



GOVERNMENT OF MADRAS  
FINANCE DEPARTMENT

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**BUDGET DISCUSSIONS**

FOR

**1938-1939**



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MADRAS

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1st May 1933]

[Mr. C. Rajagopalachariar]

## THE MADRAS LEGISLATIVE ASSEMBLY.

1st March 1933.

BUDGET FOR 1933-34.

THE HON. MR. C. RAJAGOPALACHARIAR :—“ Sir, I rise to present to the House the Revised Estimates for the year 1933-1934, and the Budget Estimates for the next year 1934-1935.

“ I cannot begin, however, without giving expression to the feeling that is foremost in my mind. The sky was overcast with two great clouds that threw their gloomy shadows on us and made the future dark. In the United Provinces and Bihar, the Congress vacated the seat of responsibility unable to tolerate the haunting ghost of the old dynasty that refused to disappear from its old haunts and attachments, and seeks to interfere and cast its pale shadow over the autonomy which the representatives of the people are invited to provide over. We are glad to note that for the time being the problem has been solved. But there cannot be confidence or security for responsible government until the evil spirit is finally exorcised.

“ Then there is the rebuke of the Central Government. An All-India Federation, as it has been alluringly called, still sits like a nightmare on the plans and policies of the Provincial Governments. It is not yet certain whether wisdom will prevail, and a more natural and suitable form of Central Government be devised which will make strength and reality flow into the veins of the Provincial Governments.

“ In spite of these dark clouds overhanging us must carry on for the present ignoring them. This only can the Congress hope to function in power and responsibility, carrying on as if staying for a century, but ever ready also to retire the next morning if necessary.

“ It is but six months since I presented the budget estimates for the current year under circumstances that necessitated the unusual procedure of introducing a budget nearly half way through the year to which it related. We now return to the normal budgetary procedure of passing the annual budget through the Legislature before the close of the previous year, and to conditions under which Government is fully responsible for the

Political  
background.

[Mr. C. Rajagopalachariar]

[1st March 1933]

1932-33  
Accounts.

proposals embodied in the budget and for the policy underlying those proposals. My colleagues and I fully accept that responsibility, and we are confident that those proposals reflecting as they do the wishes and aspirations of the vast body of the people of the Province, as far as they are consistent with the circumstances and conditions under which we have to work, will secure the acceptance of the House.

"Before coming to a consideration of the Revised Estimates for 1933-1934 and the Budget position for 1933-1934 I will first refer briefly to the salient features of the final accounts for the year 1932-1933. The preliminary accounts for that year which were incorporated in the Budget for 1933-1934 as presented to the Legislature last September showed a revenue deficit of Rs. 17.39 lakhs which, as I explained in my speech at the time, was almost entirely due to the transfer of Rs. 17 lakhs from Revenue to the Finance Relief Fund. To that extent the deficit was not a real one, since the Rs. 17 lakhs were not spent but in effect taken out of the Provincial balances for investment as part of the Finance Relief Fund. The real deficit in 1932-1933 was, according to the preliminary accounts, only Rs. 83 lakhs, which as the result of subsequent adjustments was increased to Rs. 232 lakhs in the final accounts. Similar late adjustments in respect of loans relating to capital accounts, loans and advances and deposit accounts resulted in a net deficit of Rs. 2.27 lakhs. The two closing balances of that year was thus reduced by Rs. 281 lakhs from the figure of Rs. 124.56 lakhs at which it stood according to the preliminary accounts. The free opening balance for the year 1933-1934 was therefore Rs. 123.73 lakhs, inclusive of the minimum deposit to be maintained with the Reserve Bank and the cash in the Provincial treasuries and sub-treasuries, but exclusive of the value of securities held in the Finance Relief Fund amounting to about Rs. 69 lakhs.

"The only other feature of the final accounts for 1932-1933 which may be mentioned is, that the decentralized balances which were adjusted against the debt due to the Central Government on the 31st March 1933 turned out to be Rs. 21 lakhs higher than was anticipated. This increase in our deposit liabilities meant a corresponding reduction in our consolidated debt to the Central Government without affecting the rate of interest on that debt, thereby reducing our recurring annual payment in respect of the debt (which has to be paid for 45 years) by Rs. 1.13 lakhs.

1st March 1938]

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1937-1938.

Madras.

Paddy.

"I come now to the current year 1937-1938. In my budget speech last September I expressed the hope that conditions during the year might prove to be more favourable to the rice than in the previous year. Rainfall was excessive in the Carnatic, the Central districts and the South, with the result that a number of districts were affected by abnormal floods. District Collectors were instructed to make arrangements for the early inspection of affected areas and to afford relief to sufferers, for which the Government placed such funds as were required at their disposal. The December rainfall was below normal.

"The Royala Samsa was very adversely affected. The mangari crops in parts of Bellary district saved badly owing to inadequate rains in May and June. The kiseri crops were sown late after the rainfall in September and October, but owing to subsequent lack of rains the crops suffered a good deal. In parts of the Anantapur district both the monsoons were partial failures. Parts of the Karnool district were also affected. The result was a contraction of normal agricultural operations in parts of these three districts necessitating the provision of employment for agricultural labourers. Some relief works and several test works have been opened in the Adoni, Alor, Bellary and Srirangapatna taluks of Bellary district, in the Gooty taluk of the Anantapur district and in the Pattakonda taluk of the Karnool district, and the expenditure anticipated on them is about Rs. 2 lakhs in the current year and about Rs. 4 lakhs next year. In Anantapur, employment has also been provided by the opening of road works by the District Board which has been given grants amounting to Rs. 25,000. Similar road works financed by a Government grant of Rs. 15,000 have also been started by the Karnool District Board in the affected parts of the district. These grants will have to be supplemented if as appears probable the works have to be continued until the next monsoon.

"To meet the severity of pasture and fodder, several goats' forests in the Anantapur district have been thrown open for free grazing, and cultivation of fodder crops in tank beds has also been permitted. In the Bellary district a scheme for the collection and distribution of hill grass has been organized and a special staff to deal with applications

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for loans for the purchase of fodder has been sanctioned. The collection of land revenue as well as of loan instalments in respect of loans granted in previous years has also been suspended.

"Water-supply is normal except in parts of those three districts and a few other areas. The culture of crops has been generally fair except in Kurnool, Bellary and Anantapur, and the condition of cattle good. The total prices of all food-grains except ragi are generally at a rather higher level than during last year; but those of coconut, pepper, paddy and commercial crops (especially groundnut and cotton) continue to be disappointing low.

