

DATA ENTERED

PROCEEDINGS

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OF THE

TRAVANCORE SRI MULAM ASSEMBLY.

SECOND ASSEMBLY.

THIRTEENTH SESSION.

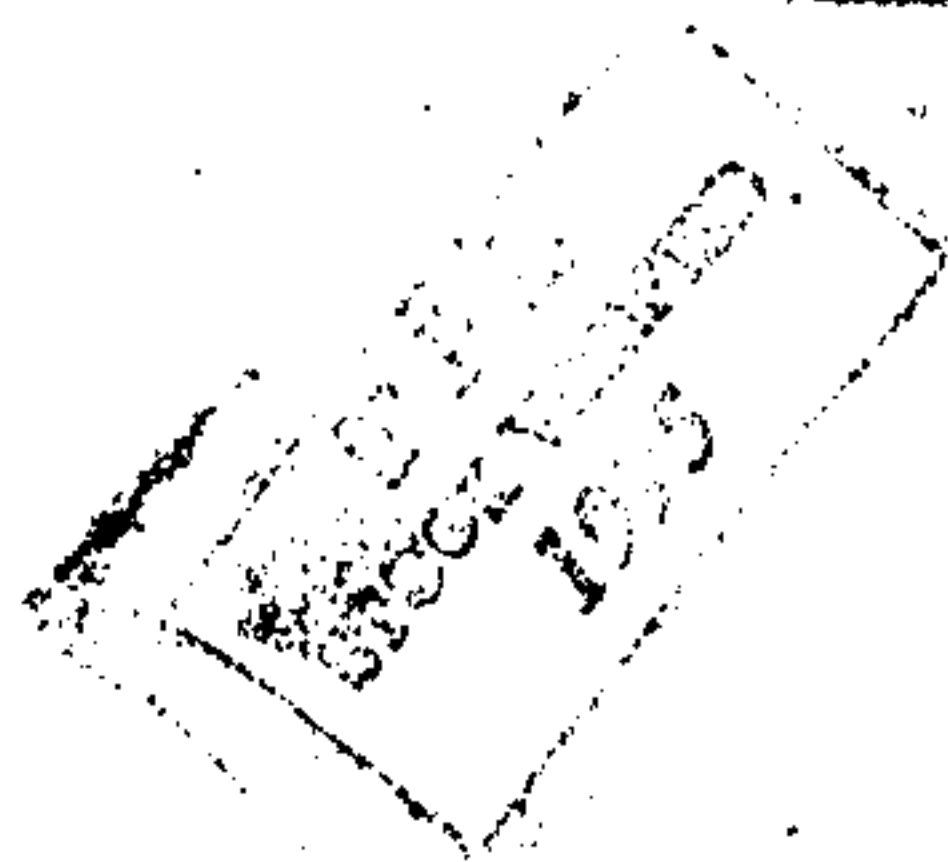
Monday, the 19th July 1948|3rd Karkadakam 1118.

(OFFICIAL REPORT)

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**PROCEEDINGS**  
of  
**THE TRAVANCORE SRI MULAM ASSEMBLY.**

**SECOND ASSEMBLY.**

**THIRTEENTH SESSION—1118/1943.**

**(OFFICIAL REPORT)**

*Monday, the 19th July 1943 | 3rd Karkatagam 1118.*

The Assembly met in joint session with the Sri Chitra State Council in the Legislative Chamber, Public Offices at 12 noon, the President, Sachivottama Sir C. P. Ramaswami Aiyar, K. C. S. I., K. C. I. E., LL. D., Dewan of Travancore presiding.

H. J. Todd Esq., Resident for the Madras States and Mrs. Todd were seated on the dais. Mr. T. M. Krishnaswami Aiyar, Chief Justice of the High Court of Travancore and Lieut. Col. T. T. Laville, Commandant of the Travancore State Forces were also seated on the dais.

**PRESIDENT:** Mr. Financial Secretary,

**MR. A. LAKSHMINARAYANA AIYAR** (*Financial Secretary to Government*):

Sir,

Since I presented my first budget to this House last year, the war situation has greatly improved. The resounding success of the Allied Arms in North Africa and the check to Japanese aggression lead to a distinct hope that the victory of the Allies will be achieved in the very near future. No change in the economic aspect is yet visible; but the prospects appear definitely brighter. The favourable and unfavourable conditions consequent on the war prevail as before. Our commercial crops continue to fetch high prices with the resultant increase of money, both in circulation and otherwise, in the country and improvement in Government revenue. Demands for war supplies have provided employment to a large number of people, thereby relieving, though temporarily, the economic strain to a considerable extent. The loss of overseas trade and difficulties relating to shipping and transport have complicated the situation and the materials and machinery required from abroad for our capital enterprises are not easily obtainable. Prices are soaring all round and the food

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situation is more acute. In spite of all possible action taken by Government, Sir, guided by your characteristic courage and foresight, in the matter of control, purchase and rationing, where we forestalled other Governments, the food position is still causing anxiety due to causes beyond our control and we are still awaiting with anxiety the implementing by the Central Government, of a fully organised scheme for the procurement and distribution of food grains especially in respect of deficit areas like Travancore.

Before I deal with the budget of the coming year based on these conditions, I shall, as usual, touch briefly on the results of the last year and the Revised Estimates of the current year.

#### Actuals of 1117.

2. For 1117, we budgeted for a revenue of Rs 280.73 lakhs and an expenditure of Rs 279.23 lakhs, thus anticipating a small surplus of Rs 1.5 lakhs. Due, however, to specially favourable conditions which prevailed during the year, the actuals, chiefly under Customs, Forest and Railways showed a marked upward trend. The revised estimate was therefore expected to go above the three-crore mark not reached before and was fixed at Rs 301.41 lakhs. The final accounts of the year showed a still further rise and stood at Rs 314.52 lakhs. The real figure is still higher, (*viz.*) Rs 320 lakhs as a sum of Rs 5.5 lakhs was removed from Customs receipts during the year to a suspense head. This sum of Rs 5.5 lakhs represents the extra duty on petrol included in Cochin Harbour receipts in the accounts of some previous years which should normally have been transferred to the Road Development Fund, but not so transferred. The adjustment of this amount to the credit of the Fund together with similar receipts for 1118 and 1119 will be effected in the accounts of 1119. The expenditure charged to revenue was kept well within the budget and amounted only to Rs 276.19 lakhs. There was thus a surplus of Rs 38.33 lakhs in the revenue account which was transferred to the Revenue Reserve Fund in accordance with the proposal made last year to dispose of the surplus.

3. In the capital section an amount of Rs 28.87 lakhs only could be spent against the budget of Rs 44.20 lakhs due to the difficulties in obtaining materials and equipment.

#### Revised Estimates of 1118.

4. I now turn to the year 1118. Owing to the uncertainties of the war situation, the budget for 1118 was framed on a conservative basis, although the prospect of our revenues reaching a high level as in 1117 was foreshadowed in my budget speech of last year. The results of 1118 as envisaged at present show that we had been too cautious. We expected a revenue of Rs 290.22 lakhs and an expenditure of Rs 285.13 lakhs with a resultant small surplus of Rs 5.09 lakhs. The latest revised estimate, however, shows that the revenue will be Rs 375.41 lakhs, creating again the highest record in the revenues of

the State. The expenditure is estimated at Rs 294.57 lakhs thus resulting in a substantial surplus of Rs 80.84 lakhs. The surplus, it has to be noted, is not the result of normal conditions, but is due to adventitious circumstances mainly created by the War. In view of the unfavourable repercussions on the economic position which will be inevitable after the war and having regard to the inevitable cycles of inflation and deflation it will be a prudent policy to fund all the special gains due to the war to be used to mitigate its later ill-effects. It is therefore proposed to credit the surplus of this year to a separate fund styled 'Post War Reconstruction Fund' in the accounts. The money in the Fund is intended to be utilised only for reconstruction purposes and similar surpluses arising in future during the period of the war are also proposed to be credited to the Fund. Any amount credited to the Fund cannot be considered excessive, considering the adverse economic situation which may have to be faced after the war. I shall now explain briefly the more important variations between the budget and revised estimates of 1118.

