies, (c) control of surplus water, (d) storage of water, (e) establishment of wind breaks and shelter belts, (f) reclamation of wasteland and (g) afforestation.

The scheme of afforestation is a part of an ambitious scheme for soil conservation and afforestation which will be completed in about 20 years and cost nearly Rs. 7 crores.

III(d).—Veterinary

Since the Partition, the development expenditure on veterinary schemes has been only 5 lakhs of rupees, quite a negligible part of the total development expenditure.

The activities of the Department mainly comprise of improvement of livestock and development of dairy industry. For improving livestock cattle, a breeding farm has been opened at Hissar and District Boards are purchasing more pedigree bulls from the farm; several research schemes relating to breeding, feeding, nutrition, genetics, wool development are being carried out; and new veterinary hospitals are being opened. For encouraging dairy industry and supplying pure milk at reasonable rates in towns, a scheme has been drawn up for establishing model dairy farms and a start has been made by developing the existing dairy farm at Karnal. It is also proposed to organise dairy farming and sale of milk on co-operative basis.

III(e).—Irrigation

Irrigation, as said before, is one of the most important activities of Government in the East Punjab. Out of a total development expenditure of Rs. 7½ crores upto the end of 1948-49, about Rs. 3 crores were spent on irrigation. Rs. 8 crores were originally provided for irrigation in the budget for 1949-50. This will now have to be considerably scaled down as the Central Government in its revised programme of loans and grants to the province has reduced the East Punjab allotment of loans from Rs. 15 to Rs. 6 crores. It may be presumed that the provincial government will probably have less than Rs. 3 crores available for irrigation development during 1949-50. Most of this amount is practically earmarked for the Bhakra Dam and the connected canal projects which were expected to increase the canal irrigated area by 50 per cent. by 1956. It will now take longer to complete the project. Besides this major project, the department of irrigation has a scheme under operation—the Jagadhari tube-well project—for sinking 250 tube-wells; to begin with; but the progress of the scheme has been impeded by difficulty of obtaining the necessary equipment. When complete, the scheme is expected to increase production by one million maunds of food-grains.

III(f).—Industries

The expenditure on industrial development schemes upto the end of 1949-50 is Rs. 7 lakhs or approximately half per cent. of the total development expenditure during the period.

The expenditure has been mainly incurred on the opening of additional industrial schools and development of cottage industries including the establishment of an emporium. Government is taking steps for supply of raw materials and better designs, sale of finished goods and provision of credit facilities to cottage industries. It has a scheme for subsidised distribution of one lakh *charkhas* and one thousand looms per year with a view to making specified areas self-sufficient in cloth. Special attention is also being paid to the sports industry which flourished at Sialkot in the undivided Punjab before the Partition. The sericulture industry is also being encouraged.

In large scale industry the East Punjab is a relatively backward area; industrialists have migrated to East Punjab not only leaving their industrial assets behind but also with crippled financial resources. It is, therefore, proposed that the Government should start industries on the basis of joint enterprise or even on purely government account. The industries which are proposed to be taken up include caustic soda, resin, glass-ware, optical goods, surgical instruments and chemical and pharmaceutical works. No definite schemes have so far been formulated for the purpose.

The Provincial Government is also expecting to establish new industrial colonies as a measure of rehabilitation. In the township colonies of Sonapat, Jagadhari, Bahadurgarh and Panipat, special allotments for new industries have been made which cover engineering, dairy, glass-works, textiles, paints, chemicals, rice, oil and saw mills, etc. Under the auspices of the Central Government, it is proposed to establish three townships at Rajpura (PEPSU), Faridabad and Nilokheri to provide for the rehabilitation of about one lakh refugees. These schemes have taken concrete shape and are being implemented. But the industrial colonies directly sponsored by the Provincial Government are still only projects and have to be more definitely formulated.

Development of small scale industries by the refugees has also been provided for and the Provincial Government is giving loans to the refugees who want to start these industries.

III(g).—Electricity

The expenditure on electrical development amounts to Rs. 3½ crores out of the total development expenditure of Rs. 7½ crores up to the end of 1948-49. A little less than Rs. 6 crores was budgeted for 1949-50 but this provision would also be affected by the decision of the Government of India to reduce the Central loan from Rs. 15 to Rs. 6 crores for capital development expenditure. This will necessarily involve reduction of the estimated expenditure on electrical development in the current year from Rs. 6 crores to nearly half that amount.

The four main schemes in hand are the following :—

- (i) The Nangal scheme which is the fore-runner of the Bhakra Irrigation-cum-Hydel Project. It is expected to generate power much earlier than Bhakra. The first stage was likely to be completed by 1952 when about a lakh kilowatt generating capacity would be ready. But due to the slowing down of operations, it would naturally take more time.
- (ii) Construction on the Bhakra Dam and the associated works has started. The proposal is to have 6 plants of 80,000 kilowatts each, 3 to be taken up in the first stage. The electrical portion of the project has not yet been started.
- (iii) The Panipat Thermal Project has been designed to meet the industrial requirements of the area and also to supply power for tube-wells in the district and neighbouring areas. The plant will have 3 sets with generating capacities of 25,000, 5,000 and 500 kilowatts respectively. The original intention was to complete this project by 1950, but the present position is rather obscure.
- (iv) A thermal plant is being installed at Ferozepur with a capacity of 1,750 kilowatts to provide power supply for the town and neighbouring areas till the Nangal and Bhakra Projects materialize.

While the Provincial Government is naturally anxious to complete these projects as early as possible, its total dependence on the Centre has reduced the chance of the original expectations of the completion of the schemes being realized in time.

III(h).—Communications

The development expenditure on roads upto the end of 1948-49 was a little over Rs. 30 lakhs. Nearly Rs. 1½ crores had been provided in the budget for 1949-50, but as a large part of this expenditure is on capital account, it would be materially affected owing to the provision for Central loan having been reduced by 60 per cent.

The Nagpur Conference of the Indian Road Congress suggested the construction of 2,250 miles of urban and rural roads in the province. But due to financial reasons, Government has decided to continue work only on roads already under construction. It would mean that only 307 miles of roads, including 156 miles of roads of strategic importance, would be taken up for the present. The Provincial Government has a little more ambitious road

programme of 712 miles costing a little over Rs. 4 crores, but financial difficulties make even the present limited programme of road development rather a doubtful proposition. So far the department has been able to complete only 90 miles of roads and collect material for another 140 miles. It is obvious that without substantial aid from the Centre in terms of money and scarce materials, the Province will be unable to achieve any substantial results in its road programme, the execution of which has become a strategic necessity on account of the East Punjab having now become a border Province.

III(i).—Road Transport

The Provincial Government has a scheme for introducing road transport service. A start has been made by introducing State Bus Service in some of the cities. The main objectives for taking over transport service are :

- (a) to secure a reasonable amount of revenue for the Province ;
- (b) to make service more efficient ;
- (c) to secure rail and road co-ordination ; and
- (d) to ameliorate the working conditions of the employees.

It is proposed to put nearly 1,300 motor vehicles on the road to provide a public motor transport service. The existing operators will be paid compensation for physical assets plus 20 per cent. shares as compensation for goodwill. For administration of the service, it is proposed to institute a statutory Corporation.

SECTION IV

Co-ordination and Conclusion

No comments are called for on the co-ordinating machinery of the Province because such a machinery does not exist. The whole administrative apparatus of the Province is still not in gear and it is obviously necessary to put it in good working order. That, however, would not be enough. The Finance Department in this province, as in all other provinces, does exercise certain powers of scrutiny and control ; but the exercise of these powers is not and cannot be a substitute for co-ordination. In the revised programme under consideration, ceilings of expenditure have been fixed for the departments, and they have been asked to choose their own order of priorities among the schemes ready for implementation. This is, of course, administratively convenient, but overlooks the necessity of considering all these schemes in relation to one another and with reference not to departmental considerations, but the needs of the Province as a whole. The total amount

available for allocation to the departments being small, probably the most urgent schemes would be given precedence under this procedure. That, however, makes it all the more essential that the limited available funds should be utilised to the greatest advantage and departmental considerations assessed in the context of the economic situation as a whole. This is not being done and even the necessity of doing so is not appreciated.

The prime need of the Province, however, is to examine the working of its economy as a whole and restore, as stated in the introductory paragraph, some measure of internal equilibrium. The imbalance is unfortunately inherent in the situation, and cannot be redressed easily or soon; but it cannot be redressed at all by letting things take their own course or by providing for development on an *ad hoc* or fragmentary basis. The province is entitled to special measure of assistance from the Centre and it has already received it in a large measure. But the right understanding and earnestness of purpose are necessary for the solution of the special problems of the Province. The need for co-ordination, in other words, in this province is even greater than in other parts of the country, and its absence a more grievous handicap on that account.

SUPPLEMENTARY NOTE TO CHAPTER VII

Rehabilitation in the East Punjab

According to a rough estimate, the East Punjab has probably a refugee population approximately 2.5 million or about one-fifth of the population of the Province. This, however, does not convey fully the problems of social instability and occupational maladjustments which the Province faces. The evacuees from the East Punjab and the refugees from the West Punjab represent, as it is known, different economic strata of population, the latter, generally speaking, being much better off than the former. Even in cases where the refugees are agriculturists, a large proportion of them were either landlords or money-lenders or occupied an intermediate status between the landlords and the peasantry. The refugee peasants also were, by East Punjab standards, men of substance and higher up in the economic scale. Many of them were used to perennial canal irrigation of which the East Punjab has barely one-fifth of the total area in the United Punjab under canal irrigation. As the area of land left by the evacuees in the East Punjab is considerably smaller than the area which the refugees have left behind, the allotment of land to the agriculturists has had to be inversely graduated and they have had to accept appreciable deterioration in their economic position.⁵ But the urban refugees are, however, in much worse position; and they have not only to be trained for and directed to new

⁵ For purposes of allocation the Provincial Government has adopted a scheme of graded cut and evolved the concept of 'standard acre'. The table below shows the gradation of cut and the number of displaced claimants (in E. Punjab & PEPSU) to be affected in different holding-groups.

Area of holding abandoned (in acres)	Rate of cut (percent)	No. of displaced claimants to be affected by the cut.
10 or less	25	3,88,387
10 to 30	30	69,590
30 to 40	40	2,591
40 to 60	50	7,898
60 to 100	65	4,712
100 to 150	70	1,719
150 to 200	75	681
200 to 250	80	326
250 to 500	85	459
500 to 1000	90	168
1000 and over	95	87

occupations but these new occupations have to be created for them. In fact, a whole new economy has to be devised for gainful absorption of the refugee population. Unfortunately the new Province compares unfavourably with the West Punjab not only in agriculture and irrigation but also in industry, trade, public amenities and economic opportunities in general. Rehabilitation, therefore, must necessarily be an integral part of the planned development of the Province.

All land abandoned by land-holders in the East Punjab has been evaluated in terms of 'standard acres' after taking into account the productivity of the land, the type of tenure, land revenue per acre, sale value of land, annual lease value and other relevant factors. As against 4 million standard acres abandoned by displaced persons the area available for permanent allotment in the East Punjab and PEPSU is 2.5 million acres, about 62 per cent. of the abandoned land.

There is, at present, as stated in the Chapter, no provision for planned development of the Province. It has been estimated that of the displaced persons, 15.2 lakhs are rural and 9.2 lakhs urban. Quasi-permanent allotment of land has been made to about 15 lakh persons and loans have been granted for rehabilitation. The process of rehabilitation will necessarily take time.

Apart from the fact that what they have received is only a partial compensation for what they have lost, the refugees have to build up their community life and get assimilated in the new surroundings.

Schemes of urban rehabilitation have already been referred to in this chapter. These yet remain in a fluid state. It is reported that nearly a lakh of refugees would be absorbed in the next two to three years in the township schemes of Faridabad and Rajpura. Nine lakh refugees are reported to have been provided for in evacuee houses. This is a measure of immediate relief but does not touch the problem of rehabilitation. Provision has been made for granting loans to individual industrialists, limited industrial concerns, traders, artisans, lawyers and doctors; but majority of the urban refugees cannot be automatically absorbed in the economy of the Province and hence rehabilitation, in the real sense of the word, still remains a problem which has neither been solved nor its solution planned for

While, therefore, real rehabilitation has hardly started, the liquidation of relief camps is going on. Displaced agriculturists are being sent by batches to rural areas and so-called work centres have been set up for displaced non-agriculturists. The scheme of work centres aims at creating work for 18,000 workers and thereby providing means of subsistence to approximately 52,000 persons. At present, there are 29 training-cum-work centres with only 2,771 workers under this scheme who are engaged mainly in simple crafts like wood and leather work, manufacture of toys, pottery, hosiery, sports goods, spinning, weaving, printing, etc.

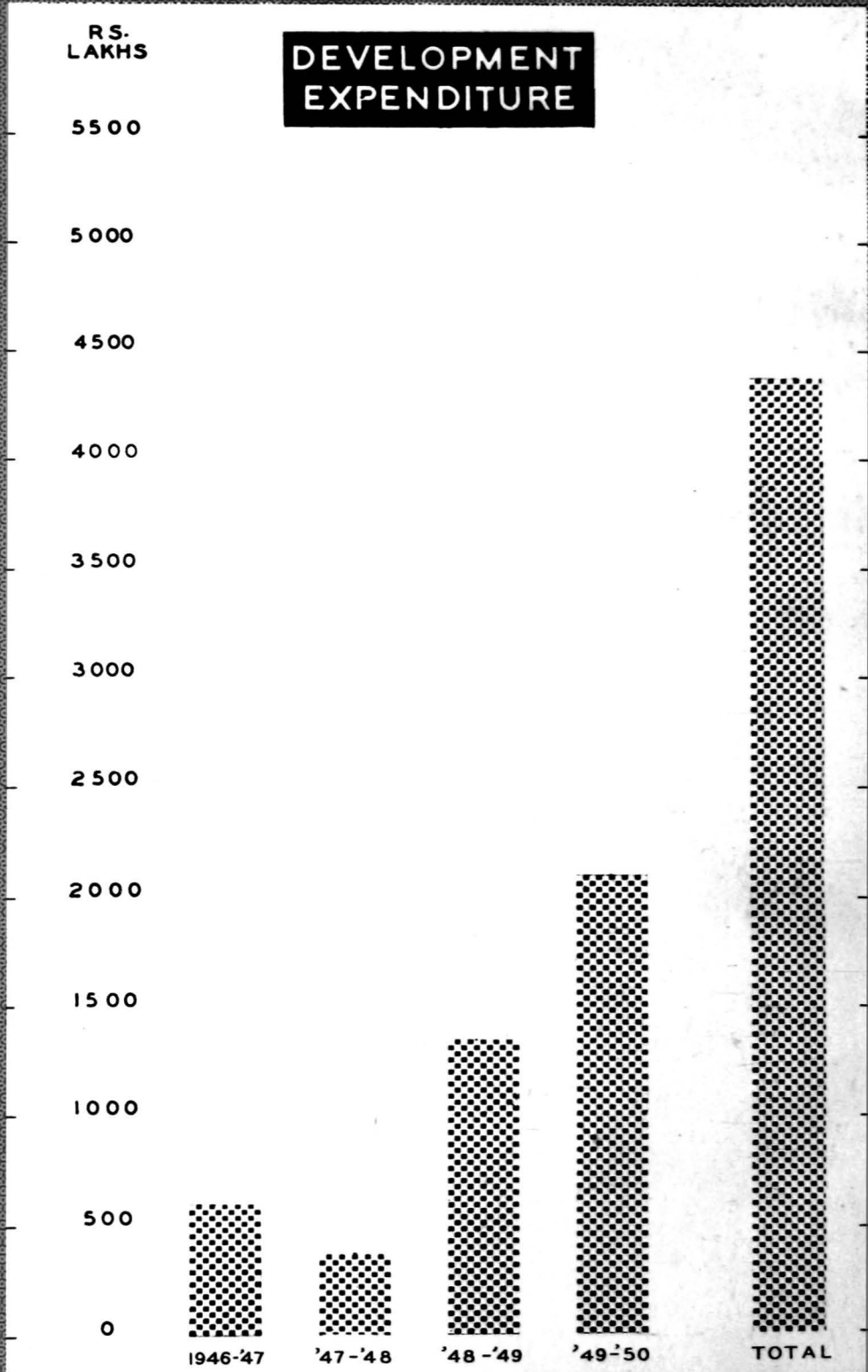
These work centres have been set up at places where the proposed townships—25 in number—are to be established. The expectation is that those who are working or undergoing training in these centres would be absorbed in the economies of the townships. It, however, cannot be taken for granted that this expectation would, in fact, be realized, because the type and scale of industries which the townships will actually develop and the economic patterns which they will ultimately assume are yet unknown even to the authorities concerned. Consequently the sort of training now being imparted to displaced persons in the work centres as well as in the centres set up by the Ministry of Labour, can at best enable them to earn merely a pittance in the rural and urban areas of the Province or in cottage industries that may be eventually organised.

The township schemes, again, as schemes of urban rehabilitation, are—with the exception of the experiment at Nilokheri—till now no more than just housing schemes. It is true that the construction of townships will, to start with, provide the displaced population to be settled therein with employment. But construction work needs to be completed as early as possible. The displaced persons must eventually depend on the internal economies of the townships. These economies, even in cases in which plans of construction are in hand, still remain undefined and unprovided for. In most cases, however, the construction of the new industrial colonies has not been started and even blue prints of plans for the development of their economic life have not been made.

These considerations reinforce the conclusion stated already that the East Punjab can solve its rehabilitation problem only by treating it as an integral part of the problem of planned development of the Province as a whole. Mere allotment of the evacuee land to the agriculturists does not mean their rehabilitation. By intensive cultivation, improved technique and re-organization of rural economy, they have to be helped to make

up for the reduced size of their holdings and the loss of the irrigation facilities. This can and should be made a part of the development and reorganization of the entire rural economy. For the rehabilitation of the urban refugees and two lakhs of surplus rural refugees, it is essential to speed up the planned industrial development of the Province. The present economy of the Province cannot, by itself and without purposive regulation and development, absorb over 9 lakhs of urban refugees.

MADRAS

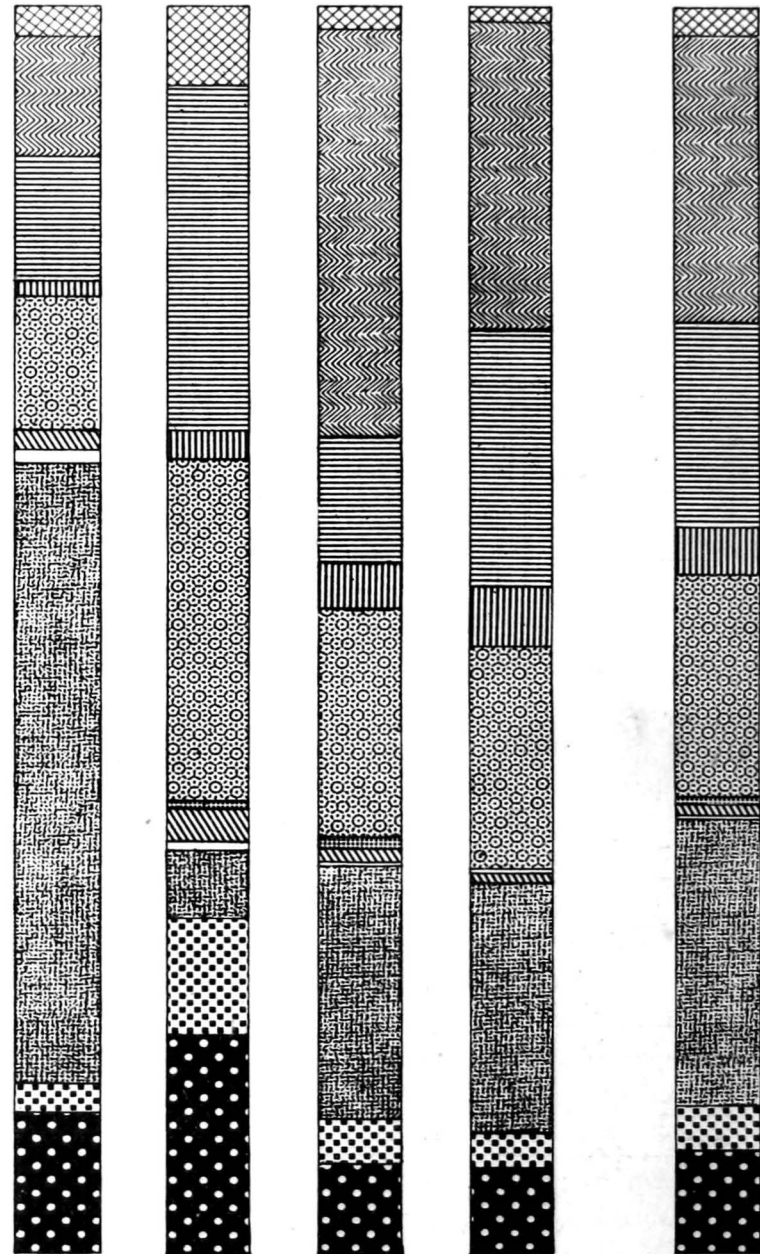


DISTRIBUTION OF DEVELOPMENT EXPENDITURE

MADRAS



PERCENT



CHAPTER VIII
DEVELOPMENT PROGRAMME OF MADRAS¹
SECTION I

I(a). Introduction

Madras in respect of the scope and extent of development expenditure occupies an important place among the provinces. The original development programme was estimated to cost Rs. 130 crores or about 16 per cent. of the total estimated expenditure of nearly Rs. 800 crores of the original provincial development programmes. It is expected that total actual development expenditure in Madras would amount by the end of 1949-50 to nearly Rs. 44 crores or 19·2 per cent. of the total development expenditure of Rs. 229 crores for all the provinces taken together. Madras has, it would appear, maintained its relative position; and in respect of the total development expenditure, the only two provinces which occupy higher positions are Bombay (Rs. 48 crores) and the UP (47 crores).

In the execution of its development programme, Madras has mainly relied upon its own resources. The Centre has financed only 36 per cent. of the total development expenditure from its grants and loans. Nearly 61 per cent. of its development expenditure has been met from revenue surplus and provincial balances. As development expenditure on capital account is nearly 46 per cent. of the total development expenditure, and Central and Provincial loans account for only 9 per cent. of the latter, the Province has, it would appear, been able to finance its important schemes involving heavy capital outlay also largely out of its current and accumulated revenues. It has still Rs. 30 crores in its Post-War Reconstruction Fund to fall back upon; and it should be possible to maintain its present scale of expenditure in spite of the reduction of its Central grant from Rs. 5 to 4 crores for 1949-50.

The Province has during 1946-50 devoted nearly 58 per cent. of its total development expenditure to electricity, irrigation, roads and buildings, about two-fifths of this expenditure being on development of electricity and irrigation. Being a province deficit in respect of food, it is necessary for it to make special efforts to increase its food supply. The major and minor irrigation works in hand account for nearly one-fifth of total development expenditure and indicate the order of priority to which no possible exception can be taken.

¹ For statistical details, See Appendix XII.

In respect of the development of electricity, which has been given a higher priority in the development programme of the province than irrigation and accounts for nearly $\frac{1}{4}$ th of the total development expenditure during the four-year period, the province has outstanding achievements to its credit.² Madras has also been able to achieve a larger measure of success than most provinces in—extending electric power to rural areas. Already a large number of pumps and small industrial plants are being run by electric power; and it can be assumed that supply of additional power would mean further extension of electricity to rural areas.

In regard to the development of social services, the proportion of development expenditure on these services is, relatively speaking, small, and the programme in this respect is lacking in intensity of effort and breadth of conception.

I(b). Financing of the Development Programme

The following tables give the over-all picture of how Madras has financed its development programme both on revenue and capital account during 1946—50 :—

TABLE I

Development Expenditure

(In lakhs of rupees; percentages to totals in brackets)

	Expenditure on Revenue Account	Expenditure on Capital Account	Total
1946-47	4,66 (79.6)	1,19 (20.4)	5,85
1947-48	2,52 (69.6)	1,10 (30.4)	3,62
1948-49	6,36 (47.3)	7,08 (52.7)	13,44
1949-50	10,25 (48.9)	10,67 (51.1)	20,92
1946—50	23,79 (54.3)	20,04 (45.7)	43,83

²Of the total installed generating capacity of 160,000 K.W. in the Province, Government undertakings account for as much as 156, 471 K.W. or nearly 96 of the total. The Provincial Government have plans to acquire the electric plants of the municipalities which have a generating capacity of 827 K.W.

TABLE II

Financing of the Development Programme³

(In lakhs of rupees; percentages to totals in brackets)

Year	Central grants	Central loans	Net Revenue Surplus plus outside development account	Provincial loans	Withdrawal from Provincial balances	Total
1946-47	230 (39.3)	<i>Nil</i>	242 (41.2)	113 (19.5)	<i>Nil</i>	585
1947-48	252 (69.6)	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	110 (30.4)	362
1948-49	318 (23.6)	300 (22.3)	311 (23.7)	<i>Nil</i>	415 (30.4)	1344
1949-50	500 (23.9)	<i>Nil</i>	525 (25.1)	<i>Nil</i>	1067 (51.0)	2092
	1300 (29.6)	300 (6.8)	1078 (24.6)	113 (2.5)	1592 (36.5)	4383

The proportion of development expenditure on revenue account though lower than that of Bombay is higher than in a number of other provinces. The corresponding proportion is 44 per cent. for the CP, 48 per cent. for Orissa and only 17 per cent. for the East Punjab. The development expenditure is more evenly distributed between the revenue and capital accounts in the province and shows that both the long and short term projects have received their due consideration.

Central Grants and Central Loans, taken together, account for Rs. 16 crores or nearly 36.4 per cent. of the total development expenditure during the period. The Provincial Government have thus financed their development programme to the extent of 63.6 per cent. from their own resources. Excepting Bombay, this is the highest percentage for any province. About Rs. 11 crores have been drawn from the net revenue surplus (outside the development account) and about Rs. 16 crores from provincial balances. Withdrawal from provincial balances has been the most important source. Of the total of nearly Rs. 40 crores drawn from this source by all the provinces, Madras accounts for nearly Rs. 16 crores or about 40 per cent. The proportion for Bombay, the UP and the CP—the

³Figures for Central Grants and Central loans are those as given in the provincial budgets. However, these figures are subject to revision on account of reduction in the Central Grant in the case of Madras from Rs. 5 to 4 crores.

other Provinces which have also drawn upon their balances for development—is 35, 20 and 5 per cent. respectively. The proportion for Madras, as stated above, is likely to increase if, as a result of the deficiency caused by the reduction of Central Grant from Rs. 5 to 4 crores, the Province is to draw further upon its balances.

Loans raised by the Provincial Government have, relatively speaking, been of comparatively small importance, having contributed only Rs. 3 crores or about 7 per cent. of total development expenditure during the four-year period.

I(c).

The following table gives the over-all picture of expenditure (on revenue and capital account) on Social Services and Activities of Economic Importance :—

TABLE III

(In lakhs of rupees; percentages in brackets)

Year	Social Services	Activities of economic importance	Miscellaneous
1946-47	79 (13.5)	492 (83.5)	14(3.0)
1947-48	97 (26.8)	242 (66.9)	23(6.3)
1948-49	141 (10.6)	1172 (87.1)	31(2.3)
1949-50	189 (9.1)	1809 (89.6)	94(1.3)
TOTAL	506 (11.5)	3715 (86.3)	162 (2.2)

These figures show that the distribution of expenditure on social services and activities of economic importance has been more or less uniform during the period. The sudden variation in these percentages in 1947-48 is due to the small expenditure on GMF in that year which was Rs. 12 lakhs as compared to Rs. 259 lakhs in the succeeding year and Rs. 284 lakhs in the preceding year.

It would appear from the above table that about 86 per cent. of the total expenditure has been devoted to activities of economic importance, the expenditure on irrigation, electricity and roads, taken together, being 57.6 per cent.

SECTION II

II(a). Education

The total expenditure on educational development and its distribution year by year is given in the following table :—

TABLE IV

(In lakhs of rupees; percentages in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
I. University	3 (4.4)	2 (3.2)	2 (2.1)	4 (3.0)	11 (3.0)
II. Primary	51 (77.4)	34 (54.0)	50 (52.6)	79 (60.3)	214 (60.0)
III. Special	11 (16.7)	26 (41.3)	39 (41.1)	46 (35.2)	122 (34.6)
IV. General	1 (1.5)	1 (1.5)	4 (4.2)	2 (1.5)	8 (2.4)
TOTAL	66 (100)	63 (100)	95 (100)	131 (100)	355 (100)

It would appear from the above table that primary education has received special attention in this province; out of the total development expenditure of Rs. 3.6 crores on education, about Rs. 2.0 crores have been spent for this purpose. Government have accepted introduction of universal compulsory elementary education in the Province as their ultimate goal and have also accepted the view that the elementary education should be based on the principles of 'basic education'. With that end in view, Government have decided to train elementary school teachers in the theory and practice of basic education. They propose to convert all existing training schools into basic training schools within 5 years.

The progress made in respect of basic education (upto 31st March '49) is as follows :—

	Number of schools	Number of pupils
Junior basic schools	101 ^a	9776
Basic training schools	18 ^b	1465

^aOf these 12 were newly established schools, the remaining being old schools converted into basic schools.

^b10 old basic schools have been converted and 8 new ones established.

Special education also figures prominently in the development programme of the Province, its most important feature being the development of adult education. The latter aims at (i) opening of adult literacy schools, (ii) opening of institutions for adult education, and (iii) the organisation of a library system. Special efforts are being made, through adult education, to stimulate and utilise the interest and energy of young persons for constructive social activities. Provision has also been made for visual instruction under the adult education scheme.

Improvement of status of teachers, particularly of primary schools, has been specially provided in the educational programme. Grants to schools have been increased and earmarked for increasing the salaries of the staff.

II(b). Medical and Public Health

Total development expenditure on Medical and Public Health, during 1946-50, amounted to Rs. 151 lakhs, i.e., 3.4 per cent. of the total development expenditure during 1946—50. Its break-up by years is given in the following table :—

TABLE V

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
13	34	46	58	151

The development schemes, besides providing for improvement of the taluka and district headquarter hospitals, have the following features of interest :—

- (a) Establishment of a medical centre every 5 miles or for every 10 to 12 thousand persons in densely populated areas. 30 such centres have so far been opened.
- (b) Establishment of anti-leprosy centres. The aim of the scheme is to set up a provincial anti-leprosy centre and a number of centres for the same purpose at district headquarters. The Silver Jubilee Children's Leprosy Clinic and various other leprosy clinics have already been taken over by the Government under its direct administration.
- (c) Expansion of health services : It is intended to open 5 taluka and 30 primary health centres every year. Every primary health centre is planned to have a maternity home of two beds and a small infectious diseases ward.
- (d) Intensive efforts are being made to develop nutrition surveys to examine food samples of different areas and regions.