"The actual figures of revenue and of expenditure to be met from current revenues for the year just closing, 1935-1936 as per the budget estimate and as per the revised estimate may be summarised as follows :—

|                                | Revenue | Expenditure on revenue account | Surplus | Budget Estimate. | Revised Estimate. | Increase. | 1935-36. | 1936-37. | 1935-36.  | 1936-37.  | Increase—Revenue Account. |
|--------------------------------|---------|--------------------------------|---------|------------------|-------------------|-----------|----------|----------|-----------|-----------|---------------------------|
|                                |         |                                |         |                  |                   |           |          |          |           |           |                           |
|                                | Rs.     | Rs.                            | Rs.     | LACS.            | LACS.             | LACS.     | LACS.    | LACS.    | LACS.     | LACS.     | LACS.                     |
| Revenue                        | ..      | ..                             | ..      | 15,41,500        | 16,17,034         | 75,534    | 15       | 15       | 15,41,500 | 16,17,034 | 75,534                    |
| Expenditure on revenue account | ..      | ..                             | ..      | 15,41,574        | 16,20,335         | 38,861    | 18,61    | 18,61    | 15,41,574 | 16,20,335 | 78,761                    |
| Surplus                        | ..      | ..                             | ..      | 79               | 2,699             | 2,684     | ..       | ..       | 79        | 2,699     | 2,620                     |

"Some explanation of the figures is however necessary for a proper understanding of the real position, since there are wide variations in the case of certain main heads which are of considerable importance. Thus the receipts from LAND REVENUE including irrigation are expected finally to fall below the original estimate by about Rs. 24 lakhs, one contributory reason for which is the grant of larger remissions of revenue than were provided for, mainly in the Rayachoti Scheme. There is further a heavy fall of over Rs. 6 lakhs under the head of BRIDGE, which is entirely attributable to Judicial Stamps and indicates a continued decline in litigation. The receipts from LICENSING STAMPS would have exceeded the budget estimate by Rs. 24 lakhs but for the fact that it was deemed proper, in view of the rapid development and intensive working of the Pylana system, to begin contribution to the depreciation and special reserve funds of the project

16 March 1933.]

[Mr. C. Rajagopalachariar.]

Income-tax  
adjustments.

from the revenues in the current year, the fifth year of operation, instead of postponing it to commence from the sixth year as originally intended. As a result of this the net need to front electric schemes will fall some Rs. 2 lakhs below the budget estimate. On the other hand, it is anticipated that the Excise revenue will exceed the budget estimate by Rs. 15½ lakhs on account of increase of receipts from rentals for shops. Increases in revenue, though not on the same scale, are also found in the case of other heads such as Fungus (Rs. 3½ lakhs), Entertainment (Rs. 2½ lakhs) and Motor Vehicles (Rs. 3 lakhs).

"The net effect of all these variations would be a fall in the total revenue for the year of about Rs. 3 lakhs, but this will be converted into an increase of Rs. 21-24 lakhs by the assignment of Income-tax which we may expect to receive from the Central Government at the end of this month under the Government of India (Distribution of Revenues) Order in Council, 1933. It is a matter for gratification that the distribution of Income-tax to the Provinces under the Nidhayer award has commenced sooner than was until recently expected, and it is to be hoped that this year's revival of the prosperity of the Indian Railway systems will continue, in spite of the set back experienced in the past three months, so as to permit of the continuance of the distribution without interruption and without reduction in the amount of the distributable pool. The amount for which credit has been taken in the estimates on account of Income-tax assignment is Rs. 24-25 lakhs in the current year and Rs. 20-25 lakhs in the ensuing year, which was calculated on the latest information available at the time of preparation of our estimates. We have since received advice that these amounts may have to be reduced by Rs. 2-75 lakhs and Rs. 1-25 lakhs respectively, but as our estimates had by then gone to Press the figures originally given stand. But, as against this, probable reductions on the revised-estimate figures of expenditures under certain heads have similarly come to notice too late to be taken into account, and it is therefore possible that the final account-figures will not be very greatly affected. I should perhaps mention that our Income-tax receipts in the current year will be based on the Government of India's final estimate which will be made by about the 20th March, and will be credited in our accounts by the 31st March. This payment in respect of 1932-1933 will be subject to adjustment

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[1st March 1938]

in the accounts of 1935-1939 after the actuals for the year are known, about August or September, and the same process will be repeated in each subsequent year at the five-year period during which the distributable amount depends upon the Central Government's receipts from income tax and railway contribution. Within that period income-tax assignment cannot be regarded as an assured source of revenue for the Provinces.

"The revised estimates of expenditures on revenue account for the current year under the various main heads do not show such violent departures from the budget estimates as in the case of revenue. The sum total of the variations on the basis of the original budget scheme comes to a saving of Rs. 1·87 lakhs which, with the improvements in revenue of Rs. 21·24 lakhs would have increased the budget surplus from Rs. 98 lakh to Rs. 24·17 lakhs. But the House will recollect that in the Budget for 1937-1938 a departure was made from past practice in meeting the expenditures on the continuation of pensions from non-revenue sources. As stated by me in my last budget speech, that was done as a temporary measure until proposals for increasing revenue or for reducing expenditure in other directions could take shape and materialise. In view of the improvement in our finances which I have just explained, it is proposed to debit the expenditure on continuations this year to revenue, and a supplementary statement of expenditures will be presented to the House shortly for this purpose. The effect of this change will be to reduce the revenue surplus for the year from Rs. 24·17 lakhs to Rs. 17·69 lakhs, and to release for other useful expenditures on revenue account something over a lakh of rupees per annum for the next 10 years, which would otherwise have had to be provided from revenue for the repayment of the debt to capital.

"But a surplus of Rs. 17·69 lakhs is itself unnecessarily large when there is such a crying need for funds for carrying out schemes for the welfare of our people which, though of lasting benefit, cannot properly be regarded as of a 'capital' nature. First and foremost among the pressing problems in most districts in this Province is the provision of an adequate supply of pure drinking water for the people in the rural areas. In my last budget speech I explained the general principles on which the Government propose to tackle this problem. Our aim is to secure, by means of a comprehensive scheme spread over a number of years, that within a reasonable time every village in the Province will have the benefit

Road water-  
supply.