#### REVENUE.

5. War-time conditions due to high prices of our commercial crops are reflected in the increase of Rs 10.09 lakhs under Customs. We are getting more in land customs and the receipts from the Cochin Harbour are above the usual level and there is at present no reason to anticipate any big drop therein. Favourable economic conditions by way of greater spending power of the labouring classes have contributed to the increase in consumption of country-made liquor. With the addition also of about a rupee per gallon on the duty on arrack the Excise Revenue is expected to go up by Rs 16.63 lakhs. Due to a plethora of money in the country derived from the sale of commercial crops, war contracts and from remittances received from State subjects employed abroad on war occupations and in important labour operations, transactions relating to investments on land and redeeming of mortgages have increased to a phenomenal extent. The Stamp and Registration revenues have in consequence mounted up and an improvement of Rs 12.56 lakhs and Rs 7.64 lakhs, respectively, is anticipated under these heads. Larger sales and high prices of timber continue as in last year and this accounts for the betterment of Rs 5.06 lakhs under Forests. Large profits realised by trade and industry have yielded better collections of Income-tax and Super-tax and the revenue under Taxes on Income is expected to exceed the budget by Rs 6.90 lakhs.

6. The Railway receipts are expected to go above Rs 5 lakhs on account of increased traffic, resulting in a betterment of Rs 2.20 lakhs. It may be gratifying to note that our Railways are now well on the productive side. Under Miscellaneous Departments, large receipts from the Rubber Factory due to war-time profits chiefly account for an increase of Rs 6.87 lakhs. There is a considerable increase in the density of passenger and parcel traffic in the State Transport this year. Taking also into account the increase in rates by 25 per cent, from

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Kanni 1118, the net receipts of the Department will be Rs 3.79 lakhs more than the budget in spite of the high operating cost. There is also a special item of receipt of Rs 9.97 lakhs due to the profits realised on the sale of certain investments shown under the head 'Miscellaneous.'

#### EXPENDITURE CHARGED TO REVENUE.

7. The rise in expenditure is made up of small increases under several heads and the important increases which may be mentioned are Rs 3.07 lakhs under Miscellaneous due to the dearness allowance paid to low-paid Government servants at higher rates and with extended scope, Rs 1.53 lakhs under Education on account of certain special grants paid to the Travancore and Annamalai Universities and Rs 1.40 lakhs under Army due to the purchase of additional equipment.

8. We have contributed this year for war purposes a sum of B. Rs 5 lakhs. Thus a very large contribution in money has been made for war purposes besides our contribution to the armed forces and in the matter of supplies etc.

#### CAPITAL EXPENDITURE.

9. The total capital expenditure this year is expected to be Rs 36.45 lakhs against the budget of Rs 30.29 lakhs for reasons mentioned below.

10. An additional expenditure of Rs. 3.62 lakhs is expected under Electric Schemes due to permits having been obtained for the import of certain machinery required for the expansion of a load in Pallivasal. As an initial step in the development of our coastal transport, we have purchased this year four sailing vessels and this accounts for the fresh outlay of Rs 3.60 lakhs under Coastal Transport.

#### Budget Estimates for 1119.

11. I now come to the Budget Estimates for the next year. In view of the present uncertain and abnormal conditions, the most reasonable course in framing the next year's estimates is to assume that the general position next year will be the same as in the current year. As there is no basis to anticipate otherwise, the Budget is framed on the above assumption with a slight element of caution on account of war conditions; but it takes into account the incidental variations in the working of the Government Departments and also the exceptionally high prices ruling at present.

#### REVENUE.

12. The revenue for the next year from existing sources is estimated at Rs 364.94 lakhs against the revised estimate of Rs 375.41 lakhs for this year. The estimates under the principal heads of revenue have been fixed slightly lower than the revised estimate by Rs 10.55 lakhs

due to the receipts during this year being exceptionally high under Customs, Excise, Stamps and Registration. Under Forest, however, we expect an increase of Rs 1 lakh due to the demand for plywood and plastics. Other important variations occur under Interest (+ Rs 2.24 lakhs), Currency and Mint (+ Rs 2.98 lakhs), Miscellaneous Departments (—Rs 2.11 lakhs), Buildings, Communications &c., (+ Rs 8.09 lakhs), Electrical Schemes (+ Rs 1.85 lakhs), State Transport (—Rs 2.65 lakhs) and Sale Proceeds of lands (—Rs 1.50 lakhs).

13. The first instalment of repayment of the loans to Cochin Harbour for the IV Stage Works falls due next year and this accounts for the larger receipts under Interest.

14. Under Currency and Mint the increase is due to the profits from Coinage of a large quantity of small silver coins ordered from the Bombay Mint. When dealing with this head it, may not be out of place to say something about the Small Coin position. The amount of small coins in stock in the Treasuries at the end of 1116 was Rs 6.3 lakhs in silver and Rs 4.21 lakhs in copper coins. During the year 1117, silver coins to the extent of Rs 11.87 lakhs were minted. The coins in stock together with the fresh supply received in 1117 would in normal conditions have lasted for about five years. But the coins practically vanished early in 1118 and the small coin position became acute. By special efforts Government were able to get an immediate supply of Rs 2.5 lakhs in silver coins and an assured later supply of Rs 7 lakhs of silver coins and Rs 2 lakhs worth of copper blanks. It was also attempted then for the first time to manufacture the blanks locally and a small quantity of copper coins for Rs 6,000 was so manufactured and minted to tide over a difficult situation. A good stock of silver coins and copper blanks has recently arrived and it is hoped that the small coin position will be eased. It is, however, necessary to utter a note of warning. Even taking into account the greater need for small coins on account of the present economic position, considering the large quantities of coins freshly minted in 1117, the shortage has to be attributed more to the anti-social elements who hoard the coins merely for hoardings' sake or for profiteering by exploiting the difficult situation. With a vast amount of money circulating in the country, hoarding of large quantities of coins will not be impossible and if this habit goes unchecked, any amount of coins supplied by Government will not go to meet the demands of those who really need them. Government will not therefore hesitate to take deterrent action against these hoarders and profiteers, but Government by themselves will not be able to check effectively the anti-social habits. They therefore rely upon the co-operation and goodwill of the public especially of the Honourable members, to assist Government in their efforts to eradicate this evil. A large-scale minting of these token coins whose metallic value is small is not also desirable as it will produce a disturbing effect on the revenue position in times of depression when there would be a large return of the coins from circulation and the prices of the metals would have gone down.

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15. The drop of Rs 2.11 lakhs under Miscellaneous Departments is due to the profits for the first half year from the Rubber Factory having been received this year itself though normally it is due only next year. The increase of over Rs 8 lakhs under Buildings, Communications, etc., is only nominal. When dealing with the actuals for 1117, I have already referred to an adjustment of a portion of the Cochin Harbour receipts of some years to be credited to the Road Development Fund. According to the method of accounting to be adopted, this amount has first to be credited as a receipt of the Public Works Department. The transfer of this credit to the Fund has to be made with the vote of the Legislature. An equal amount has therefore been provided in the Expenditure side under "36. Buildings, Communications etc." and included in the Demand for the Public Works Department. The increase, occurring under revenue is thus set off by an equal amount of expenditure and will not affect the budgetary position.

16. The improvement in the receipts under Electrical Schemes is due to an expected increase in consumption and is partially set off by an extra provision under working expenses for depreciation. Owing to the phenomenal increase in the prices of spare parts and on account of the vehicles not being able to be run on charcoal gas due to their having become old and having to carry larger traffic, the operating cost next year under State Transport is expected to be very high. This accounts for the decrease under State Transport. Owing to the policy of assignment of pūdaval lands having been stopped, the receipts from the sale of lands are expected to go down next year.

#### NEW PROPOSALS.

17. Due to war-time prices and profits, the volume of currency in circulation has enormously increased throughout India, including Indian States. The spending power thus has been greatly enhanced with the availability of consumable goods being, however, limited. Steps have been taken in British India to check the consequential high level of prices by introducing measures to relieve the pressure of the greater volume of purchasing power on the limited supplies of consumable goods. These have taken the forms of stepping up of the Incometax and Supertax and the levy of Excess Profits and other taxes. Unless we come into line with the other parts of India by introducing similar measures to check, if not to eliminate, the process of inflation, there is bound to be a serious repercussion on our economic conditions. It is therefore proposed with effect from 1119 to levy a surcharge of 50 per cent. on the rates of incometax and supertax now in force in the State. In the case of companies, however, the supertax rate will be increased from one chuckram and twelve cash to two chuckrams and ten cash instead of levying a surcharge. The prices of agricultural produce have risen to phenomenally high levels due to war conditions and it is anomalous that the land tax should remain at the pre-war level reckoned in terms of money. Opinion all over the world has now crystallised itself in favour of assimilating the

profits from land with other profits and income and the case is even stronger in the case of what may be termed money-crops produced on large scale by mass production or factory labour as applied to agricultural or semi-agricultural activities. A tax on agricultural incomes will therefore be levied from next year at the following rates :—

	Rate.
1. When the total income is less than Rs. 5,000	Nil.
2. When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Eight cash in the rupee.
3. When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	Twelve cash in the rupee.
4. When the total income is Rs. 15,000 or upwards but is less than Rs. 20,000	One chuckram in the rupee.
5. When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000	One chuckram and twelve cash in the rupee.
6. When the total income is Rs. 30,000 or upwards but is less than Rs. 40,000	Two chuckrams and four cash in the rupee.
7. When the total income is Rs. 40,000 or upwards but is less than Rs. 75,000	Two chuckrams and eight cash in the rupee.
8. When the total income is Rs. 75,000 or upwards but is less than Rs. 1,00,000	Two chuckrams and twelve cash in the rupee.
9. When the total income is Rs. 1,00,000 or upwards.	Three chuckrams in the rupee.

