



GOVERNMENT OF MADRAS

FINANCE DEPARTMENT

BUDGET DISCUSSIONS
FOR
1949-50

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[28th February 1949]

Deputy
Secretary.

BUDGET FOR THE YEAR 1949-50.

The Hon. Sri B. GOPALA REDDI :—“ Sir, I wish to present to the House, the Revised Estimates for the current year, 1948-49 and the Budget Estimates for the next year, 1949-50.

g. My first budget was presented last year under the overwhelming gloom cast by the loss under tragic circumstances of the Father of the Nation when the country was still reeling from the catastrophes that followed Partition. To-day, men have had time to look into their own hearts and apply in some small degree Gandhiji's message of love and brotherhood to the various problems of the country. Communal rancour has died down and considerable progress has been made in the rehabilitation of the vast refugee population. The year has also witnessed several notable events. Rajaji, who was so near and dear to Gandhiji has become the first Indian Governor-General, and we in this House may feel justly proud of the signal honour conferred on our erstwhile Premier and Finance Minister. The appointment of General Cariappa as the first Indian Commander-in-Chief in January 1949 is another landmark in our history. The festering sore of Hyderabad was cured in September last by a swift and successful operation in which the Police of Madras played a prominent part.

The guns have ceased to roar in the fair hills and valleys of Kashmir and the way is now clear for the development of friendly and cordial relations between our neighbour Pakistan and ourselves. While the fighting was on in Kashmir, I had the honour and the pleasure of conveying to the brave Madrasi soldiers there, the thanks and admiration of their fellow countrymen. The integration of Indian States so as to make them viable and progressive units is proceeding apace under the dynamic leadership of Sardar Vallabhbhai Patel, who was in our midst this week.

The Bangalore State with an area of about 250 square miles and a population of 4 lakh and the Puttukottai State with an area of about 1,200 square miles and a population of nearly 4½ lakhs were merged in this Province towards the end of February and the beginning of March 1949 respectively. The tiny State

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of Sandur with an area of about 150 square miles and a population of less than 20,000 has not yet formally come into the fold, but its administration is being carried on by this Government in the name of the Ruler from the end of July 1948. The administrative arrangements for the two merged States have not yet been finalised, and for the time being, the receipts and disbursements pertaining to those areas are being shown separately in lump in the Deposit Section of the Madras Budget. (The figures will be found on pages 14-15 of the Annual Financial Statement.) This, however, is purely an account matter and will not stand in the way of Government undertaking schemes intended for the benefit of the people in these areas. The future of the French Dependencies in India will, I hope, be settled shortly. These areas cannot live in isolation from the rest of the country much longer.

In Burma too, the interests of South Indians were jeopardized by the Land Nationalization Bill which the Burma Government passed in October last. The Madras Government took up the issue with the Government of India and the Prime Minister promptly arranged in consultation with the Burma Government for a special deputation to go to Burma under the leadership of the Congress President, Dr. Pataibhi Sitaramayya. But unfortunately due to the internal situation that developed suddenly and which the Government of Burma had to face, the visit had to be postponed. We hope that the External Affairs Department of the Government of India will do everything possible in the matter.

In the international sphere, India is growing in stature and dignity. The latest landmark in this direction was the convening, at New Delhi, of the Asian Conference, attended by the representatives of half the population of the world, for considering the Indonesian Problem. The Constitution of the Republic of India is gradually taking shape, though not as fast as was first anticipated. It is hoped to finalize it by the second anniversary of the Freedom of India, i.e., in August 1949.

General elections under the New Constitution are expected to be held in 1950. The preparation of electoral rolls on the basis of adult franchise has already been taken in hand and it is hoped to get the preliminary rolls printed in June 1949. A total

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provision of Rs. 81 lakhs spread over the two years 1948-49 and 1949-50 has been made to cover the additional expenditure on the preparation of electoral rolls and the conduct of elections. It is hoped to recover from the Government of India part of this amount (Rs. 17 lakhs) representing the expenditure on the conduct of elections to the Lower House of the Union Parliament.

Financial affairs of the Province.

Accounts, 1947-8.

3. I now turn to the financial affairs of this Province.

The Revised Estimate for 1947-48 anticipated a revenue surplus of Rs. 245 lakhs which it was proposed to transfer to the Revenue Reserve Fund. The latest accounts of the year show that the surplus was more than double the estimated figure and that a sum of Rs. 510 lakhs has been transferred to the Revenue Reserve Fund, leaving a small surplus of Rs. 2.54 lakhs in the Revenue Account. The latterment of over Rs. 26 crores was mainly due to certain items of expenditure not being adjusted in the year's accounts. Further details will be found in the Finance Secretary's Budget Memorandum. There was also a reduction of about Rs. 2 crores in Capital Outlay spread over practically all heads of expenditure, due mainly to the delay in the receipt of plant and machinery.

Revised Estimates, 1948-9.

4. I now come to the current year, 1948-49. Before setting out the estimated financial results of the year, I shall review certain matters of general interest or importance in the sphere of Provincial administration. In doing so, I propose also to anticipate the budget proposals of the next year, whenever this seems necessary to give the House a complete picture of the subjects dealt with.

Financial conditions.

5. In framing the Budget for this year, it was hoped that the seasonal conditions would not be unfavourable, but Nature has been unkind to us and we have now had a succession of two bad seasons. The rainfall in 1948 was much below normal in more than half the districts of the Province and the area cultivated was less than in the previous year. Crops in certain districts were also affected by pests. There has been a widespread failure of crops in the districts of Chingleput and South Arcot and in parts of Tiruchirappalli, Ramanad, North Arcot, Salem,

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Chittoor, Anantapur, Kurnool and Cuddapah districts. Some damage is also reported to the paddy crop in West Godavari, Krishna and Guntur districts owing to heavy rains at the time of flowering. The Collectors have been instructed to order suspension of collection of the kist in all affected areas and the question of granting remissions will be considered after the Board's detailed report is received. The revised estimate for 1948-49 allows for the probable loss in land revenue on this account.

6. Hon. Members are aware that even normally this Province is deficit in regard to its food requirements and the failure of crops on a large scale has worsened the position for the current kharif year, i.e., the period from November 1948 to the end of October 1949. As things now stand, the Province has to face a total deficit of about 56 lakhs tons of rice and 57 lakhs tons of millets. To meet this deficit, the Government of India have been addressed for an allotment of 10 lakhs tons of foodgrains from extra-provincial sources and overseas. So far, they have intimated an allotment of 52,000 tons of foodgrains for January and February 1949.

Food position

7. I referred in my last Budget Speech to the gradual decontrol and derationing of foodgrains in pursuance with the then policy of the Government of India. The decontrol of foodgrains led to a steep rise in prices and in order to bring down the prices and to combat inflation, the Government of India decided in September 1948 to reimpose controls. In pursuance of this policy, the scheme of intensive procurement of foodgrains has been revived in all the areas in this Province, where it was originally in force. Rationing has been reintroduced in most of the municipal towns of deficit districts and is likely to be extended to other urban areas by the end of this month. Collectors of deficit districts have also been instructed to introduce rural rationing as soon as stocks have been built up. The question of introducing statutory and rural rationing in surplus districts is still under consideration.

Procurement,
distribution
and rationing
of foodgrains, etc.

In view of the decision to reintroduce control over foodgrains and other essential foodstuffs, the Government have decided to reconstitute the District Food Committees and the Taluk Food Committees and to revive the Rationing Advisory Committees wherever statutory rationing is being reintroduced.

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Substantial quantities of wheat and millets were supplied by the Government of India during the current official year. Most of the millets were imported from overseas. They were sold in the importing districts at the prices at which locally grown millets were sold, the resultant loss being borne by the Government. Wheat and wheat products were sold without any loss.

Taking into account the increase in the cost of living as well as in the cost of cultivation since last year, the Government have fixed increased prices for foodgrains for the kharif year 1948-49. As a fillip to production, groundnut cake was also completely decontrolled from the middle of January 1949.

The control over firewood and charcoal was withdrawn throughout the Province during 1948. The statutory rationing of firewood in Madras City was withdrawn with effect from 1st July 1948, but fair price shops were functioning till December 1948 to prevent any large rise in prices.

Food subsidies.

8. Food subsidies arise by way of—

- (i) sale of foodgrains, etc., at less than the cost price;
- (ii) charges on account of special establishments employed in connexion with the purchase and supply of foodgrains, etc., not taken into account in fixing the sale price; and
- (iii) payment of bonus to producers for foodgrains delivered by them.

In my last Budget Speech, I mentioned the paddy bonus scheme sanctioned by Government in respect of deliveries made during the period from December 1946 to December 1947. Under this scheme, one-half of the bonus was ordered to be paid in cash—to be recovered from consumers by an increase in the retail price of rice—and the other half in the shape of manures, subject to availability. Owing to inadequate supplies of manure, however, the Government ordered in 1948 that producers might redeem their bonus coupons either for manures or for cash at their option. It was originally expected that the cost of the bonus in kind would be shared equally by this Government and the Government of India. The Government of India have not,

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however, so far agreed to give a subsidy for this purpose and this Government have decided to let the higher retail prices continue for some time more.

In regard to foodgrains imported from overseas and supplied to this Province in 1948, the Government of India decided to increase their share of subsidy from two-thirds to three-fourths with effect from October 1948. It has been represented to them that the relief to this Province by giving effect to the change from October 1948 would be negligible and they have been asked as a very special case to bear three-fourths of the loss in respect of supplies made to this Province from January 1948 itself.

The Government of India have also sanctioned a bonus of 8 annas per annadu of foodgrains procured by Provinces and States. Credit for a sum of Rs. 1.32 crores is taken in the Revised Estimate for 1948-49 for bonus in respect of foodgrains procured during the kharif year ended 31st October 1948. A further credit of Rs. 1.91 crores is taken in the Budget Estimate for 1949-50 in respect of procurements during the kharif year beginning from 1st November 1948.

The Government of India have stated that the bonus will be earmarked for increasing food production and that they will take steps to ensure that this is done.

On the basis of the Profit and Loss Accounts for State Trading Schemes relating to foodgrains, potatoes and firewood, for each of the years 1943-44 to 1947-48, the subsidy borne by this Government works out as follows:—

Year.	Amount.				
	Rs.	lakhs	Rs.	lakhs	Rs.
1943-44	—	—	—	—	16.32
1944-45	—	—	—	—	75.32
1945-46	—	—	—	—	118.13
1946-47	—	—	—	—	859.67
1947-48	—	—	—	—	199.93
	Total ..		1,269.11		

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The figure for 1946-47 includes a sum of Rs. 284 lakhs paid as bonus to ryots. The cost of the bonus in that year was not passed on to consumers. The figure for 1947-48 is provisional and does not include the cost that may ultimately have to be borne by this Government in respect of that portion of the bonus which it was originally intended to pay in the form of mawas.

