

GOVERNMENT OF INDIA
PLANNING COMMISSION



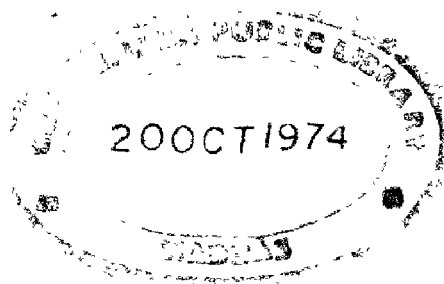
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PLAN RESOURCES AND OUTLAY
A REVIEW

July, 1959

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INTRODUCTION TO THE REVIEW

In May 1958 the Planning Commission placed before the National Development Council a Memorandum on the *Appraisal and Prospects of the Second Five Year Plan*. This document attempted an assessment of internal and external resources for the Second Five Year Plan and, in the light of the progress expected to be made during the first three years of the Plan, it indicated the likely achievements over the five-year period. The main conclusion reached was that there had to be a marked intensification of the effort to increase agricultural production and to mobilise the internal resources of the country if the essential objectives were to be realised.

2. In its meeting on May 3 and 4, 1958, the National Development Council decided to divide the Plan in the public sector into two parts, Part A involving a total outlay of Rs. 4,500 crores, which was to include projects and programmes directly related to increase in agricultural production, projects included in the "core", those which had reached an advanced stage and other inescapable schemes. The second part of the Plan—Part B—with a total outlay of Rs. 300 crores was to be undertaken to the extent to which additional resources were available. The National Development Council also emphasised that the Central and State Governments should endeavour to raise resources to the maximum extent possible through additional taxation, mobilising small savings and achieving economies in Plan and non-Plan expenditure.

3. Following the meeting of the National Development Council, a fresh assessment of resources was undertaken by the Centre and the States and detailed discussions were held. The results of these studies were embodied in *Plan Resources and Outlay: A Review*. This document was considered by the National Development Council on November 8 and 9, 1958. Since this document was presented, plans for 1959-60 have been formulated and there has been a fresh opportunity to examine the estimates of resources prepared last summer. A post script to the document brings the information up-to-date and furnishes the data for 1959-60. It may be added that estimates of resources prepared by States for 1959-60, which are reviewed in the post script, embody the results of discussion relating to the annual plans for 1959-60. These necessarily differ a little from provisions finally made in the State budgets for the year.

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4. Shortly before the meeting of the National Development Council in November 1958, both Houses of Parliament considered the *Memorandum on Appraisal and Prospects* and a *Resume*, which was prepared in September, 1958. In the course of the debate in Parliament, attention was drawn to several important matters in connection with the working of the Second Five Year Plan, for instance, the need for care in preparing cost estimates of large projects, the need for economy, and elimination of waste in construction, the importance of price stability and avoidance of excessive deficit financing, consideration of the requirements of development in different regions in connection with possible changes in allocations under different heads arising from the review of the Plan, priority for agricultural production, re-orientation of employment policies and, finally, the desirability of taking early steps to commence work on the Third Five Year Plan.

5. These and other aspects were kept in view when the subject was considered by the National Development Council. The Council reviewed the question of resources for implementing the Plan in relation to wider issues affecting the economy as a whole. In its memorandum to the Council, the Planning Commission had pointed out that it was necessary to avoid further deficit financing. Deficit financing on any significant scale could be contemplated only if food production increased substantially and food prices were maintained at stable levels. This led the Council to take certain important decisions, of which the following may be specially mentioned:

- (1) The State should take over wholesale trade in foodgrains and a scheme for State trading in foodgrains should be worked out;
- (2) For increasing agricultural production, mobilising local manpower and other resources and generally, for rebuilding the rural economy, cooperatives should be organised on the basis of the village as the primary unit; and responsibility and initiative for social and economic development at the village level should be placed fully on the village cooperatives and the village panchayats. The guiding principles of cooperative policy were set out in a comprehensive resolution of the Council on cooperative policy;
- (3) With a view to achieving economy in construction costs, fewer buildings should be constructed than originally contemplated and such buildings as have to be constructed should be at a cheaper basis. As the question of saving steel was of special importance the

(ii)

purposes for which steel might be used should be specified. In community development areas, the construction of new and large buildings should be avoided and such buildings as were necessary should be built with local materials; and

- (4) The question of introducing schemes of compulsory savings should be examined carefully.

In view of these decisions, the National Development Council agreed that the conclusion reached in May, 1958 to work upto a level of outlay in the public sector of Rs. 4,500 crores over the period of Second Five Year Plan should be maintained.

6. In the Memorandum on *Appraisal and Prospects* the Planning Commission had set out its estimates of the likely achievements of physical targets under different heads over the five-year period. Developments since this memorandum was prepared do not yet indicate marked changes in these estimates. They emphasise, however, the continuing need for intensifying efforts in different directions, specially agricultural production, concentrating on practical steps to achieve the maximum results possible from projects which have been completed or are well-advanced, securing efficiency in execution and increasing the participation and initiative of the people. These aspects have been stressed while drawing up the annual Plan for 1959-60.

7. When the National Development Council first considered proposals for the re-phasing of the Plan, it was thought that it might be useful to draw up separate lists of projects which would fall within Part A and Part B respectively of the Plan as envisaged by the Council. However, detailed examination of projects showed that the best approach to this problem would be to distinguish those of the larger projects on which expenditure during the first four years of the Plan was likely to be comparatively small or nil. From this consideration the main projects under Irrigation, Power, Industry and Transport have been listed in the Annexure. In the case of some of these projects which have not yet begun, some work might be taken in hand during the last year of the Plan, but broadly the statement indicates the projects likely to be effected on account of the detailed vigilance to which the Plan has been subjected since its second year.

8. Taking the first four years of the Plan together, as against the revised five-year outlay in the public sector of Rs. 4,500 crores, the progress of expenditure in the main sectors is shown in the following Table:

Second Plan—Progress of expenditure 1956—60

(Rs. crores)

Head of Development	Plan provision according to Memorandum on Appraisal and Prospects	1956-57 (Actuals)					1958-59 (Revised)		1959-60 (As agreed for annual Plan)	Total 1956-60	Col. (7) as percentage of Col. (2)
		2	3	4	5	6	7	8			
I											
Agriculture & Community Development	510.00	67.40	86.53	122.99	142.37	419.29	82.21				
Irrigation & Power	820.00	154.86	157.79	170.87	182.81	666.33	81.26				
Village & Small Industries	160.00	28.49	33.66	41.30	42.75	146.20	91.38				
Industries & Minerals	790.00	74.95	193.53	256.82	199.31	724.61	91.72				
Transport & Communications	1340.00	216.31	270.03	294.12	282.09	1062.55	79.29				
Social Services	810.00	86.21	108.21	157.95	216.22	568.59	70.19				
Miscellaneous	70.00	12.83	13.15	19.48	26.99	72.45	103.50				
TOTAL:	4500.00	641.05	862.90	1063.53	1092.54	3660.02	81.34				

(iv)

(v)

9. Since the debate in Parliament in September, 1958 and the meeting of the National Development Council in November, 1958 work on the preparation of the Third Five Year Plan has been taken up intensively both at the Centre and in the States. The problems and experience of the Second Plan reviewed in various documents presented during the past year have therefore gained even greater significance for the correct determination of the approach to the next phase in India's planned development.

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ANNEXURE

Important projects included in the Second Plan under Industry, Transport, Irrigation and Power on which expenditure during the first four years of the Plan is likely to be comparatively small or nil

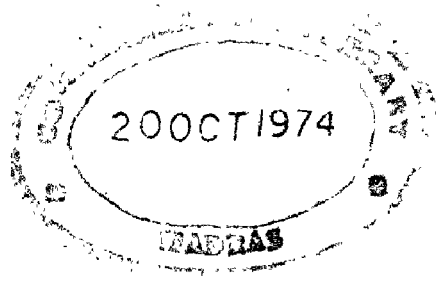
(Rs. crores)

Name of the Project	Total cost	Plan provision	Estimated expenditure 1956-60
1	2	3	4
(A) Industry			
Carbonized briquetting plant under the Neyveli Lignite Project	12.00	**	Negligible
Security Paper Mill	4.00	2.50	"
Mysore Iron & Steel Works (Other than Ferro-silicon Plant)	4.00	4.00	"
Marine Diesel Engines	3.00	..	"
Hindustan Shipyard (Dry Dock)	2.10	2.10	"
Heavy Plate & Vessel Work	1.10	*	"
Heavy Machine Tools	5.00	*	"
Heavy Structural Shop	1.10	*	"
Synthetic Rubber	15.00	*	"
Newsprint from Bagasse	5.50	*	"
Basic Refractories	0.80	*	"
Rayon Grade Pulp	8.60	*	"
Carbon Black	2.00	*	"
Tungsten Carbide	1.00	*	"
Aluminium Plant at Salem	11.00	*	"
(B) Transport			
RAILWAYS:			
Electrification Schemes.			
(i) Durgapur Docks	15.43	12.60	1.13
(ii) Howrah-Kharagpur	8.16	6.80	0.19
New Lines			
(i) Guna-Ujjain	12.70	12.60	0.03
Metre Gauge Coach Factory	6.60	6.60	0.02
PORTS:			
Bombay Port			
(i) Minimum scheme for the Princes & Victoria Docks	10.00	5.00	..
(ii) Dredging of the Main Harbour Channel	8.00	5.00	..
ROADS:			
(i) Pamban Bridge near Madras	1.00	1.00	..
(ii) Sone bridge project in Bihar	2.00	2.00	..

**Included in the Plan provision of Rs. 52 crores for South Arcot Lignite project..

*Plan provision for these projects is covered by lump sum provision of Rs. 55 crores for NIDC projects.

1	2	3	4
C. Irrigation			
ANDHRA PRADESH			
Vamsadhara	12.56	0.85	0.02
BIHAR			
Subernarekha	3.70	0.60	..
BOMBAY			
Kurnoor	1.51	1.24	0.10
Marmada	31.53	3.55	..
Varna	1.90	1.40	0.19
Vartu	0.62	0.05	..
MADHYA PRADESH			
Jasaiya	0.57	0.57	0.01
Tawa	15.21	4.00	0.37
Barna	4.77	2.18	0.03
Chandrakeshar	0.85	0.85	0.01
MYSORE			
Lump sum provision in Karnataka	1.00	1.00	..
ORISSA			
Pipalpankha and Bhagua	1.56	0.65	..
RAJASTHAN			
Banas	4.80	2.00	..
Mahi	3.15	1.18	0.07
Jakham	1.17	0.70	0.09
Gurgaon Canal (Rajasthan)	0.95	0.95	0.07
D. Power			
ANDHRA PRADESH			
Devanoor H.E. Scheme	9.60	2.20	..
BOMBAY			
Purna H.E. Scheme (Power Portion)	2.10	2.10	..
MADHYA PRADESH			
Rana Pratap Sagar Dam Power House	16.68	4.34	..
MADRAS			
Sandyanallah Reservoir Scheme	1.25	0.97	..
Pyakara Dam Power House	0.30	0.30	..
Papanasam Dam Power House	0.41	0.41	..
RAJASTHAN			
Jodhpur Power Station Extension	0.30	0.30	..
UTTAR PRADESH			
Yamuna H.E. Project II Stage	19.59	5.70	0.70
Ramganga H.E. Project (Power portion)	17.42	0.20	..



PLAN RESOURCES AND OUTLAY
A REVIEW

INTRODUCTION

The position regarding plan outlay and financial resources for the Centre and the States was reviewed in the Planning Commission Memorandum on Appraisal and Prospects of the Second Five Year Plan published in May 1958. That memorandum brought out the fact that the resources likely to be available were short in relation to the original plan outlay of Rs. 4,800 crores. The estimates then made indicated the level of total resources at around Rs. 4,260 crores over the five year period. It was stressed that effort should be made to raise additional resources of the order of Rs. 240 crores so as to bring up the Plan outlay to Rs. 4,500 crores. It was agreed at the last meeting of the National Development Council that the plan allocations hereafter should proceed in terms of this revised target of Rs. 4,500 crores for the Centre and the States together over the five-year period.

2. Following the issue of the Memorandum on Appraisal and Prospects, detailed discussions were held in September-October with the State Governments, firstly, to get a more precise picture of the outlay and the financing for the first three years, and secondly, to arrive at an assessment of the likely resources position for the next two years taking into account such measures of additional taxation as were found feasible. The resources position of the Centre has also been reassessed in consultation with the Ministry of Finance.

3. This note puts together the findings of this re-examination. Section II sets forth in some detail the results of this re-examination in respect of the Centre. The resources position of the States as it is seen now, is dealt with in Section III. The overall position of the Centre and the States for the coming two years is summed up in Section IV, and Section V indicates broadly the lines along which plan outlays for these two years will have to be allocated.