These four schemes have, so far, not been implemented; but it is expected that provision will soon be made for their execution.

SECTION III

III(a). Agriculture

The total expenditure on agriculture including the GMF during 1946-50 amounts to about Rs. 10 crores. Its distribution year by year is given in the following table :—

TABLE VI

Development Expenditure on Agriculture

	(In lakhs of rupees)				
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	TOTAL
GMF	2,84	12	2,59	4,10	9,65
Normal activities	7	8	15	14	44
	<u>2,91</u>	<u>20</u>	<u>2,74</u>	<u>4,24</u>	<u>10,09</u>

Most of this expenditure has been incurred on Grow More Food schemes. The normal schemes of the department only account for the total expenditure of Rs. 44 lakhs and are relatively unimportant. They include :—

- (a) A colonization scheme which had, as its target, bringing under cultivation 3 lakh acres of land. Estimated cost of the scheme is Rs. 16 crores but upto end of 1948-49 actual expenditure amounted to Rs. 32 lakhs.
- (b) A small scheme for bringing 5 thousand acres of land under cultivation in the Araku area.
- (c) Intensive development of agriculture in certain selected areas as part of the Firka Development Scheme. This is referred to later.

The Province has, on the average, been importing about 4.6 lakh tons of foodgrains per annum. The target of the various schemes seems to be to raise an additional food-supply of about 5 lakh tons per annum. This target is proposed to be achieved in the following way :—

	Additional food production ex- pected.
	(in lakhs of tons)
(a) Minor irrigation works	
(i) tank improvement	1.5
(ii) Construction of new and renovation of old wells	0.5
(iii) Installation of pumping sets	0.2
(b) Mechanical Cultivation	0.2
(c) Compost Making	0.2
(d) Soil Conservation & Contour Bunding	0.2
(e) Distribution of Phosphetic manures and amonium sulphate	2.0
TOTAL	4.6

— Besides the additional food supply indicated above it is expected that control of pests and diseases and improved seeds would also add to the food supply of the Province. If these targets can actually be achieved, the province should become self-sufficient in respect of its rationing commitments.

III(b). Cooperation

The total expenditure on development under this head during the 4 years, 1946-50, amounts to only Rs. 12 lakhs. Madras has been and still is one of the most advanced provinces in regard to the development of co-operation; and nearly one-fourth of its total population has been brought within the ambit of the co-operative movement.

The need for shifting the emphasis from credit to non-credit form of co-operative activity has not, in the case of Madras, been as pointed as in most other provinces, which is probably due to the fact that the non-credit side of the movement had received official recognition in the Province even before the introduction of the development programme. The credit societies, for example, have, from the very outset of the movement, assumed and discharged non-credit functions and the Consumers Co-operative Stores had a very large turn-over during and after the war.

The following recent developments are, however, of special interest :

- (i) *Industrial Co-operatives*.—The Co-operative Credit Societies are being encouraged to widen the scope of their activities. Co-operative Societies have been developed which are, in fact, multi-purpose societies. Covering the entire trade of handloom weavers in the province, there are at present 937 Weavers' Co-operative Societies which have a membership of about 16,000 and a paid up share capital of Rs. 62 lakhs. Of the 49 thousand looms in the province, about 25 per cent. are being worked on a co-operative basis. They have a Central Co-operative Society which helps primary weavers societies and buys raw materials for them and arranges for the efficient marketing of their products. More than half the yarn quota earmarked for the handloom industry in this province is being distributed through these societies.
- (ii) *Land Colonization Co-operative Societies*.—These societies are generally allotted blocks of land ranging from 50 to 100 acres for cultivation on co-operative basis. The land is allotted to a society which in turn allots it to its members. So far 26 land colonization co-operative societies have been established with a membership of 3,000. In all about 10,000 acres are being cultivated under this scheme. These societies are being given credit facilities and provided with improved seeds, agricultural implements etc.
- (iii) Co-operative Movement is also being used to find alternative occupation for toddy tappers who have become unemployed owing to the introduction of prohibition. They are being co-operatively organized to produce palmyra jaggery. Upto the middle of June 1948 about 500 such societies were formed which had a membership of nearly 29,000. It is intended to increase the number and the scale of operations of these societies.
- (iv) This province, as already stated, is also known for its consumers' co-operative movement. There are about 2,000 consumers co-operative stores all over the Province which have a membership of 5.6 lakhs. In 1947-48 they are reported to have done a business of Rs. 23½ crores. There are also Central Consumers Stores which too are doing well.

In spite of the diverse forms, which co-operation has taken in the Province, the principle of using the multi-purpose societies as the main organ of development at village level has not yet received its due consideration. It is being applied on a limited scale in the operation of the integrated *firka* development scheme, but its bearing on the execution of development programme as a whole has still to be clearly appreciated.

III(c). Forests

On the development of forests, the Provincial Government has spent Rs. 43 lakhs in the 4-year period ending 1949-50. The more important features of the forest development programme are :—

- (i) About 20 years ago, about one-sixth of the total area of the forests was placed under panchayat management. The experiment has not been a success and this area is again being taken over by Government. It is expected that this scheme will also yield appreciable revenue to the State.
- (ii) A Special Soil Conservation Circle has been constituted to study the problem of soil erosion in the Nilgiris. Experiments on anti-erosion are being carried out on a restricted basis. So far only Rs. 2 lakhs have been sanctioned for the schemes, and only Rs. 42,000 have been actually spent on these measures.
- (iii) It is proposed to extend casuarina plantations in the coastal districts of the province in order to solve at least partially the local fuel problem. About 5,000 acres have already been brought under casuarina. The scheme, it is expected, will also bring in some net revenue to the public exchequer.

III(d). Veterinary

During 1946-50, Rs. 21 lakhs have been spent on the development under this head. The schemes relating to animal husbandry are as follows :—

- (i) *Opening of a livestock farm for each district.*—Two livestock farms have been opened and two more are proposed to be started this year.

- (ii) Opening of a touring billet for each *taluka*.—The object is to provide veterinary aid to each *taluka* in the form of a touring billet, the target being 55 such billets for the Province. One billet was opened in 1948-49 and another in the current year. Paucity of qualified veterinary surgeons is impeding the progress of the scheme.
- (iii) *Co-operative Dairying*.—Co-operative dairying has made appreciable progress in the Province. On 30th June 1948 there were 23 milk supply unions and 354 milk supply societies as against 21 union and 269 societies on 30th June 1947. The milk supply unions had 245 affiliated societies, membership of 2,618 individuals and a paid up share capital of about Rs. 2 lakhs. The milk supply societies had a membership of 29,519 individuals and a paid up share capital of Rs. 4 lakhs. The societies collect milk from their members and supply it to their respective unions who, in turn, distribute it amongst the consumers. The value of milk handled by the societies and the unions during the past two years exceeds one crore of rupees and shows a progressive increase.

There are special schemes under consideration for the improvement of milk supply throughout the Province within a period of 3 years. The cost of the schemes is to be equally shared between the Government of Madras and the Government of India. During the first year 8 districts will be taken up. All the municipalities, not at present being served by milk supply societies, will have such organizations set up. The remaining 16 districts will be covered, similarly in the next two years at the rate of 8 districts each year.

There is also a special scheme for augmenting milk supply for the city of Madras.

- (iv) *Co-operative Cattle-breeding*.—Including the sheep-breeding societies, there were 17 cattle-breeding societies at the end of 1947-48, with a membership of 1,836 and a paid up share capital of about Rs. 21,000.

III(e). Irrigation

Irrigation is the second biggest item in the development programme of the Province. Total development expenditure incurred on this

head during 1946-50 amounts to Rs. 784 lakhs, i.e. 17.8 per cent. of the total development expenditure during this period. Almost the entire expenditure on irrigation has been on capital account; the expenditure on revenue account during the period being only Rs. 15 lakhs.

The net area irrigated in the Province according to the statistics published by the Ministry of Agriculture was 92 lakh acres in 1945-46 out of a total net sown area of 305 lakh acres. The distribution of the irrigated area as between various crops was as follows:—

	(in lakhs) Acres
Rice	8.5
Chelum	4.6
Cumbu	3.2
Ragi	9.2
Cotton	2.5
Groundnut	1.7
Gingely	1.5
Other crops	7.2

It is estimated that 30 lakh acres of additional rice land can be brought under irrigation, one lakh acres each under chelum, cumbu, cotton and 'other crops', and 2 lakh acres under ragi.

The irrigation projects sanctioned and started in the Province are as follows:—

- (i) Lower Bhawani Project.—This project is estimated to cost Rs. 700 lakhs and is expected to irrigate 10,000 acres by 1956-57 bringing an estimated additional food production of 5,000 tons. The project was started in 1948 and is expected to be completed by 1953. The benefits of this project are as follows:—

	1953-54	1954-55	1955-56	1956-57
Additional food crops (acres)	30,000	30,000	50,000	80,000
Additional food (tons)	..	..	2,500	5,000
Additional non-food crops (acres)	..	30,000	70,000	1,00,000

- (ii) Malampuzha Project.—This project is estimated to cost Rs. 380 lakhs and its probable date of completion is 1952. The benefits of this project are as follows:—

	1952-53	1953-54	1954-55	1955-56	1956-57
Additional food crops (acres)	10,000	20,000	30,000	40,000	40,000
Additional food (tons)	5,000	10,000	15,000	20,000	20,000

(iii) Rallapad Project.—This project is estimated to cost Rs. 58 lakhs and was started in 1949. The benefit derived from this project will be as under :—

	1951-52	1952-53	1953-54
Additional food crops (acres)	3,000	8,000	12,000
Additional food (tons)	1,500	4,000	6,000

(iv) Canal from Stanley Reservoir.—This project started this year is estimated to cost Rs. 245 lakhs. The benefits to be derived from this project are not known.

III(f). Industries

The total expenditure incurred on industrial schemes during 1946-50 amounts to Rs. 166 lakhs. The break-up of this expenditure by years is given in the following table :—

TABLE VII

(In lakh of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
7	8	52	99	166

The industrial development programme of the Province has three aspects. In the first place there are proposals for starting a number of factories either state-owned or state-managed or on a participation basis. Establishment of a vegetable oil mill, a porcelain factory, and a glass factory are under active consideration. There is also a proposal for starting a workshop to manufacture machine tools and equipment especially for cottage industries. Construction of a hydrogenation factory at Calicut has already been started and is expected to go into production next year. In the second place, it is also contemplated to give financial assistance to new promising industries. In the old Madras Aid to Industries Act, there is a provision for rendering assistance to cottage and small industries. Assistance can be given in the form of (a) loans, (b) subscription to shares or debentures, (c) subsidies, (d) guaranteeing cash credit, (e) guaranteeing a minimum return on the capital invested, (f) supply of electric energy at concession rates, and (g) supply of raw materials etc. on favourable terms.

Loans and subsidies to the extent of Rs. 10.4 lakhs were provided in 1946-47. This amount had risen to Rs. 47.7 lakhs in 1948-49. It is in

this form mostly that assistance is granted to industries under the Act, though in a few cases Government have also purchased share capital and provided over-draft facilities.

Assistance under this Act has been granted to a variety of industries fairly representative of the industrial economy of the Province. As a rule, the ceiling for assistance in each case is Rs. 50,000, but in a few cases this limit has been exceeded. Provincial Government, however, has taken another step to finance industrial development in the province. They have constituted an Industrial Investment Corporation in the financing and management of which, Government have a controlling share. This Corporation is expected to (a) give long term loans to industries, (b) make advances to industrial concerns, which ordinarily cannot obtain credit on economic terms owing to their being new ventures, and (c) under-write shares and debentures of industrial concerns. This Corporation, it is expected, will have a technical advisory council. An *ad hoc* Committee will be formed to give advice in cases of specific industries. Rules for granting loans have still to be framed and the Board of Directors to be constituted.

For efficient administration of the State Aid to Industries Act and the new Madras Industrial Investment Corporation, it is obviously essential that loans should be granted with reference to an over-all plan for the Province, if not for the country as a whole. There is no provision in that scheme for co-relating financial assistance to industries to any schedule of priorities. Such a schedule, as a matter of fact, does not exist.

Fisheries⁶

Madras Government have done a good deal of pioneering work in deep sea fishing. It has acquired eight motor fishing vessels for off-shore fishing. A Craft and Tackle Section has been set up under the Fisheries Department which will organize and supervise the manufacture of suitable boats and nets and other implements and demonstrate their use to fishermen. It is also proposed to construct departmentally a few well-designed boats and supply them to fishermen at concessional rates. A scheme for construction of small sized power boats at low cost is also in operation. Steps are being taken to improve the system of transport and marketing of fish. It is proposed to provide motor vans which would carry fish from

⁶ The Industries Department in this Province controls Fisheries also.

the landing places to markets. A Special Fisheries Section has been set up to organise the marketing trade in such a way that the produce is equitably distributed in the Province to the mutual advantage of both producers and consumers.

Efforts are also being made to develop inland fishing; and several fish farms have been set up at different places for the rearing of fry for distribution. Facilities for curing fish under hygienic conditions are also being provided. Salt is being distributed to fishermen for this purpose at concessional rates.

III(g). Electricity

The development of electric power is the largest single item in the development programme of the province. Out of a total development expenditure of Rs. 43.83 crores during 1946-50, Rs. 10.23 crores or 23.3 per cent. of the total development expenditure has been incurred on the development of electric power. Almost the whole of this expenditure is on capital account.

The total installed generating capacity in the Province is 160,346 K.W. Generation of power by various sources and its consumption by different uses are given in the following table:—

	Steam Plant	Oil Plant	Hydel Plant
Generation of power	23.2%	1.8%	75%
	Sales to lighting, heating and cooling.	Sales to Industrial Power including traction and water works.	Sales to Irrigation.
Consumption of power	24.7%	64.0%	11.3%

The five-year plan (1946-51), which is already in operation, provides for the addition of 4 new power houses. This plan in terms of power would mean an addition of 170,000 kilowatts of electric power and is estimated to cost Rs. 26 crores. There is also a provision for the addition of 1,650 miles of power lines. As the programme now in operation nears completion, proposals for the construction of a number of new schemes are under consideration. Among them, the most important is Tungabhadra Hydro-Electric Scheme. The estimated generating capacity of this scheme is 3,75,000 kilowatts. There are quite a number of other schemes also which are under active consideration. For the utilization of this additional power, it is necessary for this Province, as for every other province, to have a properly phased programme of industrial development and rural electrification.

III(h). Roads and Buildings

The total expenditure incurred on roads and buildings (original works) during 1946-50 amounted to Rs. 4,22 lakhs or 9.6 per cent. of the total development expenditure during the period. Nearly 75 per cent. of the expenditure is on revenue account. The following table shows the total expenditure on buildings and roads from 1946-47 to 1949-50 :-

TABLE VIII

		(In lakhs of Rupees)	
		Buildings	Roads)
1946-47	Accounts	4.8	5.0
1947-48	Accounts	19.4	12.5
1948-49	Revised	19.3	29.6
1949-50	Budget	142.5	189.3
Total		186.0	236.4

The expenditure on buildings includes buildings for most of the development departments and very large proportion of it can be taken as expenditure on economic development.

This Province, like other provinces, has its programme of construction of national highways, provincial highways, major district roads and other district and village roads. The following table gives the length of existing roads and the mileage of new roads to be constructed under the new plan. This plan is intended to be completed within 15 years and is estimated to cost Rs. 12 crores.

	Existing Mileage	Proposed Mileage
National Highways	2,010	19
Provincial Highways	3,110	19
Major District Roads	16,070	915
Other District Roads	7,890	4,000
Village Roads	8,100	12,800
	37,180	17,753

The following table shows the expenditure, including the budgeted expenditure for 1949-50, incurred on different categories of roads from 1946 to 1950.

TABLE IX

(In lakhs of rupees)

	1946-47 Accounts	1947-48 Accounts	1948-49 Revised	1949-50 Budget	Total
Provincial Highways . . . . .	..	..	12	70	82
Major District Roads	5	14	17	119	155
Other District Roads . . . . .	..	..	..	1	1
	5	14	29	190	238

It would appear from the above table that most of the Provincial expenditure on roads has been incurred on the construction of major district roads, and village roads practically have received scant attention.

III(i). Road Transport

The Provincial Government have approved a scheme of nationalization of road transport in the Province, and, as a step in that direction, started a bus service for the Madras City and its suburbs. The Government bus service operates 321 vehicles and maintains a workshop for repairs and a Coach building factory to build bodies for Government and quasi-Government institutions as well as for private individuals.

The Service is run on strict commercial lines. To date, a sum of Rs. 75 lakhs has been invested by the Government. The average daily earnings are of the order of Rs. 22,000; the average daily number of passengers carried nearly 2 lakhs and the average mileage done by the entire fleet of buses, 31,000. It is understood the profits are declining, as the maintenance costs increase—a situation which is now under investigation by a Committee

Government are examining a proposal for creating an autonomous body for administering the transport service and it is expected that the Railways and the Central Government will be represented on the board of this corporation and provide a part of the required funds.

SECTION IV

IV(a). Co-ordination

In respect of co-ordination, the position in Madras is not satisfactory. The Planning and Development Department is in theory a co-ordinating agency and is expected to scrutinize every scheme before it is submitted to the Finance Department and to watch the progress of

the schemes. It receives periodical reports from heads of departments and sends a consolidated monthly report to the Economic Sub-Committee of the Cabinet. The Department, however, only compiles information and transmits schemes. It does not scrutinize the schemes or determine their priorities. At regional level, there are certain agencies like District Rural Reconstruction Boards which are expected to provide for co-ordination within certain limits. There is also a proposal to institute what are called economic councils at different levels, in order to stimulate public interest and enlist public co-operation in the execution of the development programme. These schemes, however, are at present without any substance; and it is doubtful whether in practice, even if they are implemented, they will serve any useful purpose.

One important experiment in co-ordination, however, which is being tried in this Province, needs to be noted. This is the scheme known as "integrated *firka* development". It has been introduced in 34 units. Each unit on the average covers 55 villages and is being used for the development of *Gram Panchayats*, industrial co-operatives, development of communications, supply of water, medical aid, electricity and irrigation. In these centres, voluntary effort in the shape of contribution of labour and cash is also being stimulated. Each *firka* has a development officer of its own and a *Firka* Development Committee, which is expected to co-ordinate all development activities. The object of the scheme is to change the basis of the whole rural economy. So far, however, very simple functions have been assumed by these units; and their utility as agencies of integration and co-ordination still remains to be demonstrated. If the underlying purpose of the scheme is realised, they should fulfil an important co-ordinating function at the basic level.

IV(b). Conclusion

The development programme of the Province taken as a whole indicates a large measure of self-help and a high level of achievement in many respects for which the Province can rightly take credit. Its programme of economic development, particularly in respect of electricity and irrigation, shows foresight and breadth of understanding. State enterprise in the sphere of electricity has been a noteworthy feature of the economic programme of the province for a number of years. When the new schemes are completed and additional power is made available, power development in the Province will practically become a public enterprise. Properly utilized, it is hardly necessary to say, it should contribute materially to the economic development of the Province. The fact that rural areas have been

specially provided for in the development programme of Madras is also to its credit. It is, however, necessary to look ahead and prepare a balanced programme of industrial development, if the additional power is to be properly and beneficially utilized. In this respect, Madras is in the same position as other provinces and has not given due consideration to planned utilization of prospective additional electric power.

This province has in the past been ahead of most of the other provinces in the development of the co-operative movement. It has not lost ground recently, and even now the position and achievements of the co-operative movement give to the latter a special quality of its own. There, however, seems to be some waning of interest in and enthusiasm for co-operation as an instrument of economic development and change. In the programme of integrated *firka* development, co-operation has no doubt a recognised place; but it is essential to rely upon it much more for initiating and sustaining development activities. Lack of co-ordination, referred to above, can be remedied at regional and village levels only by making co-operation a cardinal feature of development programme of the Province. In this respect it has not only to maintain its lead, if possible, over the other provinces but also create the new spirit necessary to give co-operation greater vitality and creative value.

CHAPTER IX
DEVELOPMENT PROGRAMME OF ORISSA¹

SECTION I

I(a). Introduction

A comparatively backward province, Orissa has considerable leeway to make up.

Its disabilities and drawbacks are many: a high death-rate, very low level of literacy, dependence on a single crop (rice), frequency of floods, lack of industrialisation, backwardness in communications etc.

A large proportion of its area is inhabited by aborigines and this presents special problems in administration and development. The integration of the States has added to its disabilities because this area is even more backward than the rest of the Province; and heavy financial outlay would be involved in levelling up the standard of social services and administration in this area.

On the other hand, the Province has substantial resources; and the contrast between its present state and what it can become if these resources are fully developed, makes it all the more essential that the development programme should be adequate for satisfying its urgent needs and developing its potential wealth.

¹ This chapter was written before the Government of India announced reduction in central loans for the current year. Orissa has been particularly affected. It had framed its development programme for the current year on an anticipation of a central loan of Rs. 8,62 lakhs. The Government of India has now decided to pay the Province only Rs. 4,67 lakhs as central loan. As this province has no reserve financial resources, it will have to scale down its development expenditure for the current year to the full extent of reduction in central loan. No alteration in this chapter has, however, been made on this account, but the possibilities of adjustment have been fully examined in supplementary Note II to Chapter II.

Appendix No. XIII, which gives the statistical details in respect of the development expenditure of this province and the charts opposite this page have been fully adjusted for the reduction in central loan for the current year.

ORISSA

RS.
LAKHS

DEVELOPMENT EXPENDITURE

2200

2000

1800

1600

1400

1200

1000

800

600

400

200

0

1946-'47

'47-'48

'48-'49

'49-'50

TOTAL

DISTRIBUTION OF DEVELOPMENT EXPENDITURE

ORISSA



PERCENT

100

90

80

70

60

50

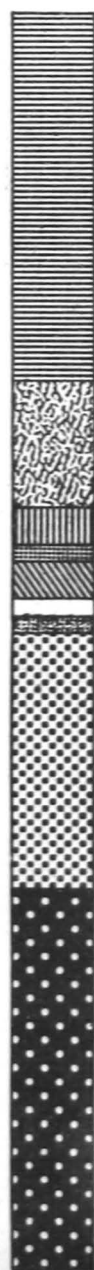
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30

20

10

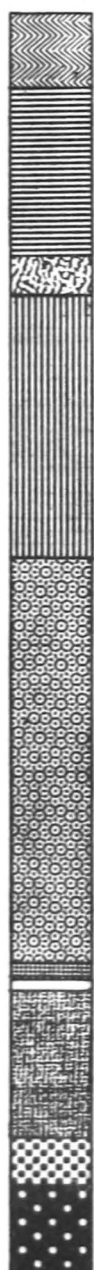
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1946-47



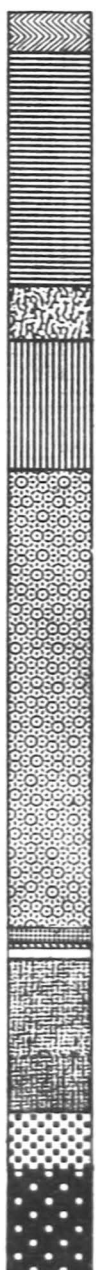
47-48



48-49



49-50



TOTAL

The development programme now in operation is a combination of the 'interim' schemes started in 1945-46, the revised five-year programme introduced in 1947 and some schemes added thereto later. These schemes were never conceived as a whole and have no common pattern. The whole development programme of this province, however, has been profoundly affected by the integration of 24 States with the old Province. This development not only means realization of the urge for unity but creates for the Province an entirely new situation. Backward as the old districts are, the area covered by the new integrated States is much more so. It is comparatively sparsely populated. It has large areas which can be reclaimed and its mineral resources, though not fully surveyed, are known to be very large. But before these possibilities can be realised, a new administrative set-up has to be provided, standard of administration has to be raised and an irreducible minimum of amenities and services made available. This means heavy financial liability which cannot be met with the existing financial resources of the Province. The relevant point, however, is that a complete reorientation of the development programme is called for on account of the integration of the States, and a radical revision of the development schemes now in operation is essential in the light of the changed circumstances.

I(b). Financial aspect of the development programme

The following table presents the financial position of the development programme as a whole :

TABLE I
Development Expenditure

(In lakhs of rupees ; percentages to totals in brackets)

Year	Expenditure on Revenue Account	Expenditure on ^a Capital Account	Total
1946-47 (Accounts)	69 (100)	..	69
1947-48 (Accounts)	170 (100)	..	1,70
1948-49 (Revised)	287 (45.1)	350 (54.9)	6,37
1949-50 (Budget)	238 (21.7)	862 (78.3)	11,00
	7,64 (38.7)	12,12 (61.3)	19,76

^aThe budgeted expenditure on Capital Account for 1949-50 will be reduced from Rs. 8,62 lakhs to Rs. 4,67 lakhs on account of the reduction in central loan.

The sources from which the development programme has been financed are indicated in Table II below :

TABLE II
Financing of the Development Programme

(In lakhs of rupees ; percentages in brackets)

Year	Central Grant	Central ³ Loan	Net Revenue Surplus outside Development Account	Provincial Loans	Withdrawal from Provincial Balances	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1946-47 (Accounts)	69					69
1947-48 (Accounts)	170					170
1948-49 (Revised)	120	350	44		123	637
1949-50 (Budget)	135	862	103			1100
	494(25.0)	1212(61.3)	147(7.4)		123(6.3)	1976

From these tables it would appear that over three-fifths⁴ of the development expenditure is on capital account and more than 86 per cent. has been financed from Central grants and loans.

I(c). Distribution of total development expenditure

The following table gives the over-all picture of distribution of expenditure on social services and activities of economic importance :

TABLE III
Distribution of expenditure on social services and economic activities

(In lakhs of rupees; percentages in brackets)

Year	Social Services	Activities of economic importance	Miscellaneous	Total
1946-47 (account)	35 (50.7)	27 (39.1)	7 (10.1)	69
1947-48 (account)	51 (30.0)	103 (60.6)	16 (9.4)	170
1948-49 (Revenue.)	69 (10.8)	548 (86.0)	20 (3.2)	637
1949-50 (Budget.)	55 (5.0)	1021 (92.8)	24 (2.2)	1100
TOTAL	210 (10.6)	1699 ⁵ (86.0)	67 (3.4)	1976

³ See footnote (2).

⁴ Due to the recent revision in Central loans, this proportion would now be lower : about half of the development expenditure, assuming that the provincial government would make no more change in their development programme.

⁵ Total expenditure on activities of economic importance would now be about Rs. 13 crores. See supplementary note II, chapter II.

Education and public health account for a little over 10 per cent. of the total development expenditure; schemes of economic importance for 86 per cent. and miscellaneous schemes like land requisitioning, district establishment for reconstruction work, re-organisation of factory inspection department and settlement of forest reserves, for about a little over 3 per cent. These figures clearly indicate the importance attached by the Provincial Government to the development schemes of economic importance.

SECTION II

Social Services

Table IV below gives the expenditure on Education and Public Health from 1946-47 to 1949-50.

TABLE IV

	In lakhs of rupees				
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total
Education	21	31	45	38	135
Medical and Public Health	14	20	24	17	75
	35	51	69	55	210

A little less than two-thirds of the total expenditure has been incurred for education and the rest on medical and public health schemes.

II(a). Education

The distribution of expenditure during 1946—1950 on education is given in Table V below.

TABLE V

Distribution of Development Expenditure on Education

(In lakhs of rupees ; percentages in brackets)					
University	Secondary	Primary	Special	General	Total
18 (13.3)	10 (7.4)	92 (68.2)	5 (3.7)	10 (7.4)	135

Relatively speaking there has been a considerable increase in expenditure on Education, though it still falls short of the need. 68 per cent. of the amount has been spent on elementary education and in pursuance of their programme of 100 elementary schools per year, Government have opened 300 primary schools in partially excluded areas at a total cost of Rs. 3 lakhs. Most of the expenditure on elementary education has, however, been absorbed by revision in scales of salaries of the elementary school teachers.

and improvement of buildings and equipment of the existing schools. Addition of 35 basic schools is a new development of some importance, but in this respect, again, progress has been arrested for want of funds. As these schools are more costly than other elementary schools and only 40 per cent. of the expenditure is met from their receipts, expansion of basic education involves heavy outlay which cannot be met at present from Provincial resources. Special attention has been given to the education of Harijans and girls and provision has been made for admission of at least 25 per cent. girls in all elementary schools. The establishment of 8 *ashrama* schools and 140 *sevashramas* (school-cum-welfare centres) for the education and welfare of aborigines is a creditable effort to improve their position. There has also been some development in the sphere of university education; the number of colleges has been increased and teaching of science has been provided in most of the colleges. The general picture of development of education in the Province, however, is far from satisfactory and educational backwardness of the integrated States makes it much more so.

II(b). Medical and Public Health

Expenditure on 'Medical and Public Health' from 1946 to 1950 is shown in the table below:—

TABLE VI

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
(Accounts)	(Accounts)	(Revised)	(Budget)	
14	20	24	17	75

Inadequacy of medical and public health services in this province is acute, its death rate being 28.2 per cent.—the second highest among the provinces. Leprosy and malaria are very serious problems. During this period, 7 leprosy colonies have been established in rural areas and 7 anti-malaria units organised. Besides improving the staff and equipment of existing hospitals, 30 new hospitals and 10 subsidised dispensaries have been opened and a few *unani* practitioners subsidized. A simple and less expensive method of administering elementary medical aid to the aborigines has been devised. The grants to dispensaries in the Agency Area have been increased by 25 per cent. for giving special attention to the needs of the aborigines. It is proposed to open 15 dispensaries in the States during 1949-50. These measures touch only a fringe of the problem and the absence of medical facilities in the merged area makes the task of the development of these services much more formidable. The increase in total expenditure on health services from Rs. 14 lakhs in 1946-47 to 17 lakhs in 1949-50 indicates the limited scale of medical development schemes.

SECTION III

As stated in Section I(c) major schemes of economic development have been given high priority in the development programme of the Province and more than four-fifths of the total development expenditure is being incurred on the execution of these schemes. Among them, schemes of development of electricity, roads, buildings and irrigation are the most important. They account for nearly two-thirds of the total development expenditure on schemes of economic development.

III(c). Agriculture

The following table gives the expenditure on Agriculture including GMF.

TABLE VII

(In lakhs of rupees)				
1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	Total
1	27	74	87	189

The expenditure on agricultural development has increased from Rs. 1 lakh in 1946-47 to Rs. 87 lakhs in 1949-50, and was 8.5 per cent. of the total development expenditure in the latter year. In respect of agriculture, this province is known to have very great possibilities. At present it grows only one crop, *i.e.*, rice, and has surplus for export which has been increasing from year to year. Actual export of rice during the Kharif years 1945-48 is indicated below.