In addition, the Government have incurred during the five years a total expenditure of Rs. 372 lakhs on staff for procurement and rationing including the supervising staff in the office of the Board of Revenue (Civil Supplies). Some retrenchment was made when of policy of decontrol was decided on, but with the reintroduction of intensive procurement and rationing, the staff had to be strengthened more or less to its original level.

Grow More Food Campaign.

2. Controls and rationing are no doubt irksome and are at best only temporary expedients for meeting the prevailing food shortage. The real remedy is to make the Province self-sufficient in regard to food. A Grow More Food Campaign has been in force from 1944 and I shall set out briefly the results achieved so far and the further measures contemplated.

(a) Irrigation schemes.—During the four years 1944-47, eighty schemes were sanctioned at an estimated cost of Rs. 140 lakhs. The actual expenditure incurred was about Rs. 75 lakhs. The additional area brought under cultivation during the period was nearly 378 thousand acres and the additional production of rice was 180 thousand tons nearly. In 1947-48, 70 works were sanctioned at an estimated cost of Rs. 67-41 lakhs and the actual expenditure in the year was Rs. 19-61 lakhs. The results in terms of additional acreage and production have not yet been reported. The figures of results I have mentioned relate to both minor irrigation works and works in charge of the Public Works Department, but the figures of expenditure relate to Public Works Department schemes alone. The extent of land newly cultivated with foodcrops independently of new irrigation schemes since the beginning of the campaign up to 30th June 1948 was 169 thousand acres. The position is bound to improve when the land reclamation schemes now in progress—the Araku Valley Scheme, the Wynad Colonisation Scheme and the schemes in the Cauvery-Mettur Project area—are completed.

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The Government are alive to the importance of extending irrigation facilities wherever possible and a lump-sum provision of Rs. 70 lakhs has been included in the Budget for 1949-50 for expenditure on new irrigation schemes having a Grow More Food value. A list of the schemes which will be considered in connection with the utilization of this provision is given in Appendix II to the Detailed Budget Estimates for 1948-50. There are also the long-term schemes like the Tungabhadra, Lower Bhavani, Krishna-Pennar and the Ramapadassagar Projects, which I will refer to later. The Government have also an ambitious and comprehensive programme estimated to cost over Rs. 19 crores for tank restoration and improvements to tanks, channels, spring ponds, etc. The execution of the scheme will be spread over a period of 8-10 years and a sum of Rs. 1 crore has been included in the Budget for next year for expenditure on this scheme.

During the current year, the Government have revived the Tank Restoration Scheme operations which had been in abeyance since 1931. Special parties are now working in Anantapur, South Arcot, Ranipet and Chittoor districts.

One of the difficulties encountered by the Government in the execution of Minor Irrigation Schemes is the want of trained technical personnel. In order to overcome this difficulty, the Government have ordered the re-employment of retired men of the Minor Irrigation Department, who are below 60 years of age and who are physically fit. A new Overseers' course of two years' duration has been opened in the Engineering College, Guindy, and it is expected that by 1950, an adequate number of technical men will be forthcoming. Meanwhile, as an experimental measure, 483 Minor Irrigation Works in the charge of the Revenue Department in the Kanchipuram and Chengalput basins have been transferred to the control of the Public Works Department in the hope that they would receive better attention.

(b) *Well Subsidy Schemes*.—During the years 1944-47, a total sum of about Rs. 945 lakhs was disbursed under the several schemes which were in force before the present scheme was introduced in 1947-48. An additional extent of 92 thousand acres was brought under cultivation during three years with a total production of 42 thousand tons. The total

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amount spent in 1947-48 under the New Well Subsidy Scheme amounted to nearly Rs. 106 lakhs. The addition to the cultivated area in the year was 9,306 acres with a production of 3 thousand tons of foodgrains. It is expected that a total sum of Rs. 152 lakhs would be disbursed initially as loans in the current year and a similar amount in the next year. The amounts given as loans are finally converted into subsidies after the completion of the wells and the scrutiny of the accounts. This takes some time. The amounts advanced as loans in 1947-48 will in most cases be converted into subsidies only in this year and similarly, part of the loans to be advanced in the current year will be converted into subsidies only in the next year. The revised estimate anticipates that a total sum of Rs. 150 lakhs out of the amounts advanced in 1947-48 and in 1948-49 will be converted into subsidies in the current year. Similarly the Budget for 1949-50 provides for a sum of Rs. 130 lakhs to be adjusted as subsidies during the year. In addition to this expenditure, a sum of about Rs. 10 lakhs has been provided in each year towards the cost of the special staff including one Collector and eight Deputy Collectors employed in connection with this scheme.

The Government of India are bearing 50 per cent of the entire expenditure on the Well Subsidy Scheme, as part of their block grant for Grow More Food Schemes.

In order to ensure that the wells sunk under the scheme are useful for irrigation throughout the year, certain conditions regarding the dimensions of the well and the depth of water therein have been laid down. To enable ryots to sink wells conforming to the new conditions, the maximum amount of subsidy admissible per well has been enhanced to Rs. 500 in ordinary localities and Rs. 750 in areas where sinking operations are particularly difficult. Up to the end of December 1948, 13,040 wells were completed, 82 new tanks were sunk and 181 old tanks repaired under this scheme. Twenty-four thousand five hundred and twelve wells (old and new) were in progress at the end of December 1948, while the corresponding number of tanks was 67.

(c) Activities of the Agricultural department—
A five-year plan of development relating to the Agricultural department was introduced last year. The plan includes schemes relating to the supply of

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seeds, manure, iron and steel on a large scale, a comprehensive scheme for the control of pests and diseases of crops, a scheme for the training of Agricultural and Science graduates and fieldmen in Horticulture and schemes for encouraging mechanized cultivation by the use of modern agricultural machinery. During the four years ending 1947-48, the Government had distributed about 3·17 lakhs tons of groundnut cake to cultivators. In 1947-48, the Government of India supplied only 23,000 tons of chemical manures against 50,000 tons required according to the programme of the Agricultural department. A quantity of 10,000 tons was obtained from a Travancore Factory to make up in part for the short supply. The use of green leaf manure has also been encouraged by the grant of concessions for its removal from reserved forests. Compost making under trained personnel is being carried on in 58 municipalities and 32 panchayat boards as well as in rural areas. The quantity of improved paddy seeds distributed for bulk sowing in the Province ranges from 8,000 to 12,000 tons a year. In 1947-48 alone, 9,030 tons of paddy seeds, 101 tons of millet seeds and a ton of pulse seeds were distributed.

The quantity of iron and steel distributed by the Agricultural department under the five-year scheme up to the end of December 1948 amounted to 24,000 tons. As hon. Members are aware, a Special Engineering Branch has been set up to advise and help agriculturists in the use of machinery for agriculture, lift irrigation, etc. Up to the end of September 1948, this branch has hired or sold to agriculturists, 4,117 electric motors, 3,949 electric motor pumps, 792 petrol pump sets, 215 diesel oil engines, 324,000 feet of pipes and 25,240 tons of iron and steel for manufacturing agricultural implements. In addition, 145 tractors are being hired to ryots.

Cultivation of vegetables has been specially encouraged from as early as September 1942. It is estimated that the area under vegetables has been increased by about 12,000 acres and production by about 17,200 tons.

During the current year, the Government have sanctioned a five-year scheme for the establishment of a Banana Research Station at Maruthurakudi in the Tanjore district (estimated to cost Rs. 1·89 lakhs), a comprehensive scheme for the establishment of coconut

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nurseries in eight districts (net cost Rs. 4 lakhs) and a scheme for the establishment of fruit farms in Agricultural Research Stations. The new schemes for next year include a scheme for the establishment of several model orchard and nurseries, a scheme for the expansion of agricultural research stations at Aduthurai and Siruguppa, a scheme for the establishment of a Pepper Research Station in Malabar and a scheme for the demonstration of fruit products and fruit preservation. The opening of a Cattle Breeding Farm in each district is also engaging the attention of the Government.

It will be seen from the figures I have given that the results achieved by the various Grow More Food Schemes in operation in this Province are by no means negligible, though not spectacular. The schemes have played their part in enabling this Province to tide over the difficulties of the last two years which have been accentuated by a succession of bad seasons and troubles between landowners and agricultural labourers in the more important producing centres.

10. As hon. Members are aware, the Government of India are giving block grants towards the expenditure on Post-war Development Schemes including Grow More Food Schemes. The grants are generally subject to the condition that at least 50 per cent of the expenditure on the schemes should be met from Provincial resources. Only comparatively small irrigation works which will yield results within a few years can be treated as Grow More Food Schemes and in respect of such schemes a portion of the capital expenditure will not qualify for grants, the exact figures depending on the estimated additional revenue which would be derived from the works. Credit was prorisorically taken in the Budget for the current year for a block grant of Rs. 4 crores representing roughly 50 per cent of the expenditure on approved schemes. As one of the measures for combating inflation, the Government of India reduced the block grant for the current year to Rs. 320 lakhs and have intimated that the grant for 1949-50 would be fixed at a maximum of Rs. 300 lakhs. They have also stipulated that a minimum of Rs. 150 lakhs in each year should be ear-marked for Grow More Food Schemes. Credit for the grants has been taken in the Revised Estimate for 1948-49.

*Central Grants for
Grow More
Food
Schemes and
Post-war
Development
Schemes.*

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and Budget Estimate for 1949-50. Allowing for the fact that a portion of the expenditure on irrigation schemes classified as Grow More Food Schemes will not revert towards the Government of India grant, a total expenditure of something over Rs. 1,000 lakhs will be necessary in 1949-50 to earn the block grant of Rs. 500 lakhs in full. The actual provision made in the Budget is about Rs. 1,200 lakhs and even assuming that progress on some of the schemes will fall below expectations, it is hoped that no portion of the grant promised by the Government of India will be allowed to lapse.

Hon. Members will find details of the Post-war Development and Grow More Food Schemes for which provision has been made in *Appendices I and II* to the detailed Budget Estimates for 1949-50.