The tax is not intended to be a burden on the tax-payer as it may be noted that the rates proposed are only about  $\frac{3}{4}$  of the basic rates of incometax now current not taking into account the supertax and surcharge. Incomes up to Rs. 5,000 are exempt and the poor ryot and the small landholder will not therefore be liable to the tax. The taxation is not proposed with the special objective of betterment of the revenue position, but solely with the object of post-war reconstruction and in the case of agriculturists, for their post-war benefit by way of improvement of agriculture or to relieve agricultural distress. It is expected that there will be a receipt of Rs. 11 lakhs under Incometax and Supertax and Rs. 9 lakhs from the tax on agricultural incomes, according to these proposals.

18. The rates of Anchal cards and covers are very low when compared with the high cost of manufacture and price of paper at present. It is therefore proposed to double the rates on cards and covers from 1st Chingom 1119. An additional revenue of Rs. 60,000 is expected on this account.



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19. The total revenue anticipated during the next year will thus amount to Rs 385.54 lakhs.

#### Expenditure.

20. I shall now pass on to the expenditure side. The programme of expenditure charged to revenue for the next year covers a provision of Rs 327.79 lakhs, which is in excess of the revised estimates of the current year by Rs 33.22 lakhs. Excluding Rs 8.98 lakhs included under Public Works for adjustment to the Road Development Fund already referred to, the real excess is only Rs 24.24 lakhs. This increase partly due to the growing needs of a progressive administration and partly to an additional provision of about Rs 10 lakhs for enhancement of the war allowance to the subordinate ranks of the service, is more or less uniformly spread throughout the various departments. The allocation of funds has, as usual, been carefully examined both by the Government and the Standing Finance Committee of the Legislature. It will be noted that while making suitable provision for the grant of war allowances, the increase in Public Works expenditure and the additional expenditure on defence services necessitated under present conditions, Government have stinted no expenditure calculated to be absolutely necessary to meet the requirements of an efficient administration or to promote public amenities. The Government have also been careful not to provide for any unnecessary or superfluous items of expenditure, merely because owing to adventitious circumstances which may not obviously be of a recurring nature, we expect our revenues to mount up to nearly Rs 4 crores next year.

21. The most important and trying problem of the day is our food problem. Travancore has all along been depending entirely upon other countries especially Burma for making up for her deficit in rice. But as a result of the occupation of Burma, once our prime rice-supplier, by the enemy, and on account of the difficulties of transport, we are not now in a position to get from outside our full quota of requirements. Though on account of your unceasing efforts, Sir, every possible attempt is being made to secure as much supply of food materials from outside the State as is possible, we have necessarily to develop our resources to the maximum yield. The Government have accordingly launched a 'grow more food campaign.' Tapioca cultivation has already been increased by 25 to 30 per cent during the last one year. With a view to encourage and foster intensive cultivation of food grains and other products, Government lands are being leased out for private cultivation on very favourable terms and conditions. Facilities have been provided for an intensive cultivation in Kuttanad by the conversion of single crop fields into double crop fields by the aid of a Lift Irrigation Scheme and for the better cultivation of fallow punja lands in Kuttanad area, as also for bringing under cultivation extensive areas of forest reserves. Additional manure depots have been opened

by the Agricultural Department at different centres. There is an essential need for starting industries connected with fertilisers and manures and Government will encourage the starting of such industries with the necessary financial aid by way of taking shares. It has been the policy of Government that the three allied departments of Land Revenue, Forest and Agriculture should co-ordinate their work in this direction and the necessary funds have been placed at the disposal of these departments in the next year's budget.

I shall now proceed to make a brief survey of some of the more salient features in the programme of expenditure charged to revenue for the next year.

22. *Industries.* We have been alive to the fact that in industrial advancement, development of cottage industries plays a prominent part. Liberal provision has, as usual, been made in the next year's budget for demonstration and experimental work. It is also proposed to open a special class for the training of pupils in the manufacture of mats and other articles from palmyra leaves and *kora* grass in various designs and colour. Besides, the investigation of the possibilities of new lines and phases of cottage industries is also proposed to be undertaken as a preliminary to the further development of cottage industries. As in the case of food stuffs, we have now to depend largely on ourselves for our supply of paper. The Punalur Paper Mills is now practically our sole suppliers and it is imperative that we should attempt to manufacture more paper for our use. Keeping this in view, provision has been made for investigating the possibilities of the manufacture of hand-made paper.

23. *Medical, Ayurveda and Public Health.* Provision has been made in the next year's budget for the opening of new medical institutions and for the better equipment of the existing ones. The activities of the Public Health Department having steadily increased, it has been found necessary to make provision for the extension of taluk and district health organisations. With a view to combat effectively the epidemic situation in Central Travancore and to reinforce the primary units of Public Health Organisation, an additional public health district has been formed. Public health propaganda continue to be carried on vigorously by means of lectures, exhibitions, bulletins, etc.

24. *Public Works.* The next year's allotment for public works expenditure is Rs 29.08 lakhs which is in excess of the revised estimates of the current year by Rs 4.01 lakhs. The increased provision is due to the rise in the price of materials and labour charges and the consequent restoration of the 10 per cent. cut in maintenance grants. The provision for the grant of war allowance to members of work-charged establishments also accounts for the increase in the grant for the P. W. D. Having regard to the importance of irrigation works and in accordance with the resolutions of the Economic Development Board and the representations of the non-official public, it is proposed to reconstitute the Irrigation Division of the Public Works Department, so that irrigation works may receive the closer attention which they so richly deserve.

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25. *Education.* Besides the usual liberal provision for primary and secondary education, the Education budget for the next year provides for the grant of a contribution of about Rs 9 lakhs to the Travancore University. The House may be interested to be told in this connection that provision has been made for the participation by the University in the Indian Science Congress, the organisation of a University Library and the starting of a department of statistics. The Research Department of the University is continuing to do its useful work in various directions. Experiments on the production of *Agar-agar*, a preliminary survey for iron ores by magnetic technique in the taluk of Kunnatnad and the preparation of glue from the fleshings obtained from tanneries and the production of gypsum as a by-product of the salt industry are some of the new fields of activity of the Research Department.

26. The total expenditure charged to revenue in the next year will amount to Rs 327.79 lakhs resulting in a surplus of Rs 57.75 lakhs. As already alluded to, Rs 9 lakhs out of this surplus representing the income received by the levy of tax on agricultural income will be transferred to the Revenue Reserve Fund and the balance of Rs 48.75 lakhs will be credited to the 'Post-war Reconstruction Fund.' At the end of next year we thus expect a credit of Rs 129.59 lakhs in the Post-War Reconstruction Fund and Rs 56.23 lakhs in the Revenue Reserve Fund which is not inconsiderable.

#### Capital Expenditure.

27. The next year's programme of capital expenditure includes a provision of Rs 60.65 lakhs which is very nearly double the provision for the current year and in excess of the revised estimates by Rs 24.20 lakhs. The important variations are :—

28. *Water Supply Schemes.* As most of the major water-supply schemes already taken on hand are either completed or are nearing completion, a reduced provision of Rs 1.06 lakhs only has been made for the next year under this head, as against the revised estimate of Rs 2.04 lakhs for the current year. The provision made is mainly for the final settlement of the liabilities outstanding in the case of some of the schemes already completed and for finishing the work yet awaiting completion.

29. *Drainage Scheme.* The sewerage works held up due to difficulty in obtaining materials and labour, construction of manholes, lampholes, drops, &c., in Block A and the remaining works in the Sewage Farm, Storm Water Works, &c., under the scheme are expected to be carried out during 1119. Although intimation has been received that the Pumping Plant ordered for the Drainage Scheme is despatched, it may not be possible to take delivery of and arrange payment for the same during the current year. For the works including establishment charges and for meeting the cost of the plant a provision of Rs 2.23 lakhs has been included in the next year's budget.