1st March 1938]

[Mr. C. Rajagopalachariar]

Facilities for  
permanent  
hand-drawn  
supply.

well-head,  
bore-hole and  
other works.

of a pure water-supply, in, the form of either a protected well with a pulley, if not with overhead tank and taps, or a bore well with hand-pump attached, or a connection from an existing municipal water main for villages through or near which such a main might happen to pass. We consider that this scheme should be financed from Provincial funds without basing on any contribution from the villages or from the District Boards. We have made a start in this direction from the provision of Rs. 1.20 lakhs in the current year's budget for rural water-supply by placing at the disposal of the Collectors of 18 districts adequate funds to enable them to provide protected wells in eight to ten villages in each district, and with instructions to select for the purpose villages which stand most urgently in need of a water-supply. Meanwhile the Director of Public Health is preparing a programme for the ensuing and subsequent years in the form of a priority list of villages. In order that the scheme may not be held up for want of funds the Government propose this year to establish an unearched Fund like the Pandita Relief Fund for the improvement of rural water-supply which will serve this one specific and great purpose. Contributions from revenue will be made to this fund from time to time in succeeding years as money becomes available, and it is proposed to start the fund this year with an initial contribution of Rs. 15 lakhs in the current financial year, for which a supplementary statement of expenditure will shortly be presented to the House. I hope the House will give its usual approval to this great step by which the Government hope to ensure steady progress of the scheme independently of the budgetary exigencies of particular years. The voting of this sum of Rs. 15 lakhs out of the revenue account in the current year will reduce the revenue surplus for the year from Rs. 17.48 lakhs to Rs. 2.37 lakhs, which should be adequate to ensure a balanced account when the final accounts for the year come to be made up.

"I need not trouble the House with a detailed analysis of the figures under the Capital and Debt Heads. It will be observed that Capital expenditures is expected to fall short of the budget provision by Rs. 16.91 lakhs, which is due mainly to the proposed transfer from capital to revenue of the expenditure on construction of pensions to which reference has already been made. Other contributory factors are the lapse of the provision made for the construction of a Parliament House, large recourses by the sale of Government-Motor project machinery which are adjusted in reduction of expenditures, and somewhat slower progress than was anticipated on certain electricity schemes and civil works. Under Loans



[Mr. C. Rajagopalachariar]

[1st March 1933]

and Advances, resources are estimated to fall a little short of the budget on account of the postponement of resources of loan repayments from agriculturists in the districts of Rayachoti, Sivas, while the disbursements under loans to agriculturists for redemption of debt are likely to be about Rs. 13 lakhs less than the budget through the scheme being held in abeyance pending the formulation of a scheme in accordance with the Agriculturists' Relief measure. A further major variation from the budget occurs in respect of the loan floated in August last. The loan was heavily over-subscribed and partial allotment had to be made. As the allotment had to be made at a round percentage figure, the nominal value of the loan as issued came to Rs. 164.91 lakhs as against Rs. 148 lakhs contemplated in the budget. In this connection I should like, in passing, to express the appreciation of the Government for the efficient arrangements made by the Reserve Bank for the location of the loan, and for the confidence shown by the investing public in the financial strength and stability of our Province.

"As a result of the several variations which I have considered it desirable to explain in some detail, and of the variations under other debt and deposit head transactions which do not require specific mention, the total cash closing balance for the current year, i.e., excluding the balance to the credit of the Finance Relief Fund held in securities, is expected to stand at Rs. 101.35 lakhs inclusive of the minimum balance which we have to maintain with the Reserve Bank and of the actual cash in our treasuries and sub-treasuries, as against Rs. 64.62 lakhs anticipated in the budget.

"We can now turn to the budget estimates for the new year. The figures for Part I of the Budget for 1933-1934, i.e., for the estimates of revenue and of expenditure on standing sections based on existing orders and commitments compare as follows with the Revised Estimates for 1932-1933 :-

1932-1933,  
Closing  
Balance.1933-1934,  
Budget  
Estimates--  
Revenue--  
Account,  
Part I.

|             | Revised<br>Estimates,<br>1932-1933,<br>Part I only. | Budget<br>Estimates,<br>1933-1934,<br>Part I only. |          | Differences. |       |
|-------------|-----------------------------------------------------|----------------------------------------------------|----------|--------------|-------|
|             |                                                     | LAKHS.                                             | RS.      | LAKHS.       | RS.   |
| Revenue     | ..                                                  | ..                                                 | ..       | ..           | ..    |
| Expenditure | ..                                                  | ..                                                 | 14,18.84 | ..           | 4.15  |
| Surplus     | ..                                                  | ..                                                 | 10,19.43 | ..           | 29.84 |
|             | ..                                                  | ..                                                 | 2.49     | ..           | 23.38 |

1st March 1938]

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"The figure—Rs. 14,46-49 lakhs given as the Part I Budget estimate of revenue for 1938-1939 represents the total revenue anticipated for 1938-1939 without taking into account additional revenue or loss of revenue from Part II schemes which have been incorporated in the printed estimates now before the House, to which I will come presently. It shows a fall below the figure of the revised estimate of revenue for 1937-1938 of Rs. 4-15 lakhs. As I have already stated, the amount of Income-tax assignment for which we have taken credit in 1938-1939 is Rs. 20-54 lakhs. According to later advice the estimate may prove to be too high by Rs. 1-45 lakhs, but the difference is not great in comparison with variations between estimates and actuals of receipts and expenditures which habitually occur, and which generally succeed in cancelling each other out. The other variations under major heads between the Part I estimate of revenue for next year and the revised estimate of revenue for the current year practically neutralise themselves in the sum total.

"The decrease in expenditures of Rs. 29-41 lakhs is mainly accounted for by the fact that the figure for the current year includes Rs. 14 lakhs contribution to the rural water-supply improvement fund, Rs. 11-48 lakhs for expenditures on commutation of pensions, and provision for the Part II schemes for the year. We do not propose to make a transfer from revenue to the fund for the improvement of rural water-supply next year unless the revised estimate for that year indicates that there would otherwise be an appreciable revenue surplus. We also propose to make provision for the expenditures on the commutation of pensions next year under Capital, as we did in the original budget for the current year, in order to have an adequate amount available for Part II schemes. This decision also might be reversed later on and the expenditure withdrawn back to the revenue account, as is being done this year, should there be an improvement in our finances during the year.

"I feel that a detailed exposition of some of the major policies on the basis of which the Part I estimates have been framed will be expected of me, and this is perhaps the most appropriate place to give it. On the important subject of Land Revenue policy, which is touched most difficult not only by its intricate nature but by reason of the limitations and

Land  
Revenue  
policy.