11. Next to food, the most important requirement of the masses is clothing, and the policy of the Government is to encourage the production of khadi, both to supplement mill-production and to provide a subsidiary occupation to agricultural labourers.

The Khadi Scheme is working satisfactorily in the seven centres selected for intensive work. Over fifty thousand yards of khadi are now produced each month at these centres. A scheme for increasing the production of khadi in the firkas selected for intensive rural development has been drawn up and it will be introduced shortly in those firkas where there is a bias in favour of khadi.

In order to ensure that the movement is not brought into contempt by private profiteers dealing in spurious khadi, the Government stated in July 1948 that no licences would be issued to private dealers and producers. But, on certain representations received from the parties affected, the Government have extended the validity of the licences issued in 1947 up to the end of February 1949. The Government have also decided to issue licences only to a limited number of private producers and dealers in areas where the All-India Spinners' Association or the Government Khadi Scheme is not in operation, provided that only genuine khadi is produced and a living wage is paid to the artisans engaged in its production.

As regards mill cloth, the policy of progressive decontrol adopted by the Government of India from

*Khadi
Scheme*

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January 1948 resulted in the soaring up of prices and profiteering by the industry and trade in general. The Government of India have, therefore, reimposed control from the 1st August, 1948. Under the new scheme, the responsibility of fixing margin of profits to dealers in the Province within the maximum prescribed by the Central Government and of distributing cloth and yarn within the Province has been left to the Provincial Government.

The scheme is being administered by the Provincial Textile Commissioner and the Collectors, and co-operative organizations are being used as far as possible in the scheme of distribution. Chief agency for the distribution of yarn was initially given to the Madras Handloom Weavers' Provincial Co-operative Society and a loan of Rs. 300 lakhs was sanctioned as temporary accommodation to the Society.

Housing Schemes.

12. To relieve the acute shortage of accommodation prevailing in the Province, house-building societies are being organized in all the urban areas. The Government assist these societies by the grant of loans, the acquisition of house-sites and the supply of building materials such as iron, steel, cement and timber. A sum of Rs. 80 lakhs has been sanctioned in the current year for loans to building societies, while a provision of Rs. 1 crore has been made in the Budget for 1949-50 for the same purpose. A housing scheme for rural areas is also under the consideration of the Government. The Housing Committee constituted by the Government to examine the housing problems has made a number of recommendations to relieve the housing shortage. Steps are being taken to implement these recommendations to the extent practicable. The report of the Town-Planning Committee has just been received and the recommendations will receive the full consideration of the Government.

Medical and Public Health Departments.

13. Coming to the Medical and Public Health Departments, the various schemes for the expansion of the Government Stanley Medical College, Madras, the Andhra Medical College, Vizagapatnam and the attached hospital are under execution, as also the reconstruction of the Government Headquarters Hospitals at Tiruchirappalli, Kozhikode and Tuticorin. The expansion of the District Headquarters Hospital, Eluru, will be taken up during the next year.

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A provision of Rs. 6½ lakhs has also been made in the Budget for next year for the construction of quarters for the nursing staff of the Kasturba Gandhi Hospital for Women and Children, Madras.

The want of adequate facilities at the Taluk Headquarters hospitals has been recognized and a scheme of improving three hospitals to be linked with the general Post-war Reconstruction Plan is being worked out. A substantial provision of Rs. 10 lakhs has been made in the Budget for 1949-50 for carrying out various improvements including electrification, to selected taluk hospitals.

Provision has been made in the next year's Budget for the opening of 30 new primary and 5 group (combined medical and public health) centres as the second instalment of the Post-war Reconstruction Plan and for the opening of 25 more centres in the selected firkas.

As regards rural areas, some difficulty has been experienced in finding suitable men to take charge of the rural dispensaries owing to the inadequacy of the remuneration now offered. The Government have now decided to enhance the subsidy given to rural medical practitioners from Rs. 600 to Rs. 900 per annum and that gives to midwives from Rs. 300 to Rs. 480 per annum. The Government will also provide at their cost increased supply of medicines to all rural dispensaries.

Provision has also been made for the opening of 16 new rural dispensaries. An *Ad Hoc Committee* is now going into the question in regard to the supply of drugs, dressings and diet articles to Government hospitals and the measures to be taken for improving as well as reducing the cost of the supply.

As a part of the Post-war Plan in regard to the anti-leprosy campaign, a beginning is to be made in establishing research and survey units. Provision has been made in the Budget for 1949-50 for the opening of a Provincial Survey Unit, and a District Survey Unit for South Arcot, in view of the high incidence of leprosy in and near South Arcot district.

The Government have taken under their control the Lady Willingdon Leprosy Sanatorium, Tirumani, from the 1st April 1948. They have also provincialized the Etappur Children's Leprosy Sanatorium in the Salem district and the Polambakkam Rural Leprosy Unit.

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A programme of comprehensive improvements to the King Institute, Guindy, has been sanctioned and provision made for the manufacture of plague vaccine in this Province itself.

The campaign against malaria is being continued. Apart from the Central Organisation in Madras and the four Regional Organisations at Bellary, Vizagapatnam, Pudukkottai and Coimbatore, there are now 34 Malaria Control Units working throughout the Presidency. In addition to grants usually given to local bodies for anti-malarial measures, the Government have decided to make grants to them from 1949-50 towards anti-filariasis and anti-mosquito measures. The grants will be one-third of the actual expenditure incurred in areas where filariasis is endemic and one-fourth in other areas.

In regard to tuberculosis, the following measures have been taken or approved during the course of this year:

- (a) Increase of the bed strength of the Sanatorium at Tambaram from 107 to nearly 300.
- (b) Opening of a sanatorium with 100 beds at Vallam in the Tanjore district by the District Board.
- (c) A health programme for the control of this disease in Madanapalle.
- (d) Training in mass inoculation of B.C.G. Vaccine with the help of a foreign team of experts under the auspices of the World Health Organisation.
- (e) Establishment of an industrial colony for convalescent patients at a village near Tambaram. The foundation stone of this colony was laid by Rajaji in August 1948.

Provision has been made in the budget for 1949-50 for the establishment of a T.B. sanatorium for the South Kanara district.

Other important new schemes provided for in the budget for next year are—

- (1) purchase of a high-powered X-ray unit for the Government Hospital for Women and Children, Calicut.
- (2) opening of Dental clinics in the Headquarters Hospitals at Mangalore and Ootacamund.
- (3) provision of interim arrangement for the treatment of cancer in the Government General Hospital, Madras.

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(4) conversion of the Government Dispensary at Jangaraddigudem (West Godavari Agency) into a hospital.

(5) increase of the bed strength and employment of additional staff in several Government hospitals, and

(6) the training of Health Visitors.

The Government have sanctioned an increase in the bed strength of the Hospital of Indian Medicine, Madras, from 110 to 210 and also the employment of the necessary staff at a total estimated cost of Rs. 1 lakh. A Research department in the College of Indian Medicine, Madras, will be opened shortly. A token provision has been made for the introduction of a course of homoeopathy in the College of Indian Medicine.

The construction of temporary buildings to provide additional accommodation for the College and the School of Indian Medicine at a cost of Rs. 50,000 has also been approved.

A token provision has been made also in the budget for 1949-50 for grants to private institutions of Indian Medicine.

Mention was made last year of the recommendations of the Expert Committee appointed to advise how progress on water-supply and drainage schemes could be expedited. The recommendations have been considered by the Government and they have decided that the various plans of rural water-supply should be implemented within a period of 10 years and those for urban water-supply within a period of 20 years.

The Government have also decided to extend the period for the repayment of loans taken from the Government by local bodies for water-supply and drainage schemes from 20 years to 40 years, so as to enable the financially backward local bodies also to undertake the execution of schemes in their areas. The total number of Urban (i.e., Municipal and Panchayat) Water-supply schemes, now in operation is 60, while the number of Municipal Drainage schemes is 7. It is hoped that more schemes will be taken up for execution next year.

As the Honourable Members are aware, the Government constituted a special Rural Water-supply Fund in 1947-8, with a contribution from Revenues of a sum of Rs. 1 crore. It is expected that about

Water-supply and
drainage
schemes.

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Rs. 43 lakhs will be spent by the end of the next year. The Government have, therefore, decided to make to the Fund from General Revenues a further contribution of Rs. 10 lakhs in 1949-50.

Education.

14. The activities of the Education department deserve notice next. The policy of the Government in regard to elementary education is to extend basic education to the whole Province as early as possible and in view of this policy, they have decided that further extension of compulsory elementary education to new areas should be held in abeyance, until most of the existing schools have been converted into basic schools. The pace of conversion depends largely on the number of teachers trained in basic education available for being appointed to the new schools. The Government are, therefore, now concentrating on the conversion of as many of the existing Government training schools as possible into basic training schools. Such schools conducted under private managements are also recognized by the Education department. There are now 18 basic training schools in this Province and the budget for the next year provides for the opening of 17 new basic training schools and the expansion of two of the existing ones. A sum of Rs. 1 lakh has also been provided for the acquisition or lease of lands with irrigation facilities to be used as farms attached to basic training schools. A sum of Rs. 12 lakhs has been provided for the construction of buildings for basic schools and Rs. 2 lakhs for the purchase of equipment. The total provision made for basic education including buildings in the revised estimate for 1948-9 and the budget estimate for 1949-50 is Rs. 17 lakhs and Rs. 35 lakhs, respectively. A scheme of adult education was introduced during this year and the budget for the next year provides a sum of Rs. 1½ lakhs for its extension.

The need for strengthening the Inspectorate to ensure that elementary schools are run on efficient lines has been felt and the budget for 1949-50 includes a sum of Rs. 1.72 lakhs for this purpose.

One of the important aspects of reorganization of secondary education approved by educationalists all over India is the scheme of bifurcation at the Fourth Form stage.

In May 1948, the Government directed that the following bifurcated courses should be introduced in

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the course of the year in 50 selected secondary schools and decided that the question of extending the scheme to other schools should be taken up by stages :—

(1) Secretarial, (2) Engineering, (3) Agriculture, (4) Drawing and Painting, (5) Domestic Science and Cookery and (6) Music and Dancing.

Instruction in Teaching Practice and other subjects will be provided for, as and when necessary. In order to enable local bodies and private managements to meet the extra cost involved in the organization of the new courses, the Government have, as a special case, undertaken to pay teaching grants at three-fourths of the net cost of introducing the courses during the preceding financial year, subject to a maximum of Rs. 1,450 per annum for each school, for a period of five years from the year of introduction of the course, the question of revising the arrangements being considered at the end of the period. In addition to the teaching grant, the Government have also decided to pay a non-recurring grant to each school equal to three-fourths of the cost of equipment to be purchased for the new courses, subject to a maximum of Rs. 5,700. The budget for the next year provides for the introduction of bifurcated courses in 50 more selected secondary schools.