4. Briefly, the position regarding resources is that, on present expectations, the Centre and the States are likely to be able to provide in the next two years resources of the order of Rs. 1,754 crores, whereas the requirements for reaching a total of Rs. 4,500 crores over the two years amount to Rs. 2,034 crores. There is thus a shortfall of Rs. 280 crores; Rs. 198 crores at the Centre and Rs. 82 crores in the States. Over the Plan period, the aggregate outlay can, on this basis, be only Rs. 4,220 crores.

5. This estimate of the overall resources position takes into account the additional taxation of Rs. 12 crores over the next two years that the State Governments have proposed in the recent discussions. It also envisages additional taxation of about Rs. 40 crores at the Centre. No allowance has been made for any increases in emoluments that might be recommended by the Pay Commission. Such increases, in other words, will have to be financed by additional taxation. The likely yield on loans and small savings and the availability of external assistance have been estimated in the light of the latest trends and expectation. Not too much precision can be claimed for estimates under each separate head. One might also allow for a small variation either way on the overall totals. The conclusion, however, is clear: the outlay on the Plan over the five-year period will, on the basis of the resources in sight, have to be limited to Rs. 4,200-4,300 crores. This means that the outlays at the Centre and in the States for the next two years will have to be limited to Rs. 890 crores and Rs. 864 crores respectively (*Vide* Section IV).

6. In the above estimate of resources, the limit for deficit financing for the next two years has been taken at Rs. 100 crores a year. This does not mean that deficit financing of that order is safe or innocuous. With prices at the present level and with the growing pressures for increases in wages and salaries to compensate for the increase in cost-of-living, there is, strictly speaking, no case for deficit financing for some time to come. Hitherto, the inflationary impact of deficit financing has been offset by the large balance of payments deficits financed by a draft on foreign exchange resources. Since that "cushion" is no longer available, the less deficit financing there is, the better. It is only if food production increases substantially and food prices register a distinctly downward trend that deficit financing on any significant scale can be contemplated.

7. Foodgrains prices have already risen sharply in the course of this year. Part of this rise has been due to the large shortfall in the output of foodgrains in 1957-58. The crops this year are expected to be better. It is particularly important in the context of the present price situation and the outlook for resources that food prices are brought down to a reasonable level. This is a consideration which has to be kept in view while framing the policies for procurement.

8. A word may now be said here on the foreign exchange position *vis-a-vis* the Plan. Briefly, the balance of payments deficit over the plan period is expected to be of the order of Rs. 2,000 crores. Roughly, one-half of this deficit has been incurred so far. The sterling balances held by the Reserve Bank now stand at about

Rs. 180 crores, and it is necessary to avoid drawing them down any further. For bridging over the estimated foreign exchange gap for the period October to March 1959, external assistance totalling \$ 350 million has been promised. The further assistance required for the rest of the plan period is estimated at \$ 650 million, and this has yet to be secured. Estimates regarding the balance of payments trends are necessarily highly tentative, but it is clear that by the end of the Second Plan period the country will have substantial debt liabilities abroad. It should also be noted that in estimating the foreign exchange gap just mentioned, it is assumed that no food imports over and above the 'normal' purchases and existing commitments will be sanctioned unless covered by separate aid programmes.

9. Considering the overall resources position, a sizeable cut on plan outlays even as compared to the revised target of Rs. 4,500 crores is unavoidable. This cut can be reduced only if more resources for the Plan can be raised in non-inflationary ways. Whether and how far this can be done is for consideration by the National Development Council in the light of the fairly detailed assessment of the position given in the next two sections of this note.

II

REVIEW OF RESOURCES FOR THE PLAN: CENTRE

Plan outlay

Corresponding to the original plan outlay of Rs. 4,800 crores, the allocation for the Centre, including Union Territories and the Centre's share of expenditure on D.V.C. was Rs. 2,639 crores. As mentioned in the preceding section, in the Appraisal document published in May, 1958 it was suggested that efforts should be made to raise the total of resources to at least Rs. 4,500 crores. The distribution of plan outlay corresponding to the total resources of Rs. 4,500 crores was:

	(Rs. crores)
Centre (including Union territories)	2512
States	1988
	4500
<i>Total.</i>	4500

2. The progress of plan outlay at the Centre in the first two years was as follows:

	(Rs. crores)
1956-57	342
1957-58	500
	842
<i>Total</i>	842

For 1958-59, plan outlay was budgeted at Rs. 608 crores. The actual outlay for the year is roughly estimated at Rs. 582 crores. Total plan outlay at the Centre over the first three years might, therefore, be taken at about Rs. 1,424 crores. This would leave a balance of Rs. 1,088 crores to be incurred at the Centre over the remaining two years of the plan, if the target of Rs. 2,512 crores for the five year period corresponding to the outlay of Rs. 4,500 crores on the plan as a whole is to materialise fully.

Financing of plan outlay—1956—59

3. The picture in regard to the financing of plan outlay over the first three years is shown below:—

(Rs. crores)						
(1)	1956-57	1957-58		1958-59		Total for the first three years (2+4+6)
	Actuals	R.E.	Likely actuals	B.E.	Likely actuals	
	(2)	(3)	(4)	(5)	(6)	(7)
<i>I. Plan outlay</i>	341·6	540·0	500·0	608·0	582·0	1423·6
<i>II. Domestic budgetary resources.</i>						
(a) Balance from current revenues	130·0	69·6	80·0	56·3	40·0	250·0
(b) Railways' contribution	34·1	39·8	40·0	47·7	52·0	126·1
(c) Loans from the public (net)	77·8	68·2	68·2	125·0	181·9	327·9
(d) Share of small savings	39·7	20·0	28·0	40·0	28·0	95·7
(e) Unfunded debt and miscellaneous capital receipts	—2·5	67·7	—79·0	26·0	18·0	—63·5
(TOTAL a + e)	279·1	265·3	137·2	295·0	319·9	736·2
<i>III. External assistance</i>	37·8	105·0	95·0	325·0	325·0	457·8
<i>IV. Total resources including external assistance</i>	316·9	370·3	232·2	620·0	644·9	1194·0
<i>V. Central assistance for State plans</i>	157·1	206·0	189·4	209·0	221·3	567·8
<i>VI. Resources after allowing for Central assistance</i>	159·8	164·3	42·8	411·0	423·6	626·2
<i>VII. Budgetary deficit.</i>	181·8	375·7	457·2	197·0	158·4	797·4

4. As will be seen from the Table above, in 1956-57 the Centre incurred an outlay of about Rs. 342 crores on its plan and, in addition, made available Rs. 157 crores to the States by way of assistance for the State plans. To finance these outlays, the Centre raised about Rs. 279 crores from domestic budgetary sources and utilization of external assistance amounted to Rs. 38 crores. The balance of outlay amounting to Rs. 182 crores was deficit-financed.

5. For 1957-58, plan outlay at the Centre as per "revised estimates" worked out at Rs. 540 crores. Central assistance for State plans was taken at Rs. 206 crores. As against these outlays, the normal budgetary resources of the Centre were estimated at Rs. 265 crores, external assistance at Rs. 105 crores and deficit financing at Rs. 376 crores.

6. The actual outlay at the Centre for 1957-58 is estimated at Rs. 500 crores, and Central assistance for State plans at Rs. 189 crores. The actual deficit at the Centre amounted to Rs. 457 crores and utilisation of external assistance to Rs. 95 crores. This means that the total domestic budgetary resources of the Centre amounted to about Rs. 137 crores as against Rs. 265 crores envisaged in the "revised estimates". Balance from current revenues is expected to show some improvement, due mainly to shortfall in non-plan expenditure. Contribution of railways and net receipts from loans from the public are expected to remain at about the same level as indicated in the revised estimates. The Centre's share of small savings was larger than shown by the revised estimates. It follows, therefore, that there was a large outflow of the order of Rs. 79 crores under "unfunded debt and miscellaneous capital receipts". In the absence of full details of actual receipts and disbursements, it is not possible to indicate precisely the reasons for this large outflow. Part of this outflow, however, seems to have been due to expenditure of the order of Rs. 30 crores on food subsidies (which are being initially met from the capital account and written back to revenues over a period) and some investment in stocks of foodgrains.

7. The following table brings out in broad terms the pattern of financial resources at the Centre for 1956-57 and 1957-58:—

	(Rs. crores)	
	1956-57	1957-58
	(Actuals)	(Likely actuals)
Outlay		
(a) On Centre's plan	342	500
(b) Assistance for State plans	157	189
<i>Total</i>	<i>499</i>	<i>689</i>
Resources		
(a) Domestic budgetary resources	279	137
(b) External assistance	38	95
(c) Deficit financing	182	457
<i>Total</i>	<i>499</i>	<i>689</i>

It will be seen that while plan outlay and Central assistance show a step-up of Rs. 158 crores and Rs. 32 crores respectively in 1957-58, the domestic budgetary resources of the Centre show a drop of Rs. 142 crores. This drop is accounted for mainly by the decrease of Rs. 50 crores in the balance from revenues and an exceptionally large outflow of Rs. 79 crores under "unfunded debt and miscellaneous

capital receipts". The decrease in the balance from revenues occurred despite the tax effort of a sizeable order undertaken in that year and the larger yield from the measures of additional taxation adopted in the previous year. This is explained mainly by the fact that defence expenditure increased (as per revised estimates) by Rs. 79 crores and the award of the Finance Commission resulted in a transfer of resources of the order of Rs. 37 crores a year from the Centre to States. Besides, some resources were absorbed by increases in expenditure on other items and grants to States for raising the emoluments of low-paid employees. The Centre's share of small savings also showed a decrease due to liberalisation of the formula for sharing total collections between the Centre and the States. On the whole, the resources position at the Centre was particularly difficult in 1957-58.

8. For 1958-59, the Centre's budget provided for an outlay of Rs. 608 crores and for assistance for State plans of Rs. 209 crores. These outlays were expected to be financed by Rs. 295 crores of domestic budgetary resources, Rs. 325 crores of external assistance and Rs. 197 crores of deficit financing.

9. Revenue receipts of the Centre in the current year are expected to be smaller than envisaged at the time of framing of the Central budget, due mainly to a large drop in the customs revenue. Non-plan expenditure might remain more or less at the same level as envisaged in the budget, the increase in expenditure on debt services and grants to States for raising the emoluments of low-paid employees being offset by a decrease in defence expenditure. On the whole, therefore, the balance from current revenues may be taken at Rs. 40 crores or so as against Rs. 56 crores envisaged in the budget estimates.

10. Net receipts from loans from the public in the current year amounted to Rs. 182 crores, which shows a considerable increase over the earlier estimate. The Centre's share of small savings is estimated, on the basis of revised arrangements for sharing total collections between the Centre and States, at Rs. 28 crores. Net receipts from unfunded debt and miscellaneous sources on capital account are estimated at Rs. 18 crores. This estimate allows for the increase now anticipated in outlay on purchase of foodgrains. On the other hand, credit has been taken for net receipts of about Rs. 30 crores from sale of Treasury Bills to the public.

11. On the whole, the total domestic budgetary resources for 1958-59 are estimated at Rs. 320 crores, which shows a considerable improvement over the likely actuals for 1957-58.

12. Utilization of external assistance was taken in the current year's budget at Rs. 325 crores. In this estimate, credit had been taken for utilization of P.L. 480 assistance to the extent of Rs. 82 crores, and of assistance from the U.S. Development Loan Fund and the Export Import Bank of the order of Rs. 100 crores. It now appears that there would be a large shortfall in the utilisation of P.L. 480 assistance and the assistance from the Export Import Bank. On the other hand, fresh external assistance of \$ 350 million (about Rs. 167 crores) has been promised at the Washington meeting arranged by the World Bank in August 1958. It is difficult to forecast what the actual utilisation of external assistance over the year would be. For the present, it would seem best to retain the budget estimate of Rs. 325 crores in respect of the utilisation of external assistance in the current year.

13. In the light of the above estimates, the broad position at the Centre for 1958-59 is expected to be as follows:—

	(Rs. crores)
	1958-59
	(Likely actuals)
Outlay	
(a) On Centre's Plan	582
(b) Central assistance for State Plans	221
<i>Total</i>	<u>803</u>
Resources	
(a) Domestic budgetary resources	320
(b) External assistance	325
(c) Deficit financing	158
<i>Total</i>	<u>803</u>

14. To sum up, plan outlay at the Centre over the first three years is estimated at Rs. 1,424 crores and Central assistance for State Plans at Rs. 568 crores. As against these outlays, the Centre would have raised a total amount of Rs. 736 crores from domestic budgetary sources. Utilisation of external assistance is estimated at Rs. 458 crores and deficit financing at Rs. 798 crores.