[Mr. C. Rajagopalachariar]

[1st March, 1938]

difficulties of Provincial Finance under the Government of India Act, I am not in a position to say much at present. The Government have under their anxious consideration the question whether they may formulate a new and workable policy to be pursued in respect of the Land Revenue system, and in that connection the recommendations of the Land Revenue Enquiry Committee form the most important starting point. For the current year the Government have in a Press Communiqué, dated the 16th December 1937, announced the special land revenue concessions to be granted. It is estimated that the concessions thus announced will involve a reduction of land revenue in the total amounting to Rs. 73·15 lakhs as against Rs. 84·45 lakhs in 1936-1937. The Budget for 1938-1939 has been framed on the assumption that concessions to the same extent will be repeated next fiscal year.

"The estimates for next year do not take credit for additional revenue from any new major taxation measure. The Government are also to the necessity for finding more revenue and undertaking the important task of expanding existing sources of revenue or imposing new taxation, and the problem is being subjected to detailed examination along several lines. But the discovery and detailed examination of new sources of revenue in a Province like ours, whose capacity has been already tapped by no unskilful hands, is not a thing which can be done in a few months, and large measures are not yet ready for introduction. Revised scales of Registration fees have been brought into force since January 1938, which have brought the fees in this province into line with the scales prevailing in other provinces like Bengal and Bombay. The annual increase on this account is estimated at between four and five lakhs of rupees.

"Every effort is being made to secure additional resources or to cut down expenditure within the existing system, by energetically pursuing the economies previously initiated. Measures which were approved and taken into account in the budget for the current year were estimated to increase revenue by Rs. 7·57 lakhs and to reduce expenditure by Rs. 1·72 lakhs annually. Further measures which are being brought into effect have increased these figures to Rs. 14½ lakhs and Rs. 2½ lakhs per annum respectively. The Budget for 1938-1939 thus benefits to the extent of Rs. 20 lakhs in all as a result of these

New  
sources.Revenue  
measures.

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[Mr. C. Rajagopalachari]

effects, which anyone conversant with the difficulties of administrative organization and knowing the persistent opposition to economies would admit, is no small feat. I may mention a few of the economy measures which have recently been adopted.

"In the important matter of salary reduction, which I admitted in my last Budget Speech, new revised scales of pay applicable to new entrants and promotions in the Provincial and Subordinate Services have been brought into effect from 1st January 1938 and 1st February 1938 respectively. In view of the Press Communique which was published on the subject I need not take time now over the details. It is estimated that the new scales will give an ultimate annual saving, in the case of the Provincial Services of Rs. 12½ lakhs as compared with the 1933 scales and of Rs. 3½ lakhs as compared with the old scales, and in the case of the Subordinate Services of Rs. 8½ lakhs as compared with the 1933 scales and of Rs. 1½ lakhs as compared with the old scales. As the Government decided to apply the new scales only to new entrants or promotions and not to the present incumbents of posts, the saving will of course be small in the beginning, but will increase at an accelerated rate year by year until the full annual saving of Rs. 18 lakhs as compared with the 1933 scales is realized. The actual reduction of expenditure on this account in 1938-1939 has been estimated at about Rs. 41,000, for which credit has been taken in the estimates, but it might quite possibly be more.

"With a view to effect some saving in the cost of Medical administration, as well as to help the medical profession with opportunities for service and improvement, the Government sanctioned in December 1937 a scheme of reorganization of the Madras Medical Services and extension of the system of appointing honorary medical officers. Under this scheme, barring the Surgeon-General, Superintendents of hospitals in the Madras City, District Medical Officers and Superintendents of District Headquarters hospitals, Chief Medical Officers in charge of hospitals with a bed strength of 30 and above, Resident Medical Officers in Government medical institutions will be thrown open as and when appointments in Government medical offices, so far as medical practitioners may be vacancies arise to take up such appointments. Seven posts of Civil Assistant Surgeons and three posts of Women Sub-Assistant Surgeons will be immediately filled up

Economy  
measures.

Honorary  
medical  
officers.

[Mr. C. Rajagopalachariar]

[1st March 1933]

by honours. There will be some saving on this account in the current year. In 1933-1934 the amount of saving is estimated at Rs. 4,000 for which credit has been taken in the Budget. Ultimately it is hoped that there will be a recurring saving. If out of Rs. 10 lakhs per annum as estimated in the department, of a considerable sum. There will be further appreciable savings not only in regard to pay but on account of allowances and leave and post-dutty charges. The departmental calculations as to savings are based on one honorary doctor taking the place of one full-timed paid officer. Experience may show that in many posts two or more honours will be required to replace one paid man and this may make the savings rather less than estimated, but all the same the gain to the tax-payer will be considerable.

"The Government have decided to put into practice a policy of conditional releases in favour of prisoners convicted of crimes other than those that may be deemed to be of a type indicating that such economy might prove dangerous to the community. Such a policy is, in view of the recommendations of prison reformers as well as official estimates, long overdue. The cases of all persons confined in various jails sentenced to any term of six months or more, who in the opinion of Government can be released without danger to society, are being examined and they are also prisoners remanded and released in batches subject to continuing good behaviour after being set at large. Besides being in furtherance of a generous and approved policy of reformation of criminals, this large measure of reduction in the jail population will result in reduced expenditure in jails. Credit has been taken in the budget estimate for 1933-1934 for a saving of half a lakh of rupees on this account.

"A saving of public expenditure has been effected by the abolition of the annual summer move of the Government to Government. It has, however, been decided, for reasons based on what may in one sense be called personal considerations, and which the Government are satisfied are as just as they are expedient, that Secretaries to Government may this year spend about two months at Government with just their personal staff; but the main part of the expenditure due to the codes of the Government as a whole, viz., the Ministers, the Secretariat officers and a good part of the Secretariat establishment, has been abolished. This has saved nearly half a lakh of rupees.

Additional  
release of  
prisoners.

Ministerial  
expenditure.

14 March 1933.] [Mr. C. Rajagopalachariar]

Sale of Goods  
Act.

" A measure which, though not primarily intended as a taxation measure, is yet revenue producing, is the Madras Regulation of the Sale of Goods Act, the main object of which is to regulate the trade of dealers in cloth within this Province with a view to encourage the production and use of handloom products. It is too early to know the financial results of this measure with any degree of exactitude, for although licences for the current year should have been taken out by the middle of December 1932, the postal provisions of the Act have not so far been enforced in view of the short notice at which the Act was introduced, and the prevailing ignorance about the details of the new law. It was not the intention of the Government to levy court-fee on applications for the grant or renewal of licences and this position has been made clear by orders. For eighteen districts in respect of which information has been received, 508 licences have been issued on payment of a fee of Rs. 5 each, 10,096 licences on payment of a fee of Rs. 2 each, and 8,640 licences have been issued free of fee to dealers exclusively selling handloom products. Applications are however still being received. It is clear that all dealers liable to be licensed have not yet come in and these figures do not represent the full receipts that may ultimately be expected on this account. There is reason to believe that an annual revenue of Rs. 1 lakh may not be very wide of the mark.