(Figures in tons)	
1945-46	84,911
1946-47	125,149
1947-48	129,2336
1948-49 (up to 15-4-49)	75,257

In its food budget, it has provided for considerable increase in production.

Targets for extra food production over 1947-48 production are given below.

(Figures in tons)	
1948-49	20,000
1949-50	32,000
1950-51	43,000

⁶ In addition, it exported 18,669 tons of paddy.

This province, including the merged States, is reported to have a reclaimable area of about 6 lakh acres of land, out of which only 26,300 acres have been actually reclaimed in recent years. Government have taken up another scheme of reclamation of 10,000 acres at Sukinda. The problem of reclamation has become more urgent by the integration of the States because that has added very considerably to the reclaimable area. At present, the province, has only 10 tractors. They have been used for reclamation and mechanical cultivation on private land. The demand for these tractors on private account has been increasing and many more could be hired out to cultivators for deep-ploughing. More tractors are, however, urgently called for for reclamation of wasteland.

The most important project from the point of view of agricultural development of the province is the construction of the Hirakud Dam⁷, which is intended to provide a solution for the problem of devastating floods and also to provide water for irrigation and electricity for industrial development. It is expected that when this scheme is completed, all the coastal districts will be protected against floods and about 11 lakh of acres of land will be brought under irrigation. The realisation of these targets would of course depend upon the rate at which the construction of the scheme can be proceeded with.

As an interim measure, however, steps have been taken through the construction of double embankment with high level escapes along the banks of a number of rivers to provide for flood control in the immediate future. The estimated cost of these measures is about Rs. 1 crore. But their progress has been slow on account of shortage of building materials.

III(b). Co-operation

Development expenditure on co-operation from 1946-47 to 1949-50 is given in the following table.

TABLE VIII

Development expenditure on Cooperation

(In lakhs of rupees)

1946-47	1947-48	1948-49	1949-50	Total
1	2	5	6	14

⁷ In the Budget for 1949-50, Rs. 5,78 lakhs were provided for this Project. Owing to the recent revision of Central loans, only Rs. 3,47 lakhs will now be available. (Please see Supplementary Note II, Chapter II).

There are two special features of the Co-operative Development programme of this province :

(i) the establishment of a number of industrial co-operatives, and (ii) special co-operatives for fishermen.

A chain of cooperative societies has been established for marketing of fish in a number of places and particularly in the Chilka lake. At present more than half the trade in fish is in the hands of co-operatives. The total turnover of their business is about Rs. 20 lakhs and they are known to have made a profit of Rs. 50,000.

Industrial co-operatives have just made a start. There are about 129 such co-operatives, mostly of spinners and weavers.

In this province, multi-purpose co-operative societies have hardly made any progress. A few of them have been organised in backward areas; but the main reliance of the province seems to be on the development of *Gram Panchayats*, which in the new scheme of land reform and rural reconstruction are intended to be actively associated with the development programme at the village level.

The establishment of a Central Co-operative Bank has provided the necessary apex for the cooperative organization of the province, but so far it has confined its activities mainly to financing credit societies.

III(c). Forests

During the four years, *i.e.*, from 1946-47 to 1949-50, the province has been able to spend only Rs. 7 lakhs on development of forests. The total area under forests in Orissa was 4071 sq. miles *i.e.* about 12.6 per cent. of the total area of the province. The integration of States has materially contributed to the forest resources of the province, having added 9329 sq. miles of thickly wooded area. The total area under forests is now 22.7 per cent. of the total area of the province. All this potential wealth is awaiting development and can contribute very materially to the economic development of the country in general and of the province in particular. So far, the development schemes in operation provide for the establishment of a Forest Research Station, Foresters Training School, soil conservation work in contour trenches, improvement of roads and better management of private forests. The scale of development being what it is, these schemes hardly call for any comment.

III(d). Fisheries

Orissa has very large potential resources in the form of marine, estuarine and inland fisheries which can be developed if financial and other difficulties of equipment and trained personnel are removed. It has got a coastline of 250 miles and it is hoped that the Central Government would supply 5 deep-sea fishing vessels by 1951. It has been estimated that there are about 7 lakh inland tanks and a very large development of inland fisheries is possible. Fifty centres have already been established. Supply of fingerlings has been increased from 2 to 17 lakhs, but at present the Fisheries department is not at all equipped to develop all the inland fishery resources. Development of cooperatives for the benefit of fishermen has already been referred to in III(b). The provincial Government is concentrating on the improvement of the economic and social conditions of fishermen and has in this respect actually achieved a considerable measure of success.

III(e). Veterinary

The Provincial Government has spent Rs. 20 lakhs on the improvement of cattle from 1946-47 to 1949-50. Steps are being taken to improve the quality of cattle and concentration camps have been established inside the forests to segregate undesirable cattle. This would relieve the pressure on the limited forest supplies and reduce the chances of deterioration through bad breeding. The quality of cattle in Orissa is known to be exceedingly poor and there is very great scope for improvement of both milch and draught cattle. Very little has so far been done to achieve this result; and unless the scale of effort is very greatly increased, there is hardly any possibility of improving upon the present unsatisfactory position.

III(f). Industries

At present Orissa occupies a very low position in respect of industrialisation among the Indian provinces. It has only one paper mill, one glass and one soap factory and two medium size sugar mills. The Provincial Government has taken very active interest in the schemes of industrialisation. The industries which can be developed have been listed and a rough estimate made of the total capital outlay involved⁸. These are, however, very rough estimates and cannot provide anything like a firm basis for immediate industrial development. The Provincial Government has by purchasing shares and advancing loans already participated in the financing of an electricity company, a textile mill, a refrigeration corporation and a cement factory. It has purchased shares to the extent of a little over Rs. 54 lakhs

⁸ The list consists of 21 industries requiring a capital outlay of Rs. 18 crores.

and advanced loans of about Rs. 32 lakhs to these firms. Besides these four undertakings, there are a number of other projects under active consideration. It proposes to start a factory for steel alloy and another for aluminium. The steel alloy factory will be completely owned by Government and is expected to cost Rs. 20 lakhs. An agreement has been entered into with Messrs. Darwin & Co., a Sheffield firm, for putting up the steel alloy plant.

The question of starting an aluminium factory is also under very active consideration; and the Indian Aluminium Co., a well known Canadian firm, has already investigated the possibilities and its final proposals are reported to be mature for submission. It is expected that the construction of this factory will be taken up before the end of this year and its total output will be about 15,000 tons of aluminium per annum.

The Government is also very keen on the establishment of a tractor factory owing to the large scope for reclamation referred to in Section III(a). It is estimated that the factory would cost Rs. 2 crores. The Provincial Government was prepared to find half this amount, and the other half, it was expected, would be provided by the Government of India. The scheme, however, has not yet materialised. The Provincial Government was also keen on using its coal in the Talchar area for the production of synthetic oil. That proposal too has had to be dropped.

Industrial possibilities of the province are indicated by the enormous potential mineral resources. Its mineral wealth has not yet been fully surveyed, but it is known to have iron ore, limestone, bauxite, manganese and a number of other important minerals. These minerals are available in the Mahanadi river basin, particularly in the Balangir and Keonjhar states. It is essential that the scheme for the development of these minerals should receive immediate and active consideration and synchronise with the availability of electric power through the completion of the Hirakud Dam.

As stated in Section III(c) above, this province has enormous forest wealth, which can be used for the development of important industries. The actual expenditure incurred during the last four years is hardly any measure of what needs to be or can be done. That this province has great industrial possibilities admits of no doubt whatsoever; but in spite of earnest work, which has been put in, even the surface of the problem has not yet been touched. Industrialisation of Orissa is still a task for the future.

III(g). Electricity

The province at present has got an installed generating capacity of 2,420 KWs, most of which is used for lighting etc. The development now in hand will, relatively speaking, increase this installed capacity enormously and present a problem of utilisation. Besides the Hirakud Project, which was referred in Section III(a), there is another hydro-electric project—the Machkand Project. A thermal power station has almost been completed near Cuttack and will go into operation very shortly. In 1952-53 these projects will provide an additional installed capacity of 46,000 KWs which, compared with the present installed capacity of 2,420 KWs, will itself be a great stride forward. But when the total generating capacity of Hirakud and Machchikand waterfalls is made available, there will be a big block of additional power of 345,000 KWs. If the industrial possibilities of Orissa are realised in fact, there should be no difficulty of using this power for industrial purposes. In the preparation of the Hirakud Project, as a matter of fact, it has been assumed that 220,000 KWs of additional electric power would be used for industrial purposes and 48,000 KWs. for pumping water for irrigation. These estimates, however, do not correspond to any scheme in hand or in prospect, and a much firmer basis for prospective utilisation of electric power has to be provided before the problem can be faced with confidence.

III(h). Roads and Buildings

The expenditure on roads and buildings during 1946-50, is given in the following table:—

TABLE IX

Development Expenditure on Road and buildings⁹

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
20	40	85	212	357

Out of the total expenditure of Rs. 3,57 lakhs, Rs. 99 lakhs is for roads. The total road programme inclusive of the National Highways is

⁹ Central loan to Orissa for 1949-50 has been reduced from Rs. 8,62 lakhs to Rs. 4,67 lakhs. As the Hirakud Project and the G.M.F. schemes have been specifically provided for, and capital expenditure on them would amount to Rs. 3,97 lakhs under the revised programme, the balance available for all other schemes would be Rs. 70 lakhs only. This would in effect mean that expenditure on the construction of new capital in the current year would have to be reduced from Rs. 136 lakhs to Rs. 70 lakhs and other schemes would practically go unprovided for.

estimated to cost Rs. 7,50 lakhs, Rs. 3,50 lakhs for National Highways and Rs. 4,00 lakhs for Provincial Highways. Development of communications has become an urgent necessity owing to the integration of the States. The merged area is hilly, wooded and practically without roads. Provision of roads in this area is an administrative necessity and very large expansion of expenditure on them is therefore unavoidable.

III(i). Nationalization of Road Transport

Development of road transport in this province, as in other provinces, has practically become a responsibility of the State. Government have decided to divide the Province into five zones and to bring road transport under complete provincial management in some zones and float companies in others. Under both these schemes, the management will be under the direct control of the Government. In the joint stock company, the Provincial Government will have 51 per cent. share and thereby have complete power of direction and management. Four schemes of road transport service are in operation. It is too early to come to a definite conclusion regarding the success of the scheme; but whatever experience has been acquired points to the conclusion that the new transport service is giving satisfaction from the financial and service stand-points. It is expected that the public road transport service will be further extended and eventually provide a network of transport services for the province as a whole.

SECTION IV

IV(a). Coordination of Development Programme

The development programme now in operation, as already stated, has not been conceived as a whole, and the integration of States has made it even more out of accord with the facts of the situation. There is a Reconstruction and Planning Department under the Premier himself, assisted by the Chief Secretary. All schemes of development are examined by this Department and studied in relation to the programme as a whole.

There are also District Development Committees presided over by a gazetted officer. These Committees are expected to meet once a month on a fixed day to discuss the progress of the various schemes in operation and devise measures for removing difficulties and obstacles. They are also expected to draw up a consolidated report and submit them to the Planning and Reconstruction Department of the Government. This machinery has been devised to ensure that all agencies, connected with the execution of development schemes, should meet at fixed intervals, interchange notes,

take or suggest action for removing difficulties and secure public co-operation. In practice, however, these committees have very limited utility and perform only routine duties.

Government have under consideration a scheme for agrarian reform which, if implemented, will have a very important bearing on the development plans of the province. This scheme, besides taking over the estates of the landlords on payment of annuity on an inversely graduated basis, is intended to bring about a complete re-organization of the land revenue system and the system of local self-government. Under it, there will be primary *panchayats*, an '*Anchal Shasan*' consisting of an elected body and a permanent government officer to be known as '*Sarvadhikari*', a district co-ordination committee and at the apex a Provincial Planning Board. This board will be a committee of Secretaries presided over by the Chief Secretary and will be responsible for the preparation of development plan for the province as a whole on the basis of material and suggestions forwarded by the '*Anchal Shasan*' through the district coordination committee. The provincial plan will be broken up into district plans and district plans into '*Anchal*' plans and will be carried out, so far as the villages are concerned, by '*Anchal Sarvadhikari*' with co-operation of '*Anchal Sabhas*' and *Gram Panchayats*. All the field staff and the departmental officers will be transferred to '*Anchal Shasans*' and the schemes will, it is expected, be implemented with the full co-operation of the people. The '*Anchal Sarvadhikari*', that is the permanent officer of the Government, will be practically the linchpin of the whole scheme. He will be irremovable, will have authority of the Government behind him and all the development departments of Government at the '*Anchal*' level will work under him. Though a permanent Government servant, he will be under the obligation to understand public opinion, to arouse public interest and to enlist public co-operation. His success will be measured by the extent to which he can win the confidence of the public and various development officers and become a real driving force in the execution of the whole scheme. The *Gram Panchayats* are expected to perform important economic functions and work as organs for the preparation and execution of the schemes at the village level under the guidance of the '*Anchal Sarvadhikari*.' In its conception, the scheme is essentially sound, so far as the units known as *Anchals* are concerned. The scheme is under consideration of the Government and no decision has so far been taken.

IV(b). Conclusion

It has already been stated that the development programme of the province has to be completely overhauled on account of integration of the

States.¹⁰ Another important feature of this province is a large proportion of its aboriginal population. Including the merged area, nearly 25 per cent. of the total population of the province consists of *adibasis*, who present special problems of their own in development as well as administration. Special efforts have been and are being made to devise schemes specially suited to their needs. A special department of Government has been constituted to study their problems. Steps have been taken to remove their social disabilities and provide a certain measure of economic security. It has also been stated that the resources of this province in respect of untapped minerals, forests and fisheries and agricultural wealth are very large indeed, and even if the known possibilities are fully realised, this province can forge ahead and occupy a very important place in the national economy. These possibilities, however, cannot be realised unless at the initial stages the province receives a large measure of outside assistance and its problems are studied in relation to the national economy as a whole. The present financial resources of the province are utterly insufficient and cannot be expanded to meet, even partially, the urgent development needs of this area. Most of the development plans now in operation have, as already indicated, been financed by the Centre. There is no prospect in the immediate future of this dependence upon the Centre being materially reduced.

¹⁰ The integrated states constitute a deficit area from the financial standpoint. In 1948-49, the total revenue of this area amounted to Rs. 222 lakhs and the total expenditure to Rs. 262 lakhs, i.e. there was a deficit of about Rs. 39 lakhs. The budgeted expenditure for development of health, education, agriculture, co-operation, cottage industries, and fisheries amounts to Rs. 26 lakhs in 1949-50 and will be supplemented by land improvement loans under Grow More Food schemes amounting to Rs. 45 lakhs. Even with this very meagre provision, this area is a net charge on the revenues of the province. For the area included in the old districts, the budgeted expenditure in 1949-50 on development amounts to Rs. 11 crores. These districts have an area of 32,000 sq. miles and a population of 9 million, while the area of the integrated States is 27,000 sq. miles and the population is 5 million.

The meagre provision of Rs. 71 lakhs for the merged area as compared to Rs. 11 crores for the old districts is a measure of the non-availability of funds and not of the unwillingness of the Orissa Government to make provision for the development of integrated States. The Provincial Government is, as a matter of fact, very eager to speed up the development of this area; but as funds for the purpose cannot be found from within the integrated States themselves, they have to be provided from outside. As the Orissa Government itself has to function under severe financial limitations, the prospect of its being able to make provision for the speedy development of the integrated area is not at all reassuring.

CHAPTER X

DEVELOPMENT PROGRAMME OF THE UNITED PROVINCES¹

Introduction

I(a). The targets of the original development programme of the United Provinces, as of other provinces, were set at a high level. It was expected that the total expenditure in the first quinquennium would amount to Rs. 125 crores and would not be beyond the financial resources of the province. Actually the total development expenditure upto the end of 1949-50 is expected to amount to about Rs. 47 crores. Comparatively speaking it is still substantial, being about 20.5 per cent. of the total expenditure on development in all provinces.

Original expectations have not been realised but the development programme of the United Provinces is, nevertheless, in its conception and achievement, remarkable in many respects. Both in regard to the development of social services and beneficial economic activities, the programme is marked by breadth of understanding and due regard for the essentials of the social situation. The province is engaged in carrying out a big agrarian change; but it is realised that mere elimination of land-lords would be only of negative value. It will remove an obstacle in the way of development, but will not in itself bring constructive forces into play. Earnest attempt is, therefore, being made to create a new pattern of rural economy and local interest and enthusiasm are being tapped and fostered for the purpose. So far, the process of replacing the old rural economy by the new has hardly commenced; but the countryside is definitely astir and a net work of local agencies is being provided for utilising the new interest and energy.

The reclamation schemes are a special feature of the development programme of the province. The size of the areas reclaimed in the first year itself is impressive; but even more important is the fact that an opportunity has been created for trying out new experiments in technique, economic organisation and social relationships which, if properly utilised, can give results of great value. The reclaimed areas will not only increase food

1 This chapter was written before the Government of India announced revision in central grants and loans for the current year. Development expenditure of the U.P. has been dealt with according to its budget estimates for 1949-50. For statistical details, see Appendix No. XIV.

U.P.

R.S.
LAKHS

DEVELOPMENT EXPENDITURE

5500

5000

4500

4000

3500

3000

2500

2000

1500

1000

500

0

1946-47

'47-'48

'48-'49

'49-'50

TOTAL

No.L.338/7.1270

Office of the Principal, Agricultural College,
Hebbal, Bangalore-6, dated 25th June 1956.

To

Sri N.B. Sapre, M.A.,
855, Shivajinagar,
Poona - 4.


Dear Sir,

Ref:- Your Circular letter - Re: Publication of a book.

Please arrange to send per V.P.Post, a copy of "The Technique of Planning in India", by N.B. Sapre.

Receipt of this book may kindly be acknowledged.

Yours faithfully,


(B. Venkoba Rao),
Principal. 25/6

supply of the province but can be used as a demonstration of large scale fruitful effort and a testing ground for a number of measures of great potential value.

In a number of ways, the Programme would also provide for other experiments which are of interest from a wider standpoint. For example, the schemes of integrated development of selected districts, improvement of technique in small industries, introduction of co-operative farming and the use of co-operatives for a multiplicity of purposes, indicate the desire, if not ability, to break new ground. These experiments may well yield results of great interest from the point of view of the country as a whole. Development programme of the UP from the point of view of its size, variety, content and achievements, presents features of real interest and deserves careful examination.

I(b). Financial Aspect of the Development Programme

The following table presents the financial position of the development programme as a whole.

TABLE I

Development Expenditure on Revenue and Capital Account

Year	(In lakhs of rupees; percentages to total in brackets)				
	Expenditure on Revenue Account ²		Expenditure on Capital Account ³		Total
	Rs.	%	Rs.	%	Rs.
1946-47	315	(51.5)	297	(48.5)	612
1947-48	418	(47.4)	413	(46.9)	831 ⁴
1948-49	746	(54.2)	631	(45.8)	1377
1949-50	1020	(55.8)	807	(44.2)	1827
	24,99	(53.2)	21,48	(45.7)	46,97
					(100)

² The Central grant to the UP in 1949-50 has been reduced by Rs. 160 lakhs. In case the province decides to maintain its development expenditure on revenue account at the budgeted figure, the loss can be made up from the revenue surplus to the extent of Rs. 15 lakhs and the balance of Rs. 145 lakhs from the Revenue Reserve Fund.

³ The Central loan to the UP has been increased by Rs. 1 crore (See Note II, Chapter II).

⁴ This includes Rs. 50 lakhs not otherwise accounted for in the Revenue or the Capital account. The total of the revenue and the capital expenditure, as given in the table, is only 94.3 per cent. of the total on account of the non-inclusion of Rs. 50 lakhs. This affects the grand total also

The total development expenditure on revenue account and capital account from 1946-47 to 1949-50 would amount to nearly Rs. 47 crores. The sources from which this amount has been drawn are shown in the following table :

TABLE II

Financing of the Development Programme

(In lakhs of rupees; percentages to total in brackets)

Year	Central grants	Net revenue surplus outside development account	Central loan	Provincial loan	Withdrawal from provincial balances	Total
1946-47	315	..	250	47	..	612
1947-48	468	..	250	14	149	881
1948-49	364	382	..	..	631	1377
1949-50	510	510	400	400	7	1827
	<u>1657 (35.3)</u>	<u>892 (19.0)</u>	<u>900 (19.2)</u>	<u>461 (9.8)</u>	<u>787(16.7)</u>	<u>4697 (100)</u>

It would appear that the Provincial Government has met over one-third of its total expenditure on development from its own balances and revenue surpluses; and if provincial loan is also included, the proportion of the total development expenditure financed from provincial resources would be nearly half. The Central grants and loans have, however, covered more than half of the total development expenditure. The United Provinces have built up a Revenue Reserve Fund of nearly Rs. 13 crores, but this fund has practically not been drawn upon for development expenditure.

I(c). Distribution of total development expenditure between social services, activities of economic interest and other items is given in the following table :

TABLE III⁵

Distribution of expenditure on social services activities of economic interest and other subjects.

Year	(In lakhs of rupees: percentages to total in brackets)			
	Social services	Activities of Economic Importance	Miscellaneous	Total
1946-47 (actual)	27 (9.2)	571 (13.3)	14 (21.2)	612 (13.0)
1947-48 (actual)	82 (27.9)	725 (16.9)	24 (36.4)	881 (18.8)
1948-49 (revised)	70 (23.8)	1295 (30.3)	12 (18.2)	1377 (29.3)
1949-50 (budget)	115 (39.1)	1696 (39.5)	16 (24.2)	1827 (38.9)
TOTAL	294 (6.3)	4287 (91.2)	56 (1.4)	4697 (100)

Activities of economic interest have, during these years, accounted for more than nine-tenths of the total development expenditure. Of the total expenditure on economic development (Rs. 42.87 crores), Rs. 21.48 crores or nearly half is expenditure on capital account and is a measure of long term investment in the development programme of the province.

SECTION II

Education and Public Health.⁶

Though education and public health account for only 6.3 per cent. of the total development expenditure, the total amount spent on these heads has

5 Rs. 50 lakhs, which could not be accounted for in the development expenditure for 1947-48, however, appear in the total for the year and also in the grand total.

Expenditure for social services in 1948-49 was available at the time of writing for medical services only. Subsequently, development expenditure on education and public health for 1948-49 has been computed. The total development expenditure on social services during 1948-49 will, therefore, amount to Rs. 158 lakhs instead of Rs. 70 lakhs.

6 As pointed out in the footnote 5 above, development expenditure on education and public health for 1948-49 was not available at the time of writing. Information since then available shows that about Rs. 58 lakhs were spent on education and about Rs. 30 lakhs on public health during the year. These figures, however, have to be further checked. The budget accounts of this province do not differentiate between development and normal expenditure, hence this difficulty. The educational effort of this province shows that the development expenditure on education has probably been far larger than is indicated in the statistics given above. Statistical appendices I, II, III and XIV may be read accordingly.

increased from Rs. 27 lakhs in 1946-47 to Rs. 115 lakhs in 1949-50. The following table gives the details of expenditure on education and public health from 1946-47 to 1949-50.

TABLE IV

Distribution of expenditure on Social Services¹

	(In lakhs of rupees.—percentages to total in brackets)				
	1946-47	1947-48	1948-49	1949-50	1946-50
Education	10 (37.0)	21 (25.6)	N. A.	50 (43.5)	81 (27.5)
Medical and Public Health	17 (63.0)	61 (74.4)	70 (100)	65 (56.5)	213 (72.5)
TOTAL	27 (100)	82 (100)	70 (100)	115 (100)	294 (100)
	(9.2)	(27.9)	(23.8)	(39.1)	(100)

II(a). Education

The educational programme of the province aims at the establishment of primary schools in urban areas, liquidation of adult illiteracy, re-organisation of secondary education, provision of military and social service training and establishment of research institutions. The original ten-year programme of establishing 2,200 new schools each year, has been revised. The intention now is to have 22,000 schools in 5 years. By the end of 1948-49, 6,740 schools were opened and a provision has been made for starting 4,400 schools in 1949-50. In almost all municipal towns, provision has been made for making primary education compulsory and grants for opening the necessary number of schools have been provided. For re-organising secondary education, schools will be divided into junior and senior secondary schools and specialized institutions will be established for different purposes. Already schools for providing practical training in various crafts have been started. To liquidate adult illiteracy, a net work of centres and libraries has been established all over the province.

In this province provision for military training has been given a special place in its educational programme. In 11 selected towns, 6,900 students of secondary schools are already receiving military training, and it is intended to extend the scheme further and provide military training for 14,000 students. This is in addition to the National Cadet Corps scheme of the Government of India, which is being worked at 8 centres.

Under the scheme for social service training for graduates, a comprehensive scheme of conscription of youths for social service has been drawn up. It is, however, proposed that conscription should be applied to graduates only in the first instance.

¹ Vide footnote 6 of this chapter.

II(b). Medical and Public Health

The total expenditure on medical and public health services in the four years, 1946-47 to 1949-50, has amounted to Rs. 2,13 lakhs. Besides enlarging and improving the existing hospitals, Government has organised travelling dispensaries, anti-kalazar and anti-malaria units and expanded very greatly maternity and child welfare services. A large number of rural dispensaries has been organised, and an attempt is being made to subsidise doctors to induce them to settle down in rural areas for practice. In the latter scheme however, very limited measure of success has been achieved. To improve nutrition two regional laboratories for the analysis of food and a nutritional institute for the training of nutrition workers have been set up.

The expansion of health schemes, though inadequate in itself, has created a demand for doctors. Government has already a number of medical and health schemes in hand and expects to undertake many more in the near future. The need for increasing the supply of doctors, therefore, has become a problem and it is recognised that the facilities at present available are inadequate and have to be greatly increased.

SECTION III

As stated in I(c), expenditure on economic development both on revenue and capital account is 91 per cent. of the total development expenditure. The amount spent for this purpose has increased from Rs. 5.71 crores in 1946-47 to Rs. 16.96 crores in 1949-50.

III(a). Agriculture

The total amount spent on development of agriculture from 1946-47 to 1949-50 is Rs. 3,13 lakhs or 7.4 per cent. of the total expenditure on economic development. The United Provinces have made special effort to reclaim land. It has three very big schemes in hand: reclamation schemes of (i) the Ganga Khadir, (ii) the Terai Area and (iii) weed infested land in Jhansi District. In all these three areas, very substantial measure of success has been achieved. In Ganga Khadir, 20,530 acres of land have been reclaimed, refugees settled down, a number of villages established and substantial progress made in developing a new agricultural colony. In Terai area, 12,323 acres of land have been reclaimed and the work is still in progress. The work of settlement in this area is well under way. Considerable progress has been already made and it is expected that 10,000 acres more will be reclaimed and settled by 1949-50. In the district of Jhansi, weed-infested land is a great problem and, with the help of the Central Tractor Organisation, 13,327 acres have already

been reclaimed. On the area so reclaimed, two experiments have been carried out in co-operative farming and total area covered by these two co-operative farms is about 900 acres. The results achieved so far are definitely reassuring and indicate that cooperative farming on the reclaimed area can be tried with some confidence.

Minor irrigation works are a special feature of the Grow More Food Scheme of this province. A number of tanks has been deepened, embankments constructed, 1,250 wells made by boring and 400 Persian wheels installed. Further, about 40 pumping plants have been installed in tanks, lakes and rivers and have added to a small extent to the irrigated area. The work of extending tube-wells has to a certain extent suffered owing to inadequate supply of electricity and pumping machines. It is, however, expected that these obstacles would be overcome in the near future.

Besides the increase in the production of cereals which is the main object of Grow More Food scheme, a number of other important developments has taken place. A scheme for intensive horticultural work has been taken in hand. During the current year about 25 to 30 thousand acres of additional area will be brought under orchards and a large majority of the old orchards will be improved. It is expected that by the end of 1950, the horticultural scheme will be in operation in almost all districts of the province. Another important development which has taken place is the reclamation of water-logged area for jute cultivation. Already about 5,000 acres of water-logged land has been put under jute and it is expected that in three to four years, jute cultivation in the province will cover about 50,000 acres.

III(b). Co-operation

The total expenditure on the development of co-operation in this province has amounted to Rs. 44 lakhs during the period 1946-47 to 1949-50. Special mention in this connection may be made of the sugarcane growers' co-operatives which have successfully combined the functions of improving production, granting credit and selling sugarcane. With a membership of nearly 10 lakhs, these societies cover over 24,000 villages; and in 1947-48 they supplied 86 per cent of the sugarcane crushed. Of greater significance is the establishment, in recent years, of about 19,000 multi-purpose cooperative societies divided into 900 blocks with a seed store as nucleus of each block. These multi-purpose cooperative societies are at present distributing seeds, manures, and other controlled commodities like textiles, kerosene etc. The importance of consumers' cooperative societies has also increased. At present

147 in number, they have assumed the responsibility of distributing rationed articles in 33 towns, and are likely to be entrusted with the distribution of other articles like cloth, kerosene and even cement and iron and steel. These societies have a share capital of nearly Rs. 12 lakhs. 300 co-operative consolidation societies and 136 co-operative housing societies have been constituted but have not started functioning as yet. Besides these, a number of industrial co-operatives has already been organised and are doing good work. Particulars of these co-operative societies are given in Section III(g). The experiments tried in co-operative farming in Jhansi District referred to above are also significant from the point of view of re-organisation of rural economy.

Co-operation in this province is now definitely accepted as a means through which economic development of the province on democratic lines is to be brought about. The developments, which have already taken place and are in sight, definitely indicate the desire of the Government to use co-operation also as instrument for integrated execution of the development plans. This would mean that not only the field staff of various development departments in rural areas will be under an obligation to do team work, but also they will make a deliberate effort to stimulate local initiative and enterprise through a net work of co-operative societies. It will naturally take some time before this conception becomes the basis of the whole co-operative movement, but about the essential soundness of this conception itself, there can hardly be any difference of opinion.

A Pilot Intensive Project for a comprehensive attack on all problems of rural life has been launched in 64 villages round about Mahawa in the District of Etawah, under Mr. Albert Mayer and his team of experts. Besides aiming at the improvement of sanitation, health, drainage, housing and communications of the villages, this scheme envisages the reclamation of eroded land and conservation of soil. As an integrated approach to the problems of rural community, the scheme is of very great interest, and the results of the experiments cannot but be of value for rural reconstruction of the province.

III(c). Forests

The total expenditure on development of forests from 1946-47 to 1949-50 is given in Table No. V.

TABLE V
Development expenditure on Forests.