There has been a considerable increase in the number of secondary schools with at least the Fourth Form during the last three years as the following figures will show :

1946-7	—	—	—	—	642
1947-8	—	—	—	—	781
July 1948	—	—	—	—	804

As an incentive to Hindustani Vidyalayas under private management to prepare more students for the Hindustani Vishvavidyalaya and Pracharak Diploma examinations, the Government are sanctioning grants to the extent of one-half of the net cost of maintenance of the recognized schools, subject to a maximum of Rs. 50,000 in the current year. This will go a long way to produce Hindustani teachers for secondary schools.

The staff in the Government Colleges has been strengthened in the current academic year to cope with the tremendous rush for admission. The

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Government have sanctioned the construction of permanent buildings for the Government Arts College, Rajahmundry, at an estimated cost of Rs. 20 lakhs. The progress is, however, slow owing to prevailing dearth of building materials. The construction of additional buildings for the Government College at Kumbakonam and the Government Victoria College, Palghat, has also been sanctioned at a cost of about Rs. 3 lakhs in each case. The Presidency College, Madras, is the only Government College providing instructions in a number of courses of study including post-graduate and research work. In order to make it possible for a larger number of students to be admitted to these specialized courses, the Government directed that the Intermediate classes in that College should be transferred to the Government Muslim College. A committee under the chairmanship of Dr. Chandrasekhara Venkata Raman was also constituted to suggest measures for the reorganization of the Presidency College, so as to provide facilities for higher teaching and research, and the Committee has just made its recommendations. The budget for 1949-50 includes a sum of Rs. 31½ lakhs for implementing the recommendations of the Committee. Provision is also made in the budget for 1949-50 for the employment of additional staff in the Engineering Colleges at Kakinada and Guindy, opening of the Natural Science Group in the Intermediate in the Government Brennen College, Tellicherry, opening of Group I for the Intermediate class in the Government College, Cuddapah, opening of new courses in the Government College, Kumbakonam, and additional staff in the Queen Mary's College, Madras, for B.Sc., Home Science and Intermediate Arts Courses. As regards the Universities, provision has been made for special grants to the Andhra University for the construction of a boys' hostel and for a gas plant for the Erskine College of Natural Science and to the Annamalai University for its drainage scheme and for purchase of laboratory equipment.

Since 1941, the grants to local bodies for the construction of buildings for boys' schools were considerably restricted with the result that several schools were being housed in rented buildings. The policy was reconsidered during the current year and the Government sanctioned a scheme of grants to

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local bodies and private managements for the construction of buildings equal to half of the cost, subject to certain maxima. It is expected that a sum of Rs. 2 lakhs will be disbursed towards the construction of elementary schools during the current year and a further sum of Rs. 10 lakhs has been provided for in the budget for 1949-50 for the same purpose.

As regards secondary schools, grants to the extent of Rs. 24 lakhs have been sanctioned in the current year and the budget for next year provides another Rs. 23 lakhs for further grants. The ban on the payment of building and equipment grants to the new Arts Colleges for men under private managements imposed in 1945 was also lifted in the course of the year.

With a view to provide military training for boys in high schools and colleges, the Government have decided to raise a Senior and a Junior Division of the National Cadets Corps with a strength of 2,000 and 4,000 cadets, respectively. Two Infantry Battalions of four companies each and one Engineering Platoon have been raised for the Senior Division, providing for the enrolment of 1,810 cadets. It is proposed to raise in 1949-50 additional units for the Senior Division consisting of one Infantry Battalion of two companies in the Andhra University, one Independent Company and one Signals Unit in the Annamalai University and four Specialists Units—Medical, Electrical, Mechanical Engineering and Artillery—in the Madras University. It is also proposed, if possible, to raise 14 units for the Junior Division within the allotted strength of 4,000 cadets. The cost of these divisions of the National Cadet Corps is estimated at Rs. 4.56 lakhs in 1948-49 and at Rs. 15.60 lakhs in 1949-50.

The Government have also decided to devote special attention to the education of defective children. The Victoria Memorial School for the Blind at Poonamallee is being managed by the Government from the beginning of July 1948 on behalf of the Board of Governors and the Madras Association for the Blind, pending the completion of the formalities for legal transfer to the Government. The budget for the next year provides for the opening of new Government schools for deaf and dumb children, blind children and also mentally

National
Cadet Corps.

Special
Schools.

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defective children in addition to grants for such special schools under the control of local bodies and private managements. The Government are anxious that the valuable original manuscripts in the Saraswathi Mahal Library, Tanjore, and the Government Oriental Manuscripts Library, Madras, should be preserved and copies published for general information, and the budget for 1949-50 includes a special provision of Rs. 1 lakh for the purpose. A sum of Rs. 3 lakhs has also been provided for grants to public libraries including the Library Authorities to be newly constituted under the Public Libraries Act.

The details of all the new schemes of the Education department provided for in the budget for 1949-50 will be found in Appendix I to the Budget Memorandum for 1949-50.

The estimated total expenditure of the Education department in 1949-50 is Rs. 939 crores, excluding the expenditure on buildings, against Rs. 143 crores in 1948-49 and Rs. 258 crores in 1937-8.

Prohibition

15. I now turn to measures relating to the general betterment of the people, particularly the rural population. As announced by me in my last Budget Speech, Prohibition has been extended to the entire Province with effect from the 2nd October 1948. This Government may justifiably claim to have been the pioneer in this far-reaching measure of social reform. This achievement has been received with jubilation all round particularly by the women-folk throughout the Province. The Excise department is now enforcing Prohibition in Madras City and 15 other districts, and the Police department in the remaining 9 districts, pending a decision on the question of the agency which should be finally entrusted with the work.

Village Reconstruction

16. As the hon. Members are aware, the Government have launched a programme of intensive Rural Reconstruction in 34 selected fikras and centres. Under this programme, 46 electrification schemes costing over Rs. 20 lakhs have been sanctioned for supplying power for agricultural, industrial, domestic and street-lighting purposes in the southern areas covering about 97 villages. Over 800 wells will be connected under these schemes. An electrification scheme costing Rs. 1.04 lakhs has been sanctioned for the Pendurthi fikra in the Viragapatnam district. Steps are being taken to accelerate

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the pace of adoption of improved agricultural methods in the selected firkas. To cater to the needs of school children and literate adults, the Government are starting Central Libraries with branches in these areas and so far, 21 Central Libraries and 287 Branch Libraries have been opened. Day schools, night schools, adult schools, etc., are also being started and the spread of the co-operative movement is encouraged. With a view to training workers in the principles and practice of rural reconstruction, the Government have opened two training centres, one at Tirumangalam in the Madurai district and the other at Dindulur in West Godavari district. The budget for 1949-50 includes provision for the opening of 26 combined Public Health and Medical centres in the selected firkas. It is expected that a sum of Rs. 31 lakhs out of the Village Reconstruction Fund will have been spent by the end of 1948-49 and the budget for the next year provides for a contribution of Rs. 5 lakhs to be made to this Fund from General Revenues.

17. As I explained last year, the scheme formulated by the Government at the end of 1946 for the development of 32 cottage industries in the firkas selected for intensive rural reconstruction was found to be too ambitious. Experience has shown that a more practicable way of achieving the object in view is to start production-even-training centres for a few basic industries which produce articles commonly in demand in rural areas and to place the centres under private management, so as to take full advantage of local enthusiasm. The Government have accordingly decided to help the villagers including artisans and ex-trainees to form themselves into Co-operative Societies, Partnerships or Limited Concerns, for the purpose of developing six basic industries, viz., blacksmithy, wood-work, pottery, leather goods manufacture, light-metal casting and sheet-metal work.

Cottage Industries.

Government have also decided to convert the 40 demonstration and training units formed under the scheme of 1946 into improved production centres as soon as the present course of training is over in each and to hand over the tools and equipment at the centres to co-operative societies, partnerships or limited concerns that may be formed in the areas. This conversion is in progress and up to the end of 1948, the Government have approved proposals for the

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transfer of 10 units to private management. It is expected that the transfer in respect of all the units would be completed by March next. Notwithstanding the transfer, the Government will help the institutions in getting raw materials, tools and appliances required by them and in marketing their products. It is also proposed to appoint a visiting team of experts to give them technical guidance.

Government are giving training to a few students each year in the manufacture of glass bangles and beads at Kallasti and it is proposed to provide similar training facilities in Tamil Nad and on the West Coast. A Ceramic school at Gudar to train students in pottery, refractories and in glass and enamel technologies will begin to function soon, as an adjunct to the ceramic factory opened there recently. The activities of the Government Coir School, Beypore, in the West Coast, established in 1937, have now been expanded and a hostel has been attached to the institution.

Marjoribanks

18. The activities of the Government for the welfare and uplift of Harijans were considerably expanded during the course of the year. Education is the most potent weapon in this direction and in June 1948 orders were issued granting full-fee concessions to Harijan pupils in secondary schools—the system to be in force for a period of ten years. The Government further extended the full-fee concessions admissible in colleges to students studying in institutions maintained by the Universities, compensating the Universities for the loss involved. As a result, poor Harijan pupils now enjoy full-fee concessions throughout their educational career from their admission in elementary schools till they graduate from Arts or Professional Colleges. It is possible that a few managements of elementary schools are still collecting some fee from Harijan pupils at present. The Government have now under consideration a proposal to make it obligatory on the part of such managements to exempt Harijan pupils from the payment of fees. The Government have also ordered that Harijans need not produce any poverty certificate for claiming educational concessions, unless the head of the institution has reason to believe that pupils claiming the concession are not really poor. The income limits for this purpose have been raised to Rs. 1,200 per annum in the case of secondary schools and Rs. 1,500 per annum in the case of colleges.