Education.

" In view of the importance of the Provincial Educational Budget, which now amounts to over Rs. 2 crores to lakhs per annum, some reference to the policy of Government is necessary. The general policy in respect of elementary education as outlined in the Press Communiqué, dated the 26th June 1932, is in the main being carried out. The report of the Curriculum Committee appointed in accordance with that policy, which has just been received and is under the consideration of the Government, seems to make recommendations to some extent on the same lines as the reorganization of elementary education contemplated in the Wardha Scheme. But whether the proposals of the Wardha Scheme taken as a whole will reduce or increase Provincial expenditure on education it is not possible as yet to say. The Government have the whole question under their consideration and meanwhile budget provision is being made in accordance with existing arrangements.

Roads.  
Bridges.

" The sheet were transferring station at Saidapet (Madras) is nearing completion and is expected to start functioning in two or three months' time; while the medium were transferring at Technopoly is expected to be ready towards the end of the year. The capital cost

[Mr. C. Rajagopalachariar]

[1st March 1933]

Additional  
amounts for  
Scheduled  
Classes.

of construction in both these cases is being borne by the Central Government, and houses of studio buildings at both the places are being arranged for on behalf of that Government. The Government are arranging for the supply of radio receiver sets to a few important villages in each of the districts. The sets will receive from the transmitting stations broadcast to the which, it is hoped, will provide the rural population with bookish amusement in the evening hours and instruction on matters which are of immediate importance to them, e.g., agriculture, sanitation, diseases, selling prices of commodities, and the like. Orders have been placed with the All-India Radio for 100 such sets, towards the cost of which a small contribution has been voluntarily made by several villages. More than half of the municipalities in the Presidency have offered to purchase and maintain about 50 receiver sets for their respective towns, and orders for these sets have also been placed with the All-India Radio. All the 150 sets are expected to be supplied during the course of the official year, 1933-1939, and budgetary provision has been made accordingly.

"Lastly, I should like to mention that the budget for next year provides for a continued expansion of the Government's activities for the amelioration of the condition of the Finians. As the House is aware, the ordinary Revenue Department staffs or special staffs directly under the control of Collectors and under the supervision of the Commissioner of Labour are working in all districts to cater for the special needs of these unfortunate people, such as the provision of educational facilities, including maintenance of hostels and boarding houses and grants towards payment of examination fees; drinking-water wells; pathways, burial grounds, and other such matters. Co-operative societies formed by members of these classes are given grants for clerical assistance, and from next year, members will be given also grants for payment of registration fees and fees for the production of encumbrance certificates. They are freely given grants and loans for the acquisition of houses, although unfortunately a substantial part of the loans so granted has often to be written off as irrecoverable together with accrued interest. The amount spent on these special activities for the scheduled classes was Rs. 8.68 lakhs in 1934-1937, the revised estimate for the current year stands at Rs. 9.77 lakhs, while the budget provision for 1938-1939 is Rs. 11.24 lakhs, an increase by Rs. 2½ lakhs over the expenditure in 1936-1937. These figures are exclusive of the cost of supervision by the Commissioner of Labour, and also of the provision made for these classes along with others under the heads Education, Industries and Fisheries.

1st March 1928]

[Mr. C. Rajagopalachari]

1928-1929.  
Budget  
Estimates—  
Revenue  
Account—  
Part II.

Excise.

"The anticipated surplus on Part I of the Budget has been shown to be 28-33 lakhs of rupees, and the question which the Government had to decide was how best this amount could be utilized for the well-being of the Province and for the health, happiness and prosperity of its people. In view of the Government's policy of working towards the complete prohibition of drugs and intoxicating beverages throughout the Province, it will come as no surprise to the House to know that the question of utilizing a part of the improvement in our finances to carry that policy another step forward received first consideration.

"The Prohibition Act has been in force in Salem District since October 1st, 1927. The endorsement is in the hands of the police who, with but slightly increased strength, have been working with most commendable energy and zeal under the District Superintendent of Police and the District Magistrate. A Prohibition Officer and a Special Development Officer are also assisting the Collector. The excise staff formerly employed in the district has been absorbed. I can say confidently that the working of the Act in Salem has so far been very satisfactory. There can be no doubt that it has effectively stopped the consumption of liquor in the district. The excise so far attained has been largely due to the support of the general public and to the existence of a strong popular opinion in favour of it. It may be admitted that all persons who used to take liquor have not willingly surrendered the habit, and that there are still a considerable number of persons who would, if permitted, resort to illicit sources either for indulgence sake or for making illegal profit. But they are effectively deterred from breaking the law not only by the preventive measures of the local authorities but by fear of the social obloquy which they will incur. There have been, as was perhaps inevitable, a certain number of cases of smuggling of liquor and drugs from adjacent non-prohibition areas and also a few cases of illicit manufacture of toddy and arrack in the district. This was only to be expected; but it is anticipated that, as the police acquire experience in the detection of this sort of crime which was hitherto outside their province and as popular opinion is more effectively organised in the villages and in the Taluk and District Committees for promoting preventive and amerciative measures, the number of offences against the Act will be materially reduced.



[Mr. C. Rajagopalachariar]

[1st March 1938]

"It is calculated that the net cost of Prohibition for the last six months of the financial year 1937-1938 will amount to Rs. 13,19,000, made up of Rs. 13 lakhs loss of excise revenues and Rs. 51,000 cost of additional police and special officers, offset by a saving of Rs. 42,800 on the excise staff previously employed in the district. The cost for the year 1938-1939 is estimated at Rs. 34, 23,000.