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
1	9	14	19	43

The forest development schemes provide for reclamation of old groves, creation of fuel and fodder resources, improvement of pasture lands, better management of private forests, reclamation of ravines and control of erosion. In pursuance of these objects, the Government has set up a Land Management Board and a Forest Utilisation Board—the former for controlling erosion, reclaiming ravines and waste lands, afforesting state lands and creating fuel and fodder reserves, and the latter for exploring the possibilities of utilising forest products in industry. During the last two years, land measuring about 83,000 acres has been acquired and in this area bunds have been erected, fuel and fodder reserves have been created and special varieties of grass likely to be of great industrial importance are being grown with modern scientific technique. Research on 'Ullah' grass has established that it would be suitable for the manufacture of 'kraft' paper for the production of which a factory is intended to be set up. A Pilot Soil Conservation scheme has been introduced in the Etawah District and its results justify its extension to other areas where soil erosion is a very serious problem.

III(d). Veterinary—

The total expenditure on veterinary development schemes from 1946-47 to 1949-50 has been about Rs. 62 lakhs or 1.5 per cent. of the total development expenditure for economic development. As the province is not getting cattle from West Punjab, a big drive is being made to import good quality of cattle from other provinces, to open artificial insemination centres and to establish large number of cattle breeding farms.

Already a cattle farm of 7,000 acres has been organised and 900 herds of cattle provided. Provision has been made for 12 artificial insemination centres. But progress in this respect is not rapid due mainly to lack of trained personnel. A programme of purchases from outside the province has been worked out and a cattle purchase party headed by a Deputy Director of Animal Husbandry has been, since September 1948, purchasing a number of she-buffaloes, pure breed *hariana* cows, buffaloes and bulls for upgrading local cattle. For meeting the growing needs for veterinary doctors, a veterinary College has also been established.

To increase the quantity and improve the quality of milk supply, dairies have been started by the Government and 234 co-operative societies have been specially organised for the purpose. A budget provision of Rs. 8 lakhs was made in 1948-49 for equipping these co-operative societies, which are functioning in four large towns. The Government dairies and the dairies under the co-operative societies are together producing about 300 maunds of milk per day.

In respect of poultry farming, Lucknow has had a Central Poultry Farm for many years and it is known to have done pioneer work; but besides this farm, nine other new poultry farms have been established and out of them, 2 have been opened in the Terai and Ganga Khadir areas. This again is a development of some potential importance.

The indigenous fish resources of this province are known to be limited, but can be expanded. The Department of Fisheries is devoting its attention to the stocking of nearly 5,000 tanks in the province and has also given some attention to the development of fisheries in the hills. Though no tangible results have been achieved so far, this line of development obviously needs to be further pursued.

III(e). Irrigation

Irrigation accounts for 13.5 per cent. of development expenditure on economic activities upto the end of 1949-50. The annual expenditure during the period 1946-47 to 1949-50 is given in the following table:—

TABLE VI

Development expenditure on Irrigation

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
28	113	189	251	581

Out of the total cultivated area of 480 lakh acres in this province, at present only 59 lakh acres are irrigated. Another 48 lakh acres can be brought under irrigation. The schemes in hand are, however, expected to irrigate only about 10 lakh acres in 10 years; and their estimated cost is a little over Rs. 6 crores. The realisation of the full possibilities of irrigation involves a very heavy outlay and it is likely that implementation of a number of technically sound schemes will have to be postponed for financial reasons.

III(f). Industries

Expenditure on industrial development schemes from 1946-47 to 1949-50 amounts to Rs. 1.49 lakhs. Details are given in the following table:—

TABLE VII

Development of expenditure on Industrial Development

(In lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
..	16	51	82	149

In UP, as all over the country, private enterprise has hardly played any part in planning out industrial development or taking any action for the purpose. The Government, therefore, has had to plan and act on its own initiative. Its industrial programme covers both major and cottage industries.

Major Industries.—The Government proposes to start the following industries as public undertakings :—

- (i) *Government Cement Factory.*—It is proposed to establish by the end of 1950-51 a cement factory on the south bank of the river Sone in Mirzapur district at an estimated cost of Rs. 2.25 crores. Orders for machinery have been placed and it is expected to arrive by the end of this year. The estimated productive capacity of the factory is 150,000 tons a year.
- (ii) *Factory for Rayon Yarn.*—Two factories for the production of rayon yarn—one near Allahabad and other in Dehra Dun—are to be established at an estimated cost of Rs. 3 to 4 crores. The factories, expected to go into production in 1951-52, will make rayon yarn available to weavers as a cheap substitute for cotton and thus enable them to hold their own against the competition of mill-made goods.
- (iii) *Factory for 'Kraft' paper.*—For using *bagasse*, *ullah* and other forest grasses for the manufacture of 'kraft' paper, factories will be established close to a group of sugar mills in the eastern districts of the province. The total estimated capital outlay is expected to be Rs. 2 to 3 crores.
- (iv) *Coal-fields.*—The Government of the U P has entered into an arrangement with the Government of Nepal for developing the Dang Coalfield at an estimated cost of Rs. 75 lakhs.
- (v) Government has contributed Rs. 90 lakhs to the capital of the Sindri Fertiliser Factory and expects to get an annual quota of 60,000 tons of fertiliser.
- (vi) *Power Alcohol.*—The target of power alcohol production for the UP under the All-India scheme sponsored by the Central Government, has been fixed at 12 million gallons per annum. There are at present 9 distilleries producing 9½ million gallons per annum and two others will be ready by the end of this year which will increase the total production to 10 million

gallons per annum. Three more distilleries with an installed capacity of about 2 million gallons per annum are under consideration. Thus after the completion of these projects, the UP will produce 12 million gallons per annum, on the assumption, however, that the available molasses will be sufficient for the requirements of the industry.

Besides these undertakings on state account, the UP Government also intends to purchase 51 per cent. shares of some major industries like leather, glass, electric goods, bicycles and tractor parts and 10 to 30 per cent. share of some small industries.

Industrial Finance Corporation.—In order to help it in these financial operations, the Government is considering the establishment of an Industrial Finance Corporation. This Corporation will also help in the development of cottage and small scale industries. It is estimated that the Government would require Rs. 15 crores for putting into effect their own proposals. Owing to the present state of money market, it is, however, somewhat doubtful whether an Industrial Finance Corporation can be constituted in the near future.

Cottage Industries.—The UP Government is making an earnest effort to develop cottage industries. A programme for this purpose has been carefully prepared. About 25 schemes are already in hand, and they include the development of handloom weaving, woollens, hand made paper, oil *ghanies*, potteries, etc. Facilities have been provided for training in cottage industries and a number of centres have been opened for the purpose. A very distinctive feature of the programme of development of cottage industries in this province is the attempt which is being made to improve the technique of cottage industries. An expert, Mr. Paul Telco, has been appointed to standardise the products of cottage industries by introducing modern technique and improved processes. Improved machines have been introduced for carding, spinning and manufacture of pins. The lock and utensils industries are being specially investigated in order to raise the level of their technical efficiency.

It is proposed to develop cottage industries through industrial co-operatives. The co-operatives in handloom weaving have already made considerable progress and there are 615 primary weavers' co-operative societies, 33 district weavers' co-operative societies and 9 central weavers' societies. In all, they have produced 5 lakh yards of cloth worth Rs. 6 lakhs. The scale of operation of these co-operatives is, however, capable

of further expansion. A number of important experiments⁸ is being made for improving the technique and products of particular cottage industries; and it may be taken for granted that co-operatives would also play an important role in the development of cottage industries other than textiles. The cottage industries have a marketing organisation of their own known as UP Handicrafts, which has its own showrooms and agencies. It is expected to use this organisation as widely as possible for marketing the products of cottage industries.

III(g). Electricity

For the development of electricity, Rs. 5 crores have been spent from 1946-47 to 1949-50. Details are given in the following table—

TABLE VIII

Development expenditure on Electricity

(in lakhs of rupees)				
1946-47	1947-48	1948-49	1949-50	Total
71	65	148	224	508

The present installed generating capacity in the province is 1,68,486 Kws.; and of the total capacity generated, 66.1 per cent. is used for industrial purposes, 18.4 per cent. for heating and lighting and 15.5 per cent.

81. The H. B. Technological Institute, Kanpur, is doing research on Wardha Ghani to improve it further. Experiments are in progress to introduce roller bearings to reduce friction.

2. A research section for hand made paper industry has been established in Kanpur for carrying out researches and experiments on new and economic methods of manufacturing hand made paper.

3. It has been found that about 1/3 of linseed fibre could be mixed with jute for low quality hessian warp. The possibilities of developing other vegetable fibres like aloe sunhemp, hibiscus etc. are receiving attention.

4. A number of experiments have been carried out for development of essential oil industries.

5. Experiments were conducted and a satisfactory stabilised mud plaster was evolved at H. B. Technological Institute Laboratory which could stand against heat and rain. This mud has been used for the construction of houses at Kanpur and Lucknow.

6. In order to utilise palm juice, going waste at present the Government have undertaken training and demonstration work.

for irrigation. There are 9 new schemes⁹ in hand which are expected to add nearly 17,000 Kws. by 1951-52. The ultimate additional generating capacity which would be made available by the completion of these schemes, is expected to be 3,78,765 Kws. Of these 9 schemes, Rihand Dam Project is the most important and is expected, when completed, to provide an additional capacity of 2,30,000 Kws. This scheme will be a joint undertaking of the Governments of UP, CP and Bihar. The generation of this large block of power in a compact area will necessarily raise the problem of utilisation, which will have to be planned for.

III(h). Roards and Buildings

The development schemes in connection with roads and buildings are the most important item of the development programme of the province. Out of the total development expenditure of nearly Rs. 47 crores, about Rs. 26 crores or over 55 per cent. have been spent for the construction of roads and buildings. The programme provides for construction of nearly 6,500 miles of new metalled roads, improvement of 20,000 miles of existing roads, construction of 3,000 miles of cement concrete trackways and the reconstruction of about 4,000 miles of local metalled roads. The Provincial Government had prepared a co-ordinated road plan involving a total expenditure of Rs. 36.97 crores; and as the total expenditure on roads and buildings in 1946-50 is expected to amount to Rs. 25.86 crores, it may be assumed that considerable progress has been achieved in the execution of the original plans.

Another significant feature of the road development programme of the province is that in making the plans for the construction of new roads, an attempt has been made to form an estimate of the needs for communications in different areas by taking into account the relevant economic facts and trends. The Public Works Department of the province is reported to have developed a new technique for the purpose. It may be worthwhile to make use of the experience of this province for co-relating the communication plan all over the country to trends in economic development.

⁹ Installed capacity of electricity schemes (in Kws.).

	1951-52	Ultimate
1. Rihand Dam Project . . . . .	..	230,000
2. Jamna Hydel Scheme (Stage I) . . . . .	..	51,000
3. Khatima Power House . . . . .	..	41,400
4. Pathri Power Project . . . . .	..	19,500
5. Other schemes	16,865	36,865
TOTAL	16,865	378,765

III(i). Nationalisation of Road Transport

The Government of the UP has also decided to make road transport a public enterprise. For this purpose, the province has been divided into 9 transport regions. Public road services have already been started in 8 regions since the end of 1947. 52 principal routes are being covered by these services. By the end of October, 1949, it is expected that 1,500 buses will be put on the road and in another 2 years the number will increase by 2 to 3 thousand. The Provincial Government proposes to start Central and Regional Workshops to service the buses. Insufficiency of technical personnel has been a real difficulty in the way of development of these road services. However, with the establishment of these workshops and training of technical personnel, this difficulty will be materially reduced. Financial results of running these services so far have been satisfactory and in the 9 months from 1st April, 1948 to December, 1948, the Roadway Services have yielded a net profit of 11.84 per cent. The UP Government is aware that this large undertaking will have to be managed on sound business lines and it is expected that an organisation, specially suited for running these services, will be set up.

SECTION IV

IV(a). Co-ordination

The need for co-ordination is clearly appreciated and, within the limitations of the circumstances, an earnest attempt is being made to prevent wasteful use of resources owing to lack of co-ordination. Among the agencies, which are being used for the purpose, are—

- (a) A Committee of the Cabinet
- (b) Provincial Development Board
- (c) District Development Associations
- (d) A Development Commissioner
- (e) District Development Officers
- (f) Commissioners who are expected to function as Regional Co-ordination Authorities, and
- (g) More than 900 Development Blocks which consist of a nucleus of a seed store round which about 19,000 multi-purpose co-operative societies have been organised with a view to stimulate and develop all round co-operative effort for the execution of development plans.

As yet the development programme is not considered in its entirety and the inter-relations of different schemes are studied only incidentally and not according to any accepted schedule of priorities. The Development Programme consists mostly of schemes which have already been approved and are in operation.

The District Development Associations are yet new to their work and have to realise that they have to function as organs of the community as a whole and not as a collection of representatives of sectional interests. This educative process will take time, but it is obvious that the need for having organs of co-ordinating agency at the regional and district levels is real and the provision of the two agencies referred to above is its clear recognition.

On the administrative side, the Development Commissioner at the headquarters and the Development officers in the districts occupy a position of crucial importance in the working of the development schemes. It is difficult to state the extent to which they have in practice guided and steered the development programme. The appointment of these officers is definitely a step in the right direction and is to be regarded as a commendable feature of the development programme.

It has already been stated in Section III(c) that the whole conception of place and function of the co-operative movement in the economy of the country has undergone a change and about 19,000 multi-purpose co-operative societies have been organised in 900 blocks which are expected to play an important role in the execution of the development programme. These societies have started functioning and will have their staff of District Development Officers, inspectors, supervisors, who are expected to be the backbone of the whole organisation and use it to stimulate and foster public initiative and co-operation for the execution of development programme. In the U P 35,000 village *panchayats* have also been established which are, under the law, permitted to undertake important economic functions. A clear line of demarcation has to be drawn between the functions of the multi-purpose co-operative societies and the village *panchayats* and economic field reserved mainly for the former.

IV(b). Conclusion

The scale of efforts and achievements of this province, as stated in the introductory paragraph, are really impressive. It is the only province where material progress in 'education' has taken place and results of value have been achieved. Nearly 7,000 new schools were opened by the end

of last year, and between four to five thousand schools are being started during the current year. Introduction of compulsory education, in almost all municipal schools, is also a distinctive feature of the educational development of the province and, of course, highly creditable.

The most important change, however, from the point of view of the economic development of the province, is the imminent abolition of *Zamindari*. This measure not only removes a difficulty but also creates an opportunity. The newly established *panchaya's* and multi-purpose co-operative societies can become a means through which this opportunity can be utilised. Even though the distinction between the functions of the two is somewhat ill defined, it should be possible to demarcate their spheres of activity and use both to develop a new rural economy. These local agencies have yet to take root and get interwoven into the fabric of economic and social life of the people; but the fact that this institutional frame-work is being provided to replace the old system in the process of elimination, has a significance of its own and can become of increasing importance, if its purpose is rightly understood.

There is another outstanding feature of the development programme of the province which, though somewhat of an incidental character, is also important. The expenditure on roads and buildings during 1946-50 in the UP, as stated in Section III (i), has been 55 per cent. of the total development expenditure. The relative importance of this item is also indicated by the fact that expenditure on roads and buildings in the four years, is 46 per cent. of the total expenditure of Rs. 56.33 crores in all the provinces taken together. In the provinces of Madras and Bombay, where the development expenditure is nearly of the same order as in the UP, only about Rs. 7 crores have been spent on Civil Works in each of these two provinces which works out to less than 15 per cent. in the case of Bombay and about 17 per cent. in the case of Madras.

Heavy expenditure on roads and buildings indicates that greater consideration is being given to the long-term objectives, and the fact that economic trends have been taken into account in the preparation of the road programme [as pointed out in Section III(i)], further underlines its fundamental character. All the same, the proportion of expenditure on this head has been disproportionately high and has meant that provision for the other long-term objectives like irrigation and electricity has been rather low and, comparatively speaking, inadequate. On irrigation, for instance, the Government of the UP has spent Rs. 6 crores compared to Rs. 8 crores in each of the provinces of Bihar, Madras and Orissa. On electrical development, this province has spent Rs. 5 crores against Rs. 10

crores in Madras, Rs. 9 crores in the East Punjab and Rs. 8 crores in the CP. Other provinces have spent less, but the size of this province and the magnitude of its development expenditure justified larger outlay on irrigation and electrical development.

Lack of co-ordination is not as marked a feature of the development programme in this province as in other provinces. General appraisal of the programme seems to indicate that when a well considered programme for the country as a whole can be prepared and implemented, the incorporation of the UP programme in the national programme would probably present less difficulty than in the case of most other provinces. Nevertheless, even the UP programme can and should be better co-ordinated. There is need for giving it greater coherence and relating it to the requirements and resources of the national economy as a whole.

CHAPTER XI
DEVELOPMENT PROGRAMME OF WEST BENGAL¹
SECTION I

Introduction

On account of the secession of a particularly backward part of undivided Bengal, West Bengal presents, superficially speaking, a picture of a highly developed province. Its statistical averages depressed by the low levels of life and activity in East Bengal, compare favourably with the averages of the other Provinces of the Indian Union. Industrial activity, electrical development, transport, educational and health facilities, appear to be particularly well developed in West Bengal. Yet this truncated province bears all the marks of shock to its economy caused by sudden partition in the middle of 1947. The precariousness of the position can be judged by the fact that jute, which is such an important element not only in the provincial but also national economy, depends upon raw material supplies from across what has become an international border. Rice, which used to flow on account of the natural working of economic forces from some of the surplus districts of East Bengal to West Bengal, is now, for all practical purposes, not available. The Provincial Government, working under severe political and social stresses, has had hardly the time and resources to adjust its economy to the new circumstances. In this context, post-war development, in the sense in which we understand it, naturally recedes in the background. There is hardly, therefore, any basis for judgment on the development programme of West Bengal, for the problem in that province, has been and continues to be one of sheer economic and social survival.

¹ This chapter was written before the Government of India announced reduction in Central loans for the current year. West Bengal has been particularly affected. As this province has no reserve financial resources, it will have to scale down its development expenditure for the current year to the full extent of reduction in Central loan. No alteration in this chapter has, however, been made on this account, but the possibilities of adjustment have been fully examined in supplementary Note II to Chapter II.

Appendix No. XV, which gives the statistical details in respect of the development expenditure of this province, and the charts opposite this page have been fully adjusted for the reduction in Central loan for the current year.

W. BENGAL

RS.
LAKHS

DEVELOPMENT EXPENDITURE

2200

2000

1800

1600

1400

1200

1000

800

600

400

200

0

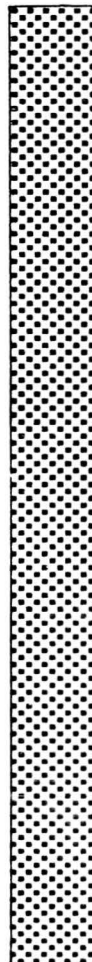
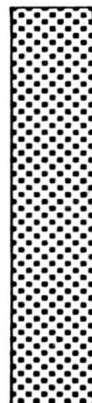
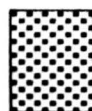
1946-47

'47-'48

'48-'49

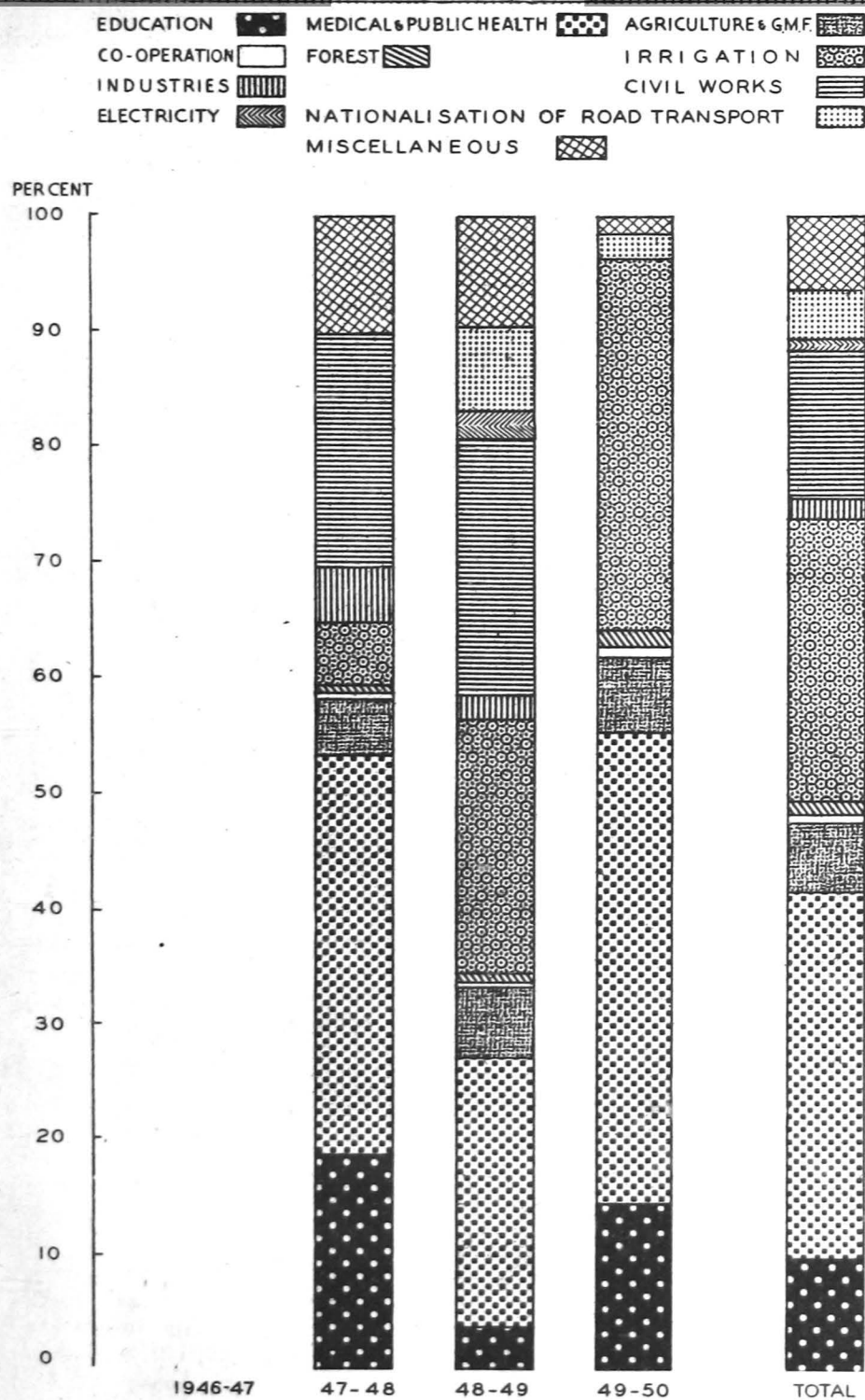
'49-'50

TOTAL



DISTRIBUTION OF DEVELOPMENT EXPENDITURE

WEST BENGAL



The Government of West Bengal, as successor to the Government of undivided Bengal for whatever territories came to fall within its jurisdiction, inherited the development programme of the predecessor Government and had to work and adjust it within its own financial resources and the aid it could get from the Centre.

I(a). The following table presents the financial position of the development programme :—

TABLE I
Development Expenditure².

(In lakhs of rupees. Percentages in brackets).

Year.	Expenditure on Revenue Account	Expenditure on Capital Account	Total
1947-48 (Since August 1947)	152 (92.1)	13 (7.9)	165 (100)
1948-49	332 (46.0)	390 (54.0)	722 (100)
1949-50	480 (32.8)	982 (67.2)	1462 (100)
Total	964 (41.0)	1385 (59.0)	2349 (100)

The sources from which the development programme has been financed are given in table II.

TABLE II
Financing of the development programme³

(Percentages in brackets) (In lakhs of Rupees)

Year.	Central Grant.	Central Loan	Net Revenue surplus outside development account	Provin- cial Loan	Withdraw- als from provincial balances	Total
1947-48 (since August '47).	100 (60.6)	13 (7.9)	52 (31.5)	..	..	165 (100)
1948-49.	200 (27.7)	390 (54.0)	109 (15.1)	..	23 (3.2)	722 (100)
1949-50.	270 (18.5)	982 (67.2)	99 (6.8)	..	111 (7.5)	1462 (100)
Total	570 (24.3)	1385 (58.9)	260 (11.1)	..	134 (5.7)	2349 (100)

² The calculations in this table have been greatly affected by the decision of the Central Government to scale down its loans to provinces (vide note 2, chapter 2). This province will get only Rs. 2½ crores instead of nearly Rs. 11 crores as Central loan. As the provincial government has no resources of its own, it will mean a scaling down of its expenditure on capital account to about Rs. 2 crores (excluding GMF). Its total development expenditure upto the end of 1949-50 would be about Rs. 15 crores instead of Rs. 23½ crores as given in the table.

³ The percentages in this table would have to be altered on account of the reduced Central loan provided for this province.

From these tables it would appear that the province has financed nearly 83⁴ per cent. of its total development expenditure from central grants and loans. Further, it had also to draw on its balances to the extent of nearly 6 per cent. It has, however, done better than the other partitioned provinces of the East Punjab and Assam and even Orissa which have depended upon central aid (central grant plus central loan) to the extent of 99, 90 and 86 per cent. respectively.

If the capital account, which is almost entirely financed by Central Loans, is excluded, the Provincial Government seems to have done well on revenue account, making allowance for the fact that it has had to administer a partitioned province. In fact the central grant bears a smaller percentage to provincial development expenditure on revenue account in West Bengal than in the case of the East Punjab, Assam, the UP and Orissa. Its contribution to the financing of the development programme on revenue account from its own revenue surplus is nearly 26 per cent. compared to nil in the case of the East Punjab and 3 per cent. in the case of Assam.

I(b). The following table gives an over-all picture of expenditure on social services and activities of economic importance :—

TABLE III⁵

Distribution of expenditure on social services, activities of economic⁶ importance and other subjects

Year	(In lakhs of rupees) (percentage in brackets)			
	Social Services	Activities of economic importance.	Miscellaneous	Total
47-48 (since August '47)	88 (13·8)	60 (3·7)	17 (14·7)	165 (100)
1948-49.	196 (30·9)	456 (28·5)	70 (60·3)	722 (100)
1949-50.	351 (55·3)	1082 (67·8)	29 (25·0)	1462 (100)
Total	635 (27·0)	1598 (68·0)	116 (5·0)	2349 (100)

The social services, education and public health, account for nearly 27 per cent. of the total development expenditure, which is a higher percentage than for most Provinces. This is mainly due to the heavy expenditure by the Government on public health schemes referred to in a subsequent paragraph.

⁴ This would now amount to about 75 p.c.

⁵ For detailed break up, see Appendix XV.

⁶ The expenditure on activities of economic importance will now be reduced from Rs. 16 to about 8 crores and the percentage will consequently fall to less than 50 p.c.

The expenditure on activities of economic importance has been increasing both absolutely as well as proportionately and forms 68 per cent. of the total development expenditure since August '47. The expenditure of Rs. 16 crores on economic development out of a total development expenditure of nearly Rs. 23½ crores is indicative of the scale of effort which is definitely commendable in the context of West Bengal's circumstances.

SECTION II

Table IV gives the expenditure on 'Education' and 'Public Health' from 1947 to 1950.

TABLE IV.

Expenditure on 'Education' and 'Public Health' from mid-August '47 to 1949-50.

	(In lakhs of rupees) (Percentage in brackets)			
	1947-48	1948-49	1949-50	Total
Education	31	27	93	151 (23.8)
Medical and Public Health	57	169	258	484 (76.2)
Total	88	196	351	635 (100)

Nearly 3/4th of the total expenditure on social services has been incurred on 'Public Health' and the balance on 'Education'. The expenditure on 'Education' appears to be rather low, both absolutely as well as relatively. In judging the distribution of development expenditure on social services, allowance has, however, to be made for the fact that in Bengal private effort in the provision of educational facilities has all along been more important than in most provinces. Undivided Bengal had 50,000 schools, and Madras, which comes next in this respect, had 38,000. On account of the comparative backwardness of East Bengal, the relative statistical position of West Bengal must have improved owing to the Partition.

Education

II(a). Table V gives the distribution of development expenditure on 'Education'.—

TABLE V

Development expenditure on education

(In lakhs of rupees) (percentage in brackets)						
University	Secondary	Primary	Special	General	Charges in U.K.	Total
23 (15.2)	12 (7.9)	88 (58.3)	15 (10)	4 (2.6)	9 (6.0)	151 (10)

Apart from the fact that the development expenditure on education as stated above, is rather low, this break-up does not call for any particular comment.

West Bengal is experimenting in basic and social education though on a comparatively smaller scale than the CP. Facilities for technical education are also being greatly increased.

Medical and Public Health.

II(b). Expenditure on medical and public health is given in table No. VI.

TABLE VI

Distribution of expenditure on Medical and Public Health.

(In lakhs of Rupees)			
1947-48 (Since August '47).	1948-49	1949-50	Total
57	169	258	484

The expenditure of nearly Rs. 5 crores on public health out of a total development expenditure of Rs. 23½ crores indicates a real effort to deal with the health problem. In fact, out of a total development expenditure on public health of Rs. 15 crores for all the provinces in the Indian Union from 1947-48 to 1949-50 nearly 1/3rd has been incurred by the West Bengal Government.

The expenditure seems to be well distributed as between various items of medical and public health facilities. Special attention is being given to the improvement of health in the rural areas. The scheme of establishing public health units and increasing the number of dispensaries in rural areas has been boldly conceived and even goes beyond the recommendation of the Bhore Committee. It aims at conversion of district head-quarter hospitals into district health centres, each with two to five hundred beds; provision of four-bedded hospitals for each of the 2650 union boards, a health centre with 30 to 50 bedded hospital for each thana, and a sub-divisional health centre for each sub-division. It, however, remains to be seen how far this ambitious scheme can be fulfilled. So far, due to lack of trained personnel and medical and building equipment, the actual expenditure, as shown in the table below, has fallen far short of the budget provision for some of the most important health schemes in the province :-

(In lakhs of Rs.).

Schemes	Ultimate expenditure	Budget 1948-49	Actual disbursement during 1948-49	Provision 1949-50
1. Rural Water Supply	139	31	11	15
2. Increase in the number of rural dispensaries, and establishment of public health units.	1474	103	14	80
3. Water supply and drainage in municipal areas	181	12	0.87	6
4. Establishment of a rural nursing service and improvement of nursing system.	12	6	.06	3
5. Control of malaria	89	5	2	.03

SECTION III

Out of a total development expenditure of Rs. 23½ crores, expenditure on economic development including budget provision for the current year amounts to Rs. 16 crores. Of this latter sum, nearly Rs. 6 crores or 38 per cent. are for irrigational development and another Rs. 4 crores for public works.