15. Statement I at the end of this section gives a comparison of the estimates of the Centre's resources for the first three years as

worked out now and as worked out at the time of the preparation of the Appraisal document. Briefly, the position is as follows:—

Plan outlay and resources at the Centre over the first three years, 1956—59

(Rs. crores)

	Estimates as worked out now	Estimates as worked out at the time of the pre- paration of the App- raisal do- cument
<i>I. Plan Outlay</i>	1424	1424
<i>II. Domestic budgetary resources</i>		
(a) Balance from current revenues	250	305
(b) Railways' contribution	126	129
(c) Loans from the public (net)	328	271
(d) Share of small savings	96	86
(e) Unfunded debt and miscellaneous capital receipts	—64	—59
TOTAL (a+...e)	736	732
<i>III. External assistance</i>	458	438
<i>IV. Total resources including external assistance</i>	1194	1170
<i>V. Central assistance for State plans</i>	568	578
<i>VI. Resources after allowing for Central assistance</i>	626	592
<i>VII. Budgetary Deficit</i>	798	832

It will be seen that, on the whole the total domestic resources of the Centre are estimated to be of the same order as indicated earlier. Net receipts from loans from the public have turned out to be higher by Rs. 57 crores and the Centre's share of small savings shows an increase of Rs. 10 crores. These increases have, however, been largely offset by the decrease in contribution from current revenues. Central assistance for State Plans is estimated to be smaller by Rs. 10 crores. Utilisation of external assistance is on the other hand, estimated to be larger by Rs. 20 crores. The net result is that deficit financing is now expected to be smaller by about Rs. 34 crores.

Estimates of resources for 1959-60 and 1960-61

16. The balance of plan outlay to be incurred at the Centre (including Union Territories) over the next two years for reaching the target of Rs. 2512 crores for the five-year period corresponding to the aggregate outlay of Rs. 4,500 crores for the plan as a whole

works out, as mentioned earlier, at Rs. 1088 crores. In addition, Central assistance for State Plans for the next two years might be assumed tentatively at Rs. 230 crores and Rs. 240 crores respectively, that is, at a total of Rs. 470 crores. The problem at the Centre, therefore, is to raise total resources of the order of Rs. 1558 crores over the next two years.

17. The following table sets out the estimates of Centre's resources for the next two years:

	(Rs. crores)		
	1959-60	1960-61	Total for
	(Estimates)	(Estimates)	1959-61
	1	2	3
1. Domestic budgetary resources.			
(a) Balance from current revenue	45	55	100
(b) Railways' contribution	60	64	124
(c) Loans from the public (net)	80	90	170
(d) Small savings	29	30	59
(e) Unfunded debt and miscellaneous capital receipts (net)	16	9	25
TOTAL (a + ...e)	230	248	478
2. External assistance	340	302	642
3. Deficit financing	?	?	?
Total resources	570	550	1120

Brief comments on these estimates are given below.

(a) *Balance from current revenues*

18. Balance from current revenues for 1958-59 is estimated at about Rs. 40 crores. For the next two years, we have to take into account, on the one hand, the likely increase in revenues as a result of normal growth, and on the other, the estimated increase in interest payments and some increases in non-plan expenditure. While there is uncertainty about the net incidence of these factors, we might take the balance for the next two years at the existing rates of taxation at about Rs. 45 crores and Rs. 55 crores respectively.

19. The step-up of Rs. 5 crores in the balance from current revenues in 1959-60 and of another Rs. 10 crores in 1960-61 rests on the assumption that defence expenditure will not rise hereafter and will, in fact, go down a little.

20. No allowance has been made for any additional expenditure on pay and allowances which might have to be incurred as a result of the implementation of the Pay Commission's recommendations

which would become available shortly. To the extent that additional expenditure is incurred on pay and allowances, the resources available for the plan will diminish. Or, in other words, the implicit assumption is that the funds needed to pay for these increases will be raised more or less by increased taxation.

(b) *Railways' contribution*

21. The contribution of Railways towards the financing of their development programme has been taken at Rs. 60 crores for 1959-60 and at Rs. 64 crores for 1960-61, as compared to the estimate of Rs. 52 crores for the current year. These estimates reflect the expected improvement in railway revenues as a result of the revision of freight rates with effect from October this year.

(c) *Loans from the public*

22. Net receipts from market borrowings by the Centre have been taken at Rs. 80 crores for 1959-60 and at Rs. 90 crores for 1960-61. Repayments of Central loans in these years are about Rs. 121 crores and Rs. 113 crores respectively. The gross borrowings of the Centre would, therefore, have to be more than Rs. 200 crores in each of these years, that is, of the same order as in the current year. The estimates taken for the next two years are thus fairly high.

(d) *Small savings*

23. According to the estimates given by the State Governments in the discussions held recently in the Planning Commission, total small savings collections are likely to amount to Rs. 85 crores in 1959-60 and to Rs. 88 crores in 1960-61. On the basis of existing arrangements for sharing small savings between the Centre and the States, the share of the Centre in these collections would work out at Rs. 29 crores for 1959-60 and at Rs. 30 crores for 1960-61.

(e) *Unfunded debt and miscellaneous capital receipts*

24. This item is exceedingly variable. The estimates given in the Table in para 17 above are rather conjectural.

(f) *External assistance*

25. The carry-over of unutilised external assistance from the First Plan period was Rs. 132 crores. Fresh authorizations of external assistance, including the assistance promised at the Washington Conference sponsored by the World Bank, amount to Rs. 977 crores. The total external assistance available so far is thus estimated at about Rs. 1,100 crores (exclusive of \$ 238.8 million of P.L. assistance recently agreed to by the U.S.). A part of this assistance is for the private sector. For the next two years the gap to be filled by external assistance is at present estimated at \$ 650 million (about Rs. 310 crores). How much of this will be for the public sector and how much for the private sector cannot be guessed at this stage. The amounts

that come into the budget will depend also on the rate of utilisation, which, in turn, is conditioned by the procedural arrangements that might be agreed upon. We have assumed for the present that we could take credit for Rs. 1100 crores by way of utilisation in budget terms over the plan period.

26. With utilisation over the first three years estimated at Rs. 458 crores, the balance for the next two years would, then, be Rs. 642 crores.

Total Resources

27. On the basis of estimates given above, the Centre's resources for the next two years work out at Rs. 1,120 crores—Rs. 478 crores from domestic sources and Rs. 642 crores by way of external assistance. As already mentioned, the requirements of resources at the Centre for these two years are estimated at Rs. 1,558 crores. The gap in resources at the Centre thus works out at Rs. 438 crores.

Deficit financing

28. This gap in resources viz., Rs. 438 crores, cannot, obviously, be met by deficit financing. Deficit financing at the Centre over the first three years is estimated at Rs. 798 crores. Besides, the aggregate budgetary deficit of the States over these three years is estimated at another Rs. 84 crores. Despite large drawings on reserves of sterling balances and utilisation of the credit extended by the I.M.F., deficit financing on this scale has strained the economy. Prices have risen and the situation this year has been aggravated by the large decrease—of about 6.7 million tons—in food production in 1957-58. The rate of increase in industrial production has also slowed down. The foreign exchange reserves are now about Rs. 180 crores, and it is essential to avoid generation of any inflationary trends which might react adversely on the foreign exchange situation. Resort to deficit financing can, in these circumstances, be only marginal. Not unless food production increases substantially and prices register a distinct downward trend can deficit financing on any significant scale be contemplated. In view of these considerations, the limit for deficit financing for the next two years cannot be taken at more than Rs. 100 crores a year. Allowing for deficit financing of this order, the gap in resources at the Centre for these years would work out at Rs. 238 crores.

29. In appraising the resources position, it has to be borne in mind that the Centre as well as the States need more resources. Both the Centre and the States will, therefore, have to make the best effort they can to fill the gap. Assuming that the Centre could raise for the plan Rs. 40 crores or so by way of fresh taxation over the next two years, the gap in resources at the Centre would amount to about Rs. 198 crores.

STATEMENT I

Plan outlay and its financing at the Centre for the first three years

(A comparison of the estimates of resources for the first three years as worked out now and as worked out at the time of the preparation of the Planning Commission Memorandum on 'Appraisal and Prospects of the Second Five Year Plan')
(Rs. Crores)

	As worked out now						As worked out at the time of the preparation of the Appraisal document				
	1956-57 (Actuals)	1957-58 R.E.	Likely actuals	1958-59 B.E.	Likely actuals	Total for the first three years (2+4+6)	1956-57 likely actuals	1957-58 likely actuals	1958-59 likely actuals	Total for first 3 years (8+9+10)	
I. Plan Outlay	341.6	540.0	500.0	608.0	582.0	1423.6	342.0	500.0	582.0	1424.0	
II. Domestic budgetary resources.											
(a) Balance from current revenues	130.0	69.6	80.0	56.3	40.0	250.0	140.0	95.0	70.0	305.0	
(b) Railways contribution	34.1	39.8	40.0	47.7	52.0	126.1	34.0	45.0	50.0	129.0	
(c) Loans from the public (net)	77.8	68.2	68.2	125.0	181.9	327.9	78.0	68.0	125.0	271.0	
(d) Share of small savings	39.7	20.0	28.0	40.0	28.0	95.7	40.0	15.0	31.0	86.0	
(e) Unfunded debt and miscellaneous capital receipts	(-)-2.5	67.7	(-)-79.0	26.0	18.0	(-)-63.5	(-)-11.0	(-)-72.0	24.0	(-)-59.0	
Total (a+.....e)	279.1	265.3	137.2	295.0	319.9	736.2	281.0	151.0	300.0	732.0	
III. External assistance	37.8	105.0	95.0	325.0	325.0	457.8	38.0	100.0	300.0	438.0	
IV. Total resources including external assistance	316.9	370.3	232.2	620.0	644.9	1194.0	319.0	251.0	600.0	1170.0	
V. Central assistance for State plans	157.1	206.0	189.4	209.0	221.3	567.8	159.0	210.0	209.0	578.0	
VI. Resources after allowing for Central assistance	159.8	164.3	42.8	411.0	423.6	626.2	160.0	41.0	391.0	592.0	
VII. Budgetary deficit	181.8	375.7	457.2	197.0	158.4	797.4	182.0	459.0	191.0	832.0	

III

REVIEW OF RESOURCES FOR THE PLAN: STATES

Plan Outlay

In the Appraisal document, the outlay on the States' plan for the first three years 1956-57 to 1958-59 was shown at Rs. 1032 crores. The estimates furnished by the State Governments in the recent discussions place the plan expenditure at about Rs. 1042 crores.

2. The year-wise break-up of this figure as compared to the position indicated in the Appraisal document is shown below:—

(Rs. crores)

	Plan outlays	
	As indicated in the Appraisal document	As per estimates now furnished by the State Governments*
1956-57	293	297
1957-58	361	346
1958-59	378	399
	1032	1042

Expenditure on the plan indicated by the State Governments for 1958-59 is, in the main, based on budget estimates for the year. It was understood during the discussions that the State Governments hoped to implement in full the outlay on the plan budgeted for the year. There might be some shortfall in the outlay proposed for the year, but allowing, for the time being, the figure of Rs. 399 crores to stand, the State Governments would, as already mentioned, incur an outlay of Rs. 1,042 crores during the three years 1956-57 to 1958-59.

*For the year-wise and State-wise break-up please see statement I given at the end of this section.

3. The position for the individual States for each of the three years as compared to the five-year target is indicated in the following table:—

(Rs. crores)							
	Plan target 1956-61*	1956-57 (Actuals)	1957-58 (Likely actuals)	1958-59 (Likely actuals)	1956-59 three years	Balance for 1959-61	Percentage of outlay during the first 3 years to five year target
Andhra Pradesh	174.8	24.3	29.3	31.2	84.8	90.0	49
Assam	57.9	9.2	9.5	10.7	29.4	28.5	51
Bihar	190.2	25.9	29.2	30.7	85.8	104.4	45
Bombay	350.2	44.4	58.0	76.8	176.2	174.0	50
Jammu & Kashmir	33.9	4.4	4.0	5.0	13.4	20.5	40
Kerala	87.0	10.0	13.6	15.5	39.1	47.9	45
Madhya Pradesh	190.9	18.3	27.5	29.7	75.5	115.4	40
Madras	152.3	28.1	30.5	30.5	89.1	63.2	59
Mysore	145.1	14.4	15.7	23.0	53.1	92.0	37
Orissa	100.0	16.8	17.1	16.2	50.1	49.9	50
Punjab	162.6	24.7	28.0	33.9	86.6	76.0	53
Rajasthan	105.3	13.9	15.3	19.0	48.2	57.1	46
Uttar Pradesh	253.1	40.7	46.2	47.5	134.4	118.7	53
West Bengal	157.7	22.1	25.0	29.7	76.8	80.9	49
TOTAL	2161.0**	297.2	345.9	399.4	1042.5	1118.5**	48

The outlay on the plan likely to be incurred during the three years, 1956-57 to 1958-59 is expected at about 48 per cent of the five-year target of Rs. 2161 crores visualised originally.

4. Within this broad position, however, the performance in relation to the targets of some States is expected to be better than that of others. For instance, Madras expects to spend about 59 per cent of its five-year target in the three years. Punjab, Uttar Pradesh, Assam, Bombay, Orissa, Andhra Pradesh and West Bengal hope to implement between 49 to 53 per cent of the five-year target. The States of Madhya Pradesh and Mysore with their performance estimated at 40 and 37 per cent respectively are lagging substantially behind schedule.

5. For the coming two years, 1959-60 and 1960-61, the balance of outlay in terms of the original target (Rs. 4800 crores) works out at about Rs. 1119 crores. In terms, however, of the estimates presented in the Appraisal document, the figure works out roughly at

* As adjusted for the re-organised States.