"All observers agree that Prohibition is welcomed by the mass of the people, especially the women, and that the families of the labouring classes in particular have benefited considerably by the diversion of the money which used to be spent on liquor to the provision of more and better food. There is no, so far, concrete and reliable evidence to show that the drinking classes have saved money as a result of Prohibition, but it is generally stated that more money is expended than formerly on food and clothing, and on amusements. I may be permitted to quote from the latest report of the Collector, Mr. A. F. W. Dixon, a passage wherein he summarizes the position as he has observed it on the spot:—

"Viewing generally the effect of Prohibition on the lives of the people, I am convinced, after three months' experience, that Prohibition is proving a great boon to the poorer classes in this district. Leading as they do a hand-to-mouth existence, earning at the best barely enough to maintain the minimum standard of life necessary for health and strength, they simply cannot afford the expensive luxury of drink which used to reduce the small earnings of the labouring classes to a miserable pittance, quite insufficient for the proper maintenance of a family. Debt brought misery into the homes of many thousands of the poor classes in this district, misery in the shape of domestic subordination, insufficiency of food and crushing debt. Already in thousands of homes in this district conditions have changed to a remarkable extent. Domestic broils have ceased, a sufficiency of food is available and the grip of the money-lender has relaxed. This has happened within the short space of four months. If this Act continues to be enforced to less effectively than it is now, I anticipate a great and permanent improvement in the material well-being of the peasants and the labourers of this district."

"The Special Development Officer has been appointed to organize activities and interests for the young of the drinking classes and to initiate and foster thrift societies. Measures are also being taken to organize alternative employment for those whose means of livelihood depended on the production and sale of liquor."

1st March 1938]

[Mr. C. Rajagopalachariar]

"There is no doubt that prohibition has had an excellent start in Salem. The main problem now is to maintain and develop the forces of public opinion on the side of prohibition. This calls for the co-operation of all officials and a-a-officials in the district. Government have stressed the responsibility of these officers in the matter and have every reason to believe that the support of the general public will continue to assist and make even more effective the working of the Act.

"Coming to the question of extension of the Prohibition area, it is desirable that the new area should not be too widely separated from the present dry area, since the object of a later stage as soon as that becomes possible should be to link them both up into one large compact area with a minimum of external boundary areas which smuggling might take place. Acting on these lines, the Government have decided to introduce prohibition into the two Districts of Chittoor and Gundlupet as from 1st October 1938, the detailed arrangements being generally similar to those adopted in the case of Salem district. The additional loss of revenue on this account may be put at about Rs. 8 lakhs in 1938-1939 and at Rs. 16 lakhs in future years.

"Another proposal of the Government also involves the relinquishment of a big slice of revenue for the benefit of the rural population. The Government propose to reduce by half the present rates of grazing fees in towns throughout the Presidency, with effect from the 1st April 1938 (Chennai). By this means a long-standing grievance will be met and a large section of the agricultural population benefited. The loss of revenue will be Rs. 3.67 lakhs per annum.

"After allowing for these two measures, the balance available for the new expenditure in 1933-1939 comes to a little over Rs. 17 lakhs, and the scheme of new expenditures to which it has been allotted will be found detailed on pages 162 to 178 of the Finance Secretary's Memorandum. Generally speaking, provision has been made for only such building and road works as are regarded as absolutely essential, and because works have been constructed or commitments entered into on a promise of grants, sanction for all which cannot reasonably be postponed any longer. Provision has been made for all protected water-supply and drainage schemes put forward by local bodies in the midland, as also for anti-malaria measures and measures for the control and eradication of plague; for the appointment of health officers in certain municipalities where they

Grading fees

Balance  
of new  
expenditure

[Mr. C. Rajagopalachariar] [1st March 1938]

have not been appointed; for subvention for opening new rural dispensaries and improvement of medicines in some of the existing dispensaries; for the opening of cancer treatment facilities in five headquarter hospitals; for the teaching of Hindustani in 125 secondary schools; for a grant for new buildings for the Pachayappa's College, the proposal to release which in a new and suitable building can no longer be justly opposed or delayed; for book culture and literature; for the expansion of the Veterinary department; for expenditure on establishments required to supervise agricultural credit institutions to enable agriculturists to take full advantage of the swelling flow of loans under the Debt Relief enactment; for further ameliorative work for Harijans; for strengthening the supervision of the working of ryots' forests, and for the supply of building for the first time to under-cast prisoners in police lock-ups.

"A sum of Rs. 3 lakhs will be transferred from the Rural Water-supply Fund for work in this direction in 1938-1939. This amount may be increased by a further transfer later in the year if it is found possible to spend more within the year.

"For the further development of handspinning and hand-weaving, a provision of Rs. 2 lakhs has been made which will be utilized on the same lines and for the same purposes as were adopted in the current year, viz., for the manufacture and introduction of improved appliances and implements, the training and employing of workers, and the payment of a subsidy calculated at the rate of one anna per square yard of increase of actual production of handspun handwoven cloth, shown by the All-India Spinners' Association in the Province.

"The gross expenditure on the new schemes thus summarized amounts to nearly eighteen lakhs which, following the classification adopted by me in last year's budget speech, is distributed as follows:—

|                                  | Amount. | Percentage<br>to total. |
|----------------------------------|---------|-------------------------|
| Primary functions of Government  |         |                         |
| Development Services             | LABOUR  | 1938-1939.              |
|                                  | RS.     |                         |
| ..                               | 87      | 4.8                     |
| ..                               | 16.26   | 102.2                   |
| Charges common to both the above | 53      | 3.0                     |

1st March 1938]

[Mr. C. Rajagopalachariar]

" Even under the first category, about one-third of the expenditure represents the cost of the re-employment of forest patibayat deputy tahsildars and the supply of bedding to under-trial prisoners.

" After allowing for the revenue which it is anticipated will accrue from the adoption of some of the new schemes, and of the extra portion of the cost of the Public Works establishment and roads and plant charges which will be transferred from the revenue account to capital on account of the acceptance of some new schemes debitable to capital heads under Irrigation and Civil Works, the revenue account for next year is expected to close with a small surplus of Rs. 12,500.

" As regards capital expenditure, what is anticipated next year on account of electricity, irrigation, cinchona and building schemes already in progress comes to Rs. 83.41 lakhs, and a provision of Rs. 13.48 lakhs has to be made as already explained for payment of committed value of pensions. New capital schemes have been provided for as detailed on pages 178-179 of the Budget Memorandum, for which Rs. 28.11 lakhs have been set aside.

" There may be an impression that relatively more funds are being provided for new electrical works than for new irrigation schemes. It is wrong to assume that expenditure on these two classes of works is mutually exclusive. Our credit stands high, and the budget proposals for next year which I am now submitting to the House will, I venture to anticipate, tend to enhance it. There is reason to suppose that we shall be able to raise on reasonable terms whatever money might be required for all our remunerative capital schemes, whether be electrical or irrigation. Irrigation works have been the subject of State attention for a long time in our Province. Whereas electricity is in a much earlier stage of development and, naturally, the scope for expansion is much greater than it is in the case of irrigation.