III(a). Agriculture

The following table gives the distribution of expenditure on Agriculture and GMF⁷.

TABLE VII

Distribution of expenditure on Agriculture and G.M.F.

	(In lakhs of rupees)			
	1947-48	1948-49	1949-50	Total
Agriculture	8	44	62	114
G M F . . . . .	..	138	203	341

(GMF in this province is technically outside the development programme.)

West Bengal is a deficit area, producing on the average about 3½ million tons of food-grains whereas its consumption and seed requirements are approximately 4 million tons. It is dependent for its raw jute requirements on East Bengal.

(⁷) The GMF programme of this province may be affected by the reduction in Central loans which leaves only Rs. 50 lakhs for all schemes of capital development including GMF, excepting the Damodar Valley Corporation for which a loan of Rs. 204 lakhs has been earmarked as provincial contribution during 1949-50.

Agriculturally the position of West Bengal appears to be particularly unfortunate. A population of 21 million has a net sown area between 9 to 10 million acres which is the lowest proportion among the provinces of the Indian Union. The province is however making an attempt to become self-sufficient. In fact, it has major irrigation and drainage schemes expected to cover an area of nearly 1.3 million acres by 1952-53. These will cost approximately Rs. 9 crores and add between 3 to 4 lakh tons to the Province's food supply, which is approximately equal to its deficit. These schemes do not cover the benefits to be derived from the Damodar Valley Corporation which are not expected to be realised by 1952-53. There appears to be a regional balance in the location of these schemes, as most of them fall in the western part of the province where the need for irrigation is known to be the greatest. Apart from these irrigation schemes, the province is also attempting to improve its food supply through 'Grow More Food'. These GMF⁸ schemes financed largely from Government of India grants are somehow treated by the Government of West Bengal as outside their development programme.

In 1948-49, the Province budgeted for GMF nearly Rs. 1.7 crores. Out of this, only Rs. 1.3 crores were spent because most of the important seed schemes were abandoned. The organization of seed stores has, however, been kept up and it is proposed to organize seed multiplication farms at Burdwan and Jalpaiguri on a considerable scale. The scheme for the purchase and distribution of fodder crop seeds was also put through at an expense of Rs. 1,65,000. Rs. 2 lakhs have been provided for this scheme in the budget for 1949-50.

The biggest GMF scheme, however, has been the distribution at subsidized rates of chemical fertilizers allocated to the Province by the Government of India and oil-cake and bone-meal which are locally procured. The budgeted cost of this scheme was more than a crore of rupees in 1948-49, but actually only Rs. 68 lakhs were spent.

Under 'manures' may be mentioned another important scheme on which Rs. 3 lakhs were spent in 1948-49 and a like amount is proposed to be spent in 1949-50 on the distribution of Calcutta Corporation sludge as manure to cultivators at a subsidized price of Rs. 3/8/- per ton.

The GMF schemes of this Province also include reclamation of waste land on a certain scale. The Province has about 20 tractors of which half

(⁸) A comprehensive table giving food production targets for 1949-50 and 1950-51 is given in Appendix XVI.

are utilized for reclamation. In 1948-49, about 1000 acres were reclaimed and it is proposed to cover another 5000 acres in the current year. The Provincial Government has worked out a 7 year programme with the help of the Central Tractor Organization according to which about 75,000 acres will be reclaimed.

In addition to the schemes referred to above, there are also a number of other schemes which are financed entirely out of provincial funds. There was a provision of Rs. 71 lakhs for this purpose in 1948-49 but actual expenditure was only Rs. 34 lakhs. The biggest of these schemes relate to the establishment of livestock research and breeding, and improvement of the livestock industry. Another major scheme—that of tank development (for fish) is of great importance for the domestic economy of Bengal. Though there is budget provision in 1948-49 for agricultural education (school and college), details of these schemes still seem to be under consideration of the Provincial Government.

An interesting item under agricultural development was agricultural planning in the budget of 1948-49 with a provision of one lakh rupees, nothing of which was spent and no provision has been subsequently made.

III(b). Co-operative Movement

The position of the co-operative movement in West Bengal may be judged from the fact that it has only about 10,000 agricultural credit societies with 2,50,000 members, a share capital of half a crore of rupees and a working capital of a little over Rs. 6 crores. A small beginning has been made in multi-purpose co-operative development. The number of multi-purpose societies is 50 with about 15,000 members, share capital approximately a lakh of rupees and working capital a little less than Rs. 3 lakhs. Among the non-credit societies, the most important are paddy sales societies and irrigation societies. The variety of the other non-credit societies is also interesting: milk societies, jute sale societies, fishermen societies, grain banks, agricultural associations, rural reconstruction societies etc. The progress made by these societies has been almost negligible.

The development programme of the Provincial Government under co-operation needs comment. In the budget of 1948-49 a provision of about Rs. 22 lakhs was made for the development of co-operation; of this Rs. 5 lakhs were for expansion of the Co-operative Directorate to discharge its functions efficiently, a large part of which was spent. But all the

other schemes of co-operative development were either postponed or abandoned. In the budget of 1949-50 also, these schemes are entered as postponed, but 3 lakh rupees have been provided for expansion of administrative staff. In the budget of 1948-49, a provision was made for 5 lakh rupees on the establishment and development of multi-purpose societies but no expenditure was actually incurred for the purpose. Rs. 3 lakh have been provided for this scheme in 1949-50 and the details are under examination.

Outside the development programme, the Provincial Government has a scheme for co-operative development of handloom industry. So far, about 750 societies with 70,000 weavers have been organised. These will be grouped into 16 co-operative unions and there will be a provincial society to buy their raw materials and sell their products.

It is also proposed to develop a net work of co-operative societies to change the whole basis of rural economy and create a new sense of values. This scheme is estimated to cost Rs. 3 crores. Apart from the fact that its execution is beyond the financial resources of the province, this scheme is not yet as concrete as it should be and does not take into account the need for other radical changes without which the scheme will lack a realistic basis.

III(c). Forest

Forests cover only 14 per cent. of the area in West Bengal, which is below the optimum requirements of the province. The extreme pressure of population in a province already suffering from a food deficit makes it obvious that the deficiency in forest area can hardly be made good within the province itself.

III(d). Fisheries

Fisheries really form part of the G.M.F. in this Province, because fish forms a part of the normal diet in this part of the country. Under fishery development, about Rs. 3 lakhs were budgeted in 1948-49. Of these about Rs. 2 lakhs were for development of tank fisheries (already referred to in G.M.F.) and establishment of a technological fish experiment station. A provision of Rs. 50,000 was made in the budget for planning for the development of fisheries but actually no expenditure was incurred. Though the budgeted programme was not executed in respect of fisheries, other schemes not budgeted were executed and Rs. 9 lakhs were spent on them. It is proposed to spend another Rs. 38 lakhs on these schemes in 1949-50. These cover the development of sweet water fisheries, estuarine fisheries, distribution of nets, boats etc., at subsidised rates, setting up nursery

units, production of fresh water fish in rural areas for local consumption, development of fish technology, improvement of tank fisheries, etc.

III(e). Veterinary

In their development programme for veterinary services, the Provincial Government have included one scheme for better facilities for veterinary aid in Calcutta and its suburbs, on which Rs. 35,000 were spent in 1948-49 and Rs. 44,000 are proposed to be spent in 1949-50. But the really important veterinary schemes have already been referred to in Section III(a), namely the establishment of a central livestock research and breeding station at Harin Ghata and improvement of livestock industry. Under the latter, nearly Rs. 8 lakhs were budgeted in 1948-49 but only a lakh and a quarter were spent on purchase of bulls and implements. No provision has been made for this scheme in 1949-50. As for the Harin Ghata scheme, preliminary steps have been taken for the establishment of a livestock research cum breeding farm of 2,550 acres. Rs. 15 lakhs were spent on this scheme in 1948-49 and Rs. 28 lakhs are proposed to be spent in 1949-50.

III(f). Industries

In industrial development, West Bengal occupies a place only next to Bombay. The estimated investment in its large scale industries is said to be nearly one-fifth of the total investment in the whole country. Of electric power generated in the Province, nearly 80 per cent. is consumed by industries.

The Provincial Government had budgeted nearly Rs. 68 lakhs on revenue account in 1948-49 for industrial development within the development programme, but only Rs. 10 lakhs were actually spent. Many of these schemes were abandoned or postponed and schemes on technical education were transferred to the Education Department. Two important schemes on which money was actually spent in 1948-49 were (i) the establishment of an industrial trade training centre for the training of hillmen of Darjeeling area in different trades and (ii) the promotion of *Khadi* industry through an autonomous *Khadi* Board to which grants are made from time to time. A provision of Rs. 5 lakhs was also made for a planning Committee to explore the possibilities of establishing heavy chemical and electro-chemical industries in the Damodar Valley area in collaboration with the Government of Bihar. Actually only Rs. 20,000 were spent. A provision of Rs. 2,50,000 has been made for the scheme in the budget for 1949-50.

A provision of Rs. 4 lakhs was made for planning of industrial development but nothing was actually spent. Provision of Rs. 50,000 has been

made for the same in 1949-50. Development of fisheries, as already stated, is provided for in the GMF budget.

III(g). Electricity*

Electrical development has already been referred to above. Four-fifths of electricity produced is utilised for industrial purposes and the province has the largest installed capacity among all the provinces in the Indian Union.

The Province has nevertheless a bold programme of electrical development. It is a partner in the Damodar Valley Corporation and most of the power generated in the hydel and thermal projects of this scheme would be available for West Bengal. It has under execution its own multi-purpose project, known as the Mor Reservoir project, and construction of the power house at Barrage site is under progress. The power from this scheme would however, not be available before 1952-53, and probably the power generation under the Damodar Valley Schemes would come still later.

Besides these multi-purpose schemes, the Provincial Government budgeted to spend nearly Rs. 41 lakhs on electrical development during 1948-49 but only Rs. 17 lakhs have been spent. During 1949-50 the proposed development expenditure on electricity (excluding the multi-purpose projects) is only Rs. 23 lakhs, almost wholly on power engineering staff for preparing electrification schemes for the rural areas. Of these rural electrification schemes, the major scheme is for electrifying an area of 75 thousand miles north of Calcutta on which Rs. 12 lakhs were spent in 1948-49 and Rs. 21 lakhs are proposed to be spent during 1949-50. Electrical equipment for the project has been for the most part obtained.

III(h). Roads and Buildings

The expenditure under this head since August '47 is given below :—

TABLE VIII

Distribution of expenditure on Roads and Buildings

(In lakhs of rupees.)

	1947-48 (Since August 47)	1948-49	1949-50	Total
Buildings	24	20	179	223
Roads	9	139	250	398

* 9 Electrical development will be greatly affected on account of the reduction in Central loan. *Vide* note II, chapter II.

10 Almost the whole of the road programme budgeted to cost Rs. 2½ crores during 1949-50 may have to be scrapped on account of the reduction in Central loan.

Compared to other Provinces, proportionately speaking, a larger amount has been spent on roads in this province. This is due to the fact that the whole road system of West Bengal has been disrupted by Partition and it is a matter of urgency for the Province to develop its communications.

Nearly Rs. 1,33,000 had been budgeted for development of provincial roads in 1948-49 and this budget estimate was slightly exceeded. The Provincial Government has a programme of road development of 2,200 miles of which 1,100 have been taken in hand. They propose to take up another 300 miles during the current year. For these and for 1,100 miles, construction of which started last year, the Provincial Government have budgeted Rs. 2½ crores in 1949-50. Besides the Provincial road plan, the Government of India has a National Highways Plan on which they propose to spend Rs. 30 crores. Out of this Rs. 2 crores will be spent on highway development in West Bengal. Work has commenced on the improvement of through link between Assam and West Bengal under the National Highways Scheme.

III(i). Nationalisation of Road Transport ¹¹

The Provincial Government has a scheme of State Transport Service for improving transport facilities in greater Calcutta. About Rs. 52 lakhs were spent on this scheme in 1948-49, and Rs. 76 lakhs are proposed to be spent in 1949-50. After the transport system of Calcutta has been taken over by the State, it is proposed to extend public road transport service to the rest of the Province.

III(j). Housing Programme

The major scheme is the Kanchrapara area development scheme for the execution of which it is proposed to acquire and develop an area measuring about 13,000 acres for residential and industrial purposes. For this scheme Rs. 50 lakhs were provided in the budget of 1948-49 but only Rs. 63,000 were spent. In 1949-50, it is proposed to spend more than Rs. 1½ crores for this purpose. Besides this, the Provincial Government have also a scheme for re-housing of basti dwellers on which Rs. 20 lakhs were spent in 1948-49 and another Rs. 11 lakhs are proposed to be spent in 1949-50.

¹¹ This scheme may have to be given up for want of financial resources. (Please see Note II—Chapter II).

¹² The whole of this programme would be affected by reduction in Central loan.

Outside the development programme, the Provincial Government has some housing schemes for refugees on which Rs. 11 lakhs were spent in 1948-49 and Rs. 113 lakhs are proposed to be spent in 1949-50. Presumably, expenditure on refugee housing will be reimbursed by the Central Government.

SECTION IV

Co-ordination and Conclusion

The Provincial Government has recently created several agencies for the co-ordination of their development schemes: (i) a Development Council with the Premier as Chairman and 6 other Ministers as members; (ii) a Development Board with the Premier as chairman, some ministers and secretaries as members; (iii) District Development Associations with the District Magistrate as chairman and representatives of the District Board and co-operative societies and a few nominees of the Government and M.L.As. of the District as members; (iv) Village *Panchayats* elected by adult suffrage and charged with functions relating to the working and development of village economy.

The Development Board is expected to draw up a master plan, make recommendations regarding priorities of different schemes, watch their progress and do all that is necessary to provide for co-ordination and integration.

The District Development Associations and Village *Panchayats* are expected to co-ordinate the execution of the development programme at the village level and provide local interest, initiative and enthusiasm.

This scheme of co-ordinating machinery has been introduced very recently and it is difficult to assess its possibilities. The difference between the Development Council and the Development Board is not clear. The former is a committee of the Cabinet. With the addition of a few secretaries, it becomes the development Board. The Development Board is, as stated above, expected to function as a planning authority; but it is, at present, not clear how far the Development Council will have a clearly differentiated place in this set-up. At the village level, *panchayats* have not yet been constituted. It is intended that a small proportion of the total number should be established as an experimental measure and further steps for their development should be taken in the light of actual experience. The success of the new set-up will, of course, depend upon the extent to which planning is taken seriously and put through with earnestness and purpose.

Owing to reasons mentioned in the opening paragraphs, the development programme of West-Bengal has hardly started, the original development Programme having become obsolete due to the Partition. The province, it is well known, has special problems of its own and expenditure on the maintenance of law and order involves a very heavy strain upon its resources. In spite of this liability the Provincial Government proposes to spend nearly twice as much on development in 1949-50 as the revised estimated expenditure of 1948-49. There has been increase, both in revenue and capital development expenditure in the current year, but increase in development expenditure on capital account has been specially striking, having increased from about Rs. 4 crores in 1948-49 to nearly Rs. 10 crores¹³ in 1949-50.

The scale of expenditure for 1949-50 and the objects provided for, indicate that the Provincial Government is alive to the need of making good the damage inflicted on its economy by the Partition. The schemes relating to public health, roads, electricity and irrigation show that the essentials of the situation are understood. Development programme of the province has, however, to be primarily conceived and implemented with reference to the basic needs of its rural economy as a whole. Public health, irrigation and electricity schemes are sure to be beneficial for rural areas; but without understanding the problem of rural economy as a whole and an earnest effort to come to grips with it, right perspective for the development programme cannot be acquired. This perspective is at present lacking and has to be provided.

¹³ This would now amount to only Rs. 2 crores for the current year on account of reduction in Central loan.

CHAPTER XII

ANALYSIS OF DEVELOPMENT EXPENDITURE

In this chapter it is proposed to analyse the development expenditure with a view to :

- (a) indicate the rate at which it has grown from 1946-47 in the country as a whole and in individual provinces ;
- (b) assess the relative importance of expenditure on capital account and the rate of its growth during this period ;
- (c) examine the expenditure on economic development and its distribution among different provinces ; and
- (d) give the break-up of the development expenditure on individual heads, its distribution among the provinces and its relative position in the development programme of each province.

This would, it may be expected, give a synoptic view of the provincial development programme and bring out certain features of interest from the national standpoint.

SECTION I.

Rate of growth of Expenditure

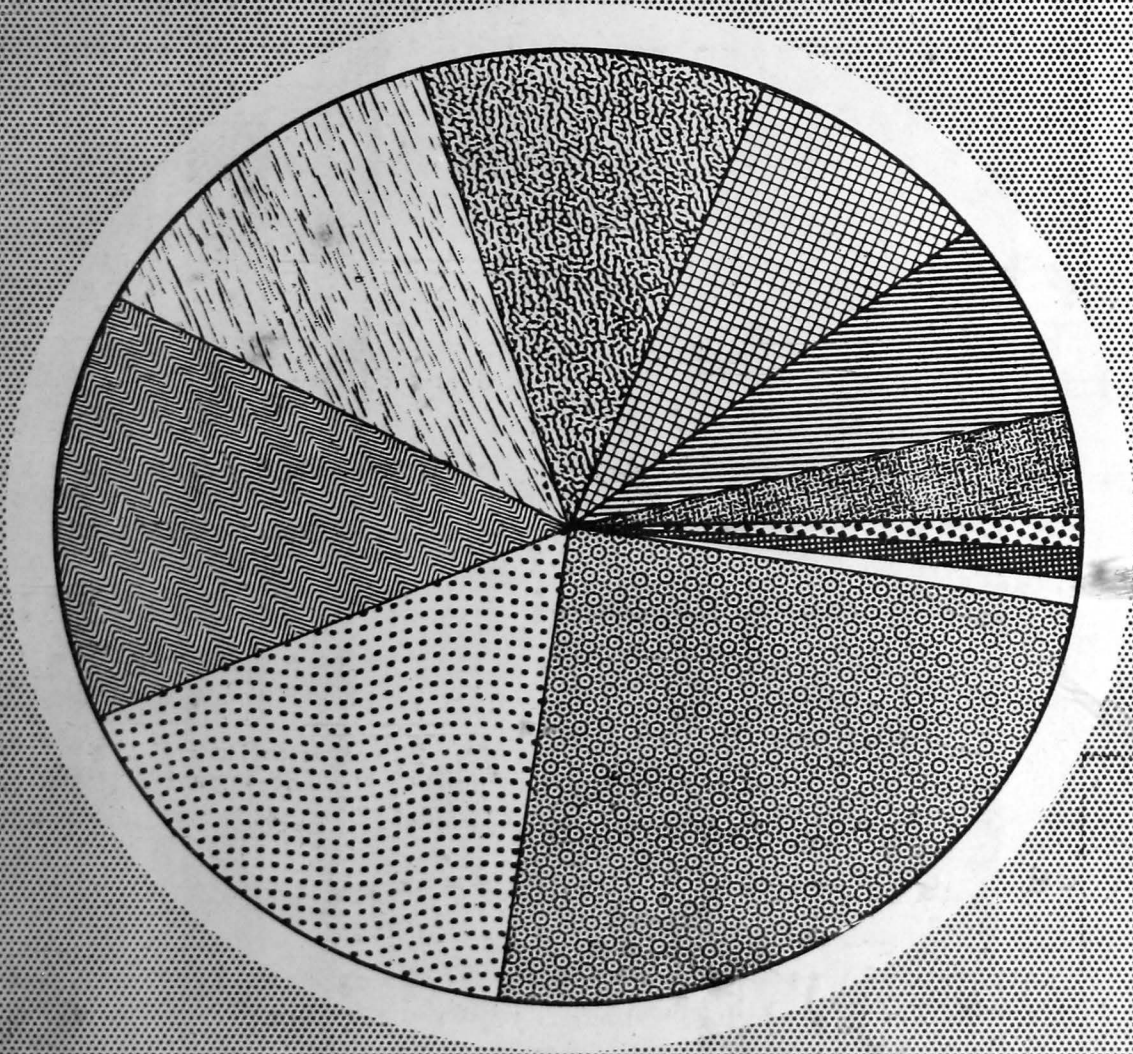
The development programme covered by previous chapters had very small beginnings. In fact, more than half of the total provincial development expenditure is accounted for by the budget provision for the current year. As against development expenditure from 1946-47 to 1948-49 of Rs. 121 crores, provincial governments had budgeted for a development expenditure of Rs. 129 crores for the current year. In the first year of the provincial development programme the actual expenditure incurred by provincial governments was less than Rs. 16 crores. It rose to nearly Rs. 27 crores in 1947-48 and with a spurt to Rs. 79 crores in 1948-49, the first complete year of independence. In expectation on the Central aid of Rs. 75 to Rs. 80 crores for the current year, the provincial governments raised their development budget to Rs. 129 crores.












—Increase of expenditure is itself a measure of development activity and shows the rate at which it has been accelerated in the last two years. In Bombay, for example, the development expenditure increased from Rs. 6 to 17 crores from 1947-48 to 1948-49 and in the current year the budgeted

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE ON EACH SUBJECT TO TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE.

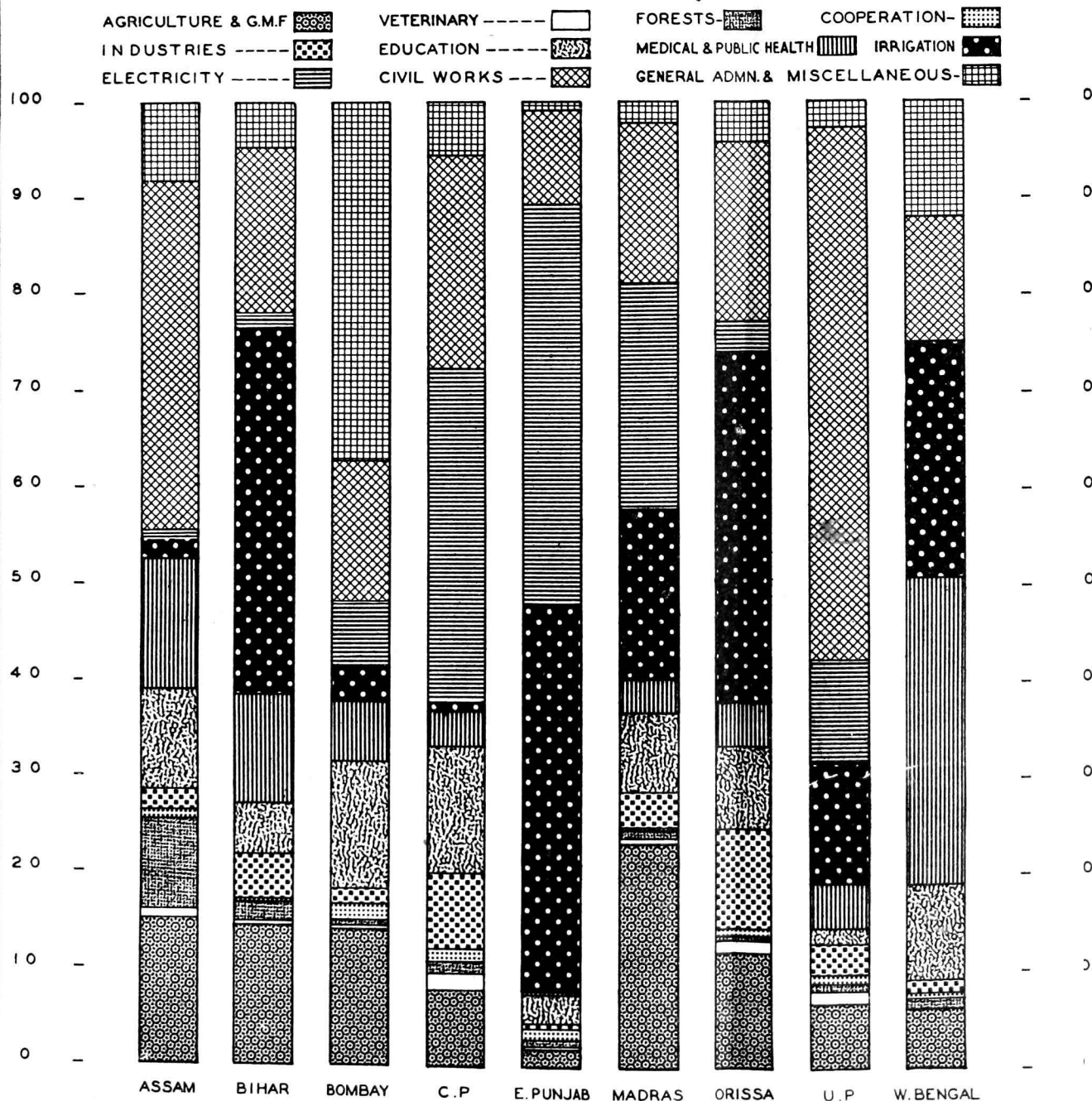


 CIVIL WORKS 24.6%	 GENERAL ADMN. & MISC. 10.9%	 INDUSTRIES 3.7%
 IRRIGATION 16.2%	 EDUCATION 8.0%	 FORESTS 1.1%
 ELECTRICITY 14.6%	 MEDICAL & PUBLIC HEALTH 6.8%	 CO-OPERATION 1.0%
 AGRICULTURE & G. M. F. 12.3%	 VETERINARY 0.8%	

SEE APPENDIX - III.

PROVINCIAL DEVELOPMENT EXPENDITURE

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE ON EACH
 SUBJECT TO TOTAL DEVELOPMENT EXPENDITURE OF EACH PROVINCE
 1946-'47 TO 49-'50



SEE APPENDIX III

allotment was as much as Rs. 24 crores. In the other provinces also the rate of increase shows a similar trend. The position is set forth in the following table :—

TABLE I

Province	(In crores of rupees).			
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised Budget)	1949-50 (Budget)
Assam	0.4	1.2	1.7	2.4
Bihar	0.4	1.0	4.6	8.9
Bombay	1.1	5.8	17.4	23.5
C.P.	1.2	2.6	8.1	11.7
E. Punjab . . . . .	..	0.9	6.6	7.4
Madras	5.6	3.6	13.4	20.9
Orissa	0.7	1.7	6.4	11.0 (7.1)
U.P.	6.1	8.3	13.8	18.3
W. Bengal . . . . .	..	1.7	7.2	14.6 (6.3)
Total	15.5	26.8	79.2	118.7 (1 06.5)

In the above table, adjustment has been made for reduction in Central loans to Assam and the East Punjab for the current year. For Orissa and West Bengal, their development expenditure adjusted on this account has been shown in brackets.

From year to year the total development expenditure, therefore, of all provinces would be as follows :—

TABLE II

(In crores of rupees)	
1946-47 (Accounts)	16 crores
1947-48 (Accounts)	27 crores
1948-49 (Revd. Budget)	79 crores
1949-50 (Budget)	129 crores (unadjusted)

Recent reduction in Central grants and loans to provinces for 1949-50 would alter the position materially and make the development expenditure of the current year indeterminate on that account. Some of the provinces would, it may be assumed, draw upon their own resources to make up for the reduction of central aid, but the extent to which this can and will be done cannot be precisely indicated. Rough indication of what may happen has already been given in Note 2 of Chapter II. With full adjustment for the reduction in central loans for the provinces of Assam, the East Punjab, Orissa and West Bengal, the total development expenditure of all the provinces during the current year will be about Rs. 108 crores on the assumption that the remaining provinces would be making up their loss due to the reduction of central grants and loans from the accumulated reserves and balances. But it is quite possible that this may not occur and the provincial development expenditure be reduced fully by the amount or reduction in central grants and loans, in which case the development expenditure in the current year in the provinces would probably be a little less than Rs. 100 crores.

SECTION II

Expenditure on Capital Account.

A marked feature of the provincial development programme has been a larger proportionate expenditure from year to year on capital account as compared to revenue account.

TABLE III

	(Figures in crores of rupee)			
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Rev'd.) Budget)	1949-50 (Budget)
Revenue Account	11.2	18.5	39.4	56.2
Capital Account	4.6	8.2	39.9	71.5

In the above table, adjustment has been made on account of reduction in central loan in the case of Assam only. If full allowance is made for the East Punjab, Orissa and West Bengal, the total provincial expenditure on capital account would amount to about Rs. 51 crores during the current year, a little less than the budget expenditure on revenue account. The percentage

of development expenditure on capital account to total development expenditure, as an indication of long period investment, works out as follows :—

TABLE IV

1946-47 (Actuals)	28.7%
1947-48 (Accounts)	30.9%
1948-49 (Revised Budget)	50.3%
1949-50 (Budget)	56.2%

If allowance is made for reduction in central loans to the East Punjab, Orissa and West Bengal—Assam loan having been already adjusted—the percentage for the current year on capital account would work out approximately at about 48 per cent. of the total development expenditure.

The break up of provincial expenditure on capital account for the four-year period under review is given below :—

TABLE V

Province	(Figures in crores of rupees)			
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Rev'd. Budget)	1949-50 (Budget)
Assam	..	..	..	(adjusted)
Bihar	..	..	0.6	2.6
B. mtay	0.1	0.9	8.6	9.1
C.P.	0.3	1.3	4.3	7.4
East Punjab	..	0.6	5.6	15.1 (6.0)
Madras	1.2	1.1	7.1	10.7
Orissa	..	..	3.5	8.6 (4.7)
U.P.	3.0	4.1	6.3	8.1
West Bengal	..	0.1	3.9	9.8 (2.5)

(Figures in brackets are adjusted for reduction in Central loans)

The total expenditure on capital account from 1946-47 to 1949-50, adjusted on account of the reduction of the central loans in the case of Assam, the East Punjab, Orissa and West Bengal, has been as follows :—

TABLE VI

Province	(Rs. in crores)	Percentages
Assam	..	..
Bihar	3.2	3.1
Bombay	18.7	18.0
C.P.	13.3	12.8
East Punjab	12.2	11.7
Madras	20.1	19.4
Orissa	8.2	7.9
U.P.	21.5	20.8
West Bengal	6.5	6.3
Total	103.7	100

The relative emphasis obviously of the schemes of long-term investment has varied from province to province.

It has also varied from year to year. The percentage of expenditure on capital account incurred in each year to the total expenditure on capital account during the period is given below.