**Corresponding to the total of Rs. 4800 crores.

Rs. 946 crores. This latter, together with the estimated outlay of Rs. 1042 crores in the first three years gives a five-year total of Rs. 1988 crores of plan outlay for the States.

Plan outlay and its financing 1956-57 to 1958-59

6. Plan outlays in terms of actuals for 1956-57 and likely actuals for 1957-58 and 1958-59 and the pattern of finance for the same as indicated in the Appraisal document and as worked out at the recent discussions are brought out in the following table:—

	As shown in the Appraisal* document			As worked out at the recent discussions			Total for three year	
	1956-57	1957-58	1958-59	1956-57	1957-58	1958-59	As shown in the Appraisal document	As worked out at the recent discussions
Plan Outlay	293.0	361.0	378.0	297.2	345.9	399.4	1032.0	1042.0
Resources on revenue account:								
Balance from revenue account at 1955-56 rates of taxation	-9.7	30.7	33.7	3.8	45.1	35.8	54.7	84.7
Additional taxation	8.7	24.3	46.3	11.6	30.6	50.6	79.3	92.8
1956-57 measures	8.7	12.4	12.4	11.6	14.0	16.2	33.5	41.8
1957-58 measures	..	11.9	20.2	..	16.6	24.6	32.1	41.2
1958-59 measures	..	..	13.7	..	..	9.8	13.7	9.8
Total	-1.0	55.0	80.0	15.4	75.7	86.4	134.0	177.5
Resources on capital account:								
Loans from the public	68.1	9.9	18.5	68.1	9.9	56.2**	96.5	134.2
Share of small savings	19.0	40.0	48.0	19.0	41.6	54.6	107.0	115.2
Miscellaneous capital receipts including unfunded debt (net)	-8.1	41.1	-1.5	-19.7	-8.3	-8.6	31.5	-36.6
Total	79.0	91.0	65.0	67.4	43.2	102.2	235.0	212.8
State's own normal resources	78.0	146.0	145.0	82.8	118.9	188.6	369.0	390.3
Central assistance	159.0	210.0	209.0	1157.1	189.4	22.13	578.05	567.8
Aggregate resources	237.0	356.0	354.0	239.9	308.3	409.9	947.0	958.1
Budgetary Gap	56.0	5.0	24.0	57.3	37.6	-10.5	85.0	84.4

*For detailed comparison between estimates now worked out and the figures visualised in estimates presented in the Appraisal document, please refer to Statement III attached with this section.

**Includes Rs. 2.8 crores raised by the Government of Bihar after the recent discussions.

7. For an outlay of Rs. 1042.5 crores expected to be incurred during the three years, 1956-57 to 1958-59, the State Governments place their contribution from normal budgetary sources at about Rs. 390 crores—Rs. 178 crores on revenue account and Rs. 212 crores on capital account. Central assistance likely to be utilised during the period is estimated at Rs. 568 crores bringing the aggregate normal budgetary resources to Rs. 958 crores. The gap of about Rs. 84 crores would be financed by liquidation of reserves of cash and securities and ways and means advances from the Centre.

8. Statement II given at the end of this section brings out the pattern of finance for all the States taken together for the three years 1956-57 to 1958-59 on the basis of estimates agreed to at the recent discussions. It also indicates the resources position for the coming two years, 1959-60 and 1960-61. The State-wise position for each of the three years 1956-57 to 1958-59 and for the coming two years 1959-60 and 1960-61 is shown separately in Statements VI to XIX.

9. The position for all the States taken together in respect of important items is dealt with in the following paragraphs.

States' contribution from revenue account: 1956-57 to 1958-59

10. The State Governments expect to make available Rs. 178 crores from current revenues for the three years 1956-57 to 1958-59 as compared to the figure of Rs. 134 crores indicated in the Appraisal document. The position regarding each of the three years as now worked out and as shown in the Appraisal document is indicated below:—

	(Rs. crores)						
	As shown in the Appraisal document		As arrived at on the basis of recent discussions		Total contribution from revenue account		
	At 1955-56 rates of taxation	Addl. taxation	At 1955-56 rates of taxation	Addl. taxation	As shown in the Appraisal document	As arrived at on the basis of recent discussions	
1956-57 . . .	9.7	8.7	3.8	11.6	1.0	15.4	
1957-58 . . .	30.7	24.3	45.1	30.6	55.0	75.7	
1958-59 . . .	33.7	46.3	35.8	50.6	80.0	86.4	
TOTAL . . .	54.7	79.3	84.7	92.8	134.0	177.5	

11. The contribution from current revenues at the 1955-56 rates of taxation shown in the Appraisal document was, in the main, based on the results of discussions held with the State Governments in December-January last. These were in terms of likely actuals for 1956-57 and 1957-58 and estimates roughly worked out for 1958-59.

The figures worked out in the recent discussions are based on actuals for 1956-57 and 1957-58 and likely actuals for 1958-59. The latest data now available show that non-plan expenditures on revenue account were actually lower than allowed for earlier by the State Governments for these years. This explains, in the main, the relative improvement indicated under this head.

Additional taxation

12. Yield over the three years from the measures of additional taxation so far adopted is now placed at about Rs. 93 crores as against Rs. 79 crores shown in the Appraisal document. The improvement of Rs. 14 crores is due mainly to the inclusion in the estimates of additional taxation of the yield from inter-State sales tax. A part of the increase reflects some presentational changes suggested by some of the State Governments.

13. Statement IV indicates the State-wise yield from additional taxation adopted so far for each of the three years 1956-57 to 1958-59 and for the five-year period as a whole. The figures presented are based on estimates agreed to at the recent discussions. The head-wise yield from additional measures of taxation implemented in the first three years and proposed for the remaining two years of the plan is shown in Statement V.

14. The following table summarises the position for the first three years.

	(Rs. crores)			
	1956- 57	1957- 58	1958- 59	Total for 3 Years
General sales tax	6.3	20.2	27.6	54.1
State excise duties	0.3	0.5	1.1	1.9
Agricultural income tax . . . . .	..	0.8	2.2	3.0
Land revenue and irrigation rates	0.4	1.3	2.3	4.0
Betterment levy . . . . .	..	..	0.3	0.3
Electricity rates and duties	0.7	1.0	2.9	4.6
Tax on motor vehicles and on passenger and on goods	3.4	4.5	7.2	15.1
Tax on motor spirit and diesel oil	0.3	0.7	2.6	3.6
Stamp duty and registration . . . . .	..	0.4	1.3	1.7
Others	0.2	1.2	3.1	4.5
TOTAL	11.6	30.6	50.6	92.8

Over the three years the yield from measures of additional taxation adopted so far works out at about Rs. 93 crores. The five-year yield from these measures would add up to about Rs. 206 crores.

5. The State Governments propose to levy additional taxation estimated to yield Rs. 12 crores over the two years 1959-60 and 1960-61. A more detailed reference to the additional taxation proposed for these two years appears later in this section.

Loans from the public

16. The States' borrowings (gross) from the public in the current year have aggregated to Rs. 56 crores. This is inclusive of the latest floatation of Rs. 2·8* crores by the Government of Bihar. Over the three years 1956-57 to 1958-59 the amount raised from this source adds up to Rs. 134 crores. The year-wise break-up as compared to the figures shown in the Appraisal document is given below:—

	(Rs. crores)	
	As shown in the Ap- praisal do- cument	
	As per the latest data available	
1956-57	68·1	68·1
1957-58	9·9	9·9
1958-59	18·5	56·2
TOTAL	96·5	134·2

The improvement of Rs. 38 crores in the latest estimates over the figures shown in the Appraisal document is in respect of the current year. The easier conditions in the money market have enabled both the Centre and the States to raise larger loans this year.

States' share of small savings

17. The formula regarding the sharing between the Centre and the States of the aggregate net collections of small savings, was modified slightly for the current year. Formerly two-thirds of the net annual aggregate collections under small savings was payable to the States, but in case the States raised any loans from the public, one-third of the borrowings was to be made over to the Centre. The States' share of small savings for the current year was thus taken lower to that extent. The modified formula allows the States to retain the full amounts raised through loans from the public in addition to the two-thirds share of the small savings collections. As a result, the figure of the States' share under this item for 1958-59 works out higher than shown in the Appraisal document.

*The floatation was for Rs. 2·5 crores which was over subscribed. The figure of Rs. 2·8 crores allows for retention of 10 per cent over the amount floated.

18. The following table indicates the position.

(Rs. crores)

	As shown in the Appraisal document	As now agreed to with the States
1956-57	19.0	19.0
1957-58	40.0	41.6
1958-59	48.0	54.6
TOTAL	107.0	115.2

In the Appraisal document, aggregate collections under small savings for 1958-59 were assumed at Rs. 80 crores. On this basis, the States' share was worked out at about Rs. 52 crores. After allowing for reduction representing one-third of borrowings from the public, the States' share under this item was shown in the Appraisal document at Rs. 48 crores. In the recent discussions, the representatives of the State Governments confirmed that the target of Rs. 80 crores representing aggregate collections for the current year would be achieved. The States' share on the basis of aggregate collections of Rs. 80 crores, after allowing for some carry-over from the previous year, adds up to Rs. 54.6 crores.

Miscellaneous receipts on capital account including unfunded debt (net)

19. The estimate of States' contribution for the plan from this source as it works out on the basis of recent discussions differs widely from the figure shown in the Appraisal document. As against the net inflow of Rs. 31.5 crores visualised under this item in the appraisal document, the estimates given now by the State Governments allow for outgoes of about Rs. 37 crores over the three years 1956-57 to 1958-59. As would be seen from the following table, the bulk of the difference between the two estimates appears in 1957-58.

(Rs. crores)

	As visualised in the Appraisal document	As now worked out in the recent discussions
1956-57	(—)8.1	(—)19.7
1957-58	41.1	(—)8.3
1958-59	(—)1.5	(—)8.6
TOTAL	31.5	(—)36.6

In 1957-58 the fall in the States' resources under this item is about Rs. 50 crores. It appears that, in the estimates presented in the Appraisal document, the funds raised by the State Governments by liquidating their reserves in 1957-58 were taken credit for as normal budgetary resources under miscellaneous receipts on capital account. Some of the outflows, on the other hand, might reflect a downward bias in the State Governments' estimates of their resources on capital account.

Central assistance

20. The position regarding utilisation of Central assistance as now worked out and as shown in the Appraisal document is indicated in the following table:—

	(Rs. crores)	
	As shown in Appraisal do- cument	As agreed to in the recent discussions
1956-57	159·0	157·1
1957-58	210·0	189·4
1958-59	209·0	221·3
TOTAL	578·0	567·8

In 1957-58 the utilisation of Central assistance amounted to Rs. 189 crores compared to the allocation of Rs. 210 crores made for the year. The expenditure on the State Plan incurred during the year, however, qualifies for larger assistance from the Centre. In view of this, the Union Ministry of Finance has already made available an additional sum of Rs. 17·5 crores to the following States:—

	(Rs. crores)
Andhra Pradesh	1·5
Bombay	1·0
Kerala	1·0
Madhya Pradesh	2·0
Madras	2·5
Mysore	2·0
Orissa	1·5
Punjab	1·5
Uttar Pradesh	3·0
West Bengal	1·5
TOTAL	17·5

These additional transfers have been made in 1958-59. Consequently, the figures of Central assistance estimated at about Rs. 221 crores for the year allows credit for this amount.

21. To sum up the position for the three years 1956-57 to 1958-59, the State Governments expect to incur an outlay of Rs. 1042.5 crores as against the figure of Rs. 1032 crores visualised in the Appraisal document on the basis of likely actuals for this period.

22. The pattern of finance for these outlays is summarised below:

	(Rs. crores)	
	1956-59	
	As shown in the Appraisal document	As agreed in the recent discussions
<i>Plan outlay</i>	1032.0	1042.5
<i>Revenue resources</i>	134.0	177.5
<i>Capital resources</i>		
Loans from the public	96.5	134.2
Share of small savings	107.0	115.2
Miscellaneous receipts on capital account including unfunded debt (net)	31.5	-36.6
TOTAL	235.0	212.8
<i>States' normal resources</i>	369.0	390.3
<i>Central assistance</i>	578.0	567.8
<i>Withdrawal from reserves, etc.</i>	85.0	84.4
<i>Aggregate resources</i>	1032.0	1042.5

Resources on revenue account now estimated at Rs. 177.5 crores are higher by about Rs. 44 crores as compared to the figure shown in the Appraisal document. During the course of discussions, it was learnt that most of the States now expect to balance their revenue budgets for the current and the coming two years and in some cases surpluses are expected.

23. As regards loans from the public and States' share of small savings, the estimates now worked out place the accruals from these sources for 1956-57 to 1958-59 at about Rs. 250 crores as compared to about Rs. 204 crores shown in the Appraisal document. The improvement of Rs. 44 crores in the States' revenue resources and of Rs. 46 crores under loans from the public and the States' share of small savings has been offset substantially by outflows under miscellaneous receipts on capital account. As a result, the States' own normal resources now estimated at Rs. 390 crores for the three-year period show an improvement of only Rs. 21 crores over the estimates presented in the Appraisal document.