" I would like to let the House know how the position stands in the matter of the State's generation and distribution of electricity. The Pykara Hydro-electric scheme is now in the fifth year of operation. The whole of the Nilgiris and Coimbatore and parts of Malabar and Madurai districts are served by it. Provision has been made for additional

Electricity.

[Mr. C. Rajagopalachariar]

[1st March 1934]

storage of water by the construction of the Mukurthi reservoir which is nearing completion. The erection of additional generating plant and power-line pipes mentioned in 1934 is in progress. A network of rural distribution lines for agricultural and other purposes has been laid in the Coimbatore districts and similar distribution of power to rural areas in other districts is being undertaken. Regular supply of Pylana power to Madurai was given in January 1934 and extension of work from Madurai to Virudhunagar, Rajapalayam and Kodipatti is in full swing. The Mettur hydro-electric scheme is now nearing completion, but the operation of the system commenced even from November 1937. A textile mill and an electro-chemical factory are under construction in the Mettur township area and they are expected to take supply during 1948. Salem, Tiruchirappalli and Tanjore districts which were first served by Pylana power have been transferred to the Mettur system. The other districts served by Mettur power are South Arcot, North Arcot, Chittoor and part of Chingleput. Work on the extension of transmission lines to Villupuram, Coimbatore and Adaman and to Dharmapuri and Krishnagiri is in progress.

\* We are also establishing big thermal electric stations in areas which are not at present served by hydro-electric schemes. One such thermal station is now under construction at Viragopattam which is expected to be in operation in April 1938. It will serve the whole of the Viragopattam district. It is possible, however, that part of this load may be transferred to another hydro-electric scheme in the same district which is at present under investigation. A similar thermal station is under construction at Seravali which is intended to re-ordinate electric supply in the Kistna, West Godavari and East Godavari districts in conjunction with a hydro-electric scheme at Chittoorpet.

† The possibility of sinking deep bore wells in the Rayala Seema for lifting water for irrigation by electric pumping is under investigation. Sums were allocated near Giddipah and boring was done in one of the sites. Tests with high capacity pumps are being made. If the experiment proves successful investigation will be made in other places and if they also prove successful small thermal stations can be established for pumping water for irrigation and drinking purposes. The importance of these experiments in Rayala Seema

1st March 1938]

[Mr. C. Rajagopalachariar]

Tampala.

cannot be overemphasised as the area suffers from periodical failure of rains, and the discovery of a source whereby water can be found and supplied to the villages will go a long way towards relieving the periodic distress.

"The most important of the new schemes proposed for 1938-1939 is the Papanasam hydro-thermal electric scheme which will meet the requirements of the Madurai, Ramanad and Thiruvelli districts. This scheme will constitute the major hydro-electric project that will fill up and complete the scheme of electric generation and distribution in the province. Other important new schemes proposed for 1938-1939 are the extensions of Pylkara power to Pakala and Tirupuli, and the establishment of thermal stations at Coimbatore and Palacode which will supplement the needs of the East Godavari and West Godavari districts. Pylkara power is now supplied to Palghat. The question of further extension of Pylkara power to the West Coast has been investigated and 1940-1941 may probably witness the supply of power to the rest of Malabar.

"I may now explain the position as regards the salient features under irrigation. Negotiations between the Governments of Madras, Mysore and Hyderabad as to the sharing of the waters of the Tungabhadra have not been easy but a decision is expected to be reached soon. Such delicate transactions cannot be profitably hastied. The Government is conducting an exhaustive and intensive programme of experiments at Srirangapatna in the Bellary district to determine the reaction of the typical soils, both heavy and light black cotton, and to determine the most suitable crops and their rotation. The experiments should be conducted for a period of three years before drawing final conclusions.

"The other important scheme under consideration is the Bhavani project in the Coimbatore district. The Government have before them a modified scheme which appears to have certain advantages over those hitherto considered. In the new scheme the proposal is that the whole project area should be supplied with water from October to February in order to enable the crops to grow continuously except the cotton, while during the middle wet monsoon when the canals will be closed, the crops can grow in green manure crop free of charge. The question whether this scheme should be further investigated is under consideration.

[Mr. C. Rajagopalachari]

[1st March 1938]

"The Government sanctioned in April 1935 a special and accelerated programme of improvements to minor works of irrigation costing Rs. 50 lakhs to be spread over three years. The scheme contemplated the wholesale overhaul of the entire tank system with a view to securing repairs to bunds, sluices, supply channels, etc., and restoring them to their original effectiveness and efficiency as irrigation sources. It was also considered that the special programme would enable the expenditure on ordinary maintenance to be greatly reduced for some time hereafter. So far as the budget estimates for 1938-1939 are concerned, there is a reduction of Rs. 4 lakhs in the provision for current resources under minor irrigation consequent on the expenditure on minor works of irrigation under the special programme.

"The grant of State loans is, in our country, an important item of services which the Government have to render to the people. It is of the nature of remunerative capital expenditure, and the total provision for this purpose made in next year's budget is Rs. 117.83 lakhs. Out of this sum, as much as Rs. 40 lakhs are earmarked for loans to agriculturists which it is intended to utilise solely to enable the smaller ryots to take full advantage of the scaling down obtained by law under the new measures for the Agricultural Debt Relief. In former times when restriction of debt could be achieved only by voluntary contribution, the credit provided by the State could not be properly or adequately utilised. It is hoped that under the different conditions created by compulsory scaling down the full credit provided for loans to peasants will be fully utilized.

"Another sum of Rs. 7.77 lakhs is provided for other loans to agriculturists, e.g., for the erection of better dwelling houses; Rs. 53.34 lakhs for loans to the Madras Corporation and other local bodies for their capital expenditure; and Rs. 6.77 lakhs for advances to industrial concerns and co-operative societies for the scheduled classes and others.

"After taking into account the anticipated opening cash balance on the 1st April 1938 of Rs. 109.88 lakhs, the revenue surplus for the year 1938-1939 of Rs. 42 lakhs and the probable deficits and credits under all capital, debt, deposit, remittances and suspense heads during the year, the position at the end of the year would be a shortage of Rs. 110.43 lakhs, as against remunerative capital expenditure planned for the year to the extent of

1938-1939,  
Loans for  
minor  
irrigation.

1938-1939,  
1099 and  
above.