30. *Civil works and Miscellaneous Public Improvements.* The next year's provision includes Rs 1.72 lakhs for Military buildings, Rs 1.18 lakhs under Town Planning Scheme, Rs 0.53 of a lakh for University Buildings, Rs 0.66 of a lakh for the construction of a Tobacco Bank-shall at Trivandrum and Rs 0.50 of a lakh for acquisition of lands for the Sri Mula Vilasom School, Trivandrum.

A provision of Rs 6.75 lakhs has been included under this head on account of the cost of lands, etc., debited to Railway capital for the Chackai-Thambanur Extension, but not taken over by the Railway as not required for Railway purposes. This is set off by deduction of a similar amount under capital outlay on Railways.

31. *Electrical Schemes.* The next year's provision under this head is Rs 44.26 lakhs. The question of increasing the power supply has been engaging the attention of Government for some time and it is expected that additional expenditure will have to be incurred on this account.

32. *Telephone Schemes.* A sum of Rs 1.75 lakhs has been provided in the next year's budget to extend the scope of the telephone service in new areas.

33. *State Transport Scheme.* A sum of Rs 3 lakhs has been proposed under capital for the ensuing year for the purchase of new vehicles and spare parts, etc. The total outlay on the scheme as at the end of 1119 will be Rs 13.69 lakhs. The scheme is expected to yield a net profit of Rs 6.41 lakhs during the current year and Rs 3.76 lakhs during 1119, the increase this year being mainly under passenger fares and parcel traffic set off to a certain extent by the considerable rise in the price of spare parts, etc.

34. *Coastal Transport.* An allotment of Rs 6.60 lakhs was sanctioned by the Government during the current year, Rs 2.60 lakhs for the building of Coastal sailing vessels and Rs 4 lakhs for the purchase of 4 vessels (Schooners). As a major portion of the expenditure in connection with the building of the vessels is not expected to be incurred during the year, a provision of Rs 2.60 lakhs has been included in the next year's budget for the purpose.

#### DEBT POSITION.

35. From the statement of assets and liabilities furnished on pages 12 and 13 of the budget estimates, it will be seen that our liabilities at the close of 1119 including the balances at the credit of some of the funds such as the General Reserve Fund, Revenue Reserve Fund, Post-War Reconstruction Fund, etc., which are not repayable at call amount to Rs 10.5 crores. Against this liability, the total assets including the outlay on Productive Works which can be treated as real assets aggregate to Rs 11 crores or Rs 50 lakhs in excess of the total liabilities. It may also be mentioned that the assets do not include the capital outlay on Kodayar Project which is yielding a revenue of only about 2 per cent. Our public debt stands only at Rs 177 lakhs which is less than half of the outlay on Productive Works which can legitimately be financed from borrowed funds. Our debt position may therefore be considered as quite sound.

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### Ways and Means.

36. The opening Cash Balance of the current year according to the final accounts of 1117 was Rs 94.21 lakhs. Taking into account the estimated revenue, capital and debt transactions of the year, the current year is expected to close with a cash balance of Rs 108.20 lakhs and the next year with Rs 116.42 lakhs. A minimum cash balance of Rs 60 lakhs will be sufficient to carry on the normal transactions of Government. But on account of the heavy amounts required to finance the purchase of food grains for which a standing advance of about Rs 2 crores is now required, the cash balance has to be kept at a higher figure. We have now a cash balance of more than a crore and Rs 56 lakhs in short-term deposits with Banks, besides gilt-edged securities to the value of 1½ crores of the surplus and reserve investments. These resources will serve for all emergencies and our cash position is therefore extremely satisfactory and there will be no need to raise any loan in the open market during the next year.

### General Financial Position.

37. The survey I have made of the finances of the State would indicate that our present financial position is one of exceptional strength. This exceptional strength has been attained during the last nearly seven years of your stewardship of the State and reflects in the fullest measure the comprehensive financial policy and courageous vision and statesmanship of the Head of the Administration under whose vigilant guidance we carry on our respective duties. The revenue in 1113, your first budget year, was Rs 249 lakhs and the expenditure Rs 251 lakhs. In the next year the revenue was Rs 254 lakhs and the expenditure Rs 256 lakhs. In the two later years the revenue stood, respectively at Rs 267 lakhs and Rs 277 lakhs and the expenditure at Rs 268 lakhs and Rs 270 lakhs. In the year 1117 the revenue reached Rs 314 lakhs, overstepping the mark of 3 crores and the expenditure was Rs 276 lakhs. It will be seen that there is a progressive growth of revenue from year to year and it is now well near the limit of Rs 4 crores. From 1116, we have successive years of surpluses and these surpluses are very considerable.

### Conclusion.

38. I have endeavoured to present to the House an accurate picture of the financial position of the State in as concise a manner as possible. The difficult task of budgeting under the present circumstances, when conditions are changing from day to day, has been rendered easy of accomplishment by your kind guidance with your versatile knowledge of all affairs and I sincerely express my indebtedness to you, Sir, for your able directions.

Let me conclude with a fervent hope and prayer that this State with its stable resources and reserves and under the gracious sway of its illustrious Sovereign whose sole pre-occupation is the welfare of his subjects may have successive years of plenty and prosperity.

## DEWAN-PRESIDENT'S STATEMENT.

*Mr. Resident and Fellow Members of the Travancore Legislature,*

It is now my privilege as it is my duty to make a statement under Rule 68 (4) of the Legislative Rules, summing up the position and forecasting the future. With this budget I complete seven years of my handling of the resources of this State, and I shall have been working, with the end of this year, at eight budgets. It has been well pointed out that, on account of that solicitude for the welfare of his subjects and that great and good fortune which have always attended the efforts of our Gracious Sovereign, the revenues have mounted from year to year, so that the income of the State which was 249 lakhs of rupees when I began to deal with the finances of this State, is now 375 lakhs of rupees; and, next year, according to a very conservative calculation, the revenue is estimated at 385 lakhs of rupees, though in reality, as I shall very presently show, it will be some considerable amount over four crores. Our expenditure has also gone up, but has not mounted to what may be called proportionate heights because of the difficulty of procuring materials and machinery. In order to summarise the position a little more fully than can be attempted in a normal budget speech, I shall give you certain figures. But before I do so, it gives me very great pleasure to congratulate the Financial Secretary upon the clarity and the succinctness of his report and upon the meticulous handling of our revenues and the scrutinising of our expenditure which we have now learnt to associate with the present Financial Secretary. My indebtedness to him and the obligation that I am under with regard to the helpful guidance in all matters of difficulty must be expressed by me openly, and I propose to do so just now and state that, so far as I can see, it was impossible to deal better with our income and expenditure than in the manner in which they have been handled by the Financial Secretary.

Analysing these figures, we find that, according to the revised estimates, our revenue for the current year 1118 will be Rs. 375.41 lakhs, and the expenditure will be Rs. 294.57 lakhs with a surplus of Rs. 80.84 lakhs. It may well be asked why it is that we are accumulating surplus and why we are levying more taxation in order to augment this high surplus. I think it is as well that I should clear the position immediately and I may say at once that our policy is essentially anti-inflationary.

But before I embark upon the question of inflation and deflation and the steps which we are taking to surmount the future difficulties that may be anticipated, let me take a survey of the world position, as it would be pertinent to the remarks which I shall permit myself to make. It is a matter for the most profound gratefulness to Providence and for sincere congratulation that at the present moment, differently from what was the state of affairs last year, we are able to see before our eyes, that Sicily is being actively invaded. The second front in

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Europe to which so much attention was paid and which was so clamorously asked for, has really been opened. The resistance of the Russians has now transformed itself into an offensive against the enemy. Steps are being taken, at all events we trust and hope so, for the reconquest of Burma and for the rehabilitation of the Far East, in order that normal life may become again possible in the continent or sub-continent of India. At the same time, as has been frequently emphasised, we are now at the lull before the storm, before the actual invasion of Burma. Such an invasion is bound to be attended with some kind of revengeful action and we cannot, therefore, be sure that we shall surmount our difficulties without hazardous adventures and attendant risks but it can certainly be stated, without cavil or contradiction, that the tide has turned and is flowing with irresistible speed and intensity. Let us all be thankful to Providence for this posture of affairs.