Outlook for 1959-60 and 1960-61

24. In the estimates given in the Appraisal document, the States' own contribution to the plan for 1959-60 and 1960-61 was placed at Rs. 363 crores—Rs. 340 crores from normal budgetary sources and Rs. 23 crores by way of drawing down of reserves of cash and securities. Taking Central resources into account, the total resources

available for the plan worked out to Rs. 4260 crores. It was, however, emphasized in the Appraisal document that the five-year outlay on the plan should at least be of the order of Rs. 4500 crores. Accordingly it was suggested that efforts should be made by the Centre and the States to raise additional resources of the order of Rs. 240 crores during the two years, 1959-60 and 1960-61. The States' share of this additional effort was visualised roughly at Rs. 110 crores.

25. On the basis of the estimates worked out in the recent discussions, the States' resources aggregate to Rs. 394.2 crores for 1959-60 and 1960-61. Of this, Rs. 384.2 crores represents the contribution from normal budgetary sources and the balance of Rs. 10 crores represents withdrawal from reserves visualised by three States—Madhya Pradesh, Kerala and Mysore. During the course of discussions, Bombay and Andhra Pradesh suggested that they would like to draw upon their reserves of cash and securities to the extent of shortfall between budgetary resources and the outlay that might be implemented during 1959-60 and 1960-61.

26. The resources position for the closing two years 1959-60 and 1960-61 as it works out now together with the earlier estimates in the Appraisal document is set out in the following table:

	(Rs. crores)			
	As per estimates worked in recent discussion			As visualised in the Appraisal document
	1959-60	1960-61	Total	1959-61*
<i>Resources on revenue account</i>				
(a) Balance from revenue account at 1955-56 rates of taxation	32.3	23.9	56.2	170.0
(b) Additional taxation (yield from measures adopted so far)	55.9	57.6	113.5	
(c) Yield from measures proposed for 1959-60	5.4	5.6	11.0	60.0
1960-61	..	0.9	0.9	
TOTAL	93.6	88.0	181.6	230.0
<i>Resources on capital account</i>				
(a) Loans from the public	57.0	65.1	122.1	200.0
(b) Shares of small savings	56.0	58.3	114.3	
(c) Miscellaneous receipts on capital account including unfunded debt (net)	(-)13.5	(-)20.3	(-)33.8	20.0
TOTAL	99.5	103.1	202.6	220.0
<i>States normal resources</i>	193.1	191.1	384.2	450.0
Withdrawal from reserves	5.0	5.0	10.0	23.0
Total resources	198.1	196.1	394.2	473.0

*The estimates presented in this column include an additional amount of Rs. 110 crores which the States were expected to raise for covering part of the gap of Rs. 240 crores visualised in the Appraisal document.

27. The States contribution from current revenues for the two years 1959-60 and 1960-61 at the 1958-59 level of taxation works out about the same as indicated in the Appraisal document. As regards additional taxation; the task proposed in the Appraisal document for the States for the closing two years of the plan was to raise Rs. 60 crores from this source. In this context, the question of raising additional resources was taken up with the representatives of the State Governments. The items which were considered in detail for the objective in view are:—

- (i) Betterment levy,
- (ii) electricity duties and water rates,
- (iii) assessment of agricultural lands used for non-agricultural purposes,
- (iv) assessment of agricultural lands which have acquired urban character due to completion of development projects, and
- (v) stepping up of yield from existing taxes by checking evasion and tightening up of administration.

28. The representatives of most States were of the view that there was not much scope for raising additional funds from the above sources. The following seven States agreed to raise in all about Rs. 12 crores over the two years 1959-60 and 1960-61:—

	(Rs. crores)
Andhra Pradesh	1.5
Bombay	2.6
Madhya Pradesh	1.8
Bihar	1.1
Jammu and Kashmir	0.6
Rajasthan	0.3
Uttar Pradesh	4.0
TOTAL	11.9

After taking this additional yield into account, the aggregate amount which the State Governments expect to raise by way of additional taxation over the period of the Second Plan works out at Rs. 218 crores as compared to the original five-year target of Rs. 221 crores*.

29. Statement IV given at the end of this section brings out in detail the State-wise yield from the measures of additional taxation for each of the three years 1956-57 to 1958-59 and for the closing two

*The target as originally visualised was Rs. 225 crores. The figure of Rs. 221 crores represents target as adjusted for the reorganised States.

years 1959-60 and 1960-61 as compared to the five-year target. Briefly the position is indicated below:—

	(Rs. crores)					
	Yield in three years 1956-59	Yield in two years 1959-61	Yield in five years 1956-61	Additional tax- ation proposed for 1959-61	Total yield from additional taxation 1956-61	Plan target as adjust- ed for reorgani- sed States
	(Yield from measures of 1956-57 to 1958-59)					
Andhra Pradesh	10.0	10.4	20.4	1.5	21.9	11.0
Assam	2.7	2.6	5.3	..	5.3	5.0
Bihar	3.7	7.8	11.5	1.1	12.6	27.0
Bombay	9.2	12.8	22.0	2.6	24.6	23.0
Jammu & Kashmir	1.2	1.6	2.8	0.6	3.4	..
Kerala	4.9	6.9	11.8	..	11.8	9.0
Madhya Pradesh	5.0	5.7	10.7	1.8	12.5	23.0
Madras	9.2	10.9	20.1	..	20.1	13.0
Mysore	5.2	7.6	12.8	..	12.8	9.0
Orissa	2.0	5.0	7.0	..	7.0	8.0
Punjab	6.5	8.6	15.1	..	15.1	23.0
Rajasthan	5.5	6.2	11.7	0.3	12.0	9.0
Uttar Pradesh	14.7	15.0	29.7	4.0	33.7	46.0
West Bengal	13.0	12.4	25.4	..	25.4	15.0
TOTAL	92.8	113.5	206.3	11.9	218.2	221.0

All States, except Bihar, Madhya Pradesh, Orissa, Punjab and Uttar Pradesh, are expected to exceed the targets originally visualised for them. Nevertheless, the States' aggregate resources will fall short of requirements.

30. In estimating the balance from revenues for the next two years, no provision has been made for further increases in pay and emoluments. The assumption is that such increases, if granted, will have to be met by increased taxation.

Loans from the public and States share of small savings

31. The States' share of small savings and borrowings from the public for the two years under review were placed at Rs. 160* crores in the Appraisal document—Rs. 120 crores under the former and Rs. 40 crores under the latter. Including the additional amount of Rs. 40 crores required to be raised by the States during 1959-60 and 1960-61 mainly by intensification of efforts at collecting small savings etc., aggregate accruals from these two sources would work out at

*This amount does not include additional effort of Rs. 40 crores.

Rs. 200 crores. The estimates of the States' contribution from these two sources agreed to at the recent discussions work out at about Rs. 236 crores.

32. Loans from the public, according to the estimates furnished by the State Governments, are expected to bring in a sum of Rs. 122 crores over the two years. Of this, the State Governments expect to raise Rs. 57 crores in 1959-60 and Rs. 65 crores in 1960-61. These estimates are based on the assumption that the present easy conditions will more or less continue—an assumption which one cannot be sure will materialise.

33. As regards small savings, the figure of Rs. 120 crores originally proposed was based on the assumption that aggregate collections would be of the order of Rs. 200 crores during the two years 1959-60 and 1960-61. In the estimates now agreed to with the State officials, the figure representing the States' share adds up to about Rs. 114 crores. This would mean aggregate collections of about Rs. 175 crores for the two years 1959-60 and 1960-61.

34. The estimate of Rs. 236 crores for the two years 1959-60 and 1960-61 for the States' share of small savings and borrowings from the public taken together does not appear to be too optimistic. With efforts it could perhaps be improved upon.

35. The following table sums up the resources position as agreed to for the coming two years 1959-60 and 1960-61, and as visualised in the estimates presented in the Appraisal document:—

	(Rs. crores) ¹	
	As agreed to at the recent discussions	As in the Appraisal document
'States' contribution for the plan from current revenues at the 1958-59 level of taxation	169·7	170·0
Additional taxation proposed for 1959-60 and 1960-61	11·9	60·0
Contribution on capital account	202·6	220·0*
Withdrawal from reserves	10·0	23·0
TOTAL	394·2	473·0

*Including Rs. 50 crores to be raised by intensification of small savings drives and collections of arrears of loans, etc.

36. As against the five-year outlay of Rs. 4500 crores for the Centre and the States, the outlay for the two years 1959-60 and 1960-61 adds up to Rs. 2034 crores. Of this, the outlay in respect of the States works out at Rs. 946 crores.

37. For financing the outlay of Rs. 946 crores the States' own resources, as indicated in the foregoing paragraphs, are estimated at Rs. 394.2 crores. The order of Central assistance likely to be available to the States during the two years would depend on the Centre's own resources position; tentatively it might be placed at Rs. 470 crores. This would make a total of Rs. 864 crores which would represent the size of States' outlay for 1959-60 and 1960-61. On the basis of the availability of resources, the shortfall in States' plan outlay would be Rs. 82 crores and the total expenditure over the five-year period Rs. 1906 crores as against the revised outlay of Rs. 1988 crores. It should be noted, however, that in view of the shortfall in the Centre's own resources of as much as Rs. 198 crores, the Centre will find it very difficult to provide assistance of the order just mentioned. The difficulties in the way of reducing plan outlays at the Centre are, it must be recognised, at least as great as in the case of the States.

38. It will be clear from the above paragraphs that the gap in the States' resources can be filled up only to the extent that the States can raise further resources. The Centre's own resources position, as has been indicated, is, if anything, even more strained. The Planning Commission has indicated from time to time the lines along which the State Governments should make an effort to raise further resources. Some of these have been mentioned in paragraph 27 above. The precise measures to be adopted have naturally to be decided by each State Government. The tax effort which the State Governments have agreed to undertake as a result of the recent discussions, *viz.* Rs. 12 crores over the next two years, is inadequate. Action in regard to the imposition of betterment levy has been slow and needs to be expedited. Delay in proceeding with this levy in some States is coming in the way of prompt action in this direction in other States. There is need also for quick assessment of the surcharges which land revenue can bear in areas in which there has not been regular settlement for many years. Agricultural land used for non-agricultural purposes should also bear higher taxation. An upward adjustment in standard water rates in the well-established projects deserves consideration. The yield of sales taxes can be improved through better administration. Undoubtedly, the task of raising additional resources is difficult, but it has to be faced in view of the pressing needs of the situation as also on longer range considerations.

39. The main conclusions arising out of the analysis of the resources position of the States presented in the foregoing paragraphs are summarised below:—

- (i) Since the revised outlay on the States' plan in terms of an overall outlay of Rs. 4500 crores is Rs. 1988 crores, and the State Governments expect to incur an expenditure of Rs. 1042 crores on their plan in the three years, 1956-57 to 1958-59, the balance of outlay to be incurred in the coming two years is Rs. 946 crores.
- (ii) For financing the plan outlay of Rs. 1042 crores in the first three years, 1956-57 to 1958-59 the State Governments raised Rs. 390 crores from their own budgetary resources and Rs. 84 crores by liquidation of reserves of cash and securities. The utilisation of Central assistance amounted to Rs. 568 crores
- (iii) As against the outlay of Rs. 946 crores left for 1959-60 and 1960-61, the State Governments expect to find about Rs. 394 crores from their own resources. As regards Central assistance for these two years, no firm figures can at present be indicated. Tentatively, it might be placed at Rs. 470 crores. On this basis the State Governments would be able to finance an outlay of Rs. 864 crores in these two years.
- (iv) Outlay on the States' plan over the five years would thus work out at Rs. 1906 crores (Rs. 1042 crores plus Rs. 864 crores). This would mean a shortfall of Rs. 82 crores as compared to the revised plan allocation of Rs. 1988 crores. As against the original target of Rs. 2161 crores, the shortfall would work out at Rs. 255 crores.
- (v) Measures of additional taxation so far adopted are estimated to yield Rs. 206 crores during the Second Plan period. For the coming two years 1959-60 and 1960-61 the State Governments have agreed to raise about Rs. 12 crores by way of additional taxation. About Rs. 10 crores of this would be raised by four States viz. Uttar Pradesh (Rs. 4.0 crores), Bombay (Rs. 2.6 crores), Madhya Pradesh (Rs. 1.8 crores) and Andhra Pradesh (Rs. 1.5 crores).
- (vi) Only if the States are able to raise more resources for the plan, could the gap of Rs. 82 crores mentioned above be filled.