TABLE VII

Province	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Rev'd.)	1949-50 (Budget)
Assam	..	..	..	(adjusted)
Bihar	..	..	18.8	81.2
Bombay	0.5	4.8	46.0	48.7
C.P.	2.3	9.8	32.3	55.6

Province	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revd.)	1949-50 (Budget)
East Punjab		4.9	45.9	49.2 (adjusted)
Madras	6.0	5.5	35.3	53.2
Orissa			42.7	57.3 (adjusted)
U.P.	14.0	19.0	29.3	37.7
W. Bengal		1.5	60.0	38.5 (adjusted)

In the case of the East Punjab and West Bengal, since the provinces were constituted on the 15th August, 1947, almost their entire expenditure on capital account is naturally concentrated in 1948-49 and 1949-50. But this is also true of the provinces of Bihar and Orissa, where all the expenditure on capital account is in 1948-49 and 1949-50. In the case of Bombay, nearly 95 per cent of the expenditure on capital account is in 1948-49 and 1949-50. It is only in the case of the United Provinces that one-third of the total expenditure on capital account has been incurred in the first two years of the provincial development programme. In the case of Madras and the Central Provinces, the expenditure on capital account in the first two years amounts to 11.5 and 12.1 per cent respectively. It is clear from the above table that there is concentration of expenditure on capital account in the last and the current year, which makes it difficult to appraise the results of this heavy investment. The appraisal is rendered more difficult by the fact that the current year accounts, in most cases, to half or more than half of the total development expenditure on capital account for the whole period under review. In the case of Bihar, the expenditure on capital account provided for in the budget of the current year amounts to more than 80 per cent. In the case of the Central Provinces, Madras and Orissa, it is between 50 to 60 per cent. In Bombay and the East Punjab, it is nearly 50 per cent. In West Bengal, the proportion has been reduced on account of the heavy reduction in Central loan for the current year. In the United Provinces the expenditure on capital account being less unevenly distributed, the current year's provision amounts to a little less than two-fifths of the expenditure on this account.

Another aspect of the expenditure on capital account in the perspective of the total development expenditure incurred by each province has been brought out below by working out the percentages of expenditure on capital

account to total development expenditure as indicative of the relative importance of long-term as compared to short-term schemes.

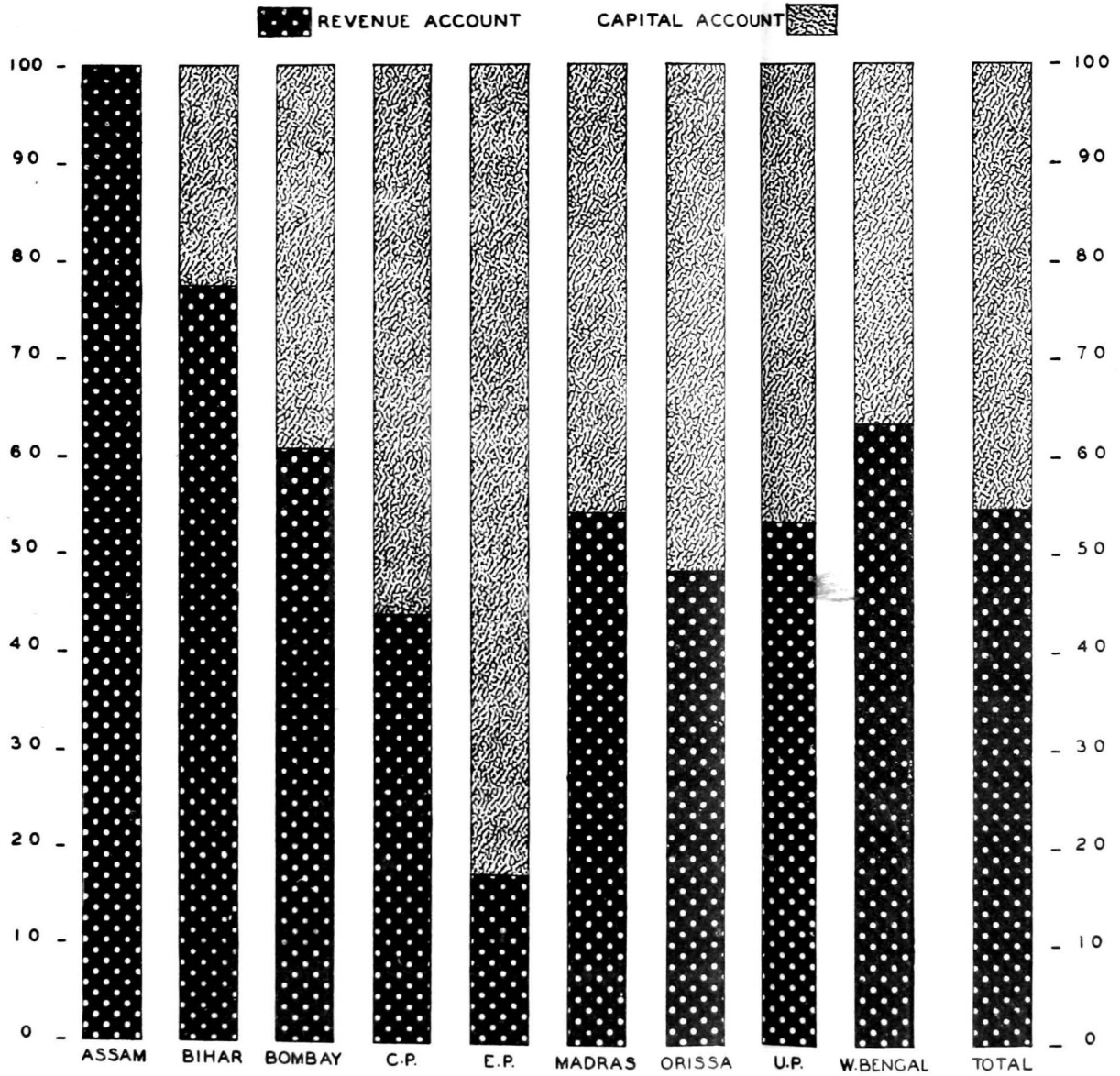
TABLE VIII

Province	1946-47 %	1947-48 %	1948-49 %	1949-50 %	Total %
Assam	0	0	0	0	0
Bihar	0	..	13.0	30.8	22.4
Bombay	9.5	16.0	49.6	38.5	39.3
C.P.	24.1	51.1	52.6	63.1	56.3
E. P. . . . .	..	74.4	84.4	82.1 (adjusted)	82.9 (adjusted)
Madras	20.3	30.4	52.8	51.0	45.7
Orissa	0	0	54.9	66.2 (adjusted)	51.7 (adjusted)
U.P.	48.5	49.7	46.9	46.9 (adjusted)	46.9 (adjusted)
W. Bengal . . . . .	..	7.9	54.0	24.3 (adjusted)	36.4 (adjusted)

Assam is a case by itself owing to the complete absence of any scheme of long-term development in its economic programme. The case of the UP on the other hand is significant as indicative of a balanced distribution between revenue and capital accounts for every year of the development programme. The proportion of expenditure on capital account in this province during the period has varied within a small range— from 47 per cent. to 50 per cent. In the case of Bombay province, whose development expenditure is as large as that of the UP, the proportion of the development expenditure in the first two years was relatively small. It suddenly rose to nearly half the development expenditure in 1948-49. In 1949-50 the capital expenditure has actually slightly increased but the proportion has fallen from 50 per cent. in 1948-49 to 39 per cent. in 1949-50 because of a larger increase in revenue account. In the case of Madras, the increase has been more gradual from 20 per cent. in 1946-47 to 30 per cent. in 1947-48 and to over 50 per cent. in 1948-49 and 1949-50. The CP had nearly a quarter of their development expenditure under capital account in 1946-47. In 1947-48 the proportion was stepped up to more than 50 per cent. and has again slightly increased in 1948-49. In the current year, the expenditure on

PROVINCIAL DEVELOPMENT PROGRAMME

DISTRIBUTION OF EXPENDITURE BETWEEN REVENUE AND CAPITAL



capital account is expected to absorb as much as 63 per cent. of the budgeted development expenditure.

The high percentage of expenditure on capital account in the East Punjab, Bihar, Orissa and West Bengal is accounted for by heavy capital expenditure on multi-purpose projects. In the East Punjab, almost all the expenditure on capital account is on the Bhakra and Nangal Projects. In Bihar, the Damodar Valley Project accounts for as much as 75 per cent. of the expenditure on capital account after adjustment has been made for the recent reduction in loan for Bihar on account of the latter's contribution to the DVC. In Bihar another 8 per cent. of the expenditure on capital account is for other electrical projects on provincial account. In Orissa, the Hirakud Project accounts for as much as 65 per cent. of the total expenditure on capital account incurred during the period under review after adjustment has been made for the recent reduction in central loan for this province. In West Bengal also, the Damodar Valley Project accounts for nearly 45 per cent. of the total expenditure on capital account. The sudden reduction in the percentage of capital expenditure to total development expenditure in 1949-50 in the case of West Bengal is entirely due to most of the expenditure on capital account being eliminated owing to the reduction of central loan.

In the CP, Madras and the UP, however, the increase in the proportion of development expenditure is due to the increasing importance of the long-term projects in the provincial development programme. These projects have been undertaken on provincial initiative but in a large measure relate to the development of electric power. The proportion of expenditure on capital account is largely a measure of the importance which the development of electricity, either as part of the multi-purpose schemes or otherwise, has acquired in the development programme of the country. This is, in a way, a gratifying feature of provincial development programme, but its implications need to be understood. A programme of development of electricity being a long-term project must necessarily be conceived as part of a plan for all-round economic development of the country and carried out in an atmosphere of expectations sustained by a clear purpose from the point of view of the community. (More specifically speaking, the heavy cost of generation of electricity can only be justified, if there is a planned provision for its utilization. As pointed out in Chapter I, and the relevant sections of the other Chapters, this aspect of the matter has, in most cases, not received its due consideration.) In a number of cases the additional power to be generated through these projects would be readily utilized in the near future; but in a larger number of cases utilization of power has not been planned for and even the need for making such a provision is not fully appreciated.

SECTION III

Economic Development

Apart from the expenditure on capital account, provincial governments have also been spending on economic development from revenue account. The total expenditure on economic activities on both capital and revenue accounts during 1946-50 works out as follows from year to year for the various provinces :—

TABLE IX

(In crores of rupees)

Province	1946-47	1947-48	1948-49	1949-50	Total
Assam	0.3	0.8	1.2	1.7 (adjusted)	4.0 (adjusted)
Bihar	0.2	0.5	3.7	7.4	11.8
Bombay	0.9	4.0	14.1	19.0	38.0
C.P.	0.8	1.8	6.3	9.4	18.3
E.P.	..	0.8	6.3	7.1 (adjusted)	14.2 (adjusted)
Madras	4.9	2.4	11.7	18.8	37.8
Orissa	0.3	1.0	5.5	6.3 (adjusted)	13.1 (adjusted)
U.P.	5.7	7.3	13.0	18.0 (adjusted)	44.0 (adjusted)
W. Bengal	..	0.6	4.6	2.3 (adjusted)	7.9 (adjusted)
Total	13.1 (7%)	19.2 (10%)	66.4 (35%)	90.0 (48%)	188.1 (100)

It will be seen that out of a total expenditure of Rs. 188 crores on economic development only Rs. 13 crores were incurred in 1946-47 and Rs. 19 crores in 1947-48, the total in the first two years being only Rs. 32 crores or about 17 per cent of the total development expenditure on economic activities. Against this, as much as Rs. 66 crores were spent in 1948-49 and Rs. 90 crores are likely to be spent in the current year, even if allowance is made for the reduction of central loans in the case of Assam, the East Punjab, Orissa and West Bengal. On account of a large part of the development expenditure on economic activities—as much as 83 per cent. having

been provided for in 1948-49 and 1949-50, it is, in the nature of things, not possible to appraise the results of most of the expenditure on economic development.

As between the provinces, the percentage share in the total development expenditure on economic activities of about Rs. 188 crores in the 4-year period under review works out as follows:—

TABLE X

U.P.	23.2%
Bombay	20.1%
Madras	20.0%
C.P.	9.7%
E.P.	7.5%
Orissa	6.9%
Bihar	6.2%
West Bengal	4.2%
Assam	2.1%

The UP, Bombay and Madras account for nearly two-thirds of the total expenditure and the remaining six provinces for over one-third. This distribution bears some relation to the resources of the provinces concerned and is, of course, also partly a measure of their enterprise in development; but there is very little relation between the possibilities and needs on the one hand and the distribution of expenditure on the other. The three Provinces of Orissa, CP and Assam are not only extremely backward but are also known to have enormous undeveloped resources; yet their total expenditure on economic activities during 1946—50 has been only 19 per cent. of the total provincial expenditure on economic development.

SECTION IV

Social Services

The large expenditure on economic development has naturally left a comparatively small amount for social services, which comprise education and medical and public health activities. The total expenditure on these services amounts to only about Rs. 34 crores in the four-year period, and

the rate of increase in expenditure has, relatively speaking, been low. The following table shows the rate at which the expenditure has grown :—

TABLE XI

(In crores of rupees)

1946-47 (Accounts)	2.2
1947-48 (Accounts)	6.2
1948-49 (Revised)	11.1
1949-50 (Budget)	15.0

The annual break up for each province is given below :—

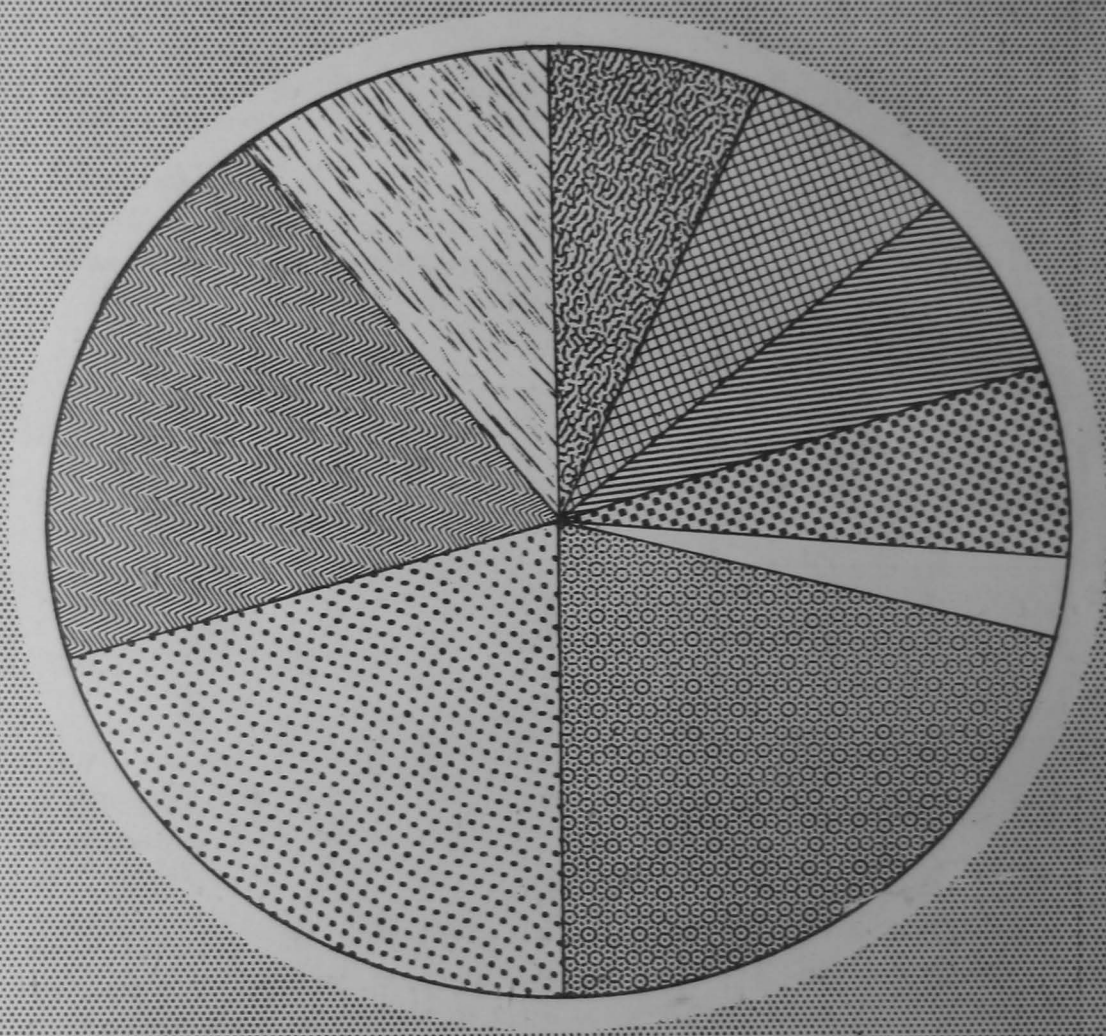
TABLE XII










(In crores of rupees)

Province	(In crores of rupees)				Total
	1946-47 (Accounts)	1947-48 (Accounts)	1948-49 (Revised)	1949-50 (Budget)	
Assam	0.2	0.3	0.5	0.5	1.5
Bihar	0.2	0.5	0.7	1.1	2.5
Bombay	0.2	1.6	3.1	4.3	9.2
C.P.	0.3	0.6	1.3	1.8	4.0
E.P.			0.3	0.2	0.5
Madras	0.8	1.0	1.4	1.9	5.1
Orissa	0.3	0.5	0.7	0.6	2.1
U.P.	0.3	0.8	1.2	1.2	3.5
West Bengal		0.9	2.0	3.5	6.4

The above table shows that, except for Assam and Orissa, where expenditure on social services has remained comparatively low, increase in expenditure in the other provinces during 1948-49 and 1949-50 has been considerable.

PERCENTAGE SHARE OF EACH PROVINCE TO THE
TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE



	BOMBAY ···· 20.9%		C. P. ···· 10.3%		E. PUNJAB ···· 6.5%
	U. P. ···· 20.5%		ORISSA ···· 6.9%		BIHAR ···· 6.5%
	MADRAS ···· 19.2%		W. BENGAL ···· 6.7%		ASSAM ···· 2.5%

SEE APPENDIX - II

This has been further analysed as between education and public health in a later paragraph. The distribution of the total expenditure on social services as between the different provinces in the whole 4-year period under review works out as follows:—

TABLE XIII

Bombay	26.6%
W. Bengal	18.4%
Madras	14.7%
C.P.	11.5%
U.P.	10.3%
Bihar	7.2%
Orissa	6.1%
Assam	4.3%
E. P.	1.5%

This distribution again has a clear relation to the resources of the provinces; but it also clearly indicates that no attempt has been made from the national standpoint to remove or reduce inequalities among the different provinces. This fact is even more clearly brought out by a more detailed analysis of development expenditure on individual heads given in Section IV.

SECTION IV.

Making allowance for the recent reduction in loans in the case of Assam, East Punjab, Orissa and West Bengal, the total development expenditure of all provinces has been distributed between various items of developmental activity (not taking into consideration miscellaneous items) as follows:—

TABLE XIV

	Rs. in crores	Percent- ages
Civil Works	56.33	24.6
Irrigation	36.98	16.2

	Rs. in crores	Percent- ages
Electricity	33.45	14.6
Agriculture & GMF	28.07	12.3
Education	18.29	8.0
Medical & Public Health	15.66	6.8
Industries	8.39	3.7
Forests	2.57	1.1
Co-operation	2.21	0.8
Veterinary	1.81	0.6

This distribution of expenditure as between various subjects is, as pointed out in the introductory chapter, the combined result of a large number of completely un-related decisions and is, therefore, not purposive in any sense of the word. This was under the circumstances unavoidable. Yet this distribution is of interest and importance, as any new pattern of distribution, which may be developed on rational grounds, must necessarily be related to the existing distribution of expenditure.

Individual items of development have been dealt with below in the order of development expenditure incurred as given in table XIV above.

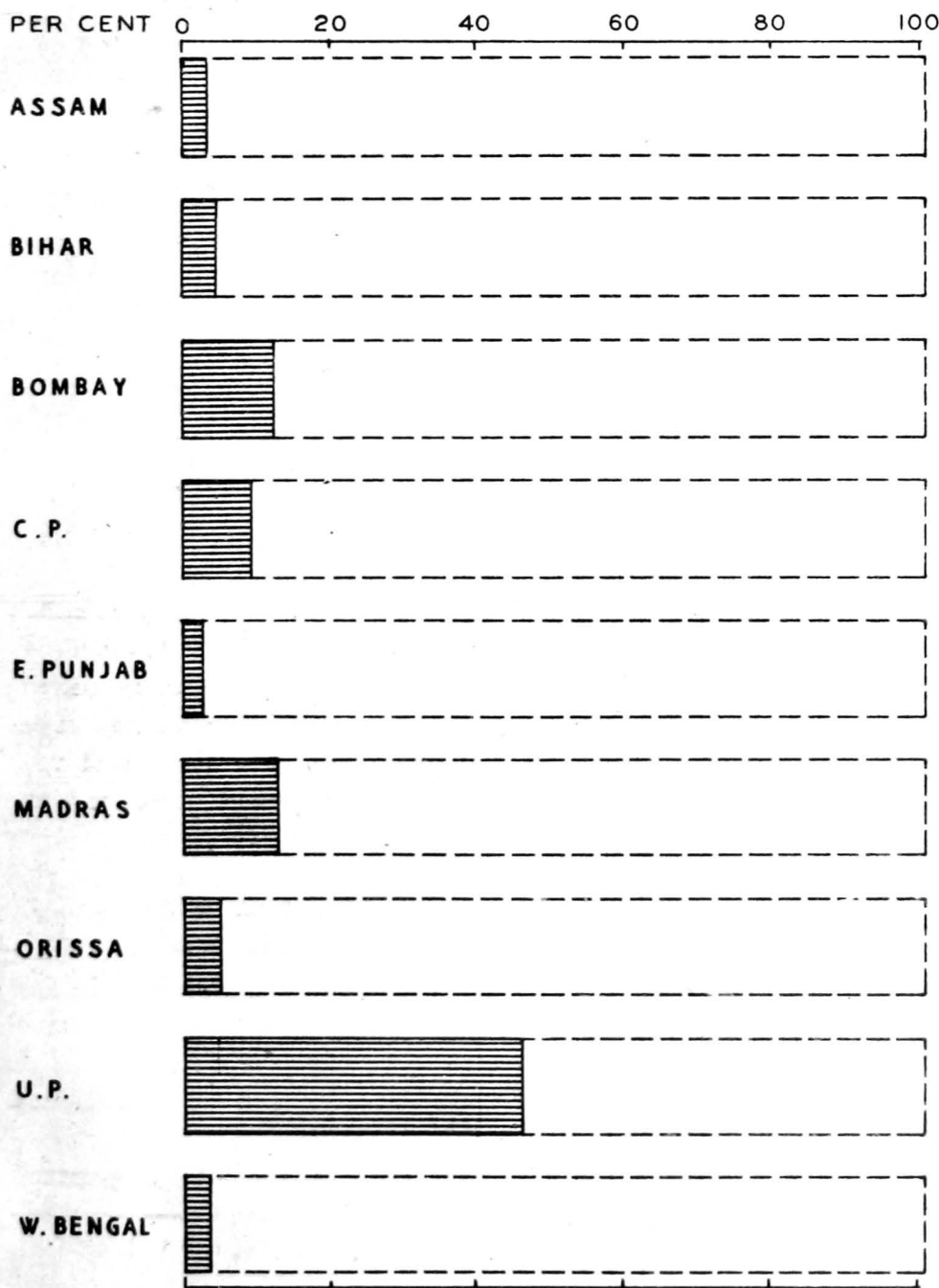
Civil Works

High proportion of expenditure on civil works—nearly a quarter of the total provincial development expenditure of Rs. 229 crores—may be taken to have *prima facie* justification owing to the obvious need for development of communications and provision of buildings in the initial stages of the development programme. It is, however, worthwhile to examine the position more closely and indicate the relative position of the expenditure on this head in the total development programme of each province. The absolute amount spent on civil works, its proportion to the total development expenditure in

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON CIVIL WORKS



each province and the proportion this bears to the total development expenditure on civil works in all provinces, are given below for comparison :—

TABLE XV

Province	(Rs. in crores)	% age of expenditure on civil works to total devpt. expenditure in the province	% age of expenditure on civil works to the total devpt. expenditure on civil works	Mileage of existing surfaced roads per 100 sq. miles of area
U.P.	25.86	55	45.9	7.5
Madras	7.25	16.5	12.9	18.0
Bombay	7.02	14.6	12.4	11.1
C.P.	5.22	22.1	9.3	4.6
Orissa	2.94	18.6	5.2	5.0
Bihar	2.58	17.3	4.6	5.7
Assam	2.08	36.2	3.7	2.0
West Bengal	1.93	12.7	3.4	7.1
E.P.	1.45	9.8	2.6	5.4
Total	56.2			

There is, hardly any justification for the distribution of the total amount among the provinces and between civil works and the other heads in the manner in which it actually has been distributed. The validity of this criticism becomes all the greater when it is realised that development expenditure on this subject has been subsidized by the Government of India and all development schemes have received its prior approval. The fact that the UP civil works account for 55 per cent. of its total development expenditure and more than 45 per cent. of the expenditure in all the provinces taken together is, its own criticism and a clear indication of the lack of co-ordination in development expenditure.

This conclusion is further endorsed by an analysis of expenditure on roads. Of the Rs. 56 crores spent on civil works, more than half, approxi-

imately Rs. 30 crores, have been spent on buildings and about Rs. 26 crores on roads. Of the expenditure on roads, the UP accounts for nearly half. It has spent nearly Rs. 13 crores on roads during this period. Compared to this amount, the backward provinces like the CP and Orissa have been able to spend only about a crore of rupees, Bihar only about Rs. 2 crores and strategically important provinces of the East Punjab and Assam Rs. 1 crore each and West Bengal, whose communications have been badly disrupted by the Partition, a little less than Rs. 2 crores. Bombay, which like the UP is relatively speaking a highly developed province, has spent only Rs. 2.5 crores on roads; and Madras a little less than this amount.

The last column of the above table (No. XV) gives the mileage of existing surface roads per 100 sq. miles of provincial area and roughly indicates the development of road communications in the different provinces. It would appear from this column that the UP has, next to Madras and Bombay, the highest average of roads in relation to area. The provinces which stand last in this respect are Assam, the CP, Orissa, the EP and Bihar—just the provinces which have spent the least on road development during the period. Bombay and Madras, as stated above, have spent nearly Rs. 2.5 crores each, compared to Rs. 13 crores in the UP—a disparity which cannot be justified by different degrees of road development in the three provinces. The average for mileage in West Bengal is really no measure of its need for road development, for it requires a new system of roads owing to the Partition.

Irrigation

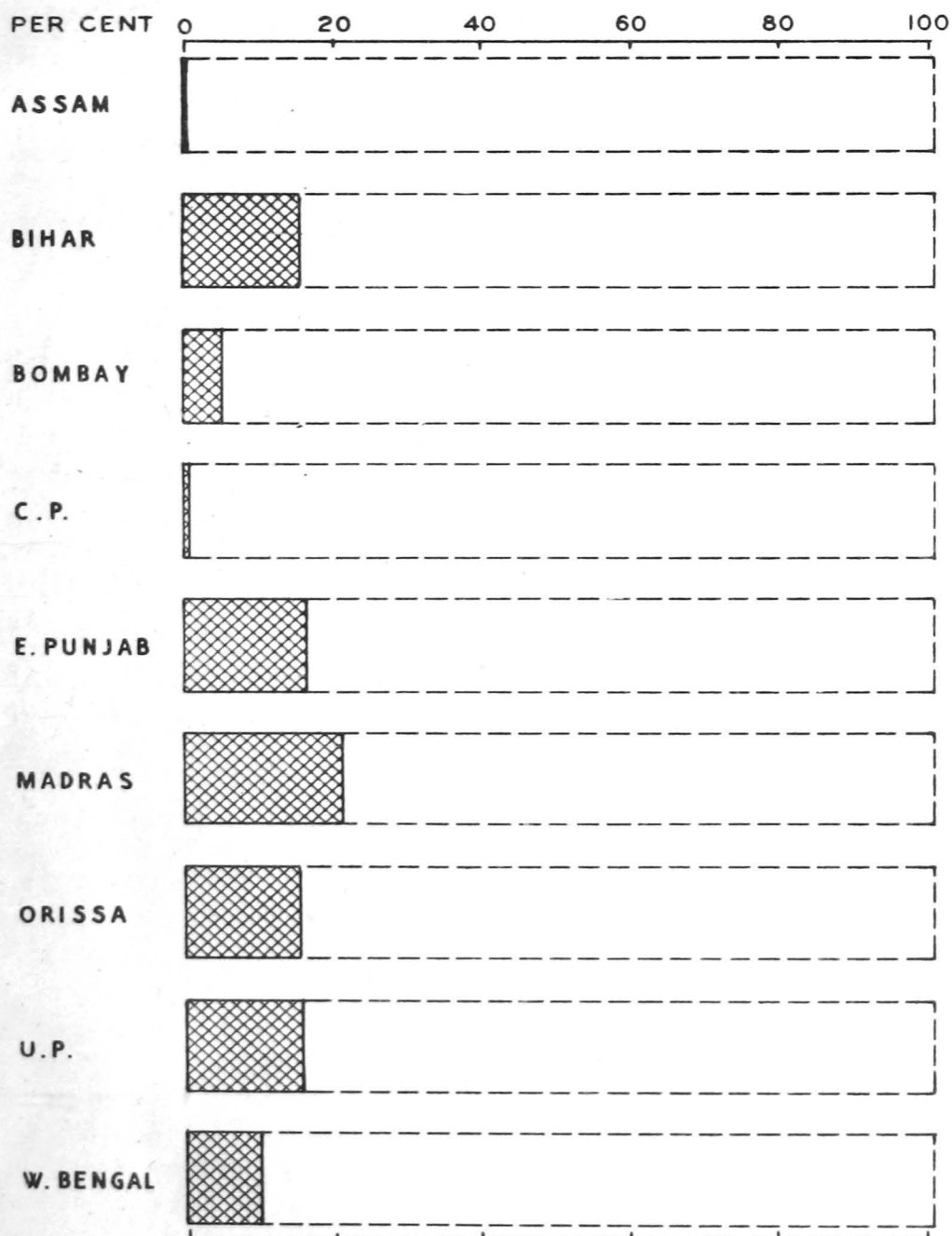
Next to civil works, irrigation accounts for the next largest proportion of the total provincial development expenditure—a little over 16 per cent. of the total development expenditure of Rs. 229 crores from 1946-47 to 1949-50. It is, however, necessary to make allowance for the development expenditure on irrigation having been inflated owing to, as stated below, the provincial Governments, except the East Punjab, having debited to irrigation their entire contributions to multi-purpose projects.

The incidence of recent reduction in central loans has been particularly heavy on the expenditure on irrigation including the multi-purpose projects. If provincial budget allocations for the current year had been adhered to, the total development expenditure on irrigation for the 4 years ending 1949-50 would have amounted to Rs. 47 crores. Under the changed circumstances, it would probably vary between Rs. 35 to 37 crores.