1st March, 1934]

[Mr. C. Rajagopalachariar]

New Issue.

Expenditure.

Ra. 2½ crores. As the House is aware, we have under our agreement with the Reserve Bank to maintain with the Bank a minimum deposit of Ra. 48 lakhs, and we also have to provide cash in the Provincial treasuries and sub-treasuries, which is likely to amount to Ra. 19-25 lakhs. The Government have therefore decided to float a loan of Ra. 115 lakhs in the course of next year which will be sufficient to meet all the requirements of the year and to leave a free cash balance at the end of the year of about Ra. 6-25 lakhs. At the risk of repetition and of stirring the objections, I might explain, in view of certain misapprehension which were disclosed during the last budget debate, that no portion of this loan money is required or will be used for revenue (i.e., current) expenditure, since the revenue account by itself works to a surplus. The remunerative expenditure proposed to be incurred next year on capital works and loans to agriculturists, local bodies and others is about Ra. 22½ lakhs, which is much in excess of the loan of Ra. 115 lakhs which the Government contemplate raising. The balance will be found from the free opening cash balance, recoveries on account of loans previously advanced by Government, and other non-revenue sources such as the net credit under deposit bonds.

\* This, Sir, completes the picture of the finances of the Province in the three years covered by the review, the year that has just closed, the year that is now about to close, and the year which is about to begin. I must have attained the patience of Hon'ble Members, but I trust I have made the general outline clear against its proper background of the Government's policy. The figures and facts of revenue and expenditure and balances are dull and tedious and the peculiar classification of budget items tends to make them even unintelligible. But read on the background of an eager policy for the betterment of the conditions of life of the millions of the sons and daughters of the Province whom we have the honour to serve, those same figures become quick with life and meaning.

† A land revenue remission again this year of three-quarters of a crore, the initiation of an earmarked fund at the back of a planned policy of rural water-supply with a substantial start of fifteen lakhs of rupees, half a crore to be utilized in the coming twelve months for redemption of the debts of the small peasantry, a fifty per cent reduction of grazing fees and the extension of Prohibition to two more districts are, I believe, enough to command this budget that I have the honour to present to the House.



[Mr. C. Rajagopalachariar]

[1st March 1938]

"I may claim, Sir, on behalf of the Government, that we have made good headway during the last eight months in implementing our promises of service to the masses. Apart from our legislative record, which perhaps does not fall within the scope of a budget speech, it will be seen that although in 1933-1934 the Government will be sacrificing a considerable amount of revenue as compared with 1936-1937, viz., Rs. 24 lakhs extra revenue, Rs. 18 lakhs less revenue and Rs. 3 lakhs less revenue or Rs. 44 lakhs in all, the provision made in the Budget for 1938-1939 exceeds the expenditure in 1938-1937 by Rs. 54 lakhs under Education; by Rs. 8 lakhs under Medical relief; by Rs. 26 lakhs under Public Health and rural water-supply; by Rs. 4 lakhs under Agriculture, Veterinary, and Co-operative Credit; and by Rs. 4½ lakhs under Industries. All this has been possible because we have had the freedom to increase expenditure of certain types. These figures must stand for a measure of contribution towards the improvement of the conditions of the life of the people. And this has been done while maintaining as stable an equilibrium between Revenue and Expenditure as should satisfy the most exacting of financial critics. Our debt position is no less sound. The total of the Provincial debt including all deposit liabilities falls short by more than 6 crores of rupees of the value of remunerative assets held by the Provincial Government. I claim with confidence that the advance we have so far been able to make is built upon a foundation of sound policy together with financial rectitude. Thus only can we hope for assurance for the future and backing for further advance in the direction which we hope to pursue."

"With these observations, Sir, I commend to the acceptance of the House the Revised Estimates for 1937-1938 and the Budget Estimates for 1938-1939."

"It is not as a mere convention but to give sincere expression to what I feel that before closing, I desire to tender on this occasion my thanks to Mr. C. K. Jeevar and generally to the Finance Department for all their diligent and untiring labour in the preparation of these estimates."

## THE MADRAS LEGISLATIVE ASSEMBLY.

3rd March 1938.

### B.—GENERAL DISCUSSION OF THE BUDGET FOR 1937-38.

MR. E. H. M. BOWER:—“ Mr. Speaker, Sir, the budget before us is on the whole one on which the Hon. the Premier may be congratulated, possessing as it does the supreme excellence of showing a surplus without the imposition of fresh taxation. So far as the coming year is concerned we have little to grumble about. But I would invite attention to the fact that two main factors have contributed to render this surplus budget possible. The first is the windfall of about Rs. 21 lakhs from income-tax under the Niemeyer Award . . . ”

THE HON. MR. C. RAJAGOPALACHARIAR:—“ Sir, I just want to say that it is dangerous to use the terminology of windfall for revenue which is sure and which should be sure for all time.”

MR. E. H. M. BOWER:—“ When I used the word windfall I meant that the particular amount involved was a windfall. I did not mean that the award itself was a windfall. The amount involved is Rs. 20-55 lakhs. Under the Niemeyer award the Provinces are entitled to certain sums of money which to some extent depend on railway receipts. The revenues of the State railways have been steadily falling within the past three months and if this fall continues the amount that we shall receive next year will be nothing like 20-55 lakhs. (An hon. Member: ‘ It may be more.’) Sir, I said ‘ and if this fall continues.’ I do not understand how the hon. Member can say that a fall will produce more. If the fall continues, the amount that we will receive will be nothing like Rs. 20-55 lakhs but a far lower figure. That is why I said that this year it is a windfall. We cannot bank on receiving it in its fullness next year.

“ The second main cause for the surplus is the most extraordinary feature in the budget. It is the large total of receipts from excise revenue. The situation here is Gillethead. An hon. Member yesterday referred to the molar-tar as the goose that lays the golden eggs. I think many people will hold that the excise revenue is entitled to this appellation. Now, the Government have openly declared their intention to kill this goose, bit by bit, and have started with the district of Salem. We were told some six months back that on account of prohibition during the last six months of 1937-38, we had to lose Rs. 13 lakhs of excise revenue. And what do we find today? This budget shows that instead of losing Rs. 13 lakhs, we have got Rs. 16½ lakhs more than we budgeted for in receipts under Excise. This excise goose instead of losing its vitality is laying larger golden eggs than ever. So that, after all, this is a surplus budget largely because the collections under Excise instead of falling, have actually risen. The dear old bird has kissed the hands that smote it and has borne the Government on its back to a triumphant finale. The position is not without an element of humor.