

energy. Large scale opportunities can thus be furnished to the student community all over the country, for building up both physique and personality. These acts of disciplined service on the part of individuals and groups will foster the growth of leadership at all levels and will strengthen the economic and moral foundations of the community.

**To awake Social Consciousness**

The question is asked if such voluntary service will be forthcoming, considering the general lack of social consciousness. There are some therefore who suggest that some pressure should be organized against the recalcitrants. For instance it is suggested that the growing class of idle rich in the towns who now kill time in clubs, race courses, cinemas and other places of amusements could be made to give the benefit of their education, to schools, hospitals, slums, rural welfare by the simple expedient of their incomes or share in the family income being considered as unearned and taxed accordingly. The mere threat of such an imposition would awake such people to their social responsibilities.

Similarly labour could be commanded as condition precedent to the irrigation works from those to be benefited in proportion to the size of their holdings. As far as students are concerned, their degrees may be given only after a period of social service, the record of which will be considered at the examination.

The degree to which compulsion of this nature can be introduced will depend on the country's determination to use its available resources to increase the magnitude of its plans for reconstruction.

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**Financial Aspects of the Madras Plan**

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The estimated cost of the Five-Year plan for Madras covered by the first part of the Commission's report is Rs. 137 crores under the following heads :—

|  | <i>Rupees in lakhs.</i> | <i>Total Rupees in lakhs.</i> |
|--|-------------------------|-------------------------------|
| I. Agriculture and Rural Development : |                         |                               |
| 1. Agriculture ...                     | 1,600.00                |                               |
| 2. Veterinary and Animal Husbandry ... | } 150.00                |                               |
| 3. Dairy and Milk Supply ...           |                         |                               |
| 4. Forests ...                         | 40.00                   |                               |
| 5. Co-operation ...                    | 100.00                  |                               |
| 6. Fisheries ...                       | 100.00                  |                               |
| 7. Rural Development ...               | 203.00                  |                               |
|  | 2,100.00                |                               |

*Note:* Reprinted from the Special Planning Number, Madras Information, October, 1951.

|   |     |             |           |
|---|-----|-------------|-----------|
| II. Major Irrigation and Power Projects : |     |             |           |
| 1. Irrigation                             | ... | ...         | 3,016.00  |
| 2. Electricity                            | ... | ...         | 5,024.00  |
|   |     |             | 8,040.00  |
| III. Industry :                           |     |             |           |
| 1. Cottage Industries                     | ... | ...         | 126.86    |
| 2. Other Industries                       | ... | ...         | 85.14     |
|   |     |             | 212.00    |
| IV. Transport — Roads :                   |     |             |           |
| V. Social Service :                       |     |             |           |
| 1. Education                              | ... | ...         | 500.00    |
| 2. Medical                                | ... | ...         | 800.00    |
| 3. Public Health                          | ... | ...         | 1,200.00  |
| 4. Housing                                | ... | ...         | 300.00    |
| 5. Amelioration of Backward Classes       | ... | ...         | 459.00    |
|   |     |             | 2,759.00  |
|   |     | Grand Total | 13,701.00 |

Compared with the plans of other States, ours is the largest, that of Bombay coming next with Rs. 120 crores and the Uttar Pradesh coming third with Rs. 91 crores; but this fact does throw a proportionately heavier strain on our resources. The large bulk of our expenditure is on irrigation and power development schemes (Rs. 80 crores) which would fetch to the exchequer a fair return on the sums invested. It would therefore be open to us to meet this portion of the expenditure, which is classified under the Capital head, from funds borrowed from the public to the extent open market operations are feasible during the five years. Even so, the sums ear-marked for the various welfare services, are beyond the present resources of the State and therefore resort will have to be had to additional taxation for implementing the plan in full.