How has the tide been turned? It is a matter for sincere satisfaction that, in the process of so turning the tide, our Indian army has played a distinguished part. If the Indian army had been organised earlier and more comprehensively, if it had been organised better, if there had been more foresight in the country, if there had been no false sentimentalities, we should have had, not merely Indian Captains and Majors but Indian Generals and Field-M Marshals. The position at present to a man like myself with forty years of public life behind him is a matter of some self-reproach, because, amongst others, I was responsible for conducting the campaign for the reduction of military expenditure and as some say, for treading too dangerously in the foot-steps of Mr. Neville Chamberlain and Mr. Baldwin. We have erred in the past, but let us not sin like that in future. It is a matter of satisfaction, as I have said, that the Indian army has helped in the reconquest of Africa. The reconquest of Africa means inevitably the opening of the Mediterranean Sea; and the opening of the Mediterranean Sea means the rehabilitation of the old trade routes and the guarantee of supplies of machinery at least for war industries and all that is necessary for the great industrialisation of India. People are talking in this country of political problems, Pakistan, Dravidistan, Akhand Hindustan and all that. Politics may be all right. But the problem of the future is that of the returned soldier, of the men who have fought for their King and their country, who will return not for semi-starvation, not for frustration, not for that economic dependence and servility which was their unfortunate lot before they went into the army. Perhaps, before the end of the war, there will be about 2 to 3 million people who have seen the West and the East, who have measured their strength with the so-called irresistible Nazi might as well as with the Japanese. They will come back and you have to find a footing for them. Are you going to rehabilitate their condition? Unless and until you and I find out a living for them, they will solve the problem for themselves without asking "by your leave". Let us remember that. Let us shape our programme so that that problem may be confronted and surmounted aright.

Notwithstanding the difficulty of the political situation elsewhere in India, we in Travancore,—thanks to the policy of sternness where sternness was called for and conciliation where conciliation was required, initiated by His Highness,—are happily free from any political trouble. As I said recently it is to me a matter of infinite pride that in spite of the food conditions of to-day, in spite of the tightening of the belt which is taking place to-day, the people of the State, with heroic fortitude and a patience which is beyond praise, are acquitting themselves with great calmness. That I ascribe to their innate loyalty to His Highness the Maharaja and also to a sense of discipline of the people at large in facing the problems of the world. All honour to them! The internal situation has been indeed so quiet that I am able to announce this morning that all political prisoners and detenus are being released to-day (*Mr. Kochikal P. Balakrishnan Tampi: hear, hear.*) including Messrs. T. M. Varghese, M. N. Govindan Nair, David V. George, G. Sridhar, Mahomed Basheer, T. V. Joseph, Pattom Thanu Pillai, K. P. Janardhanan Nair and P. K. Karunakaran. As a result there are no detenus left in the State under detention. There are no persons detained without trial, but there are a certain number in prison who will continue to be there because they were guilty of acts of violence and have been sentenced by courts of law. To them the relaxations do not apply. ✓

Now, there are a certain number of persons who call themselves Communists, who were kept under surveillance and who have been proceeded against; and in order that the position of this Government might be clearly formulated, I would, with your leave, invite your attention to the proceedings of the South African Assembly regarding the activities of the Communists. Mr. H. G. Lawrence, Minister of the Interior, admitted that there were certain persons who were exploiting the Soviet Union's participation in the war for their own ends and that some of them have been interned. The attitude of this Government towards Communists is as follows. A number of these Communists met me in Madras; a group of them met me in Bombay; some in Delhi; a deputation waited on me in Travancore. They said that unlike the other political parties, they were in favour of this war and that as a consequence they wanted to help Government in regard to the food problem. They said, "Why don't you give to us full co-operation, the same kind of co-operation that is demanded of the public?" Accordingly a certain amount of latitude was given to them. The first thing they did however was to go about the country and incite the people by telling them that as at present constituted, the Government is not only not doing but incapable of doing any justice to the food situation and unless there is an immediate change of Government, this starvation would go on and will be accentuated. They also said that their work was mainly war work which was not being properly attended to, because this is not a people's Government and that the people have not been handed the reins of administration. Recent ✓



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events have shown that many of these offers were not genuine and that the food situation was utilised as a means of violent and subversive propaganda. Communism that is prevalent in Russia is not like the communism that is sometimes preached here. In Russia it means a kind of concentrated and regimented effort by a great and growing population to meet all risks and all hazards, to eliminate self, and to make the State a one pointed symbol and effective organ of public welfare. That is all right. But if the congressmen of yesterday, or the State congressmen of the day before yesterday go about the country and preach all kinds of subversive theories, professing themselves Communists, such men will be proceeded against. They will be judged by their actual work and not by their profession or label. Albeit it is one of the revelations of the world that Russia has, in pursuance of a negative dialectic philosophy, made itself probably the best organised country of the world to-day and notwithstanding the affiliation of Communists so called with those policies, they will be judged by what they do in the country-side and not by the achievement of the Soviet Union. ✓

I now proceed to deal with the aspect relating to the trade and commerce of this country which is as important to consider as the question of the receipt and expenditure. I am glad to be able to inform this honourable House that of late, prices of our commodities have risen. The value of export from the State during 1117 recorded an increase of Rs. 542 lakhs, from Rs. 996 lakhs in 1116 to Rs. 1,538 lakhs. The total value of imports into the State during 1117 recorded an increase of Rs. 42 lakhs, from Rs. 945 lakhs in 1116 to Rs. 987 lakhs. In the result, if you are to judge by what used to be called by mid-Victorian political economists "balance of trade," we have to-day Rs. 514 lakhs as the balance to our credit. In addition to this, as has been pointed out in the very suggestive speech of the Financial Secretary, there has been a considerable amount of income derived by the people of the country on account of the high prices of commercial crops and also on account of remittances by the soldiers to their families and also by the doughty Labour Corps of Travancore which is bringing us credit wherever it goes. Remittances have been made by the members of the Labour Corps to their families. Now, all that is to the good. If you only look at the ostensible aspect of the matter, what is the actual result to-day? Every cooly, or a cooly woman—and I am speaking without any exaggeration—has perhaps Rs. 15 to Rs. 25 or more to answer his or her requirements to-day in ready cash. But what can he or she do with that amount? Not even a *nashi* of rice could be procured or clothes and other essential articles. It is just like what Coleridge's Ancient Mariner said—

"Water, water everywhere,

But not a drop to drink."

Of course some persons have earned large sums as vendors of commodities or as industrialists or as share pushers. This plethora of money has led to extremely deleterious consequences, speculation, selling of properties, purchase of properties at astronomical figures, etc. The starting of banks and commercial concerns and the opening of new enterprises are also taking place, because people do not know what to do with their money. They are willing to take a certain amount of risk. Such is the result. British India has been suffering very much as a result of this policy. No doubt there has been concurrently with this policy, the policy of increasing the paper currency. I am not here criticising or making any reflection upon the policy of the Central Government, but the net fact remains and it has to be admitted, namely, the increase of paper currency. There is admittedly the process of inflation. What has been done in this matter? It was in April 1943 that in a speech I delivered at Alleppey, I adverted to the necessity of facing the problem of over-capitalisation and the starting of new ventures. I am glad to say that the Government of India are now taking very very strong measures indeed to combat this inflation. Let me point out exactly what is being done. Under a new rule added to the Defence of India Rules, it is laid down that the Central Government, may, if it appears to it to be necessary or expedient for securing efficient prosecution of the war or for maintaining supplies and services essential to the life of the community, by a notified order (1) prohibit or restrict either generally or in respect of any specified class of persons or any specified class of transactions making advances on the security of such commodities (including bullion) as may be specified in the order, and (2) require repayment of any such advance outstanding on the date of the order within a specified period. Contravention of the order made under this rule shall be punishable with imprisonment for a term which may extend to five years or with fine or with both. This is in addition to stopping forward contracts in commodities like jute and cotton and in addition to the restriction on capital issues, to which I have already adverted. The Government of India have felt themselves forced practically to prevent what may be called circularisation of needless and useless capital. What is happening so often is that many men make a lot of money over war contracts. All wars have led to war profiteers; from the time of the Napoleonic wars up to the present day, there have been men who are able to forecast the prices and manipulate markets and accumulate money and who are able to wield influences in places which unsuspectingly yield to those influences. The result is that there is much more money than the people know what to do with. They pull down the value of commodities for purchasing large stocks; keep back the stocks; push up the prices; and then sell. They thus make more money, start a new company or a new bank. One man has sent out emissaries for the purchase of electrical goods, rice, ragi and all sorts of commodities from practically every shandy in South India. His agents are everywhere. He even purchases small quantities, such as ten measures from one

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place, twenty measures from another place and slowly accumulates stock; purchases at low rates, pushes up the rate and sells at high rates. At the same time, people do not know what to do. Let me give a crucial instance. In a particular province in India which produced 90 per cent. of its food supply, within three weeks of the harvest, the Government of the province had to appeal to the Government of India to the effect that they had no stocks at all and that unless stocks are brought into that province, there would be famine and danger to law and order. The Government of India did so. The result is that because of the action of the hoarders, there is no food stock in that province, and the Government of India had to send stocks. Incidentally, I may say that some of the rice which went to that province was intended to be supplied to Travancore. That province is producing and can produce about 92 per cent. of its annual requirements. Still they complain of the supineness of the central authority that they are being starved although they are doing war work of great value. We produce 40 per cent. of our needs and are deprived even of allotted quantities.