STATEMENT—I

Plan outlays—States

(Rs. crores)

States	Plan Targets 1956-61	1956-58 Actual	1957-58 Likely Actuals	1958-59 Likely Actuals	1956-59	Balance. for 1959-60 and 1960-61
Andhra Pradesh .	174.8	24.3	29.3	31.2	84.8	90.0
Assam . . .	57.9	9.2	9.5	10.7	29.4	28.5
Bihar . . .	190.2	25.9	29.2	30.7	85.8	104.4
Bombay . . .	350.2	44.4	55.0	76.8	176.2	174.0
Jammu & Kashmir .	33.9	4.4	4.0	5.0	13.4	20.5
Kerala . . .	87.0	10.0	13.6	15.5	39.1	47.9
Madhya Pradesh .	190.9	18.3	27.5	29.7	75.5	115.4
Madras . . .	152.3	28.1	30.5	30.5	89.1	63.2
Mysore . . .	145.1	14.4	15.7	23.0	53.1	92.0
Orissa . . .	100.0	16.8	17.1	16.2	50.1	49.9
Punjab . . .	162.6	24.7	28.0	33.9	86.6	76.0
Rajasthan . . .	105.3	13.9	15.3	19.0	48.2	57.1
Uttar-Pradesh .	253.1	40.7	46.2	47.5	134.4	118.7
West Bengal .	157.7	22.1	25.0	29.7	76.8	80.9
TOTAL . . .	2161.0	297.2	345.9	399.4	1042.5	1118.5

STATEMENT—II
Resources Position—All States 1956-61

(Rs. crores)

	Estimates				Forecast				Targets for 1956-61 as adjusted for the reorganised States
	1956-57	1957-58	1958-59	Total 1956-59 (Three years)	1959-60	1960-61	Total 1959-61 (two years)	Total 1956-61 (5 yrs.)	
<i>Plan Outlay</i>	297.2	345.9	399.4	1042.5	..	..	..	..	2161.0
<i>Resources on Revenue Account</i>									
Balance from Revenue Account at 55-56 rates of taxation	3.8	45.1	35.8	84.7	32.3	23.9	56.2	140.9	139.3
<i>Additional Taxation</i>	11.6	30.6	50.6	92.8	61.3	64.1	125.4	218.2	221.0
1956-57 measures	11.6	14.0	16.2	41.8	16.7	17.7	34.4	76.2	..
1957-58 . . . . .	..	16.6	24.6	41.2	25.9	26.3	52.2	93.4	..
1958-59 . . . . .	..	..	9.8	9.8	13.3	13.6	26.9	36.7	..
1959-60 . . . . .	..	..	..	..	5.4	5.6	11.0	11.0	..
1960-61 . . . . .	..	..	..	..	..	0.9	0.9	0.9	..
<i>Total</i>	15.4	75.7	86.4	177.5	93.6	88.0	181.6	359.1	360.3
<i>Resources on Capital Account</i>									
Loans from the Public	68.1	9.9	56.2 (a)	134.2	57.0	65.1	122.1	256.3	300.0
Share of Small Savings	19.0	41.6	54.6	115.2	56.0	58.3	114.3	229.5	186.3
Misc. Capital receipts ..	..	..	..	..	..	..	..	..	..
incl. unfunded debt (net)	-19.7	-8.3	-8.6	-36.6	-13.5	-20.3	-33.8	-70.4	6.1
<i>TOTAL</i>	67.4	43.2	12.2	212.8	99.5	103.1	202.6	415.4	492.4
<i>States' Normal Resources</i>	82.8	118.9	188.6	390.3	193.1	191.1	384.2	774.5	852.7
Central Assistance	157.1	189.4	221.3	567.8	..	..	..	..	..
<i>Aggregate Resources for the Plan</i>									
	239.9	308.3	409.9	958.1	..	..	..	..	..
<i>Budgetary deficit</i>	57.3	37.6	-10.5	84.4	5.0*	5.0*	10.0*	94.4	..

(a) Inclusive of Rs. 2.8 crores raised by the Govt. of Bihar after the discussions.

* This represents sale of securities visualised by Kerala, M. P. & Mysore. Bombay and Andhra Pradesh have also indicated that they will have recourse to withdrawal from reserves.

Reappraisal of the Plan—Estimates of Resources for the State Plan as shown

	1956-57		1957-58		1956-58 (2 years)	
	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions
Plan Outlay	293.0	297.2	361.0	345.9	654.0	643.1
<i>Resources on Revenue A/c</i>						
Balance from Revenue Account (at 55-56 rates of taxation)	-9.7	3.8	30.7	45.1	21.0	48.9
<i>Additional Taxation</i>	8.7	11.6	24.3	30.6	33.0	42.2
1956-57 measures	8.7	11.6	12.4	14.0	21.1	25.6
1957-58 "			11.9	16.6	11.9	16.6
1958-59 "						
1959-61 "						
TOTAL	-1.0	15.4	55.0	75.7	54.0	91.1
<i>Resources on Capital Account</i>						
Loans from the Public	68.1	68.1	9.9	9.9	78.0	78.0
Share of Small Savings	19.0	19.0	40.0	41.6	59.0	60.6
Misc. Capital receipts (net)	-8.1	-19.7	41.1	-8.3	33.0	-28.0
TOTAL	79.0	67.4	91.0	43.2	170.0	110.6
<i>States' own normal resources</i>	78.0	82.8	146.0	118.9	224.0	201.7
<i>Central Assistance</i>	159.0	157.1	210.0	189.4	369.0	346.5
<i>Aggregate Resources</i>	237.0	239.9	356.0	308.3	593.0	548.2
<i>Budgetary gap</i>	56.0	57.3	5.0	37.6	61.0	194.9

*Represents sale of securities proposed by Madhya Pradesh, Mysore and Kerala.

@The total resources will be 394.2 after taking into account Rs. 10

**Including Rs. 2.8 crores raised by the Govt. of Bihar after the

III

in the Appraisal Document and as worked out at the recent discussions

(Rs. crores)

1958-59		1956-59		1959-61		1956-61	
As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions	As shown in the Appraisal document (Likely Actuals)	Arrived at on the basis of recent discussions
378.0	399.4	1032.0	1042.5	..	..	..	..
33.7	35.8	54.7	84.7	..	56.2	..	140.9
46.3	50.6	79.3	92.8	..	125.4	..	218.2
12.4	16.2	33.5	41.8	..	34.4	..	76.2
20.2	24.6	32.1	41.2	..	52.2	..	93.4
13.7	9.8	13.7	9.8	..	26.9	..	36.7
					11.9	..	11.9
80.0	86.4	134.0	177.5	170.0	181.6	304.0	359.1
18.5	56.2**	96.5	134.2	40.0	122.1	136.5	256.3
48.0	54.6	107.0	115.2	120.0	114.3	227.0	229.5
-1.5	-8.6	31.5	-36.6	10.0	-33.8	41.5	-70.4
65.0	102.2	235.0	212.8	170.0	202.6	405.0	415.4
145.0	188.6	369.0	390.3	340.0	384.2@	709.0	774.5
209.0	221.3	578.0	567.8				
354.0	409.9	947.0	958.1				
24.0	-10.5	85.0	84.4	23.0	10.0*	108.0	94.4

crores sale of securities.
discussions,

STATEMENT—
Additional Taxation—

Yield from measures of Additional Taxation adopted by States during

	In	In 1957-58			In 1958-59			In	
	1956-57			Total	From	From	From	1956-59	
		From	From		1956-57	1957-58	1958-59	3 yrs.	
		measures	measures		measures	measures	measures		
	1	2	3	4	5	6	7	8	9
Andhra Pradesh	1.2	2.0	1.8	3.8	2.3	2.7	negl.	5.0	10.0
Assam	0.5	0.8	0.2	1.0	0.8	0.4	negl.	1.2	2.7
Bihar	0.1	0.2	1.0	1.2	0.2	1.0	1.2	2.4	3.7
Bombay	0.4	0.4	3.0	3.4	0.4	3.0	2.0	5.4	9.2
Jammu & Kashmir	0.2	0.2	0.1	0.3	0.2	0.4	0.1	0.7	1.2
Kerala . . . . .	..	..	1.6	1.6	..	2.7	0.6	3.3	4.9
Madhya Pradesh	0.2	0.6	1.5	2.1	0.5	2.2	..	2.7	5.0
Madras	0.8	1.0	2.3	3.3	1.3	2.4	1.4	5.1	9.2
Mysore	0.2	0.2	1.3	1.5	0.2	3.3	..	3.5	5.2
Orissa . . . . .	..	..	0.5	0.5	..	0.6	0.9	1.5	2.0
Punjab	0.6	0.9	0.7	1.6	1.1	0.7	2.5	4.3	6.5
Rajasthan	0.8	0.8	1.0	1.8	0.8	1.0	1.1	2.9	5.5
Uttar Pradesh	3.8	4.0	0.5	4.5	5.3	1.1	..	6.4	14.7
West Bengal	2.8	2.9	1.1	4.0	3.1	3.1	..	6.2	13.0
Total	11.6	14.0	16.6	30.6	16.2	24.6	9.8	50.6	92.8

IV
States, 1956-61

(Rs. crores)

1956-57 to 1958-59			Yield from measures proposed for 1959-61				Total estimated yield from additional taxation 1956-61	Five Year Target (as adjusted for the reorganised States)	
In 1959-60 Total	In 1960-61 Total	In 1956-61 5 yrs. Total	In 1959-60	In 1960-61	In 1959-61 Two years (Total)				
			From 1959-60 measures	From 1960-61 measures	Total				
10	11	12	13	14	15	16	17	18	19
5.2	5.2	20.4	0.5	0.5	0.5	1.0	1.5	21.9	11.0
1.2	1.4	5.3	..	..	..	..	..	5.3	5.0
3.9	3.9	11.5	0.5	0.6	..	0.6	1.1	12.6	27.0
6.4	6.4	22.0	1.3	1.3	..	1.3	2.6	24.6	23.0
0.8	0.8	2.8	0.3	0.3	..	0.3	0.6	3.4	..
3.4	3.5	11.8	..	..	..	..	..	11.8	9.0
2.8	2.9	10.7	0.7	0.7	0.4	1.1	1.8	12.5	23.0
5.4	5.5	20.1	..	..	..	..	..	20.1	13.0
3.7	3.9	12.8	..	..	..	..	..	12.8	9.0
2.5	2.5	7.0	..	..	..	..	..	7.0	8.0
4.3	4.3	15.1	..	..	..	..	..	15.1	23.0
3.0	3.2	11.7	0.1	0.2	..	0.2	0.3	12.0	9.0
7.1	7.9	29.7	2.0	2.0	..	2.0	4.0	33.7	46.0
6.2	6.2	25.4	..	..	..	..	..	25.4	15.0
55.9	57.6	206.3	5.4	5.6	0.9	6.5	11.9	218.2	221.0

Additional Taxation by Major Heads—

Yield from measures adopted during the first three years.

Source	Yield	Yield in 1957-58			Yield in 1958-59		
	in	1956-57	1956-57 measures	1957-58 measures	Total	1956-57 measures	1957-58 measures
I	2	3	4	5	6	7	
1. General Sales Tax	6.3	7.8	12.4	20.2	8.7	16.0	2.9
2. State Excise duties	0.3	0.3	0.2	0.5	0.3	0.2	0.6
3. Agricultural Income-tax	N.	N.	0.8	0.8	0.1	1.8	0.3
4. Land Revenue & Irrigation rates	0.4	0.4	0.9	1.3	0.7	1.5	0.1
5. Betterment levy . . . . .	..	..	..	..	..	0.1	0.2
6. Electricity duties	0.7	1.0	..	1.0	1.2	0.8	0.9
7. Tax on motor vehicles and on passengers and goods	3.4	3.9	0.6	4.5	4.2	1.3	1.7
8. Tax on motor spirit and diesel oil	0.3	0.3*	0.4	0.7	0.4	1.0	1.2
9. Stamp duties and registration	N.	N.	0.4	0.4	N.	0.7	0.6
10. Others	0.2	0.3	0.9	1.2	0.6	1.2	1.3
TOTAL	11.6	14.0	16.8	30.6	16.2	24.6	9.8

†Measures from which these yields

*Target for tax on motor vehicles etc.;

**This is the amount shown in the Plan

All S

(Rs. crores)

1956-59			Yield from new measures proposed				Yield in 1959-61	Total estimated yield from additional taxation during 1956-61	Five year Target
Total	Total 1956-59 3 years	Total for 5 years	Yield in 1959-60	Yield in 1960-61					
				1959-60 measures	1960-61 measures	Total			
9	10	11	12	13	14	15	16	17	18
27.6	54.1	113.7	1.3	1.3	..	1.3	2.6	116.3	112.0
1.1	1.9	4.9	..	..	..	..	..	4.9	..
2.2	3.0	8.3	..	..	..	..	..	8.3	12.0
2.3	4.0	8.4	..	..	..	..	..	8.4	48.0
0.5	0.3	1.4	0.5	0.6	..	0.6	1.1	2.5	16.0
2.9	4.6	10.5	..	..	..	..	..	10.5	6.0
7.2	15.1	32.2	..	..	..	..	..	32.2	14.0*
2.6	3.6	8.9	..	..	..	..	..	8.9	
1.3	1.7	4.7	..	..	..	..	..	4.7	*
3.1	4.5	13.3	3.6†	3.7†	0.9†	4.6†	8.2†	21.5	17.0
50.6	92.8	206.3	5.4	5.6	0.9	6.5	11.9	218.2	225.0**

are expected have not been specified.

includes that for stamp duties, court fees etc.