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There are in all nearly 1,200 labour schools in the Province with a strength of over 84,000. The individual boarding grants sanctioned to students in the various boarding homes under the control of the Labour department have been replaced by lump-sum boarding grants at a uniform rate with the result that more institutions have now become eligible for additional boarding grants. The additional expenditure on this account works out to Rs. 3·08 lakhs and the total boarding grants payable this year to 242 hostels in the Province comes to over Rs. 16 lakhs. Managing Committees will be formed for the efficient supervision of the working of these hostels. The Labour department is paying special attention to the provision of house-sites for Harijan families and in maintaining 8,500 wells for their use. The District Harijan Welfare Committees are being strengthened by the nomination of the respective District Educational Officers, District Health Officers and the District Superintendents of Police. The Government are also making a beginning in the constitution of Village Vigilance Committees, consisting of Harijans and caste-Hindus in equal proportion, to bring to the notice of Collectors from time to time the difficulties of Harijans with a view to their speedy removal.

In accordance with the recommendations of the Harijan Welfare Committee, the Government have decided to constitute a separate department for Harijan Welfare with effect from 1st April 1949. In addition to the work now done by the Labour department, the new department will pay special attention to the implementation of the five-year plan of work in the villages recommended by the Committee.

The total expenditure on the uplift of Harijans during the current year will work out to about Rs. 63 lakhs—Rs. 58 lakhs from general revenues and Rs. 5 lakhs from the Harijan Uplift Fund. This is exclusive of the loss of fee income by the grant of concessions to Harijans.

The budget for 1949-50 provides for an addition of Rs. 5 lakhs to the Harijan Uplift Fund from general revenues.

19. Backward communities are eligible for half-fee concessions in educational institutions. They also enjoy in practice some preference in regard to grant

Hindu backward classes other than Harijans.

[Sri B. Gopal Reddy] [20th February 1949]

of Government scholarships, though no special scholarships are earmarked to students belonging to these communities. As the Honourable Members are aware, a provision of Rs. 1 lakh has been made for the betterment of the backward communities during the current year and the Government have decided to utilize this sum for the award of scholarships to promising students of backward communities studying in the Arts and Professional Colleges including Law Colleges, preference being given to women. The question of compensating Universities for the loss sustained by them in granting educational concessions to students of backward classes studying in the institutions managed by them is now under the consideration of the Government.

A sum of Rs. 5 lakhs has been provided in the budget for 1949-50 for expenditure on special measures for the betterment of backward classes.

As the House is aware, the Criminal Tribes Act of 1921 in its application to this Province has been repealed by Provincial legislation from 1st April 1948. The Government, however, decided that the work done in the various settlements in so far as it relates to the reclamation of the communities concerned should be continued. This work has been transferred from the Police department to the Commissioner of Labour.

At the beginning of the year, there were six Settlements for the benefit of these tribes, but two of them, viz., those at Bitragunta and Chintaladevi were found to be uneconomic and have been closed down. The constitution of a Provincial Advisory Committee for the welfare of backward communities is under the consideration of the Government.

Agency tracts.

To improve the level of education in the Agency tracts full-fee concessions in all educational institutions will be extended to pupils of the aboriginal and hill-tribes from 1949-50.

Thirty-seven Agency villages of the Polavaram taluk were transferred to the Plains during the year.

The Budget for 1949-50 provides for the following new schemes for the benefit of the Agency tracts:—

(1) Introduction of basic education in three schools.

(2) Opening of boarding homes in six centres for pupils in elementary schools.

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(3) Opening of a high school at Venkataapuram, East Godavari Agency, with a hostel.

(4) Opening of a Veterinary touring billet at Jangareddigudem, Polaruram taluk.

It is also proposed to form two new roads in the Agency tracts at an ultimate cost of Rs. 12 lakhs and a sum of Rs. 1 lakh for these works has been included in the Budget Estimate for 1949-50.

20. I drew attention last year to the setting up of a new Department of Women's Welfare to organize social service among women. The department has done useful work during the year. Besides the Central Organization and a Service House at Madras, there are now 31 branches working in the districts. As the second instalment of the Seven-year Plan to increase the usefulness of the department, provision has been made in the Budget for 1949-50 for the opening of 10 additional branches and the training of a fresh batch in social service. I have no doubt that the new recruits will evince keen interest in their work.

Women's
Welfare

21. Under the Madras Estates Land (Reduction of Rent) Act, 1947, the Government appointed a Special Officer with 12 Deputy Collector Assistants for the purpose of fixing reduced rates of rent on rooti lands in estates. So far, the Government have fixed reduced rates of rent in respect of about 700 villages. The work is proceeding rapidly.

Estate
Legislation

The Bill for the Abolition of the Zamindaris is awaiting the assent of His Excellency the Governor-General. Hon. Members are aware of the consummate skill and ability with which my Colleague Sri Kala Venkata Rao piloted the Bill, and I am sure the House will join with me in wishing all success to him in the wider sphere of work which he has now undertaken.

Under the Bill as passed by the Legislature, power has been taken to stagger the conversion of Estates into ryotwari areas according to administrative convenience, and the operations in any Estate will be commenced only after a notification in regard to it has been published under the Bill. The total compensation payable for the Estates which will be affected by this Bill has been estimated roughly at about Rs. 17-15 crores.

As only preliminary operations connected with the determination of the compensation payable will be

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conducted during the next two years, no special provision for compensation has been made in the Budget for 1949-50.

Communications.

22. The Government have approved a five-year plan for the development of roads other than National Highways. This plan provides for works estimated to cost Rs. 51 crores on Provincial Highways and Major District Roads and Rs. 511 crores for the formation of 3,000 miles of new roads classified as 'Other District Roads' and 6,000 miles of new 'Village Roads'.

The total expenditure on communications during the current year is expected to be Rs. 261 lakhs in addition to grants-in-aid to local bodies to the extent of Rs. 57 lakhs in respect of works under their control. The corresponding figures for 1948-50 are:—

Rs. 421 lakhs and Rs. 44 lakhs including Rs. 44 lakhs for village roads.

Irrigation Projects.

23. The budget for 1949-50 includes a provision of Rs. 270 lakhs for the Tungabhadra Project and Rs. 68 lakhs for the Lower Bhavani Project. The budget also includes a provision of Rs. 21 lakhs for the Rourpura Drainage Project and Rs. 17 lakhs for the Rallapad Reservoir Project. Other important schemes for which provision has been made are the improvements to the Peddleranka Drain (Rs. 450 lakhs), and the drainage scheme in the Cauvery delta (Rs. 74 lakhs), the Tigaluru Project (Rs. 3 lakhs) and the Upputuru Scheme (Rs. 2 lakhs). My friends in Malabar will be glad to hear that the Government have sanctioned the Malampetta scheme estimated to cost Rs. 850 crores and it will be taken up for execution shortly. The Krishna-Pennar Project is under investigation and provision has been made in the Budget for the purpose. As regards the Rannapadasagar Project, only a token provision of Rs. 100 has been made pending the decision of the Government of India in regard to its sanction.

Industrial Development.

24. The recommendations of the Industrial Planning Committee appointed in 1947 are now under the consideration of the Government. The Industrial Finance Corporation will be registered shortly under the Indian Companies Act. The Memorandum and Articles of Association have been finalized. A sum of Rs. 51 lakhs in the Revised Estimate for 1948-49 and a further sum of Rs. 51

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lakhs in the Budget Estimate for 1949-50 have been provided for the purchase of shares in this Corporation. This Government have urged on the Government of India the need to establish an Iron and Steel Factory in this Province and have had discussions with the Steel Consultants appointed by the Government of India. The Government are alive to the desirability of starting major industries for the production of aluminium, magnesium and ammonium phosphate in this Province. In regard to the aluminium industry, the Government of India have been asked to make arrangements for carrying out the detailed analysis of the Salem bauxite deposits, in order to find out the suitability of the material for the manufacture of aluminium. On the request of this Government, the Government of India have also promised to work out a scheme for the manufacture of magnesium from the magnesium deposits of the Salem district and for the setting up of a pilot plant in this Province. Negotiations are being carried on for setting up an ammonium phosphate factory at a suitable place in South India, as a joint endeavour of the Central and Provincial Governments. The Budget for 1949-50 includes Rs. 25 lakhs for the purchase of shares in the Ammonium Sulphate Factory which the Central Government are constructing in Sindheri (Bihar). During this year, the Government purchased additional shares of the value of Rs. 20 lakhs in the Fertilizers and Chemicals Limited, Trivandrum. The Andhra Paper Mills at Rajahmundry were acquired by the Government for Rs. 25 lakhs and will go into full production shortly. A Hydrogenation Factory at Calicut is being set up; the revised estimate for 1948-49 includes over Rs. 10 lakhs for the construction of buildings and purchase of plant and machinery for this Factory.

Hon. Members will be interested to know that this year two more companies have been authorized to issue capital for setting up plants for the manufacture of heavy chemicals in this Province—one for the production of soda ash and the other for the manufacture of caustic soda. One firm has already made arrangements to set up a factory in this Province for the production of Austin cars; while another is making similar arrangements to establish a factory for producing Standard cars and Ferguson tractors. Necessary facilities are being provided by

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the Government. The operations connected with the lignite investigation in the South Arcot district were hampered for some time for want of machinery, some of which the Government of India have now offered to provide. Samples of lignite have been taken and sent to several places for testing. With a view to expanding the sugar industry in this Province the Government have sanctioned a five-year plan for the improvement of sugarcane cultivation. This scheme envisages the starting of four flax farms at Samalkot, Hospat, Nelliappan and Pugalur in the vicinity of sugar factory areas and the intensification of sugarcane development work in 24 talukas in 13 districts where large areas are under Jaintrene. The total cost of the scheme is estimated at Rs. 11.25 lakhs which will be shared equally by this Government and the Indian Central Sugar Committee. In regard to sericulture, the Government have sanctioned the opening of a propaganda station at Venkatapuram (East Godavari Agency) for popularising the tasar silk industry and the installation of a silk twisting plant and the starting of an experimental weaving section at the Government Silk Fibres, Kollegal. The Government have also invested more than Rs. 30 lakhs on the purchase and sale of about 120,000 lb. of Japanese raw silk. Industrial education is making headway with the establishment of eight polytechnics in this Province and the Budget for 1949-50 provides for the opening of six new Industrial Schools. Other important schemes for the next year are the establishment of a Chemical Testing and Analytical Laboratory, the development of sericulture, the starting of a large scale oil factory at Beypore and the purchase of equipment for the Government Oil Factory, Calicut.

Electrical development.