The Government of Madras have decided to launch an intense drive to see that as much as possible of the surplus money in urban and rural areas is invested in Defence Savings Certificates in order to help to meet the cost of war and to keep down the prices. Canvassers specially authorised by the Collector of each district will establish contact throughout the district and collect subscription for the purchase of such bonds and certificates. The Government of Madras hope that it would be possible by means of this drive to withdraw from circulation Rs. 10 crores of excess purchasing power in this province by 31st December 1943 and thus to make an appreciable contribution to the success of the Central Government's plans for stopping rise in prices. So far as Travancore is concerned we do not propose to adopt any such measures for the time being. But what we feel is that there is much more money in the country than was ever the case. That money should be used not for the purpose of pushing up prices but in order to be a standby for the future and some of that money has to be diverted to purposes that aid war effort and that are not anti-social.

Now, let us see exactly what was happening at the end of each war, beginning from 1800, from the Napoleonic wars, down to the last war. As a result of war profiteering, as a result of accumulation of large fortunes, a period of distressful deflation inevitably follows. It is for the purpose of guarding against such a deflation that we must use all our powers. And who are the people who must build up those resources? Not the poor man who is able to save Rs. 10 or 15 now, but the man of fortune who has been blessed by Fate and who has the wherewithal to do so. We do not want to confiscate his money. We want to use that money. It is the policy of the Government in England, it is the policy of the Government of India and it is the policy of the United States to see that money is not in anti-social hands. Government are acting only as a trustee of the

people. The surplus of 80 lakhs this year in our budget and the surplus of 50 lakhs next year and the surplus from the agricultural income tax—all these surpluses would be needed for the purpose of making two blades of grass grow where one grew previously.

The greatest need of this country is to see that it is less dependent upon outside sources for its food supply. That dependence can only be removed or minimised by making this country grow more and more food. There are physical limits in respect of "grow more food" campaign because of our restricted area and because of the need for utilising this area for other demands. Therefore science must come to our rescue. Intensive cultivation, making an analysis of each soil, harnessing all the powers of science, the use of manures and fertilisers, natural and chemical,—it is in that way that we can grow more food. Government would require huge sums for such work. I have been so much impressed by that need that I have—as a humble contribution—set apart Rs. 1,000 per mensem during my tenure of office for the purpose of research in chemical manures and soil analysis in Travancore. I hope that others will also follow that example so that we can put by a Research Fund of something like ten lakhs. In this manner we will be able to improve the soil of Travancore in order that the right kind of product can be grown and grown in much greater quantities. It is in that way that the future can be faced.

Now, I come back to the taxation proposals. It may be asked why it is that when we have a surplus of 80 lakhs, we are imposing fresh taxation. I might say that from the time I came here as Dewan up to the present moment, no fresh taxation on a big scale was attempted. This is the first taxation of any importance that has been attempted, and this produces only about fifteen lakhs. This has been done with two objects. In the first place, this Government holds very strongly that a man who cultivates an acre of paddy land stands in a very different position from the holders of large plantations and cultivators of what may be called money or commercial crops. I regard those who cultivate crops like Tea, Coffee, Cardamom and Rubber, as industrialists. They utilise the mechanism of industry. They are agricultural industrialists or industrial agriculturalists. I feel no particular reason why they should be standing in a different position from other earners of income and why they should be specially exempted from such taxation, especially since the land tax of Travancore bears very favourably with the land tax elsewhere. That is the first point.

But the second point is more important. This is an experiment for the purpose of finding out whether in the long run, a transition could not be made from the system of taxation on land as at present existing to a new system; in other words, it should be examined whether there should be a land tax at all or beyond a minimum or whether the land tax as such should not be very greatly curtailed so as to enure to the prosperity and contentment of the small holder, say, by imposing a progressive scale of taxation above

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a certain limit according to the net income. In order to lead to successful results it is necessary to see how this scheme works. I may add that not otherwise do I see any solution to the growing complication of the land tenures here. Another settlement, another survey, is a well nigh impossible proposition from the cost aspect. Even according to estimates made before the war, we may have to spend probably two crores of rupees on another survey and settlement. At the end of it the additional income that may result would be very little. After all, our land revenue is only about 40 lakhs out of a total of 3½ crores. Another matter has to be borne in mind. Today the land tax is a burden on certain persons, is a flea-bite for certain other persons. The communities here have not realised the necessity of stopping the fragmentation and sub-division of holdings which make cultivation an un-economical proposition. In the process of re-devising the land tax, it is the hope of Government that there will be a consolidation of holdings and fragmentations will be penalised. How is that to be done? By exempting certain persons up to a point; by increasing the pitch of the tax if there is a partition below a certain point; so that in the course of the next five or ten or fifteen years we might get economical holdings brought into existence not by enacting specific laws but by the operation of co-operative enterprises working for common ends and working for consolidation of holdings. It is therefore after much consideration that this system of taxation has been introduced.

The only other source of taxation proposed in the budget is the increase in the Anchal rates. The Postal rates in British India have gone up nearly 100 per cent. We have also raised the Anchal rates but to a very small extent.

That is so far as the more general aspects of the problem of the budget are concerned. All this sinks into insignificance beside our food problem which is the central fact of our existence today. Honourable members might have seen quite recently that the Government of India have started what one newspaper inappropriately and unjustly calls India's "G" Men. An Ordinance issued on the 13th July provides for the constitution of a special police force to investigate certain offences committed in connection with departments of the Central Government with power to investigate such offences wherever committed in British India. The Ordinance lays down: "The Central Government may constitute a police force to be called the Special Police Establishment (War Department) to exercise throughout British India the powers and jurisdiction exercisable in a province by members of the police force of the province."

The idea is that there are people hoarding stocks and practising anti-social tricks, who are too big sometimes for the local police to deal with and whose activities are ramified throughout the country to such an extent that the local police are helpless against those persons. The idea of the Government of India is presumably to have a special C. I. D. force for the purpose of averting such offences and for bringing the offenders to book whatever local influence such people might possess

That is a step in the right direction. My friend, the Resident, is aware that daily I am receiving letters either directly or through him from soldiers serving in various fronts stating that the members of their families are starving and that they could get only one third of the amount of food necessary to keep their body and soul together. Albeit they are people who are serving the country. I have had to tell them in their own interests and for their own sake that if in a village or community there are two people, one man getting two measures of grain and the other man one measure, such a distribution is likely to lead to complications and perhaps to assault and food riots. The position is a very serious one. The position was so very serious that when I met the members of the Food Conference recently at Delhi I circulated a memorandum explaining the seriousness of our affairs. I shall read only an extract from that memorandum.

“The total estimated area under paddy cultivation is 639,169 acres. Of this 130,000 acres are submerged lands, a portion of which is pumped out for cultivation every year. Of this, about 50,000 acres are normally left uncultivated. Thus the total area normally cultivated is 589,169 acres. At the rate of about 1,000 lbs. of clean rice per acre and deducting 5 per cent. for seeds or 10 per cent. of the total yield of paddy, the net total production of rice in Travancore is estimated at 249,850 tons. The population in the State is estimated at 6,186,000. At the rate of 275 lbs. of rice per year for an adult and treating one-fourth of that quantity for a non-adult and treating one-fourth of the population as non-adults, the total quantity required for consumption is estimated at 617,362 tons. The net deficit for the State is, therefore, 385,362 tons, the major portion of which was being imported from overseas.”