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON...
IRRIGATION



The development expenditure on irrigation in the various provinces of the Indian Union in the four-year period ending 1949-50 would be as follows after making adjustment for the recent reduction in central loans in the case of the East Punjab, Orissa and West Bengal :—

TABLE XVI

Province	(In crores of rupees)
Madras	7.84
East Punjab	5.97
U.P.	5.81
Orissa	5.72
Bihar	5.71
West Bengal	3.71
Bombay	1.85
C.P.	0.23
Assam	0.14

In the case of Orissa, West Bengal and Bihar, a substantial portion of the expenditure budgeted as on irrigation is really on multi-purpose projects and, therefore, should be divided among irrigation and all other purposes, including electric power generation, provided for under the projects. It is, in the nature of things, not possible to allocate the total expenditure on these projects to the various purposes covered by them—not at least at the stage when the expenditure on these projects is being incurred for works necessary for the fulfilment of all the purposes of the projects. In the case of the East Punjab, the provincial government has broken up the expenditure on Bhakra and Nangal Projects between irrigation and electricity, and the figure for the East Punjab in the above table is the budgeted expenditure on irrigation. If, therefore, the expenditure on multi-purpose projects is deducted from the development expenditure on irrigation in the case of Bihar, Orissa and

West Bengal, the net expenditure on irrigation in the various provinces of the Indian Union would be in the following order :—

TABLE XVII

Province	(In crores of rupees)	
	Amount	% to Total
Madras	7.84	30.2
East Punjab	5.97	23.0
U.P.	5.81	22.2
Bihar	3.10	11.9
Bombay	1.85	7.1
West Bengal	0.76	2.9
Orissa	0.36	1.4
C.P.	0.23	0.8
Assam	0.14	0.5
Total	26.06	100.0

The expenditure on multi-purpose projects in the above table has been excluded for the provinces other than the East Punjab to give an idea of the total expenditure on mainly irrigation projects. The irrigation aspect of the former is, however, important for West Bengal and Orissa, and that fact has to be duly allowed for in appraising the development expenditure on irrigation. Bihar, though its contribution to the DVC has been debited to irrigation, would be primarily benefited by the generation of electric power through the DVC, most of the estimated irrigated area under the Damodar Valley Project being situated in West Bengal.

In the following table, however, the percentages have been worked out on the assumption that the expenditure on multi-purpose projects can, subject to the qualification indicated above, be taken as expenditure on irrigation.

TABLE XVIII

Province	% of development expenditure on irrigation to the total provincial development expenditure on irrigation	% of development expenditure on irrigation to the development expenditure for the province	Net irrigated area as percentage to net sown area in the province	% of cultivable waste in each province to total cultivable waste
Madras	21.2	17.8	30.2	17.5
Bombay	5.0	3.8	5.0	1.2
West Bengal	10.0	24.4	20.5	2.7
U.P.	15.7	12.2	31.3	14.7
E.P.	16.2	40.1	43.8	3.8
C.P.	0.6	1.0	6.5	20.3
Bihar	15.4	38.2	30.5	9.5
Assam	0.4	2.5	22.6	25.5
Orissa	15.5	36.2	25.9	4.6

High proportion of expenditure on irrigation in the case of Bihar, Orissa and West Bengal is the incidental result of their being beneficiaries of the centrally sponsored multi-purpose projects; the higher proportion in the case of the East Punjab is due to the accident of a heavy pre-partition commitment having fallen to its lot. Bihar, however, besides contributing Rs. 2.6 crores to the DVC has spent during the period, over Rs. 3 crores on other irrigation projects. Development expenditure on irrigation in Madras is 21 per cent. of total provincial expenditure on this head and, if the expenditure on multi-purpose projects is excluded, nearly 31 per cent. The high proportion may be justified owing to Madras having a heavy deficit in food-grains and comparatively large proportion of its area being cultivable waste. In the United Provinces the proportion of expenditure on irrigation is also high, and is a measure of the importance attached to irrigation in the development programme of the province.

The provinces in which the expenditure on irrigation, absolutely and relatively speaking, has been low are the CP, Assam and Bombay. Low proportion of expenditure in the CP is particularly striking. This province, next to Assam, has the largest area classified as cultivable waste, and its proportion of irrigated area is, Bombay excepted, the lowest among the Provinces. In its original development programme it provided for an expenditure of Rs. 3.4 crores on irrigation. In fact, however, it has spent Rs. 23 lakhs in four years on development of irrigation, 0.6 per cent. of the total provincial development expenditure on irrigation and 1 per cent. of its own total development expenditure. The desirability of giving the extension of irrigation in the province a high priority in the development plans is obvious, and the fact of its not being taken into account is another illustration of the ill-balanced character of the development programmes now in operation. Expenditure on irrigation both in Bombay and Assam has been also very low. The former had, for example, planned to spend nearly 10 per cent. of the total estimated expenditure in the original programme on irrigation, but in fact it has spent less than 4 per cent. for this purpose during 1946—50; and though its total development expenditure is 20.9 per cent. of the development expenditure of all provinces taken together, the proportion of expenditure on irrigation is only 5 per cent. of the total for all provinces for the same purpose. Assam has spent only Rs. 14 lakhs on development of irrigation which is 0.4 per cent. of the total expenditure on this head and only 2.5 per cent. of its own total development expenditure. In judging the adequacy or otherwise of the expenditure on irrigation, it is necessary to take into account not only the needs of each area, but also the scope for construction of irrigation works and its cost; but the distribution of actual expenditure on irrigation in the period under consideration does roughly indicate the lack of relation between actual expenditure and the needs and possibilities of the various provinces.

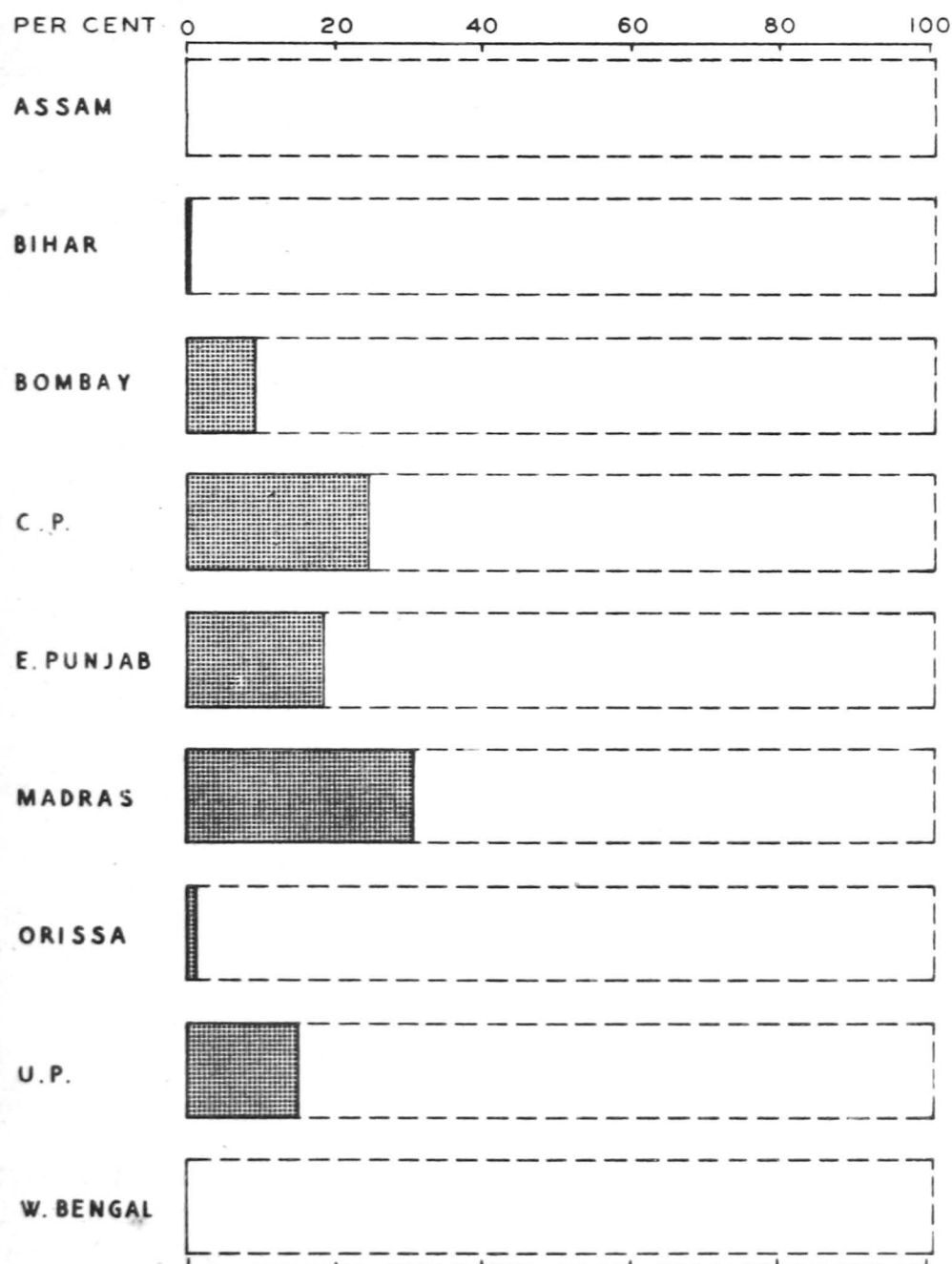
Electricity

Though electrical development occupies, by magnitude of expenditure shown in the statistical appendices, the place next to irrigation, in fact, on account of expenditure on multi-purpose projects having been shown under irrigation, the actual expenditure on electricity is likely to exceed the expenditure on irrigation. The expenditure on irrigation during the period under review is estimated at Rs. 37 crores. Of this, as much as Rs. 10 crores is on multi-purpose projects in Bihar, West Bengal and Orissa. Development expenditure on monopurpose irrigation schemes would, therefore, amount to Rs. 27 crores. The expenditure on electric development schemes outside the multipurpose projects in Bihar, West Bengal and Orissa would be about Rs. 33 crores, and if a part of Rs. 10 crores on these multi-

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON ELECTRICITY



purpose projects is taken to be expenditure on the development of electricity, it is clear that the latter would occupy a higher place than irrigation in the scale of expenditure. In the table given below, figures of the expenditure on multi-purpose projects have been excluded excepting in the case of the East Punjab, where the provincial government has, as stated already, divided the expenditure of the Bhakra and Nangal Projects between irrigation and electricity.

Development of electricity, like that of irrigation, would be materially slowed down by the recent central decision to scale down its loan programme for the provinces during the current year. In respect of the expenditure on this head, it would reduce the available funds in the East Punjab by about Rs. 4 crores and in Orissa by Rs. 3·4 crores. In West Bengal, all schemes of electric development, except the DVC, would practically have to be suspended. As budgeted, the total provincial development expenditure upto the end of 1949-50 amounted to between Rs. 38 and 39 crores; as it is, it would probably be about Rs. 33 crores apportioned as follows :—

TABLE XIX

Province	Rs. in crores	Percentage to total development expenditure on electricity	Development expenditure on electricity as percentage to total development expenditure of the province	Present installed capacity per 000 of population
Madras	10·23	30·5	23·3	3·07
C.P.	8·12	24·3	34·5	1·236
E.P.	6·15	18·4	41·3	4·877
U.P.	5·08	15·2	10·8	3·016
Bombay	3·15	9·4	6·6	13·473
Orissa	0·49	1·5	3·1	0·176
Bihar	0·20	0·6	1·3	0·909
Assam	0·20	0·7	0·5	0·372
West Bengal	Negligible	Negligible	Negligible	16·020

Low expenditure on electric development in West Bengal, Bihar and Orissa does not call for any comment. Their multi-purpose projects would provide adequately for the needs for electricity and the real problem in these provinces in a few years would be not the generation of electricity but its utilization. In the East Punjab also the problem would be to plan demand for the additional supply which would be available within a comparatively short time. Practically negligible expenditure on development of electricity in Assam is, as pointed out in Chapter III, due to lack of financial resources. Planned development of electricity in this province is essential for developing its resources and redressing disequilibrium of its internal economy. In Madras and the CP the higher proportion of expenditure on development of electricity can be justified owing to the existing supply being small. In the UP also the proportion of expenditure on electric development cannot be considered excessive. This applies also to Bombay, in spite of high average of its installed capacity as shown in the last column of the above table. The high average is mainly due to the Bombay city being an important industrial centre; and the need for providing power in the smaller towns and particularly rural areas is not less in Bombay than in the other provinces. It is not, as stated already, so much the distribution of the total expenditure on this head as the utilization of the power to be generated which presents a problem in co-ordinated development; and this problem has to be solved, if investment made by the country during 1946-50 in the development of power has to be justified by results.

Agriculture

The development expenditure on agriculture and the GMF has been approximately Rs. 28 crores (exclusive of GMF in Bengal), about 12 per cent. of the total development expenditure from 1946-47 to 1949-50. The Government of Bengal has regarded the GMF as outside the development programme. It spent about Rs. 1,38 lakhs on the GMF in 1948-49 and have budgeted to spend about Rs. 2,03 lakhs in 1949-50, but this is likely to be considerably reduced on account of the reduction in central grants and loans. Altogether inclusive of West Bengal, the total development expenditure on agriculture and the GMF for the period under review may be estimated at about Rs. 30 crores.

TABLE XX

Province	In crores of rupees	Percentage
Madras	10.09	33.5
Bombay	6.84	22.7

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON...
AGRICULTURE & G.M.F.

PER CENT 0 20 40 60 80 100

ASSAM



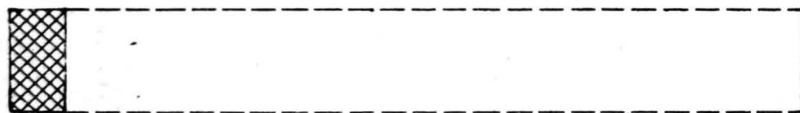
BIHAR



BOMBAY



C.P.



E. PUNJAB



MADRAS



ORISSA



U.P.



W. BENGAL



TABLE XX—*contd.*

Province	In crore of Rupees	Percentage
U.P.	3.14	10.4
W. Bengal	3.00	9.9
Bihar	2.19	7.3
Orissa	1.89	6.3
C.P.	1.85	6.1
Assam	0.87	2.9
East Punjab	0.27	0.9
Total	30.14	100.0

As it would appear from the above table, more than 66 per cent. of the total expenditure on this head has been incurred by Madras, Bombay and the UP taken together. As this expenditure has also been very largely subsidized, it can be assumed to have taken place under central direction and control. It is not necessary to analyse the position in any detail because it is generally realised that the results from the experience of Grow More Food Schemes have so far been disappointing and much more intensive and persistent effort is necessary to improve the position. It is, however, clear that the distribution of development expenditure on agriculture and Grow More Food schemes bears the impress of *ad hoc* decisions and does not correspond to any pre-determined pattern or a rational assessment of the needs of the country.

Orissa, the CP and Assam, the three surplus provinces which provide scope for extension of cultivation and reclamation of land, must necessarily have a very important place in any scheme of planned agricultural development of the country. During the last four years, expenditure on agriculture and Grow More Food in these three provinces has amounted to 15 per cent. of the total development expenditure in the country as a whole and it has not materially increased their exportable surplus. The fact that the total amount spent on agricultural and Grow More Food Schemes in Madras, Bombay, the UP and West Bengal accounts for about 77 per cent. of the total expenditure may be taken to be justified owing to these provinces being deficit areas; but from the standpoint of results, it is open to general criticism of the Grow More Food Schemes during the period under review—that is, their inadequacy as a means of reducing our food deficit. Uneven

distribution of expenditure shown by the above table is a reflection of un-related character of the decisions which have determined it, and does not indicate or express an over-all purpose.

Education

Expenditure on development of education, though relatively speaking a small proportion of the total development expenditure, has been substantial during 1946-50 and amounts to about Rs. 18 crores. Its distribution is given in the following table:—

TABLE XXI

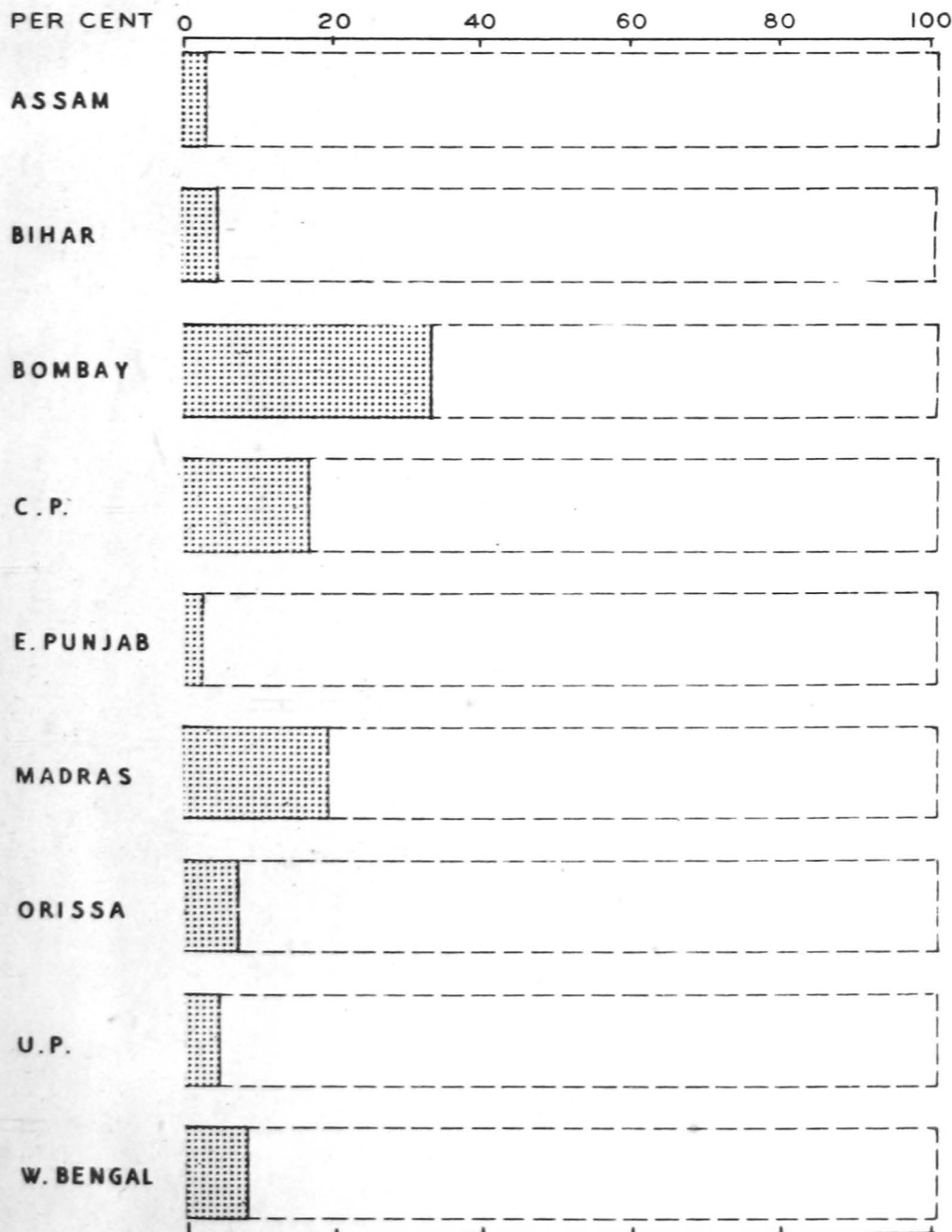
Province	Rs. in crores	Percentage to total development expenditure on education	Per capita Development expenditure			Enrolment in school as percentage of children of school going age.
			Rs.	As.	Ps.	
Bombay	6.41	33.5	2	5	0	36
Madras	3.55	19.5	0	10	11	38
C.P.	3.08	16.8	1	4	7	14
W. Bengal	1.51	8.3	0	10	10	34
Orissa	1.35	7.4	0	15	8	12
U.P.	0.81	4.4	0	2	4	19
Bihar	0.80	4.4	0	4	1	16
Assam	0.61	3.3	0	13	9	34
E.P.	0.44	2.4	0	6	0	20

As pointed out in Section II in Chapter X the total expenditure on education in UP is not a correct measure of the effort made to develop education in that province; but making allowance for this fact, it would appear from the above table that the expenditure from the point of view of the country as a whole has been unevenly distributed. The last two columns in the above table give relative position of the provinces in respect of development expenditure per head on education and enrolment of children of school-going age. In Bihar the percentage of enrolled school-going children is less than half of that of Bombay and yet expenditure per head in that

PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

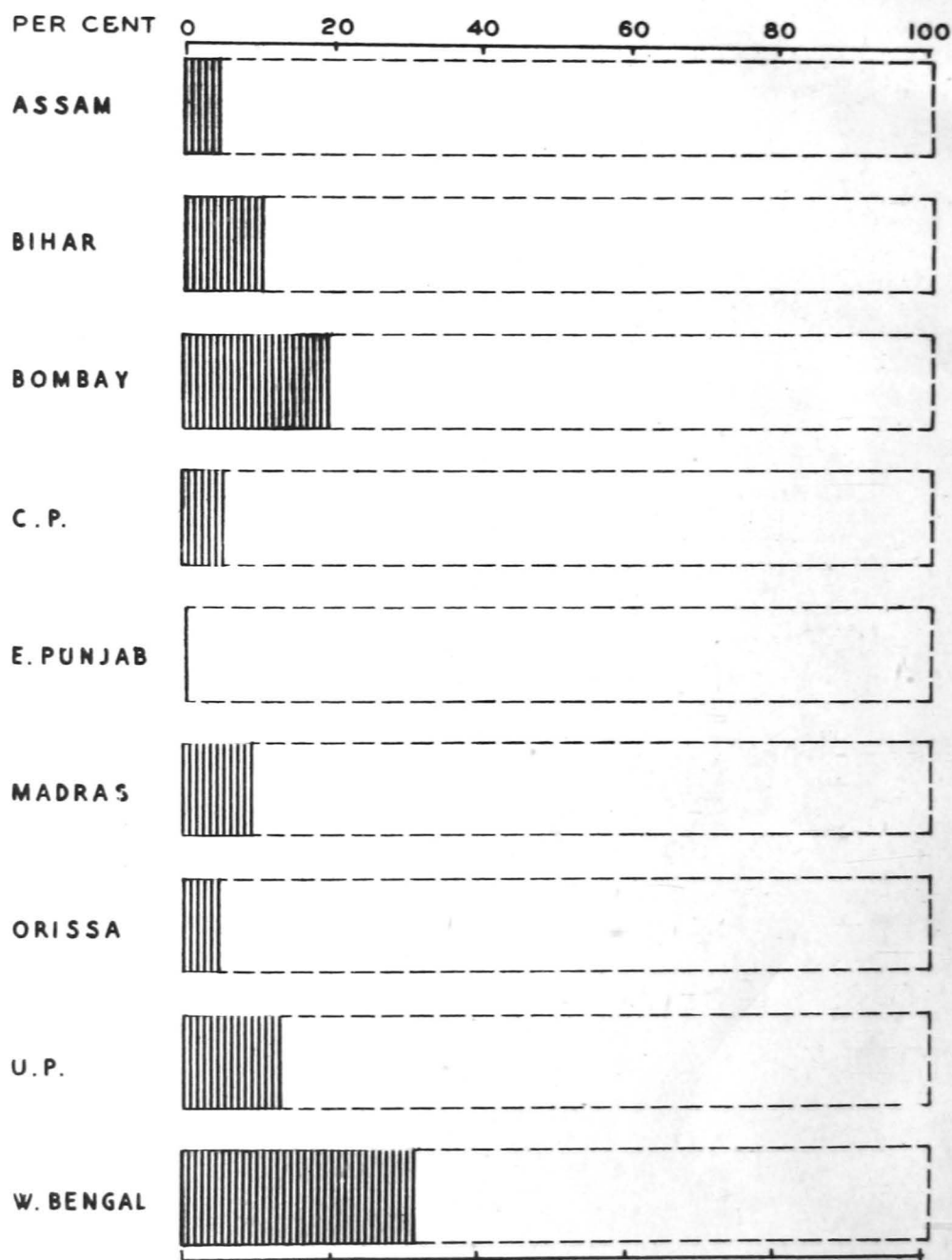
PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON EDUCATION



PROVINCIAL DEVELOPMENT EXPENDITURE

1946-'47 TO '49-'50

PERCENTAGE SHARE OF DEVELOPMENT EXPENDITURE IN EACH PROVINCE TO THE TOTAL PROVINCIAL DEVELOPMENT EXPENDITURE ON...
MEDICAL & PUBLIC HEALTH



province has been less than one-ninth of the per capita development expenditure on education in Bombay. In Orissa and the East Punjab, which are also relatively speaking backward in respect of education, development expenditure on education has been very low and represents a small proportion of the total development expenditure on education in the country. In the existing circumstances, it is not possible for the country as a whole to embark upon a national scheme of compulsory elementary education or assume responsibility for levelling up the standard of educational development in the more backward provinces. This task, however, will have to be sometime undertaken when our all embracing schemes of national reconstruction can be prepared and implemented. In the meanwhile, it is obviously undesirable to increase the inter-provincial disparities in this respect and pay no heed to provincial needs in farming our educational programme. In the period under review, as it would appear from the above table, not only no attempt has been made to limit the range of educational inequalities, but on account of uneven distribution of expenditure, these inequalities have, if anything, been further increased.

Medical and Public Health.

Development expenditure on medical and public health schemes in all the provinces has been about Rs. 15.5 crores. The distribution of this expenditure by provinces and its relative position in the total provincial development expenditure on this head is given in the following table:—

TABLE XXII

Province	Rs. in crores	Percentage to total development expenditure on Medical and Public Health	Number of beds per million of population
West Bengal	4.84	30.9	780
Bombay	3.01	19.2	480
U.P.	2.13	13.6	160
Bihar	1.70	10.9	270
Madras	1.51	9.6	320
C.P.	0.88	5.6	250
Assam	0.78	5.0	190
Orissa	0.75	4.8	170

The last column of the above table indicates very roughly the extent to which medical facilities are at present available in the various provinces. The provinces of Bombay, Madras and West Bengal account for nearly 60 per cent of the total medical expenditure. The expenditure in West Bengal alone is nearly one-third of the total expenditure on the development of public health and about the same proportion of its total development expenditure. The CP, Assam and Orissa are, as it is clear from the above table, very deficient in health facilities and yet they occupy the lowest position in respect of the scale of expenditure. Health facilities are woefully inadequate in all parts of the country and there can be no question of the expenditure having been excessive in any province but the distribution of the expenditure, shown by the above, table lacks rational explanation or justification from the national standpoint.

Industries

The expenditure on industries comprise expenditure on administration of the Departments of Industries and on direct investment by the State. The following table gives the distribution of expenditure by provinces and the percentage in each province to the total development expenditure on industries.

TABLE XXIII

Province	Amount (in crores of rupees)	Percentage to the total develop- ment ex- penditure on indus- tries	Proportion of develop- ment ex- penditure on indus- tries to the total develop- ment ex- penditure in each province.	Per capita investment of capi- tal in large scale industry
				Rs. A. P.
C.P.	1.83	20.8	7.8	5 8 0
Madras	1.66	19.8	3.8	7 1 7
Orissa	1.59	18.9	10.1	1 4 9
U.P.	1.49	17.8	3.2	8 6 5
Bombay	0.72	8.6	1.5	59 9 7
Bihar	0.68	8.1	4.5	9 14 5
West Bengal	0.22	2.6	1.4	49 0 0
Assam	0.13	1.6	2.2	1 9 7
East Punjab	0.7	0.8	0.5	3 1 7

High proportion of expenditure in the CP, Madras, Orissa and UP is mainly due to these provinces having invested appreciable amounts in large industrial undertakings. This, though a measure of their active interest in the development of major industries, has not made up for the recent unwillingness of private enterprise to play its part in the industrial development of the country. Large scale development of the country must necessarily be planned and regulated on a national scale and according to a priority schedule laid down in the interests of the country as a whole. As a national plan of industrial development has still to be formulated, action on the part of the provinces could not but be determined by local considerations without reference to the needs and interests of the country as a whole. Distribution of total expenditure on industries, as shown in the above table, is, therefore, without an all-India pattern or purpose; but the fact that Bombay with all its experience and resources and Bihar with all its possibilities have spent about equal amounts and have hardly shown any interest in the development of major industries may be taken to speak for itself. Further, the expenditure of only Rs. 22 lakhs in West Bengal and Rs. 13 lakhs in Assam is also significant. West Bengal, like Bombay, relatively speaking, is better developed industrially, but has resources and experience which can contribute materially not only to its own industrial development, but also of the country as a whole. Assam on the other hand is a province of enormous potential resources and serious deficiencies. Lack of initiative on the part of these two provinces in the development of major industries during the period under consideration has meant stagnation not only for the provinces themselves, but for the entire country. The problem of industrialization of the country has, to repeat, to be tackled on a national level and the provinces themselves cannot be blamed for the arrested industrial development of the country. But even within the limits of this overriding consideration, the purposeless character of the distribution of expenditure on industries is fairly obvious and does not call for any further comment.

Forests

The expenditure on forest development in each province, its proportion to total development expenditure on forests in all provinces, the percentage of area under forests in each province to the total area under forest in all

provinces and the absolute area under forests in each province are given below for comparison :—

TABLE XXIV

Province	Deve- lopment expendi- ture on forests (in lakhs rupees)	Percent- ag. to total develop- ment ex- penditure on forests	Area under forests* (in '000 sq. miles)	Percent- age of forest area to total forest area*	Percent- age of forest area to total area of the province
Assam	53	20.7	21.3 (21.6)	21.0 (13.8)	38.5 (39.0)
Madras	43	16.7	18.8 (35.7)	18.5 (21.5)	15.0 (26.9)
U.P.	43	16.7	14.3 (17.4)	14.1 (11.2)	13.4 (16.4)
Bihar	30	11.7	2.1 (9.9)	2.1 (6.4)	3.1 (14.3)
C.P. & Berar	29	11.3	23.1 (24.0)	22.7 (30.1)	23.2 (47.7)
Bombay	24	9.3	12.7 (12.9)	12.6 (8.2)	16.7 (16.9)
West Bengal	16	6.2	2.7 (4.3)	2.7 (2.8)	9.5 (15.2)
East Punjab	12	4.7	3.6 (4.8)	3.6 (3.1)	9.3 (12.3)
Orissa	7	2.7	2.8 (4.5)	2.7 (2.9)	8.6 (13.7)
	2.57	100.0	101.4 (160.4)	100.0 (100.0)	14.9 (25.2)

*Figures in brackets include private forests.