25. Soon after the close of the war, the Government formulated a five-year plan of electrical development in this Province. The major items of this plan are the Machkund Hydro-electric, the Moyar Hydro-electric, the Pykara III Stage, the Papanassam extension, the Madras Plant extension, major transmission lines to enable the power generated at the various stations to reach interior villages and thermal stations at Mathumai, Nellore and a number of other places. All the items comprised in this plan have now been sanctioned and work on all of them is well in progress. The plan is

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estimated to cost roughly Rs. 20 crores and will be completed by about 1952. The total power production of the Province will then be doubled, making it possible for cheap native power to be provided in most districts. The Revised Estimate for this year provides for an outlay of Rs. 6.62 crores towards this scheme and a provision of Rs. 0.01 crores is being made in the budget for the next financial year. Our hydro-electric enterprises have all along paid us a fair dividend. The total estimated gross revenue from all Electricity schemes in this year is Rs. 253 lakhs and the working expenses Rs. 152 lakhs, yielding a net revenue of Rs. 101 lakhs. The Electricity Supply Act recently passed by the Central Legislature provides for a Statutory Board to be set up in each Province which will take over all the electricity enterprises. So far as this Province is concerned, this will mean that the Government will receive only the interest on the capital invested and the expanding source of revenue from electrical undertakings will be lost to the Government. The problem of tapping new sources of revenue is thus becoming more urgent.

26. The Government of India have passed the Road Transport Corporations Act to enable the Provincial Governments to form Statutory Road Transport Boards to administer the nationalized bus services in the Provinces, providing for the participation by the Railways, etc. The question of extending the provisions of that Act to this Province is under correspondence with the Government of India.

Nationalization
of Motor
Transport

As the hon. Members are aware, the scheme of Nationalisation of passenger bus service in the Madras City was inaugurated on the 15th October 1947, and was completed by June 1948 in stages. The total strength of the fleet now is 320 as against 239 including spares owned by private operators previously. Most of the Government buses provide for 40 per cent more accommodation than the old type of buses used by private operators. There were only 17 routes under private management, while the Government are running buses on as many as 37 routes with a daily mileage of about 20,000. The average daily collection is over Rs. 20,000 from nearly two lakhs of passengers. Many of the routes are not sufficiently remunerative from a purely commercial point of view but are being continued for

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the convenience of the public; and the entire bus service is being considered as an integrated whole for purposes of deciding the remunerative nature of the scheme. A coach-building factory was opened at Chennapat, in April 1948. The factory is also manufacturing essential articles for the bus service such as furniture, petrol tanks and time-keepers' bunks. It will take up work for outside agencies also without prejudicing to the work of Government departments.

The department is making every endeavour to be responsive to popular opinion, consistent with public policy and financial soundness. Amenities to passengers are being increased gradually. The recruitment of women conductors caused some mild sensation in the beginning, but has contributed to more civility being shown towards passengers.

The accounts of the three independent commercial units, viz., the Government Bus Service, the Government Automobile Workshop and the Government Coach-building Factory, have now been prepared up to date but they have not been audited yet. As the House is, I think, eager to know the results, I am giving the figures for the bus service for the period of two years—January 1947 to December 1948 without waiting for the result of the audit.

	RS. LAKHS.
Capital Expenditure	69.74
Working Expenses (including pending liabilities, the gallage tax on petrol consumed and the taxes payable under the Motor Vehicles Acts)	48.44
Degradation Reserve Fund	10.35
Accident Reserve Fund, Audit Fee, etc.	3.20
(Interest charged (at 4 per cent on mean capital)).	6.1
Total	<u>119.49</u>
Gross Receipts	77.19
Value of assets	69.74
Total	<u>133.93</u>
Net Reserves	<u>14.33</u>

The net revenue from the bus service for the period of two years from January 1947 to December 1948 was Rs. 14.33 lakhs. When it is remembered that the

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nationalization was completed only in June 1948, and that the full strength of the fleet was reached only towards the end of 1948, it will be seen that the net revenue shows a fair margin of profit. Although from the administrative, technical and commercial points of view, the results so far achieved by the Transport are highly satisfactory, allowance has to be made for the unhelpful attitude of labour as evidenced by the recent strike. The Government do not intend to embark on any large programme of extension of nationalization for the present, until further experience has shown that a reasonable amount of co-operation from labour would be forthcoming. I take this opportunity for thanking again the public and the Police who so magnificently co-operated with the department during the recent strike and also the hon. Members of the Legislative Council. Thanks are also due to the students for the help given by them and to the Press for the proper lead given in the emergency.

27. The Home Guard organization was formed in this Province in January 1948 on a voluntary basis with a view to have a disciplined and self-reliant force of citizens as an auxiliary to the Police in the maintenance of law and order in emergencies. The prescribed strength of 1,000 has already been reached in Bellary district. Selection and training are going on in the other districts.

In November 1947, the Government sanctioned the immediate formation of four Special Armed Police Units to be stationed in different parts of the Province for the better preservation of law and order and in the interest of internal security. Two additional units were sanctioned in April 1948 particularly in view of the Hyderabad border troubles. The total expenditure provided for the six units is Rs. 64.40 lakhs in the Revised Estimate for 1948-49 and Rs. 57.29 lakhs in the Budget Estimate for 1949-50. In view of the subversive activities of the communist organisations in many districts, it would be dangerous to think of any economy in this expenditure in the near future.

28. The working classes cost of living index for Madras City in the beginning of January 1949 was 323.3 as against 301.5 in the beginning of January 1948.

Special
Police.

Revised
cost
estimate.

[Sri B. Gopala Boddi] [28th February 1950]

As the hon. Members are aware, the question of the measures to be taken to combat the existing inflationary situation has been engaging the attention of the Central and Provincial Governments for some time. The measures include proposals for the reduction in Government expenditure and increase in the Government revenue. The Retrenchment and Re-organisation Committee constituted in 1947 submitted its final Report in August 1948. I must apologise to the House and especially to the hon. Lady Member Begum, Mir Amrullah for not having allotted a day for discussion of the Report as promised owing to the pressure of Government legislative work. It will be some time before orders are issued on all the important recommendations and possible economies are effected. The Government have called for proposals for retrenchment of staff in all departments keeping in view the reduction of 12½ per cent recommended by the Committee. A Special Officer was appointed in September 1948 to investigate the possibility of curtailing expenditure on contingencies. His report has been received recently and is under the consideration of the Government. Meanwhile the provision for office contingencies in 1948-9 has been cut by about 7½ per cent, operative during the last two months of the year and all officers have been asked to see that as far as possible this reduced provision is not exceeded.

The Government have also issued the following instructions to all Heads of Departments:—

(i) proposals relating to retrenchment of staff should be dealt with very expeditiously at all stages;

(ii) new works which do not form part of Post-war Development or Grow More Food Schemes eligible for grant from the Government of India and which have not yet been commenced should be postponed, if possible, and such works in progress should be slowed down, care being taken to ensure that this does not result in any unprofitable outlay;

(iii) the expenditure on repairs to buildings and communications should be restricted to the absolute minimum; and

(iv) all efforts should restrict touring and the transfers of subordinates to the absolute minimum.

29th February 1949] [Sri B. Gopal Reddi]

Credit is taken in the Revised Estimate for 1948-49 and the Budget Estimate for 1948-50 for the following savings as a result of these orders:

	Revised Estimate, 1948-49. RS.	Budget Estimate, 1948-50. RS.
	LAKHS.	LAKHS.
(a) Retrenchment of staff	28.0	00
(b) Reduction of travelling allowances and other allowances	16	00
(c) Reduction in the expenditure on office contingencies	24	00
(d) Reduction in the expenditure on works	82.0	00
Total	<u>28.0</u>	<u>00</u>

As part of the campaign against inflation, the Government have also decided to impose new taxes in the next year, as I shall explain presently.

29. I have now set out the salient features of the Provincial administration and the directions in which further expansion is contemplated, and I shall proceed to give the figures of estimated revenue and expenditure to be met from current revenue according to the Revised Estimate for 1948-49.

Revised
Estimate,
1948-49.
Summary
of Total
Expenditure.

Revised Estimate for 1948-49.

	Budget Estimate, 1948-49. RS.	Revised Estimate, 1948-49. RS.
	LAKHS.	LAKHS.
(A) Revenue—Normal	50,32.31	53,38.37
(B) Expenditure on Revenue Account—		
(i) Normal Expenditure	44,97.21	47,03.12
(ii) Expenditure on Post-war Development Schemes	4,53.16	3,85.6
(iii) Expenditure on Grow More Food Schemes eligible for the Central Grant	2,06.71	2,49.96
(iv) Net outlay on State Trading Schemes—		
(a) Grain Supply Schemes	3,59.62	1,53.48
(b) Other Schemes	41.90	3,00.60
Total expenditure on Revenue Account	<u>50,53.60</u>	<u>57,34.03</u>

[See D. Gopala Reddi] [30th February 1949]

	Budget Estimate, 1948-49.	Revised Estimate, 1948-49.
	RS.	RS.
	LAKHS	LAKHS
(C) Deficit	5,81.29	2,48.71
(D) Transfer from Reserve Reserves Fund	5,62.00	3,66.94
(E) Final surplus	71	-29

I shall not trouble the House with full details of the changes in the figures for revenue and expenditure under the various heads in the Revenue Account and the reasons therefor. These will be found in the Finance Secretary's Budget Memorandum. I shall refer only to the more important variations. The revised estimate of normal revenue shows an increase of about Rs. 3 crores as compared with the budget estimate and this is neutralized by an equal increase in normal expenditure. An increase of Rs. 157 lakhs in the Provincial share of income-tax is anticipated out of which Rs. 90 lakhs represent a provisional adjustment made in the current year towards the amount due for pre-partition period (i.e., 1st April to 14th August 1947).

The budget estimate under the General Sales Tax was Rs. 1,149 lakhs. The actual receipts up to the end of December 1948 amounted to Rs. 920 lakhs and on the basis of these figures it is expected that the total receipts for the year would amount to Rs. 1,213 lakhs, i.e., an increase of Rs. 64 lakhs. The estimated receipts under the Motor Vehicles Acts are also higher by Rs. 51 lakhs.

In regard to normal expenditure, the increase occurs under various heads, the main ones being 'Police' (Rs. 78 lakhs) due to the Hyderabad Border troubles and Communist agitation; 'Education' (Rs. 62 lakhs) chiefly under teaching grants to aided institutions and local bodies for primary education; and 'Agriculture' (Rs. 47 lakhs) due to the adjustment in the current year of the cost of agricultural machinery purchased last year. The estimated expenditure on Post-war Development and Grow More Food Schemes eligible for the Central Grant shows a decrease of about Rs. 1½ crores due chiefly to slower progress on works relating to communications other than National Highways, and Irrigation

29th February 1949] [Sri B. Gopala Reddy]

Schemes. Under the various Grain Supply Schemes, a betterment of about Rs. 2 crores is expected owing to the credit taken for the larger subsidies from the Government of India which I have already mentioned in dealing with the food situation. Under other State Trading schemes an increase in expenditure of over Rs. 1½ crores is expected, due mainly to the adjustment in the current year of the cost of chemical manures purchased during the previous year.