Reports and relates to pre-Recognition States.

STATEMENT VI

ANDHRA PRADESH

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates) (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)

* I. PLAN OUTLAY 24.3 29.3 31.2 84.8 (a) (a) (a) (a) (a) 174.8

II. STATE'S RESOURCES

1. On Revenue Account

(i) Balance at 1955-56 rates of taxation	-2.6	6.9	1.7	6.0	3.3	4.1	7.4	13.4	7.7
(ii) Additional Taxation	1.2	3.8	5.0	10.0	5.7(b)	6.2(c)	11.9	21.9(d)	11.3
Total	-1.4	10.7	6.7	16.0	9.0	10.3	19.3	35.3	19.0

2. On Capital Account

(i) Loans from the public	7.9	..	5.5	13.4	6.0	6.5	12.5	25.9	28.0
(ii) Share of small savings	0.5	2.1	3.4	6.0	2.2	2.8	5.0	11.0	5.5
(iii) Unfunded debt and other misc. capital receipts (net)	-1.0	1.6	-1.4	-0.8	-2.0	-2.3	-4.3	-5.1	1.0
Total	7.4	3.7	7.5	18.6	6.2	7.0	13.2	31.8	34.5

3. Resources on Revenue and Capital Accounts taken together	6.0	14.4	14.2	34.6	15.2	17.3	32.5	67.1	53.5(6)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	1.3	-3.4	-2.9	-5.0	..	..	..	-5.0	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	7.3	11.0	11.3	29.6	15.2	17.3	32.5	62.1	..
V. CENTRAL ASSISTANCE	17.0	18.3	19.9	55.2	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCE=PLAN OUT-LAY	24.3	29.3	31.2	84.8	(a)]	(a)]	(a)]	(a)	..

(a) These are to be decided later.

(b) Of this, Rs. 5.2 crores is on account of fresh measures of taxation taken in the first three years and the remaining Rs. 0.5 crore is on account of new measures to be taken in 1959-60.

(c) Of this, Rs. 5.2 crores is on account of fresh measures of taxation taken in the first three years and the remaining Rs. 1.0 crore is on account of new measures to be taken in 1959-60 and 1960-61.

(d) Of this, Rs. 20.4 crores is on account of fresh measures of taxation in the first three years and the remaining Rs. 1.5 crores is on account of new measures to be taken in 1959-60 and 1960-61.

(e) For the reorganised State, the target of State's resources would work out at Rs. 53.5 crores. This estimate, however, does not take into account the additional resources of Rs. 12 crores which should be raised by Andhra Pradesh for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does this take into account the gain of Rs. 20 crores that will accrue to the State Government over the four years, 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT VII

ASSAM

Plan Outlay and Resources

	(Rs. crores)									
	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61	
I. PLAN OUTLAY	9.2	9.5	10.7	29.4	(a)	(a)	(a)	(a)	57.9	
II. STATE'S RESOURCES										
1. On Revenue Account										
(i) Balance at 1955-56 rates of taxation	1.0	3.1	4.2	8.3	3.7	3.6	7.3	15.6	10.5	
(ii) Additional Taxation	0.5	1.0	1.2	2.7	1.2(b)	1.4(b)	2.6	5.3(b)	5.0	
Total	1.5	4.1	5.4	11.0	4.9	5.0	9.9	20.9	15.5	
2. On Capital Account										
(i) Loans from the public	..	..	..	..	..	..	..	..	..
(ii) Share of small savings	0.6	1.5	2.0	4.1	1.7	1.8	3.5	7.6	4.0	
(iii) Unfunded debt and other misc. capital receipts (net)	-1.7	-3.6	-0.7	-6.0	-2.0	-2.2	-4.2	-10.2	-2.2	
Total	-1.1	-2.1	1.3	-1.9	-0.3	-0.4	-0.7	-2.6	1.8	

3. Resources on Revenue and Capital Accounts taken together	0.4	2.0	6.7	9.1	4.6	9.2	18.3	17.3(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	3.1	1.4	-0.5	4.0	..	..	4.0	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	3.5	3.4	6.2	13.1	4.6	9.2	22.3	..
V. CENTRAL ASSISTANCE	5.7	6.1	4.5	16.3	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUT-LAY	9.2	9.5	10.7	29.4	(a)	(a)]	(a)	..

(a) These are to be decided later.

(b) These represent yield from measures of fresh taxation taken up by the State Government in the first three years. In the next two years, the State Government does not propose taking up any fresh measures of taxation.

(c) The target of State's resources as given in the Plan is Rs. 17.3 crores. This estimate does not take into account the additional resources of roughly Rs. 4 crores that should be raised by Assam for meeting its share of the overall uncovered gap of Rs. 400 crores nor does this estimate take into account the gain of Rs. 14 crores that will accrue to the State Government over the four years of the second plan, 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT VIII

BIHAR

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates) 1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61.
I. PLAN OUTLAY	25.9	29.2	30.7	85.8	(a) 1	(a) 2	(a) 3	190.2
II. STATE'S RESOURCES								
1. On Revenue Account								
(i) Balance at 1955-56 rates of taxation	-4.7	1.5	10.0	6.8	9.4	19.3	26.1	21.9
(ii) Additional Taxation	0.1	1.2	2.4	3.7	4.4(b)	8.9	12.6(d)	26.9
Total	-4.6	2.7	12.4	10.5	13.8	28.2	38.7	48.8
2. On Capital Account								
(i) Loans from the public	2.1	..	(f) 5.0	2.1	3.0	7.0	9.1	14.1
(ii) Share of small savings	1.6	4.7	5.0	11.3	6.0	13.0	24.3	13.0
(iii) Unfunded debt and other misc. capital receipts (net)	7.5	0.3	-2.9	4.9	-3.0	-5.8	-0.9	-0.3
Total	11.2	5.0	2.1	18.3	6.0	14.2	32.5	26.7

3. Resources on Revenue and Capital Accounts taken together	6.6	7.7	14.5	28.8	19.8	22.6	42.4	71.2	75.5(a)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	8.8	4.9	-0.5	13.2	..	..	..	13.2	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	15.4	12.6	14.0	42.0	19.8	22.6	42.4	84.4	..
V. CENTRAL ASSISTANCE	10.5	16.6	16.7	43.8	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUT-LAY	25.9	29.2	30.7	85.8	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) Of this, Rs. 3.9 crores is on account of fresh measures of taxation taken in the first three years and the remaining Rs. 0.5 crore on account of betterment levies collection of which will start in 1959-60.

(c) Of this, Rs. 3.9 crores is on account of fresh measures of taxation in the first three years and the remaining Rs. 0.6 crore is on account of betterment levies collection of which will start in 1959-60.

(d) Of this, Rs. 11.5 crores is on account of fresh measures of taxation taken in the first three years and the remaining Rs. 1.1 crore is on account of new measures of taxation (betterment levy) to be taken up in 1959-60.

(e) For the re-organized State of Bihar, the target of State's resources would roughly work out at Rs. 75.5 crores. This estimates however, does not take into account the additional resources of roughly Rs. 22 crores which should be raised by Bihar for meeting its share of the uncovered gap of Rs. 400 crores. Nor does this take into account the gain of approximately Rs. 17 crores that will accrue to the State Government over the four years, 1957-58 to 1960-61 as a result of the Finance Commission's Award.

(f) After the discussions, the Government of Bihar floated a loan of Rs. 2.5 crores which was over-subscribed.

STATEMENT IX
BOMBAY

Plan Outlay and Resources

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimate)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
	(Rs. crores)								
I. PLAN OUTLAY	44.4	55.0	76.8	176.2	(a)	(a)	(a)	(a)	350.
II. STATE'S RESOURCES									
I. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	13.0	15.4	10.5	38.9	12.0	12.0	24.0	62.9	39.7
(ii) Additional taxation	0.4	3.4	5.4	9.2	7.7(b)	7.7(c)	15.4	24.6(d)	23.3
Total	13.4	18.8	15.9	48.1	19.7	19.7	39.4	87.5	63.0
2. On Capital Account									
(i) Loans from the public	9.6	6.6	11.0	27.2	11.0	11.0	22.0	49.2	61.0
(ii) Share of small savings	4.2	8.5	15.9	28.6	14.0	14.0	28.0	56.6	44.5
(iii) Unfunded debt and other misc. capital receipts (net)	5.5	6.9	6.6	19.0	7.7	7.7	15.4	34.4	38.7
Total	19.3	22.0	33.5	74.8	32.7	32.7	65.4	140.2	144.4

3. Resources on Revenue and Capital Accounts taken together	32.7	40.8	49.4	122.9	52.4	52.4	104.8	227.7	207.2(c)]
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	-2.8	-5.8	-2.1	-10.7	..	..	..	-10.7	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	29.9	35.0	47.3	112.2	52.4	52.4	104.8	217.0	..
V. CENTRAL ASSISTANCE	14.5	20.0	29.5	64.0	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES=PLAN OUT-LAY	44.4	55.0	76.8	176.2	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) Of this, Rs. 6.4 crores is on account of fresh measures of taxation taken in the first three years, and the remaining Rs. 1.3 crores is on account of new measures to be taken in 1959-60.

(c) Of this, Rs. 6.4 crores is on account of fresh measures of taxation taken in the first three years, and the remaining Rs. 1.3 crores is on account of new measures to be taken in 1959-60.

(d) Of this, Rs. 22 crores is on account of fresh measures taken in the first three years, and the remaining Rs. 2.6 crores is on account of new measures to be taken in 1959-60.

(e) For the reorganised State of Bombay, the five-year target of resources would roughly work out at Rs. 207.2 crores. This estimate, however, does not take into account the additional resources of roughly Rs. 34 crores that should be raised by Bombay for meeting its share of the over-all uncovered gap of Rs. 400 crores.

STATEMENT—X

JAMMU AND KASHMIR

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the plan 1956-61
	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	
I. PLAN OUTLAY	4.4	4.0	5.0	13.4					..
II. STATE'S RESOURCES									
<i>1. On Revenue Account</i>									
(i) Balance at 1955-56 rates of taxation	0.8	0.3	2.1	3.2	0.9	0.9	1.8	5.0	0.5
(ii) Additional Taxation	0.2	0.3	0.7	1.2	1.1	1.1	2.2(b)	3.4	..
<i>Total</i>	1.0	0.6	2.8	4.4	2.0	2.0	4.0	8.4	
<i>2. On Capital Account</i>									
(i) Loans from the public . . . . .	..	..	..	..	..	..	..	..	..
(ii) Share of small savings . . . . .	..	..	..	..	..	..	..	..	..
(iii) Unfunded debt and other misc. capital receipts (net)	0.2	(-)0.6	(-)0.8	(-)1.2	(-)1.0	(-)1.0	(-)2.0	(-)3.2	(-)13.1
<i>Total</i>	0.2	(-)0.6	(-)0.8	(-)1.2	(-)1.0	(-)1.0	(-)2.0	(-)3.2	(-)13.1

3. Resources on Revenue and Capital Accounts taken together	1.2	Nil	2.0	3.2	1.0	1.0	2.0	5.2	(-) 12.6 (c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT.	(-) 0.9	0.9	(-) 0.5	(-) 0.5	..	..	..	(- ) 0.5	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	0.3	0.9	1.5	2.7	1.0	1.0	2.0	4.7 (d)	..
V. CENTRAL ASSISTANCE	4.1	3.1	3.5	10.7	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUTLAY	4.4	4.0	5.0	13.4	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) This is inclusive of an amount of Rs. 0.6 crore likely to be raised in the last two years from measures of additional taxation to be taken in 1959-60.

(c) This does not take into account the gain to the State Government of about Rs. 4 crores over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

(d) This does not allow for repayment of Central loans which fell due for repayment in 1956-57, 1957-58 and 1958-59. Nor does it allow for repayment of such Central loans as will fall due in 1959-60 and 1960-61.

STATEMENT—XI

KERALA
Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
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(a)

(a)

(a)

(a)

39.1

15.5

13.6

10.0

2.1

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2.1

0.8

1.6

2.4

II. STATE'S RESOURCES

1. On Revenue Account

(i) Balance at 1955-56 rates of taxation

(ii) Additional taxation

Total

2. On Capital Account

(i) Loans from the public

(ii) Share of small savings

(iii) Unfunded debt and other misc. capital receipts. (Net)

Total

14.8

2.5

0.4

0.1

0.3

2.1

-0.8

0.8

2.1

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2.1

0.8

1.6

2.4

8.6

11.8(b)

6.9

3.5(b)

3.4(b)

4.9

3.3

1.6

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23.4

14.3

7.3

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7.0

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1.4

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24.2

13.5

8.8

4.1

4.7

4.7

3.7

0.6

0.4

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3. Resources on Revenue and Capital Accounts taken together	2.5	3.0	6.2	11.7	8.4	7.7	16.1	27.8	47.6(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	4.1	5.2	1.8	11.1	1.0	1.0	2.0	13.1	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	6.6	8.2	8.0	22.8	9.4	8.7	18.1	40.9	..
V. CENTRAL ASSISTANCE	3.4	5.4	7.5	16.3	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES=PLAN OUT-LAY.	10.0	13.6	15.5	39.1	(a)]	(a)]	(a)	(a)	..