They were imported mainly from Burma, and as a result of our lamentations and our demands some time ago, certain tentative promises were made. Under the basic plan of the Government of India, Cochin and Travancore are allotted a quota of 102,700 tons of rice to be obtained from Central Provinces, Sind, Orissa, the Punjab, Baluchistan, Eastern States and Kashmir during the months of May, June and July and 63,000 tons during the subsequent months. The share of Travancore out of the allotments comes to 82,160 tons during May, June and July. Out of this what we got is not even one-third and we have been told by certain Provinces and individuals that we are grabbers, that we want to over-feed our people, that we are preventing Sind from getting as high a price as they would like to get, that we are preventing Bengal where there is the possibility of the Japanese invasion from getting its due share. I do not wish to embark on the region of controversy, but I endeavoured to point out that not from last year, not from six months ago, but from one week after the declaration of the war, we started control, we started fixing the maximum prices, we

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started preventing exports, and we started the "grow more food campaign". A resume of all the efforts that we made, which was presented at the Delhi Conference, will also be placed on the table of the Houses of the Legislature. But notwithstanding all our efforts we are labouring under this continuous and chronic deficiency. The Government of India, —all honour to them,—have been fully cognisant of our difficulties. His Excellency the Viceroy has been most sympathetic and helpful and our old friend Major General Wood has done all he could. In this connection, I must not omit to pay a tribute to Mr. Dixon, the Dewan of Cochin, who has not only represented Travancore on more than one occasion at these conferences but has fought for Travancore as well as any Travancorean would have done. Thanks to his efforts and thanks also to the efforts of Colonel Murphy and the present Resident who have fully acquainted themselves with the complexity and the difficulty of the food situation and who have resolved to help us to the utmost possible extent, we have been pushing our case. The justice of our case is admitted but the relief is slow in coming. God grant that it may be possible to extend speedy relief to us by taking stringent and strenuous measures and by the weeding out of the wholesaler. Here I shall pause for a moment and elaborate my position. So long as the Central Government—and this state of things is a commentary on all Pakistan schemes—is not determined to be strong and to function as a really Central Government and so long as they do not exercise their control over every grain of rice and wheat in this country, so long as they do not eliminate the hoarder and the profiteer, and so long as they do not eliminate, to the largest extent possible, the wholesaler as apart from the retail dealer, this question will remain unsolved. I am glad to say that the main features of such a programme are being fully considered by the Central Government who are fully alive to the urgency and the difficulty of the problem and are doing the best they can. Without their co-operation and without their strong measures we shall have no recourse other than to starve. But look at our position. On account of the difficulties of Provincial Autonomy, on account of various other reasons which it is not within my province to go into just now, we are getting 750 tons of rice from Kashmir—750 tons of rice travelling painfully and laboriously through the United Provinces, the Central Provinces, Bombay, Hyderabad and Madras and reaching Trivandrum in a circuitous way. One would have thought that an alternative solution was possible, that Kashmir may have book adjustments with the United Provinces, that the United Provinces may have current account with the Central Provinces, that the Central Provinces may co-operate with Madras and that Madras may co-operate with Travancore. These are matters of very high policy into which I shall not enter at present.

Two days ago we had the advantage of the visit of Mr. Kerby, an expert who was in charge of the rationing of food in London during most difficult days. England produced only a fraction of her food requirements before the war. It was thought by Germany that England

could be starved into submission by cutting short her food supplies. But England concentrated her attention on food production and by 1943 she produced three-fourths of her food supplies. One of the men who were responsible for carrying out that plan into execution and helping the production and supply to the people of a city like London was Mr. Kerby. He visited Trivandrum day before yesterday. He was taken to every place where rationing was in existence and to places where rationing was carried on to a limited extent and to places where there was no rationing. He has gone away a converted man; at all events I have reason to think so. Let us hope that the experiences gained by his visit will be imported into the discussions that are now taking place in Delhi and that a welcome result may be forthcoming. We have, it may be remembered, in order to conserve and augment all sources of food supply, placed restrictions on the export of tender cocoanuts, fish, manure, cattle, straw, poultry, firewood and charcoal. We have also tried to raise second crops on paddy lands. We have taken over for dewatering 7,200 acres of Panja lands for paddy cultivation. Let us hope that we shall be successful in such efforts.

I now turn to the next item, namely, coconut and coir products which form one of the biggest sources of our income. The "Hindu" and certain other newspapers announced some weeks ago the formation of a Coconut Board and there was no specific reference to Travancore which grows more coconut than any other unit in India. But through the courtesy of the Resident I am in a position to announce to-day that the Coconut Board has not yet been constituted and that the press report was premature and unauthorised. It is understood that no final decision will be taken without consulting this Government. Mr. Dixon and myself attended a conference with regard to coir products when we were at Delhi. With regard to coir, we have a redoubtable rival to deal with, namely, the jute of Bengal. A huge quantity of Hessians has been ordered by the United States of America from Bengal. Jute companies have declared tremendous dividends. They still feel that they should compete with the coir products of Travancore. The question arises as to whether we could not do something to protect our industry. I hope that as a result of this conference, the two States most concerned in this matter—Travancore and Cochin—can evolve a scheme in unison with the Government of India by which the grading of coir products, legislation in order to keep up the quality of coir products, the handling of the products, and the production and distribution of coir for the purpose of war contracts, may be regularised so that both the States may be benefited.

I have summoned a conference of Travancore interests on the subject in the course of a few days. I hope it will be possible for coir being utilised as much as possible for the purposes of the war. Till now the Travancore Coir Mats and Matting Manufacturing Association was mainly responsible for the supply of coir materials, but Government are quite willing to undertake the responsibility



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themselves to make the supplies through accredited agencies including the above association, provided sufficient orders were placed at the right moment and at reasonable prices and I trust that this scheme will result in full co-operation between this Government and the producers and the Coir Association and also between Travancore and the Purchasing Agency of the Central Government.

The next point that deserves mention is the clothing of the people. It may be remembered that perhaps to an extent unique in India the hand-loom industry plays a very important part in Travancore. Our idea is that that industry should not be curtailed or destroyed and for that purpose, whilst falling in line with the Government of India's general scheme, a very well-advised scheme, though it has been subjected to a certain amount of delay on account of the working of the red-tape, we have insisted that at least 50 per cent. of the yarn necessary to provide cloth for all of us may be supplied in the form of yarn and not in the form of manufactured products, so that that yarn may be woven into cloth locally and so as to be suitable to the people of the country, because the Standard Cloth supplied by the Government of India is not in all cases suited to the Kerala wearer.

The other problem is that of transport. The Financial Secretary has stated the main facts with regard to the general extension and scope of the present scheme. The main difficulty in the transport scheme is the unavailability of spare parts and the chassis. We have tried to get some chassis from British India. We hope to get some, but these difficulties we shall have to face for sometime more.

I have disposed of what may be called the static portion of the budget. I am now coming to what may be called the dynamic portion of the budget. We depend entirely upon electricity, the exploitation of electricity for the growth of the industries. If, in a restricted, narrow country like Travancore, we have to play our part in the body-politic of India as a whole, we shall have to industrialise or perish, as I have stated on more than one occasion. The Soviets were confronted with a very similar problem, a large population, living precariously a hand-to-mouth existence, half-starved, ignorant and uneducated. They have now the largest army in the world; they have eradicated illiteracy; they have organised their science; they have made notable discoveries and progress in so many different directions that the pace of national progress in Soviet Russia from 1917 to 1943 is unparalleled in the history of the world. How have they done it? I am not going into their dialectical philosophy. I am not going into the doctrine of communism with which I have so little sympathy, but it may be useful to remember that in 1918 Lenin wrote to the Academy of Sciences, which he founded, asking them, for the purposes of national prosperity, to pay "especial attention to the electrification of industry and transport and to the

employment of electricity in agriculture." And he said in words which should ever be remembered: "We have to start scientific institutions and research centres but these institutes need not be built until the men to run them have been trained." The men came before brick and mortar. That was the lesson and the warning he conveyed. I would invite honourable members who wish to know more on the subject of national development according to the well-thought-out Soviet plan, to read the report of the lecture delivered on 11th June before the Royal Society of Arts in London by Mr. Crowther with Sir Stafford Cripps in the Chair, where it is stated that the industrial and agricultural progress of the Soviet was based mainly on the wide use of electricity. Keeping such ideals before our minds' eye, the Travancore Government came to the conclusion that one of the main things that should be done is to spread electricity far and wide, the idea being to make each village a place fit to live in, so that each village might have its electric light, its radio set, and through the exercise of cheap power, might develop cottage industries according to the regional requirements. That is why it has been the desire of this Government to extend the Pallivasal scheme. Quite recently, in order that we might not be handicapped by the difficulty in getting material, we are negotiating an agreement,—it is still provisional, and has to be ratified by our sister Government of Madras,—for borrowing 3,000 KW from the Papanasam Hydro Electric Works. We propose to use this for the purpose of supplementing the power to the Aluminium Factory at Alwaye which is going to be one of the major industries of India, like the steel industry of Tata's. I make bold to say that this factory will be one of the prized possessions of India. We will also utilise a part of this power to supply to our neighbouring State of Cochin and to start essential industries vital to the national life of this country.

We have been making or have made arrangements to start the Glass Factory at Alwaye, and the Plywood Factory at Punalur. The Cement Factory is proposed to be started very soon. Agreements have been entered into for that purpose with the All-India Cement Company. This will be implemented immediately the war is over. Chemical works for the manufacture of sulphuric acid, acetic acid, etc., will soon be started. A large proportion of the capital will be available to the people of Travancore. A factory for the manufacture of electrical machinery and appliances to meet agricultural and industrial requirements has also been negotiated for and I expect that in the course of three or four months, such a factory will be started. More than one bone-meal factory have been started. A textile factory for producing yarn has also been started on a large scale so that we need not be dependent upon outside sources for our supply of yarn. Another factory for the manufacture of caustic soda and bleaching powder and for chlorate of potash is also to be started very soon at Kundara. Spinning is proposed to be introduced as a subject of study in various schools. Side by side with these, our telephone extension is also proceeding apace.