#### Sources of Finance

The Planning Commission has indicated in a general way how the plan has to be financed for the country as a whole. As far as this State is concerned, the money is expected to come from the following sources:—

|   | <i>Rupees in<br/>crores.</i> |
|---|------------------------------|
| (i) State Revenues available for development expenditure on the present scale | 30                           |
| (ii) Possible economies in expenditure  | 5                            |
| (iii) Surplus from Deposit transaction  | 8                            |
| (iv) Loans from the open market   | 17                           |
| (v) Withdrawals from reserve  | 27                           |
| (vi) Assistance from the Centre   | 30                           |
| (vii) Additional taxation   | 20                           |
|   | 137                          |
| Total   | 137                          |

A good few of the items included in the plan, are mere continuations of schemes already in operation in this State, as for example the expenditure on rural development, construction of new roads, improvements to hospitals, amelioration of Backward Classes; etc. Even without the plan, provision would have been made, to the extent possible, in the revenue of the State for these services and normally a sum of Rs. 30 crores would have been spent on them during the five years and that is the sum indicated under item (i) above.

The sum of Rs. 5 crores under item (ii) above will have to come out of drastic economies in departments like Civil Supplies, Police, Prohibition and other spheres of general administration. Item (iii) represents the normal capital accumulations with the Government from transactions, such as deposits on account of provident funds and state trading schemes. Under item (iv) credit has been taken for Rs. 17 crores to be raised from the open market during the five years, which works out to an average of Rs. 3½ crores per year. The Government has still in reserve securities worth Rs. 32 crores and it is proposed to raise Rs. 27 crores by their sale, as indicated under item (v). The quantum of Central assistance has not yet been fully fixed.

The Commission has indicated an assistance of Rs. 20 crores only, but this Government has pressed for its enhancement of Rs. 30 crores and that request is still under consideration. It is therefore hoped that the sum of Rs. 30 crores under item (vi) will materialize, in which case, the extent of additional taxation can be limited to about Rs. 20 crores, at an average of Rs. 4 crores per year, as shown under item (vii).

#### Additional Taxation

The scope for additional taxation in this State, which has already shouldered the severe strain of complete prohibition, is very limited. The proposal, now under consideration by the Union Government, to levy death duties, may meet a small portion of our needs. For further augmentation of our revenues, to the extent expected by the Commission, we shall have to turn to the land. Our Land Revenue, which used to be the mainstay of our pre-war budgets, is still being maintained more or less on the old level. No doubt, we have controlled the prices of food-grains and therefore, agriculturists growing foodcrops, have not been able to earn their full share of the increased prices. But, on lands growing commercial crops such as groundnut, cotton, coconut, pepper, etc., the present assessment sits comparatively light.

It is therefore possible to augment our resources to some extent by enhancing suitably the assessment on lands growing commercial crops. Another source of additional revenue is a betterment levy on newly irrigated land. The execution of various irrigation schemes at enormous

public expenditure, has increased the value of lauds newly brought under the plough. It is but fair and proper that a portion of this unearned increment is appropriated by the State to provide funds for development in other areas. The Revenue Reforms Committee has recommended the levy of a surcharge on agricultural holdings paying assessment of over Rs. 150 on a sliding scale. In effect, this levy may be equivalent to Agricultural Income-tax which the Planning Commission has recommended to States which have not introduced that measure so far. If all these measures indicated above are adopted, it may be possible to secure a fair proportion of the additional funds envisaged by the Commission.

Taxation measures are unpopular at all times and in all countries. But we have to remember that in no country in the world, do we see disparities in the standard of living between the richer sections and the poorer, of the same magnitude as we have in our country. Britain is indeed a wealthy nation, but the ratio between the spending capacities of the richest man and the poorest, will only be a small fraction of the corresponding ratio obtaining in this land. No doubt, our primary aim is to level up the general standard of living. but if that could be achieved only by some levelling down of the higher income groups, then we have to resort to that process, however disagreeable that might appear.

#### Covering the Food Deficit

Ours is the most deficit of all States in food and all that deficit is in rice. Annually we part with Rs. 50 to 60 crores to import foodgrains from outside at prices which are often dictated by the sellers. We have still immense water resources with fertile plains lying on either side to grow all the rice we need and we have also drawn up a 15-year plan for this purpose. Through our sustained efforts during the last few years we have built up a first-rate engineering organization capable of holding its own against the best in the world.

It is in the interests of the nation and the State in particular, that this priceless organization, capable of investing about Rs. 20 crores per year should be continuously used and improved on. The Planning Commission is now preparing a supplementary programme costing about Rs. 300 crores to be implemented subject to external assistance being forthcoming. Let us hope that in the apportionment of priorities for new schemes for this programme, the special needs and facilities obtaining in this State for the development of natural resources, will receive adequate consideration.