The total expenditure on forests has been low and most of it has been utilised for conservation of forests rather than their development. The fact that only 1.1 per cent. of the total development expenditure has been provided for forests is in itself a measure of the neglect of forests in the development schemes of the country as a whole. The total expenditure on forest development being Rs. 2.6 crores and its range of variation among the provinces being Rs. 7 to 53 lakhs, detailed comments are hardly called for. In Assam, Madras, the UP and Bihar, expenditure on forests may be taken to have some relation to their potential importance, but in the CP, which accounts for nearly one-fourth of the total area of the province and also one fourth of the forest area of all provinces, expenditure on forest development during 1946-50 has been only Rs. 29 lakhs or 1.2 per cent. of the total development expenditure of the CP. Besides the fact that the expenditure

on forests has been even relatively inadequate, its distribution is open to the same criticism which is applicable to all development expenditure—*i.e.*, lack of relation between it and any general purpose from the national standpoint.

Cooperative Movement

Development of co-operation and the effort made to stimulate it cannot be measured by the amount of expenditure incurred on co-operation during the four years period. As stated in the introductory chapter, interest in the development of co-operation has been widespread and has expressed itself in many ways. The result is that the development of co-operation has received recently a fresh impetus and there is a revival of faith in its need and efficacy. The real measure of the success of the efforts, that have been put in, to use co-operation as an instrument of development has to be found in the extent to which the people have responded to this effort and appreciated its utility and importance. Nevertheless a few facts about the expenditure on the development of co-operation may be briefly cited as they are of interest from the general standpoint.

The total expenditure on the development of co-operation during 1946-50 has been only Rs. 2 crores out of the total estimated development expenditure of Rs. 229 crores upto the end of 1949-50. Of this amount, Rs. 1 crore or 50 per cent. has been spent in the province of Bombay, Rs. 50 lakhs in the UP and about Rs. 33 lakhs in the CP; the expenditure in the EP, Madras, and Orissa has been very small. This distribution, though in itself not fully significant from the point of view of efforts and results, does indicate that the national point of view has not influenced or determined this expenditure and its total amount and distribution.

Conclusion

Analysis of the development expenditure indicates very clearly its uncoordinated character. From the point of view of each province and of the country, the distribution of expenditure does not show any intelligible pattern or rational assessment of needs and possibilities. Decisions with regard to development plans having been taken on an *ad hoc* basis, it is not at all surprising that the available resources during the last four years have not been utilised to the best advantage. It would not be possible now to recast the whole development programme without taking into account the existing commitments and distribution of expenditure. The need for rational allocation of the available resources, however, is clear from this analysis and only confirms the conclusion that in a country like India, unplanned expenditure cannot but be wasteful and involve partial dissipation of our limited resources.

APPENDIX I
PROVINCIAL DEVELOPMENT EXPENDITURE (1946-47 to 1949-50)*

(Rs. in Lakhs)

Subject	Assam	Bihar	Bombay	C.P.	East Punjab	Madras	Orissa	U.P.†	West Bengal	Total
1. Agriculture & G.M.F.	87	2,19	6,84	1,85	27	10,09	1,89	3,14	93	28,07
2. Veterinary	6	6	19	42	5	21	20	62	..	1,81
3. Forests	53	30	24	29	12	43	7	43	16	2,57
4. Cooperation	5	5	83	32	17	12	14	44	9	2,21
5. Industries	13	68	72	1,83	7	1,66	1,59	1,49	22	8,39
6. Education	61	80	6,14	3,08	44	3,55	1,35	81	1,51§	18,29
7. Medical & Public Health	78	1,70	3,01	88	6	1,51	75	2,13	4,84	15,66
8. Irrigation	14	5,71	1,85	23	5,97	7,84	5,72	5,81	3,71	36,98
9. Electricity	3	20	3,15	8,12	6,15	10,23	49	5,08	†	33,45
10. Civil Works	2,08	2,58	7,02	5,22	1,45	7,25	2,94	25,86	1,93	56,33
11. General Ad nn. & Miscellaneous .	48	71	17,74	1,33	14	94	67	1,16	1,82	24,99
Total	5,76	14,98	47,73	23,57	14,89	43,83	15,81	46,97	15,21	2,28,75

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*Adjusted for likely consequential changes in the Provincial Development Programme on account of the reduction in central loans and grants for the current year. It has, however, not been possible to make adjustments for reduction of Rs. 13 lakhs in Central grant to the E. P. and increase of Rs. 1 crore in central loan to the U.P.

†About Rs. 17 lakhs.

‡See footnote to Appendix XIV.

§Add Rs. 30 lakhs.

APPENDIX II

PROVINCIAL DEVELOPMENT PROGRAMME (1946-47 to 1949-50)*

Percentage share of development expenditure on various subjects in each province to the total expenditure of all Provinces on these subjects.

Subject	Assam	Bihar	Bombay	C.P.	East Punjab	Madras	Orissa	U.P.	West Bengal	Total
1. Agriculture & G. M. F.	3.1	7.8	24.4	6.6	1.0	35.9	6.7	11.2	3.3	100
2. Veterinary	3.3	3.3	10.5	23.2	2.8	11.6	11.1	34.2	..	100
3. Forests	20.7	11.7	9.3	11.3	4.7	16.7	2.7	16.7	6.2	100
4. Cooperation	2.3	2.3	37.5	14.5	7.7	5.4	6.3	19.9	4.1	100
5. Industries	1.6	8.1	8.6	21.8	0.8	19.8	18.9	17.8	2.6	100
6. Education	3.3	4.4	33.5	16.8	2.4	19.5	7.4	4.4	8.3	100
7. Medical & Public Health	5.0	10.9	19.2	5.6	0.4	9.6	4.8	13.6	30.9	100
8. Irrigation	0.4	15.4	5.0	0.6	16.2	21.2	15.5	15.7	10.0	100
9. Electricity	0.1	0.6	9.4	24.3	18.4	30.5	1.5	15.2	..	100
10. Civil Works	3.7	4.6	12.4	9.3	2.6	12.9	5.2	45.9	3.4	100
11. General Admn. & others	1.9	2.8	71.0	5.5	0.5	3.8	2.6	4.6	7.3	100
Total	2.5	6.5	20.9	10.3	6.5	19.2	6.9	20.5	6.7	100

*Adjusted for likely consequential changes in the Provincial Development Programmes on account of the reduction in central loans and grants for the current year.

APPENDIX III

PROVINCIAL DEVELOPMENT EXPENDITURE*

Percentage share of development expenditure on each subject to total development expenditure of each Province during
1946-47 to 1949-50

Subject	Assam	Bihar	Bombay	C.P.	East Punjab	Madras	Orissa	U.P.	West Bengal	Total
1. Agriculture & G. M. F.	15.2	14.6	14.3	7.9	1.8	23.2	12.0	6.7	6.1	12.3
2. Veterinary	1.0	0.4	0.4	1.8	0.3	0.5	1.3	1.3	..	0.8
3. Forests	9.2	2.0	0.5	1.2	0.8	0.9	0.4	0.9	1.1	1.1
4. Cooperation	0.9	0.3	1.8	1.3	1.1	0.3	0.9	0.9	0.6	1.0
5. Industries	2.2	4.5	1.5	7.8	0.5	3.8	10.1	3.2	1.4	3.7
6. Education	10.5	5.3	12.9	13.1	3.0	8.1	8.5	1.7	9.9	8.0
7. Medical & Public Health	13.5	11.4	6.4	3.7	0.4	3.4	4.7	4.5	31.8	6.8
8. Irrigation	2.5	38.2	3.8	1.0	40.1	17.8	36.2	12.3	24.4	16.2
9. Electricity	0.5	1.3	6.6	34.5	41.3	23.3	3.1	10.8	..	14.6
10. Civil Works	36.2	17.3	14.6	22.1	9.8	16.5	18.6	55.0	12.7	24.6
11. General Adm.n. & Miscellaneous	8.3	4.7	37.2	5.6	0.9	2.2	4.2	2.7	12.0	10.9
TOTAL	100	100	100	100	100	100	100	100	100	100

*Adjusted for likely consequential changes in the Provincial Development Programmes on account of reduction in central loans and grants for the current year.

APPENDIX IV

FINANCING OF PROVINCIAL DEVELOPMENT PROGRAMME (1946-47 to 1949-50)*

(Rs. in lakhs)

Province	Central Grants	Central Loans	Provincial Loans	Net Revenue surplus O/D A/C	Withdrawal from Prov. Balances	Total
Assam	4.85	..	..	19	72	5.78
Bihar	6.25	3.36	..	4.96	41	14.98
Bombay	5.94	5.00	..	18.78	18.01	47.73
C. P.	4.46	8.23	2.68	5.85	2.35	23.57
E. Punjab	2.57	21.24	..	..	8	23.89
Madras	13.00	3.00	1.13	10.78	15.92	43.83
Orissa	4.94	12.12	..	1.47	1.23	19.76
U. P.	16.57	9.00	4.61	8.92	7.87	46.97
W. Bengal	5.70	13.85	..	2.60	1.34	23.49
Total	64.28	75.80	8.42	53.55	47.93	249.98
	(25.7)	(30.3)	(3.4)	(21.4)	(19.2)	(100)

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*No adjustment has been made for the recent reduction in central loans and grants for the current year except for Assam.

APPENDIX V

FINANCING OF THE PROVINCIAL DEVELOPMENT PROGRAMME* (1946-47 to 1949-50)

Rupees in Lakhs

Province	Central grants	Central Loans	Provincial Loans	Net Revenue Surplus outside D/Account	Withdrawal from Prov. Balances	Total
Assam	4,85	..	..	19	72	5,76
Bihar	5,83	1,78	..	5,38	1,99	14,98
Bombay	5,76	..	..	18,78	23,19	47,73
C.P.	4,41	7,13	2,68	5,90	3,45	23,57
East Punjab	2,44	12,24	..	..	8	14,76
Madras	12,00	3,00	1,13	10,87	16,83	43,83
Orissa	5,19	8,17	..	1,22	1,23	15,81
U.P.	14,97	10,00	4,61	9,07	9,32	47,97
West Bengal	5,60	5,67	..	2,60	1,34	15,21
Total	61,05	47,99	8,42	54,01	58,15	2,29,62

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* ~~Decreases on account of the reduction in central loans and grants~~

APPENDIX VI

FINANCING OF THE PROVINCIAL DEVELOPMENT PROGRAMME* (1946-47 to 1949-50)

Province	Percentages of each Province					Total
	Central Grants	Central Loans	Provincial Loans	Net Revenue Surplus outside D/Account	Withdrawal from Prov. Balances	
Assam	84.2	..	..	3.3	12.5	100
Bihar	38.9	11.9	..	35.0	13.3	100
Bombay	12.0	..	..	39.4	48.6	100
C.P.	18.7	30.3	11.3	25.0	14.7	100
East Punjab	16.5	82.9	..	..	0.6	100
Madras	27.4	6.8	2.6	24.8	38.4	100
Orissa	32.8	51.6	..	7.8	7.8	100
U.P.	31.3	20.8	9.7	18.9	19.3	100
West Bengal	36.8	37.3	..	17.1	8.8	100
Total	26.6	20.9	3.7	23.6	25.2	100

* Adjusted for likely consequential changes in the Provincial Development Programmes on account of the reduction in Central loans and grants for the current year.

APPENDIX VII*
ASSAM
DISTRIBUTION OF DEVELOPMENT EXPENDITURE

1946—47 to 1949—50.

(In lakhs of Rupees)
(Percentages in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
I.—Education	1 (2.3)	14 (11.5)	26 (15.1)	20 (8.4)	61 (10.5)
II.—Medical and Public Health	15 (35.0)	13 (10.7)	22 (12.8)	28 (11.7)	78 (13.5)
III.—Agriculture and G.M.F. . . . .	..	17 (14.0)	28 (16.3)	42 (17.6)	87 (15.2)
IV.—Co-operation . . . . .	..	..	1 (0.5)	4 (1.6)	5 (.9)
V.—Forests	8 (18.6)	15 (12.3)	18 (10.5)	12 (5.0)	53 (9.2)
VI.—Veterinary . . . . .	..	1 (0.8)	2 (1.2)	3 (1.3)	6 (1.0)
VII.—Irrigation . . . . .	..	1 (0.8)	6 (3.5)	7 (3.0)	14 (2.5)
VIII.—Industries	1 (2.3)	2 (1.6)	2 (1.2)	8 (3.3)	13 (2.2)
IX.—Electricity . . . . .	..	..	..	3 (1.3)	3 (0.5)
X.—Civil Works	16 (37.2)	47 (38.5)	58 (33.7)	87 (36.4)	208 (36.2)
XI.—Genl. Admn.	2 (4.6)	12 (9.8)	9 (5.2)	25 (10.4)	48 (8.3)
Total	43 (100)	122 (100)	172 (100)	239 (100)	578 (100)
	(7.3)	(21.2)	(29.9)	(41.6)	(100.0)

*Adjusted for likely consequential changes on account of the recent reduction in central loans for the current year.

APPENDIX VIII

BIHAR

DISTRIBUTION OF DEVELOPMENT EXPENDITURE

1946—47 to 1949—50

(In lakhs of Rupees)
(Percentages in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
I.—Education	14 (32·6)	20 (19·8)	23 (4·9)	23 (2·6)	80 (5·3)
II.—Medical and Public Health	9 (20·9)	33 (32·7)	43 (9·4)	85 (9·5)	170 (11·4)
III.—Agriculture and G.M.F.	5 (11·6)	33 (32·7)	84 (18·2)	97 (10·9)	219 (14·6)
IV.—Co-operation	1 (2·3)	1 (1·0)	2 (0·4)	1 (0·1)	5 (0·8)
V.—Forests	1 (2·3)	1 (1·0)	13 (2·9)	15 (1·7)	30 (2·0)
VI.—Veterinary . . . . .	..	1 (1·0)	1 (0·2)	4 (0·5)	6 (0·4)
VII.—Irrigation . . . . .	..	7 (6·8)	178 (38·5)	386 (43·3)	571 (38·2)
VIII.—Industry . . . . .	..	1 (1·0)	7 (1·5)	60 (6·6)	68 (4·5)
IX.—Electricity . . . . .	..	2 (2·0)	8 (1·7)	10 (1·1)	20 (1·3)
X.—Civil Works	13 (30·3)	..	76 (16·5)	169 (19·0)	258 (17·3)
XI.—Genl. Admn. . . . .	..	..	27 (5·8)	41 (4·6)	68 (4·5)
XII.—Miscellaneous . . . . .	..	2 (2·0)	..	1 (0·1)	3 (0·2)
Total	43 (10·)	101 (100)	462 (100)	892 (100)	1498(100)
	(2·9)	(6·7)	(30·8)	(59·6)	(100·0)

APPENDIX IX
BOMBAY
DISTRIBUTION OF DEVELOPMENT EXPENDITURE
1946—47 to 1949—50

(In lakhs of Rupees)
(Percentage in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
1	2	3	4	5	6
I. Education	8 (7·4)	104 (17·9)	218 (12·5)	284 (12·1)	614 (12·9)
II. Medical and Public Health	8 (7·4)	57 (9·8)	94 (5·5)	142 (6·0)	301 (6·4)
III. Agriculture & G. M. F.	44 (40·7)	199 (34·4)	211 (12·2)	230 (9·7)	684 (14·3)
IV. Co-operation	3 (2·8)	20 (3·4)	30 (1·7)	30 (1·3)	83 (1·7)
V. Forests	1 (0·9)	4 (0·7)	11 (0·6)	8 (0·4)	24 (0·5)
VI. Veterinary	1 (0·9)	4 (0·7)	6 (0·3)	8 (0·4)	19 (0·4)
VII. Irrigation . . . . .	..	4 (0·7)	59 (3·4)	122 (5·1)	185 (3·8)
VIII. Industries	3 (2·8)	6 (1·0)	33 (1·9)	30 (1·3)	72 (1·5)
IX. Electricity	6 (5·6)	24 (4·1)	100 (5·8)	185 (7·9)	315 (6·6)
X. Civil Works	31 (28·7)	100 (17·2)	187 (10·8)	334 (16·3)	702 (14·7)
XI. Nationalisation of Road Transport ..	..	..	415 (23·9)	508 (21·6)	923 (19·4)
XII. Miscellaneous	3 (2·8)	58 (10·0)	371 (21·4)	419 (17·9)	851 (17·8)
Total	<u>1,08 (100)</u>	<u>5,80 (100)</u>	<u>17,35 (100)</u>	<u>23,50 (100)</u>	<u>47,73 (100)</u>
	(2·2)	(12·2)	(36·4)	(49·2)	(100)

APPENDIX X
THE CENTRAL PROVINCES
DISTRIBUTION OF DEVELOPMENT EXPENDITURE
1946—47 to 1949—50

(In lakhs of Rupees)
(Percentage in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
I. Education	24 (20·7)	47 (18·4)	102 (12·5)	135 (11·5)	308 (13·1)
II. Medical & Public Health	4 (3·4)	12 (4·7)	26 (3·2)	46 (4·0)	88 (3·7)
III. Agriculture & G.M.F.	4 (3·4)	8 (3·1)	93 (11·4)	80 (6·8)	185 (7·9)
IV. Co-operation	1 (0·9)	4 (1·6)	13 (1·6)	14 (1·1)	32 (1·3)
V. Forest	5 (4·4)	6 (2·4)	8 (1·0)	10 (0·9)	29 (1·2)
VI. Veterinary	3 (2·5)	5 (1·9)	11 (1·4)	23 (2·0)	42 (1·8)
VII. Irrigation	2 (1·7)	5 (1·9)	6 (0·7)	10 (0·9)	23 (1·0)
VIII. Industries	1 (0·9)	8 (3·1)	70 (8·6)	104 (8·9)	183 (7·8)
IX. Electricity	10 (8·6)	121 (47·3)	313 (38·5)	368 (31·4)	812 (34·5)
X. Civil Works	55 (47·4)	24 (9·4)	115 (14·1)	328 (28·0)	522 (22·1)
XI. General Administration	5 (4·4)	13 (5·0)	29 (3·6)	30 (2·6)	77 (3·2)
XII. Miscellaneous	2 (1·7)	3 (1·2)	28 (3·4)	23 (1·9)	56 (2·4)
Total	116 (100·0)	256 (100·0)	814 (100·0)	1171 (100·0)	2357(100·0)
	(4·9)	(10·9)	(34·5)	(49·7)	(100·0)

APPENDIX XI
THE EAST PUNJAB
DISTRIBUTION OF DEVELOPMENT EXPENDITURE *
1946—47 to 1949—50

(In lakhs of Rupees)
(Percentage in brackets)

	1947-48*	1948-49	1949-50	Total
I. Education	0.7 (0.9)	25.3 (3.9)	18.0 (2.5)	44.0 (3.0)
II. Medical & Public Health . . . . .	..	1.4 (0.2)	4.6 (0.6)	6.0 (0.4)
III. Agriculture & G.M.F. . . . .	..	8.0 (1.2)	19.0 (2.6)	27.0 (1.8)
IV. Co-operation	3.1 (3.6)	6.4 (1.0)	7.5 (1.0)	17.0 (1.1)
V. Forests	1.2 (1.4)	3.4 (0.5)	7.4 (1.0)	12.0 (0.8)
VI. Veterinary	0.4 (0.5)	1.8 (0.1)	2.8 (0.3)	5.0 (0.3)
VII. Irrigation	47.1 (54.7)	2,59.7 (39.4)	290.2 (39.2)	597.0 (40.7)
VIII. Industries	1.3 (1.4)	4.4 (0.6)	1.3 (0.2)	7.0 (0.4)
IX. Electricity	21.1 (24.5)	3,04.9 (46.1)	289.0 (39.0)	615.0 (42.0)
X. Civil Works	4.9 (5.7)	42.2 (6.4)	97.9 (13.2)	145.0 (8.4)
XI. Miscellaneous	6.2 (7.3)	5.1 (0.7)	2.7 (0.4)	14.0 (0.9)
Total.	86.0 (100) (5.8)	6,62.6 (100) (44.5)	7,40.4 (100) (49.7)	14,89.0 (100) (100)

* Adjusted for likely consequential changes on account of the recent reduction in Central loans for the Current year.

APPENDIX XII
MADRAS
DISTRIBUTION OF DEVELOPMENT EXPENDITURE
1946-47 to 1949-50

(In Lakhs of Rupees)
(Percentages in brackets)

	1946-47			1947-48			1948-49			1949-50			Total		
	Revenue 1	Capital 2	Total 3	Revenue 4	Capital 5	Total 6	Revenue 7	Capital 8	Total 9	Revenue 10	Capital 11	Total 12	Revenue 13	Capital 14	Total 15
I. Education	66 (14.2)	..	66 (11.3)	63 (25.0)	..	63 (17.4)	95 (14.9)	..	95 (7.0)	131 (12.8)	..	131 (6.2)	355 (14.9)	..	355 (8.1)
II. Medical and Public Health	13 (2.8)	..	13 (2.2)	34 (13.2)	..	34 (9.4)	46 (7.2)	..	46 (3.5)	58 (5.7)	..	58 (2.6)	131 (6.4)	..	151 (3.4)
III-A. Agriculture	7 (1.5)	..	7 (1.2)	8 (3.2)	..	8 (2.2)	15 (2.5)	..	15 (1.1)	14 (1.4)	..	14 (0.5)	44 (1.9)	..	44 (1.0)
III-B. G.M.F.	278 (59.6)	6 (5.0)	284 (48.5)	8 (3.2)	4 (3.7)	12 (3.3)	250 (39.3)	9 (1.3)	259 (19.3)	357 (34.8)	53 (4.9)	410 (19.0.4)	893	72 (3.6)	965 (22.2)
IV. Co-operation	6 (1.3)	..	6 (1.0)	2 (0.8)	..	2 (0.6)	2 (0.3)	..	2 (0.1)	2 (0.2)	..	2 (0.1)	12 (0.5)	..	12 (0.3)
V. Forests	9 (1.9)	..	9 (1.5)	10 (3.9)	..	10 (2.7)	12 (1.9)	..	12 (1.2)	12 (1.2)	..	12 (0.4)	43 (1.8)	..	43 (0.9)
VI. Veterinary	1 (0.2)	..	1 (0.2)	2 (0.8)	..	2 (0.6)	11 (1.7)	..	11 (0.7)	7 (0.7)	..	7 (0.3)	21 (0.9)	..	21 (0.5)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
VII. Irrigation .	10 (2.2)	53 (44.5)	63 (10.8)	..	99 (90.0)	99 (27.4)	3 (0.4)	243 (34.3)	246 (18.3)	2 (0.2)	374 (35.1)	376 (17.9)	15 (0.7)	769 (38.3)	784 (17.8)
VIII. Industries and Supplies.	7 (1.5)	..	7 (1.2)	8 (3.2)	..	8 (2.2)	52 (8.2)	..	52 (3.8)	99 (9.7)	..	99 (4.7)	166 (6.9)	..	166 (3.8)
IX. Electricity .	..	56 (47.1)	56 (9.6)	..	..	..	..	441 (62.3)	441 (32.9)	7 (0.7)	519 (48.7)	526 (25.1)	7 (0.6)	1016 (50.8)	1023 (23.3)
X. Civil Works	55 (11.8)	4 (3.4)	59 (10.1)	94 (37.5)	7 (6.3)	101 (27.9)	119 (18.7)	15 (2.1)	134 (9.8)	310 (30.2)	121 (11.3)	431 (20.6)	578 (24.3)	147 (7.3)	725 (16.5)
XI. Miscellaneous	14 (3.0)	..	14 (2.4)	23 (9.2)	..	23 (6.3)	31 (5.0)	..	31 (2.3)	26 (2.4)	..	26 (1.2)	94 (3.5)	..	94 (2.2)
Total . . .	466 (100) (19.5)	119 (100) (5.9)	585 (100) (13.3)	252 (100) (10.6)	110 (100) (5.5)	362 (100) (8.3)	636 (100) (26.8)	708 (100) (35.3)	1344 (100) (30.7)	1025 (100) (43.1)	1067 (100) (53.3)	2092 (100) (47.7)	2379 (100)	2004 (100)	4383 (100)

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(Figures in brackets show percentage to the total development expenditure for the year, except in the case of columns 13, 14 and 15 where they express percentage of the total development expenditure during the 4 year period).

APPENDIX XIII
ORISSA
Distribution of Development Expenditure *
1946-47 to 1949-50

(In lakhs of Rupees.)
(Percentage in brackets.)

Subject	1946-47	1947-48	1948-49	1949-50	Total
I. Education	21 (30.4)	31 (18.2)	45 (7.1)	38 (5.4)	135 (8.5)
II. Medical and Public Health.	14 (20.4)	20 (11.8)	24 (3.8)	17 (2.4)	75 (4.7)
III. Agriculture & G.M.F.	1 (1.4)	27 (15.8)	74 (11.6)	87 (12.4)	189 (12.0)
IV. Co-operation . . .	1 (1.4)	2 (1.2)	5 (0.8)	6 (0.9)	14 (0.9)
V. Forests	2 (2.9)	2 (1.2)	2 (0.3)	1 (0.1)	7 (0.4)
VI. Veterinary	1 (1.4)	4 (2.4)	7 (1.1)	8 (1.1)	20 (1.3)
VII. Irrigation . . . .	..	6 (3.6)	205 (32.2)	361 (51.2)	572 (36.2)
VIII. Industry	2 (2.9)	17 (10.0)	132 (20.7)	8 (1.1)	(10.1)
IX. Electricity . . . .	..	5 (2.9)	38 (5.9)	6 (0.9)	49 (3.1)
X. Civil Works	20 (29.1)	40 (23.4)	85 (13.3)	149 (21.1)	294 (18.6)
XI. General administration.	7 (10.1)	16 (9.5)	20 (3.1)	24 (3.4)	67 (4.2)
Total	69 (100) (4.4)	170 (100) (10.8)	637 (100) (40.3)	705 (100) (44.5)	1531 (100.0) (100.0)

* Adjusted for likely consequential changes on account of the recent reduction in central loans for the current year.

APPENDIX XIV
THE UNITED PROVINCES
Distribution of Development Expenditure,
1946-47 to 1949-50

(In lakhs of Rupees)
(Percentage in brackets)

	1946-47	1947-48	1948-49	1949-50	Total
I. Education	10 (1·6)	21 (2·5)	50 (5·1)	81 (2·7)	81 (1·7)
II. Medical and Public Health.	17 (2·8)	61 (7·4)	70 (7·1)	65 (3·6)	213 (4·5)
III. Agriculture	10 (1·6)	6 (0·7)	170 (12·4)	128 (7·1)	314 (6·7)
IV. Co-operation		7 (0·8)	17 (1·2)	20 (1·1)	44 (0·9)
V. Forests	1 (0·2)	9 (1·1)	14 (1·0)	19 (1·0)	43 (0·9)
VI. Veterinary	2 (0·3)	13 (1·6)	10 (0·7)	37 (2·0)	62 (1·3)
VII. Irrigation	28 (4·6)	113 (13·6)	189 (13·7)	251 (23·7)	581 (12·4)
VIII. Industry		16 (1·9)	51 (3·7)	82 (4·5)	149 (3·3)
IX. Electricity	71 (11·6)	65 (7·8)	148 (10·8)	224 (12·3)	508 (10·8)
X. Civil Works	459 (75·0)	496 (59·7)	696 (50·6)	935 (51·2)	2586 (55·1)
XI. Miscellaneous	14 (2·3)	24 (2·9)	12 (0·8)	16 (0·8)	66 (1·4)
Total	612 (100) (13·0)	831 (100) (17·7)	1377 (100·0) (29·4)	1827 (100·0) (38·9)	4697* (100) (100·0)

* The United Provinces Accounts for development have been abstracted from the budget reports of the Provincial Government, information supplied by them, etc. They are, therefore, in the very nature of the case, rough approximations, as the provincial budget estimates make no distinction between normal and development expenditure.

The development expenditure on Education and Medical and Public Health is obviously an under-estimate, as pointed out in the body of the report. (See footnotes, page 133).

The figures regarding Civil Works do not include development expenditure on buildings on capital account. The total expenditure, therefore, on Civil Works is an under-estimate. The development expenditure on Civil Works in 1947-48 as shown here, is exclusive of Rs. 50 lakhs which has otherwise been included in the total. For 1948-49, the development expenditure on Civil Works is Rs. 859 lakhs instead of Rs. 696 lakhs as shown in the Table.

From an overall point of view, the development expenditure of the United Provinces as shown here, is somewhat of an under-estimate, particularly on social services and Civil Works. It seems necessary to emphasise that the United Provinces development statistics are rough approximations.

APPENDIX XV
WEST BENGAL
Distribution of Development Expenditure*
1946-47 to 1949-50

(In lakhs of Rupees)
(Percentage in brackets)

	1947-48	1948-49	1949-50	Total
I. Education	31 (18·8)	57 (7·9)	93 (14·7)	181 (11·9)
II. Medical and Public Health	57 (34·6)	169 (23·4)	258 (40·7)	484 (31·8)
III. Agriculture	8 (4·8)	44 (6·1)	41 (6·5)	93 (6·1)
IV. Co-operation	1 (0·6)	2 (0·3)	6 (0·9)	9 (0·5)
V. Forests	1 (0·6)	6 (0·9)	9 (1·4)	16 (1·0)
VI. Veterinary	negligible	negligible	negligible	negligible
VII. Irrigation	9 (5·5)	159 (22·0)	203 (32·0)	371 (24·4)
VIII. Industry	8 (4·8)	17 (2·35)	..	25 (1·6)
IX. Electricity . . . . .	..	17 (2·35)	..	17 (1·1)
X. Civil Works	33 (20·0)	159 (22·0)	negligible	192 (12·7)
XI. Road Transport . . . . .	..	52 (7·2)	14 (2·2)	66 (4·3)
XII. Miscellaneous	17 (10·3)	40 (5·5)	10 (1·6)	67 (4·6)
Total	165 (100·0) (10·8)	722 (100·0) (47·5)	634 (100·0) (41·7)	1521 (100·0) (100·0)

* Adjusted for likely consequential changes on account of the recent reduction in central loans and grants for the current year.

APPENDIX XVI
WEST BENGAL
Food Production Targets

	1949-50		1950-51	
	Acreage	Extra Yield (in tons)	Acreage	Yield (in tons)
1.—Distribution of improved seeds	23,100	3,070	171,300	12,270
2.—Irrigation—				
(a) Flow Irrigation and Drainage	338,000	65,000	400,000	
(b) Lift Irrigation	22,300	10,400	42,400	19,700
(c) Tank Improvement	29,700	3,770	73,700	9,226
Total—Irrigation	390,000	79,170	516,100	124,966
3. Manures and Fertilizers	608,500	77,230	811,000	96,210
4. Reclamation of Waste-land	5,000	2,500	15,000	2,500
5. Plant Protection	10,000	4,000	13,000	5,000
Total.	10,36,600	165,970	1,516,400	240,946
Revised Target		1,31,021		2,01,946