30. The net result is that the revised estimate for the current year anticipates a deficit in the Revenue Account of only Rs. 396 lakhs, against the budget estimate of nearly Rs. 562 lakhs and the amount to be withdrawn from the Revenue Reserve Fund will be correspondingly reduced. This deficit cannot be deemed to be unduly large, if allowance is made for the fact that Prohibition is now in force throughout the Province, that a very large number of new schemes have been introduced during the course of the year, and that large additional expenditure had to be incurred on Police on account of the Hyderabad Border situation and the Communist troubles. It is just possible that when the final accounts for the year are compiled, there will be a further improvement in the Revenue Account and the deficit will be only nominal, if it is not wiped out altogether.

*Budget or
deficit.*

31. Turning to the Capital expenditure for the year, the budget anticipated a total expenditure of Rs. 10·46 crores; the revised estimate is only slightly less (Rs. 10·38 crores). But there are large variations under individual heads. Irrigation expenditure shows a decrease of over Rs. 1 crore due mainly to slower progress on the Tungabhadra Project on account of the Hyderabad troubles. This is set off by an equal increase under Electricity schemes. Similarly, a saving of about Rs. 73 lakhs on building works is offset by larger expenditure (Rs. 43 lakhs) under 'Industrial Development' and on the State Bus Service (Rs. 30 lakhs) for which only a token provision of Rs. 100 was made in the Budget.

*Capital Ex-
penditure,
1948-49.*

32. The estimate of net disbursements under 'Loans and Advances by the Provincial Government' shows an increase of nearly Rs. 5 crores. This is chiefly on account of the provision made for loans up to

*Loans and
Advances by
the Provin-
cial Govern-
ment,
1948-49.*

[Smt. B. Gopala Reid]—[2nd February 1949]

Rs. 3 crores for the Madras Handloom Weavers' Provincial Co-operative Society for the distribution of yarn, Rs. 1½ crores for loans to ryots under the Well Subsidy Scheme and Rs. ½ crore under the State Aid to Industries Act.

**Loans from
the Central
Government,
etc.**

33. A loan of Rs. 2 crores bearing interest at 2½ per cent per annum was taken from the Central Government in December 1948 repayable in 1963. The entire proceeds of the loan have been utilized for financing Capital Outlay. No loan was raised in the open market this year.

34. The total outstanding balance of loans due to the Central Government on the 31st March 1949 will be Rs. 12.34 crores and the outstanding balance of loans raised in the open market will be Rs. 15.50 crores. The total outstanding loans will thus be Rs. 27.84 crores, which is about half a year's revenue at present. The loans advanced to local bodies, agriculturists and others and due to the Government will be about Rs. 15.54 crores. The balance in the Revenue Reserve Fund now stands at over Rs. 33 crores.

**Budget
Estimates,
1949-50**

35. I now pass on to the figures of the Budget for next year. The estimates for the Revenue Account are—

Revenue Account Summary	RS. LAKHS.
A. Revenue—Normal (on the basis of existing taxation).	51.79-32
B. Expenditure on Revenue Account—	
(i) Normal expenditure	41.96-81
(ii) (a) Expenditure on Post-war Development Schemes	6.00-14
(b) Expenditure on Grow More Food Schemes eligible for the Central Grant	3.00-81
(iii) Net outlay on State Trading Schemes—	
(a) Grain Supply Scheme	2.2-18
(b) Other Schemes	2.0-12
Total—Expenditure on Revenue Account	50.88-09
C. Deficit on basis of existing taxation	3.90-77

Hon. Members will find details of the figures for the Revised Estimate, 1948-49 and the Budget Estimate for 1949-50 in the Appendix * to the printed copy of my speech. As compared with the Revised

* Printed as Appendix on pages 71-74 India.

29th February 1949] [See B. Gopala Reddy]

Estimate for 1948-49, the Budget for 1949-50 anticipates a decrease in normal revenue of Rs. 1,63 lakhs. This is mainly the net result of two factors which I have already mentioned, viz., the extension of Prohibition to the whole Province resulting in the loss of Excise revenue to the extent of Rs. 3.41 lakhs as compared with the current year and an increase (Rs. 1.75 lakhs) in the Central Government's block grant for Grow More Food and Post-war Development Schemes. The estimate of normal expenditure in the next year is expected to be less than that of the revised estimates for the current year by Rs. 2.12 lakhs. The savings anticipated in the expenditure on pay, allowances and contingencies on account of retrenchment, etc., account for Rs. 1.24 lakhs, while there is a fall of about Rs. 80 lakhs in the expenditure on 'Police' mainly on supply of equipment. On the other hand, the estimated expenditure on Grow More Food and Post-war Development Schemes debitible to the Revenue Account in 1949-50 shows a large increase of Rs. 3.28 lakhs as compared with the Revised Estimate for 1948-49. As pointed out already, this is necessary to ensure that no portion of the block grant of Rs. 5,00 lakhs for which credit has been taken on the revenue side is allowed to lapse. The estimate for Grow More Food Schemes includes a lump-sum provision of Rs. 100 lakhs for expenditure in the next year on a comprehensive scheme of tank restoration and improvements to tanks, channels, spring ponds, etc., which I have already referred to. The net outlay on State Trading Schemes, however, shows a decrease of over Rs. 3.14 lakhs, almost neutralising the increased expenditure under Grow More Food Schemes and Post-war Development Schemes. This latterment is due mainly to the larger credit taken in respect of the Government of India's subsidies for Grain Supply schemes, which I have mentioned earlier, partly offset by the absence in the next year of the arrear adjustment provided for in respect of chemical manures in the Revised Estimate for 1948-49. Hon. Members will find in the Budget Memorandum fuller details of the variations in the estimates.

36. The net result is a deficit in the revenue account of nearly Rs. 4 crores in the Budget for next year, in spite of credit being taken for anticipated economies in expenditure. This may be attributed to

Revenue
Deficit,
1949-50.

[Sri B. Gopal Reddi] [28th February 1949]

the large provision for new schemes made in the Budget for next year, some of which I have set out, while dealing with individual departments.

New
Schemes

37. The total net cost in 1949-50 of the new schemes which have been included in the Budget for 1949-50 is Rs. 370 lakhs debitible to the Revenue Account and Rs. 106 lakhs debitible to the Capital and Debt Accounts, while schemes costing Rs. 10 lakhs will be financed from the Village Reconstruction and Harijan Uplift Fund. The ultimate cost of all the schemes is Rs. 70 lakhs recurring and Rs. 24 crores non-recurring. A full list of the new schemes is given in Appendix I to the Budget Memorandum for 1949-50. The new scheme, the cost of which is debitible to the Revenue Account, may be classified as follows:—

	Lakhs.
(a) Irrigation Schemes	120
(b) Education department*	21
(c) Schemes for the benefit of local bodies (including Rs. 15 lakhs provided under 'Education').	65
(d) Medical and Public Health Departments *	20
(e) Industries department (including Ordnance and Fisheries departments).	20
(f) Agricultural department	8
(g) Labour department (Harijan Uplift and amelioration of backward classes).	8
(h) Communications (excluding grants to local bodies included in (c) above)	24
(i) Other departments (Police, Forest, Registration, General Administration, Judicial, Jail, etc.).	19
<i>Debt</i> —Additional revenue from some of the schemes.	8
Total	370

* Includes expenditure on buildings.

The provision for new schemes made in the Capital Account is Rs. 51 lakhs made up of Rs. 38 lakhs for the Irrigation department, Rs. 14 lakhs for the Education department, Rs. 21 lakhs for the Medical and Public Health departments and Rs. 8 lakhs for the Industries department. In the Debt Account, a provision of Rs. 25 lakhs is made mainly for the grant of loans to local bodies for various purposes.

38. The revenue deficit could have been appreciably reduced, if the Government had refrained from

28th February 1949] [Sri B. Gopala Reddi]

making provision in the Budget for many of the new schemes debitible to the Revenue Account. But, the Government are anxious that financial considerations should not stand in the way of developmental activities of the nation-building services which will ultimately add to the wealth of the country and be a potential source of additional revenue to Government. Moreover, as I have already indicated, the increased expenditure is largely inevitable, if the Government are to avail themselves fully of the block grant promised by the Government of India for Post-war Development and Grow More Food schemes. It is possible that there may be savings here and there in the provision made for new schemes and that the final deficit for 1949-50 will be somewhat smaller, but for present purposes, we have to proceed on the basis that with the present level of taxation, there will be a deficit of the order of Rs. 4 crores in the Revenue Account next year.

29. As one of the measures for combating the existing inflationary situation in the country, the Government of India and the Reserve Bank of India have stressed the importance of Provincial Governments balancing their budgets without recourse to withdrawals from the accumulated reserves. The Government are also of the view that it would be a short-sighted policy to continue to cover deficits by withdrawals from the Revenue Reserve Fund, and that, with the present level of prices, the public-spirited people of this Province would not grudge shouldering additional burdens to enable the Government to proceed with the various development schemes. (Hear, hear.) The Government have therefore decided that additional taxes which would bring in enough revenue to cover the anticipated deficit should be imposed next year, and I shall indicate briefly the new measures of taxation under consideration.

Measures to
cover the
revenue
deficit.

The question of an Agricultural Income-tax has been under consideration for a long time. There are difficulties in introducing this tax under conditions prevailing in this Province, and taking into account also the fact that owing to various reasons the Zamindars are finding it difficult to pay even the existing peshkush, the yield from this tax in the immediate future may not be appreciable. The Government are also reluctant to increase land revenue all round, as they feel that with the prevailing shortage, there

[Bri. B. Gopala Reddi] [26th February 1949]

should be no additional burden on producers of food-grains. They have therefore decided that for the time being, the exemption from the General Sales Tax now allowed on the first sale of agricultural products should be withdrawn in respect of the following commercial crops:—

- (1) Coconuts and oil-seeds other than ground-nuts and cashew-nuts.
- (2) Sugarcane.
- (3) Chillies.
- (4) Coffee.
- (5) Rubber.
- (6) Potatoes.
- (7) Pepper.
- (8) Turmeric.
- (9) Varieties of plantain intended for fruits.