[President.]

Government is pledged to a policy of encouragement of hand-made paper. I have been crying,—and up to this moment my cries have been in vain,—for co-operative enterprise for the purpose of collecting necessary materials and for organising effort for starting the manufacture of hand-made paper. I have made a promise and I still hold to the promise that if such an enterprise is started, Government will not hesitate to spend large sums for its development. I hope the honourable members on returning to their constituencies will try to get us the co-operation of the public in the matter.

Working in consonance with the Government of India and with the aid of a Board of which I happen to be the Chairman, the rubber production in the State is being gradually increased. The necessity of conserving rubber is a matter on which I need not dwell at length, but we must bear in mind that all steps for the greatest production of rubber should be taken.

A great proportion of the products of the Ceramic Factory has been sent to the Government of India. A great deal has to be done yet. The demands on China clay are so great that Government have taken a substantial amount of interest in opening a second China clay factory. We are also contemplating the extension of cane sugar plantations to augment the supply of sugar.

Quite recently America forbade the import of cashewnut, and this has made the cashewnut position precarious. This was an industry in which large numbers of men and women in Travancore were interested. Certain representations were made and in addition to representing matters through the Resident, I told Mr. Phillips, the United States representative, while he was in Travancore and also in Delhi, about the position in regard to cashewnut. He succeeded in doing something but not as much as was expected. But another factor has supervened. Till now the cashewnut was required only as an edible item of food. At present its shell is required for its valuable oil and the cashewnut oil which abounds in Travancore seems to be also useful for the manufacture of plastics. Experiments in this direction have been very successful.

For post-war reconstruction, the re-organisation of the backwater and canal traffic and the coastal transport is of the utmost importance. Steps are being taken to explore the possibilities of LEEPURAM. LEEPURAM has vast possibilities as a harbour with very little of extra expenditure, and therefore that project will be pushed ahead. Improved facilities will be provided for in Quilon and Alleppey but above all things, we want sailing vessels and large-sized steam vessels for the purpose of dealing with the problem of post-war reconstruction and of coastal and sea navigation. For that purpose, we have entered into negotiations with one of the most influential companies in India, who will presently start operations here with the support of the Government of Travancore. The Government of Travancore have already purchased a few schooners, are constructing a few more and will not hesitate to spend as much as is necessary for the purpose.

Now in regard to the Forests. We have been supplying timber to the Government of India. We have supplied in 1118 three lakhs c. ft. of teak and eight lakhs c. ft. of jungle wood apart from the large quantities supplied in 1117. The estimated income from Forests is in fact in the neighbourhood of Rs. 30 lakhs. We have also decided to de-forest Forest lands for food production on the basis of short-term leases. 30,000 acres have been set free of which nearly 6,000 have already been leased out.

This finishes what we may call the dynamic portion of the budget. But neither the static nor the dynamic side of our programme can come to fruition without a very wide extension of national education. Government are spending this year 59 lakhs of Rupees on education. But the education that we get should be of the right type. As I have recently made it clear, with the low-paid teachers that we have, leading a hand-to-mouth existence and being under the mercy of the manager, the children cannot expect to get the right type of character-building education from them. If the teacher has to exercise influence, he must have self-respect and must be able to stand before the pupil or the parent of the pupil without being ashamed of himself. Otherwise, of what moral advantage will that system of education be? Therefore, the whole system of education has to be remodelled, if necessary, by drastically cutting down the number of schools. That re-organisation is on the *tapis* and a committee has been appointed for the purpose. That is in the lower sphere.

In the higher sphere, we cannot compete with the rest of the world on anything like equal terms unless scientific research is widely spread. The University has taken up research on salt, cocoanut husk, oil, fuels, charcoal, production of *agar—agar*, researches in paddy and tapioca and monazite. I lay special importance to the work on monazite. The exploitation or at least the preliminary processes in respect of our minerals must take place in the State. This sand is being exported from here to America and returns back in the form of titanium oxide and other products. Monazite also gives phosphatic acid which is necessary for the production of fertilizers. That is one of the other matters engaging the attention of Government.

Even with research at the top, with good education at the bottom, if our backward communities are where they are, we shall be like a human body with gangrene of the feet. Therefore the uplift of the backward communities by such means as scholarships, purchase of books and other forms of uplift, the erection of common buildings, wells, acquisition of burial grounds, opening of new hostels for students, supply of text-books and grant of full and half fee concessions and reduced rate of tuition fees in Malayalam and Tamil Schools, has been taken up by Government.

Allied to the problem of backward communities is the problem of labour. Labour to-day is, comparatively speaking, without leaders. If there are leaders, they are using labour for political ends. In order

[President.]

to recognise the importance and the ultimate common ties between capital and labour, we have done what we can. We have passed the Payment of Wages Act, the Maternity Benefit Act and the Trade Disputes Act. An Industrial Relations Committee has been sponsored in Alleppey and we hope it will turn out good work. All this has been done in a spirit of co-operation.

Our co-operative societies are still very imperfect, inchoate and badly organised. Unless Herculean labours are put forward, I do not see any future for co-operative societies but without their growth progress in every direction will be hampered.

Finally, let me reiterate the problem of inflation. A warning was given against inflation in the Reserve Bank's Annual Report. It pointed out that the upward movement of prices has gathered great momentum. The currency in circulation has grown in volume. The price of silver has gone up after having been neglected for many years. Silver is, fortunately or unfortunately, being less and less used as coin. It is used as a substitute for other metals like copper, lead, zinc, etc., in war industries. The soaring of gold and silver prices does not really affect the peasant and the worker as the men who are buying gold and silver are not of the lower order but hoarders. Although agriculturists have been realising higher prices, they have also to pay higher prices for the things that they need. It is only the bigger land-holders that have been benefited in addition to the war profiteers. The recent plan of Lord Keynes and the U. S. A. experts had the effect of enhancing the price of gold and led to hoarding. Not long ago President Roosevelt stated that economic policy is not an end in itself but a means to achieve social ends and for that purpose all measures have to be resorted to. Therefore our economic changes should be such as to bring about an improvement in social conditions and secure a better social order. During the last one hundred years industrial development has proceeded apace and notwithstanding serious economic crises there has been, though less in the case of India, a rise in the general standard of living; but Government intervention in economic life has been on a limited scale. This attitude was not interrupted during the last war, but, at present, the feeling is predominant that the Government has to play a guiding or a directing role, in the language of the Beveridge Report. I am quoting a few sentences from that epoch-making document so that we may ponder over them and derive the necessary lessons. "The economics of war and war preparation are deceptive models for peace times. Peace-time economy must aim at development of production consistently with social security. Industry in modern times is confined to mass production. Those industries which are not mass producers can improve only if the mass producing industry is prosperous." It is for the purpose of seeing these developments brought into force that the Beveridge Report was written. Indeed thinkers all over the world are

concentrating on what is commonly called the trade cycle. In other words, inflation will be followed by deflation. Unless money is sufficiently set apart for periods of deflation, the result will be calamitous. A balance has to be struck between the policy of discouraging capital investment during periods of boom and of keeping alive technical invention. One of the methods suggested in the Beveridge Report is to split the budget into two parts, one containing the Standing Expenditure and the other Capital and Emergency Expenditure. It is now recognised that speculation, both professional and non-professional, plays an important part in the development of booms and depressions and has to be checked at all costs.

These are the main ideas which are now functioning throughout the world and germinating new ideas. We shall be well-advised,—though we are a small country with limited resources—if we deal with our financial and taxation problems as a part of the larger problem of world economics and deal with the question of inflation and deflation in consonance with enlightened world policies.

Let me conclude and thank you for permitting me to take some of your time to elaborate some important points. I hope that I have brought home to my fellow members the seriousness of our agricultural position and the seriousness of our food position, the problem of monetary surpluses and of the utilisation of our surplus in the right direction—a utilisation which will first concentrate on the “grow more food” campaign and then proceed to industrialisation, and after industrialisation deal with the problem of labour and of the backward communities, and finally educate the people in every direction so that they may take their proper place in that great unity, in that great new world order, in which India can, should and will inevitably play a leading part. (*Loud cheers.*)

The Joint sitting terminated at 1.55 p. m.

B. PARAMU,

*Secretary to the SriMulam Assembly.*