As regards groundnut and cashew-nut, there is no exemption in regard to the first sale, but a purchase tax is levied at all stages. It is proposed to increase the rate of this tax by 50 per cent, i.e., from 3 pies in the rupee to 4½ pies in the rupee.

As regards tea, the first sale is already subject to a tax, but there is an exemption on all exports. This exemption will be withdrawn.

Cotton is now tax-free, and it is proposed to tax it at 3 pies in the rupee at one stage.

The Government of India are now paying Rs. 23 lakhs per annum as compensation for the suspension of Provincial taxation on wholesale trade in tobacco. The Government feel that it would be invidious to continue this position in regard to tobacco, while other commercial crops are subjected to additional taxation in this Province and are therefore addressing the Government of India in the matter.

In view of the very large increase in the value of immovable properties, particularly in urban areas, the Government consider that the owners might justifiably be required to contribute to the public revenue a portion of the unearned income derived from the sale of such properties. It is therefore proposed to levy a tax equal to 20 per cent of the increase in value from 1938 to the date of sale in respect of sales of immovable properties in all municipalities, major panchayats and the Corporation of Madras and in any other towns

20th February 1949] [Sri B. Gopala Reddi]

which may be notified by the Government for the purpose. Where the seller had purchased the property subsequent to 1938, the 2½ per cent will be calculated on the difference between the purchase price and the sale price.

Other taxation measures under consideration are: (1) levy of a surcharge at 12½ per cent rounded to the nearest quarter-anna on bus fares for Provincial purposes, and a suitable Provincial tax on public carriers of goods, (2) a surcharge of 12½ per cent on the house-tax now paid in municipalities and panchayat areas towards meeting the cost to Government on account of grants payable to local bodies, (3) a special sales-tax on electricity to be collected from all consumers including local bodies, (4) a tax on advertisements and cross-word puzzles, (5) a suitable Provincial tax on coffee-hotels, boarding houses and cinemas.

Necessary legislation in regard to the above proposals will be introduced as soon as possible. The Budget takes credit roundly for a sum of Rs. 4 crores as receipts from the new taxes under the head "Other Taxes and Duties," and with this credit the financial result is a small surplus of Rs. 9 lakhs in the Revenue Account for 1949-50.

I may say here that the various taxation measures I have mentioned are contemplated purely as an emergency measure for the year 1949-50.

40. The total estimated capital expenditure outside the Revenue Account (excluding the net outlay on State Trading Schemes and the net expenditure on commutation of pensions, which will be met from current revenues as usual) is Rs. 12.39 crores in the next year, against Rs. 10.38 crores in the revised estimate for the current year. The increase is mainly due to the larger provision made for the Tungabhadra Project and the provision for the various new schemes, which I have dealt with already.

41. Under "Loans and Advances by the Provincial Government" it is expected that there will be a net recovery of Rs. 123 lakhs in 1949-50 against a net disbursement of Rs. 623 lakhs in the current year. This is due to the absence in the next year of the special loans for the Madras Handloom Weavers' Co-operative Society, etc., provided for this year and the anticipated

Capital and
Debt
Balances,
1948-49.

Loans and
advances by
the Provincial
Government,
1948-49.

[Sri B. Gopala Reddi] [26th February 1949]

recoveries in the next year of these special loans. The gross amount of loans provided in the Budget for 1949-50 (Rs. 685 lakhs) includes Rs. 40 lakhs for short-term advances to the Madras Co-operative Central Land Mortgage Bank, Rs. 200 lakhs to the Madras Provincial Co-operative Bank, Rs. 100 lakhs to House Building Societies, Rs. 1 lakh to Co-operative Sale Societies, Rs. 229 lakhs for advances to cultivators, including Rs. 102 lakhs for loans under the Well Subsidy Scheme, Rs. 39 lakhs for loans under the State Aid to Industries Act, Rs. 51 lakhs to local bodies and the Madras Improvement Trust for various purposes and Rs. 10 lakhs for Government servants.

Special Funds

42. Full details regarding the various Special Funds will be found in Appendices III to VII of the Budget Memorandum for 1949-50.

New Loans

43. As usual, no credit is taken in the Budget for the proceeds of any new loan that may be raised in the open market or taken from the Central Government in 1949-50 to finance capital outlay and new loans and advances. The total net outlay relating to Capital Heads and loans provided in the Budget is Rs. 11 crores. The Government will decide in due course what amount they will borrow in the Budget year by way of open market loans or loans from the Central Government. The drawal from the invested cash balances will be reduced by the amount of any new loans raised.

Opening and Closing Balances, 1949-50

44. Including Securities in the Cash Balance Investment Account, the year 1949-50 is expected to start with a balance of Rs. 1,586.46 lakhs and to close with a balance of Rs. 737.29 lakhs. In addition, there will be securities in the Revenue Reserve Fund of the value of Rs. 2,331.89 lakhs (purchase price). The Government will also hold separately securities belonging to the Sinking Fund Investment Account, the Famine Relief Fund and the Electricity Depreciation and Special Reserve Funds of the purchase value of Rs. 513.12 lakhs.

Appendix II to the Budget Memorandum gives a detailed statement of the Government's liabilities and of their assets. The total liabilities as on the 31st March 1950 are estimated at Rs. 94.68 crores and assets of the classes listed at Rs. 112.89 crores.

The excess of the assets over liabilities is Rs. 18.21 crores.

26th February 1949] [Sri B. Gopala Reddi]

45. The broad survey that I have made in this speech will, I trust, give a fair idea of the measures undertaken and proposed by this Government continuously for the betterment of the people, particularly the villagers and the less fortunate of our brethren, the Harijans and backward communities. Last year, I dwelt on the need for substantial additional sources of revenue to the Province and referred to the amendments to the Draft Constitution of India of which I had given notice to secure this object. The financial provisions of the Draft Constitution have not yet been taken up for consideration in the Constituent Assembly.

46. The question of the formation of linguistic Provinces is still unsettled and I can only hope that the high level Committee which has been set up by the Congress will be able shortly to come to a decision that will command general acceptance.

47. Sir Archibald Nye was the last of the British Governors in India. He was relieved by the Maharaja of Bhavnagar as the first permanent Indian Governor of Madras. The seventh of September 1948 is a significant day in the annals of our Province when a fellow national came to preside over the destinies of the Province. The fact that he was a ruling Prince adds colour to the appointment and this again is a notable event. With the traditions he inherited, with the experience he acquired and with his pleasing and unassuming manners His Excellency the Maharaja of Bhavnagar has already endeared himself to the people of the Province and he will guide us in the present transitional period of our stabilization and progress. ('Hear, hear.')

Before I close, I feel it my duty to express my sense of appreciation and gratitude to the services rendered by the officers, one and all, of the Finance Department. Theirs is not a pleasant task and they had to satisfy not only the Services who go on strikes sometimes but also to find the necessary money for meeting various proposals of the departments. They are keen on cutting down expenditure and seeing that our deficit is as small as possible. Mr. T. N. S. Raghavan, I.C.S., who was long associated with the Finance Department as Deputy Secretary and as Additional Secretary assumed his duties as Finance Secretary from the commencement of the year. He and his Assistant Mr. Rangachari,

[Sri B. Gopala Reddi] [26th February 1949]

who was in charge of the Budget, deserve special mention and I am sure Mr. Raghavan and his Assistants will continue to maintain the high standards and traditions of our Finance Department.

43. Sir, I have now come to the end of my speech. After all, the Budget is only a rough indication of what the Ministry hopes to do in the coming year. The shape of things to come will actually depend on the active and willing co-operation that each Member of the public, high and low, accords to the Government of the day. No one is more conscious than myself and my Colleagues of the extent to which our achievements have fallen short of our own ideals and hopes. We shall always welcome constructive criticism from any Member of the House or the outside public.

Though we may "grow weak by time and fate, let us be strong in will, to strive, to seek, to find and not to yield" and so prove ourselves worthy of the Great Master who has gone and yet will live for ever!
"JAI HIND." (Applause.)

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¹With Hon. Finance Minister's Budget speech for that year [1949-50, page 88 especially].
2See notes and observations on recent issues of the Modern Province from 1930-1 to 1949-50.

THE JOURNAL OF CLIMATE

B. EXPENDITURE OF REVENUE ACCOUNT.

	Major heads of expenditure	1932-3			1933-4			1934-5			1935-6			1936-7			1937-8			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total Expenditure	Rs. Lakhs	265, 000	305, 000	345, 000	365, 000	385, 000	395, 000	405, 000	415, 000	425, 000	435, 000	445, 000	455, 000	465, 000	475, 000	485, 000	495, 000	505, 000	515, 000	525, 000
Taxes on Income	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754
Tax on Bonds	1,4522	20776	25004	26212	26420	27445	27777	28401	28729	29441	29759	30444	30738	31444	31753	32444	32738	33444	34138	34737
Provident Fund	2643	1743	4163	21543	21943	21843	21643	21443	21243	21043	20843	20643	20443	20243	20043	19843	19643	19443	19243	19043
Reserve	443	435	298	525	722	824	924	1024	1124	1224	1324	1424	1524	1624	1724	1824	1924	2024	2124	2224
Treasury	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224	4224
Borrowings	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Current account of Union Treasury	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Other Taxes and Duties	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Interest interest on works, etc., which require separate accounts	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Interest Global Revenue Account hereinafter referred to as Revenue	28,671	47,377	51,80	62,74	74,43	89,70	107,43	127,77	151,10	171,53	191,96	212,39	232,82	253,25	273,68	294,11	314,54	334,97	355,41	375,84
Contributions of irrigation, etc., water, soil and other agri- cultural schemes	1,029	1,448	2,041	3,50	2,87	3,16	2,14	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11
Interest—Interest transferred to Central—Central Government	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Settlements and gifts of ordinary accounts	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Average rate for revenue account of State	10,462	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	10,356	
General administration	1,15,95	92,48	109,25	91,93	65,35	1,15,20	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	1,15,11	
Administration of Justice	29,701	28,46	39,37	39,37	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	44,88	
Jail and Courts Settlements	1,74,97	1,77,63	1,79,26	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	1,82,67	
Treasury	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Post and Telegraph	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	6,53	
Police Department	1,27,84	1,37,84	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	2,10,18	
Education	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	6,15	
Medical

THE INFLUENCE OF HILLTOPS ON THE

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