(a) These are to be decided later.

(b) These estimates are inclusive of additional yield expected from betterment levy and changes in irrigation rates. This additional yield estimated Rs. 30 lakhs for both the years taken together.

(c) For the reorganised State of Kerala, the target of State's resources would work out at roughly Rs. 47.6 crores. This estimate, however, does not take into account the additional resources of a minimum of Rs. 8 crores that should be raised by Kerala for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does it take into account the gain of Rs. 6 crores that will accrue to the State Government over the four years 1957-58 to 1960-61 as a result of the Finance Commissioner's Award.

STATEMENT—XII

MADHYA PRADESH
Plan Outlay and Resources

	1956-57 (actuals)	1957-58 (Likely actuals)	1958-59 (Likely actuals)	Total for the 3 years† 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
I. PLAN OUTLAY	18.3	27.5	29.7	75.5	(a)	(a)	(a)	(a)	190.9
II. STATE'S RESOURCES									
1. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	1.9	2.9	4.3	7.1	1.5	0.1	1.6	8.7	0.3
(ii) Additional taxation	0.2	2.1	2.7	5.0	3.5	4.0	7.5(b)	12.5	23.0
Total	2.1	5.0	5.0	12.1	5.0	4.1	9.1	21.2	23.3
2. On Capital Account									
(i) Loans from the public	2.1	..	2.2	4.3	3.0	3.0	6.0	10.3	17.0
(ii) Share of small savings	1.0	2.5	2.0	5.5	2.5	2.5	5.0	10.5	11.8
(iii) Unfunded debt and other misc. capital receipts (Net)	-3.9	-5.7	-3.5	-13.1	-1.8	-2.8	-4.6	-17.7	-4.4
Total	-0.8	-3.2	0.7	-3.3	3.7	2.7	6.4	3.1	24.4

3. Total resources on revenue and capital accounts taken together	1.3	1.8	5.7	8.8	8.7	6.8	15.5	24.3	47.7(c)
IV. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	6.4	8.0	3.5	17.9	3.0	3.0	6.0	23.9	..
V. TOTAL RESOURCES INCLUDING III ABOVE	7.7	9.8	9.2	26.7	11.7	9.8	21.5	48.2	..
VI. CENTRAL ASSISTANCE	10.6	17.7	20.5	48.8	(a)	(a)	(a)	(a)	..
VII. TOTAL RESOURCES = PLAN OUT-LAY.	18.3	27.5	29.7	75.5	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) This is inclusive of an amount of Rs. 1.8 crores, likely to be raised in the last two years from measures of additional taxation to be taken in 1959-60 and 1960-61.

(c) For the reorganised State of Madhya Pradesh, the target of State's resources would roughly work out at Rs. 47.7 crores. This estimate, however, does not take into account the additional resources of Rs. 11-17 crores that should be raised by the State for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does this take into account the gain of about Rs. 16 crores that is likely to accrue to the State Government over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT XIII

MADRAS

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
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I. PLAN OUTLAY 28.1 30.5 30.5 89.1 (a) (a) 152.3

II. STATE'S RESOURCES

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
1. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	0.7	1.2	—0.1	1.8	—0.1	—0.9	—1.0	0.8	32.8
(ii) Additional Taxation	0.8	3.3	5.1	9.2	5.4(b)	5.5(b)	10.9	20.1	12.6
Total	1.5	4.5	5.0	11.0	5.3	4.6	9.9	20.9	45.4

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
2. On Capital Account									
(i) Loans from the public	13.9	..	7.7	21.6	6.0	10.0	16.0	37.6	33.0
(ii) Share of small savings	0.9	2.6	5.1	8.6	3.5	3.5	7.0	15.6	8.2
(iii) Unfunded debt and other miscellaneous capital receipts (Net)	—8.3	1.3	—1.5	—8.5	—1.4	—4.7	—6.1	—14.6	—8.1
Total	6.5	3.9	11.3	21.7	8.1	8.8	16.9	38.6	33.1

3. Resources on Revenue and Capital Accounts taken together	8.0	8.4	16.3	32.7	13.4	13.4	26.8	59.5	78.5(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	8.1	8.7	-6.3	10.5	..	..	..	10.5	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	16.1	17.1	10.0	43.2	13.4	13.4	26.8	70.0	..
V. CENTRAL ASSISTANCE.	12.0	13.4	20.5	45.9	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUT-LAY.	28.1	30.5	30.5	89.1	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) These represent yield from measures of additional taxation taken in the first three years of the plan. In the last two years of the plan, the State Government does not propose to take up any new measures of taxation.

(c) For the reorganised State, the target of State's resources would work out at Rs. 78.5 crores. This estimate, however, does not take into account the additional resources of roughly Rs. 17 crores that should be raised by Madras for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does this estimate take into account the gain of Rs. 4 crores that will accrue to this State over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT XIV

MYSORE

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-
	(a)	(d)	(d)	(a)	(a)	(a)	(a)	(a)	(a)
I. PLAN OUTLAY	14.4	15.7	23.0	53.1	(a)	(a)	(a)	(a)	145.1
II. STATE'S RESOURCES									
1. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	1.5	6.1	3.2	10.8	4.6	4.8	9.4	20.2	-4.3
(ii) Additional Taxation	0.2	1.5	3.5	5.2	3.7(b)	3.9(b)	7.6	12.8(b)	9.2
Total	1.7	7.6	6.7	16.0	8.3	8.7	17.0	33.0	4.9
2. On Capital Account									
(i) Loans from the public	6.1	3.3	5.0	14.4	5.5	5.5	11.0	25.4	32.0
(ii) Share of small savings	..	0.8	0.7	1.5	1.8	2.2	4.0	5.5	9.7
(iii) Unfunded debt and other miscellaneous capital receipts	-4.2	-6.1	-6.4	-16.7	-5.0	-6.0	-11.0	-27.7	3.5
Total	1.9	-2.0	-0.7	-0.8	2.3	1.7	4.0	3.2	45.2

3. Resources on Revenue and Capital Accounts taken together	3.6	5.6	6.0	15.2	10.6	10.4	21.0	36.2	50.1 (c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	3.7	-3.1	3.8	4.4	1.0	1.0	2.0	6.4	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	7.3	2.5	9.8	19.6	11.6	11.4	23.0	42.6	..
V. CENTRAL ASSISTANCE	7.1	13.2	13.2	33.5	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUTLAY	14.4	15.7	23.0	53.1	(a) $\frac{1}{2}$	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) These are in respect of the yield from fresh measures of taxation taken in the first three years. In the coming two years the State Government does not propose to take any new measures of taxation.

(c) For the re-organised State, the target of State's resources would work out at Rs. 50.1 crores. This estimate, however, does not take into account the additional resources of Rs. 1.4 crores that should be raised by Mysore for meeting its share of the over-all uncovered gap of Rs. 400 crores. Nor does this take into account the gain of Rs. 25 crores that will accrue to Mysore over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

(d) The figures of plan outlay and the resources picture for the first three years shown in this Statement are the same as worked out in the discussions held in May-June, 1958, at Bangalore. These are tentative and might change somewhat as a result of further scrutiny by the State Government of the data which have now become available. It might also be mentioned that the State Government proposes to bring within the State plan certain developmental schemes which have hitherto remained outside the Plan. It was suggested by State representatives that expenditure already incurred on those schemes should be reckoned as plan expenditure. For the present, however, no adjustments have been made in the figures of plan outlay and resources for the first three years and the figures as worked out at Bangalore have been reproduced in this statement.

STATEMENT XV

ORISSA

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	
I. PLAN OUTLAY	16.8	17.1	16.2	50.1					100.0

II. STATE'S RESOURCES

1. On Revenue Account

(i) Balance at 1955-56 rates of taxation	—2.3	1.2	3.1	2.0	..	..	..	2.0	—5.2
(ii) Additional taxation	..	0.5	1.5	2.0	2.5(b)	2.5(b)	5.0	7.0(b)	8.0
Total	—2.3	1.7	4.6	4.0	2.5	2.5	5.0	9.0	2.8

2. On Capital Account

(i) Loans from the public	3.1	..	3.2	6.3	2.2	2.3	4.5	0.8	5.1
(ii) Share of small savings	0.4	0.9	1.0	2.3	1.0	1.0	2.0	4.3	2.5
(iii) Unfunded debt and other misc. capital receipts (Net)	—0.9	3.2	—2.4	—0.1	—2.7	—2.7	—5.4	—5.5	0.1
Total	2.6	4.1	1.8	8.5	0.5	0.6	1.1	9.6	7.7

3. Resources on Revenue and Capital Accounts taken together	0.3	5.8	6.4	12.5	3.0	3.1	6.1	18.6	10.5(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	3.8	-0.1	-4.2	-0.5	..	..	..	-0.5	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	4.1	5.7	2.2	12.0	3.0	3.1	6.1	18.1	..
V. CENTRAL ASSISTANCE	12.7	11.4	14.0	38.1	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUT-LAY	16.8	17.1	16.2	50.1	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) These represent yield from measure of fresh taxation taken in the first three years. In the last two years, the State Government does not propose to take any new measures of taxation.

(c) The estimate of State's resources was shown in the Plan at Rs. 27.8 crores. In January 1957, a fresh assessment was made and the figure was reduced to Rs. 10.5 crores. This estimate does not take into account the additional resources of Rs. 5 crores that should be raised by Orissa for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does this estimate take into account the gain of Rs. 12 crores that will accrue to the State Government over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT XVI

PUNJAB

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
				(a)	(a)	(a)	(a)	(a)	
I. PLAN OUTLAY	24.7	28.0	33.9	86.6					162.6
II. STATE'S RESOURCES:									
I. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	5.3	4.6	0.1	10.0	-1.6	-3.2	-4.8	5.2	6.9
(ii) Additional taxation	0.6	1.6	4.3	6.5	4.3(b)	4.3(b)	8.6(b)	13.1	23.0
Total	5.9	6.2	4.4	16.5	2.7	1.1	3.8	20.3	29.9
2. On Capital Accounts									
(i) Loans from the public	2.0	..	..	2.0	..	3.0	3.0	5.0	5.0
(ii) Share of small savings	2.2	4.3	5.0	11.7	5.0	5.0	10.0	21.7	12.5
(iii) Unfunded debt and other misc. capital receipts (Net)	-0.6	0.1	2.9	2.4	0.4	0.4	0.8	3.2	-0.7
Total	3.6	4.6	7.9	16.1	5.4	8.4	13.8	29.9	16.8

3. Resources on Revenue and Capital Accounts taken together	9.5	10.8	12.3	32.6	8.1	9.5	17.6	50.2	46.7(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	-1.4	..	5.6	4.2	..	..	..	4.2	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	8.1	10.8	17.9	36.8	8.1	9.5	17.6	54.4	..
V. CENTRAL ASSISTANCE	16.6	17.2	16.0	49.8	(a)]	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUT-LAY	24.7	28.0	33.9	86.6	(a)	(a)]	(a)	(a)]	..

(a) These are to be decided later.

(b) These represent yield from measures of fresh taxation taken up by the State Government in the first three years. In the next two years, the State Government does not propose taking up any fresh measures of taxation.

(c) For the reorganised State of Punjab, the target of State's resources would roughly work out at Rs. 46.7 crores. This estimate, however, does not take into account the additional resources of roughly Rs. 11 to 16 crores that should be raised by Punjab for meeting its share of the uncovered gap of Rs. 400 crores. Nor does this take into account the gain of about Rs. 5 crores that will accrue to the State Government over the four years, 1957-58 to 1960-61 as a result of the Finance Commission's Award.

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STATEMENT XVII

RAJASTHAN

Plan Outlay and Resources

(Rs. crores)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Estimates)	1960-61 (Estimates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
I. PLAN OUTLAY.	13.9	15.3	19.0	48.2	(a)	(a)	(a)	(a)	105.3
II. STATE'S RESOURCES									
1. On Revenue Account									
(a) Balance at 1955-56 rates of taxation	-2.6	-0.5	0.3	-2.8	1.3	1.5	2.8	Nil	-10.2
(b) Additional Taxation	0.8	1.8	2.9	5.5	3.1	3.4	6.5(b)	12.0	9.0
Total	-1.8	1.3	3.2	2.7	4.4	4.9	9.3	12.0	-1.2
2. On Capital Account									
(a) Loans from the public	3.1	..	2.8	5.9	3.3	2.8	6.1	12.0	15.0
(b) Share of small savings	0.5	1.3	2.0	3.8	2.3	2.5	4.8	8.6	7.3
(c) Unfunded debt and other misc. capital receipts (Net)	-2.1	1.8	0.4	0.1	-0.8	-0.4	-1.2	-1.1	6.3
Total	1.5	3.1	5.2	9.8	4.8	4.9	9.7	19.5	28.6

. Resources on Revenue and Capital Accounts taken together	-0.3	4.4	8.4	12.5	9.2	9.8	19.0	31.5	27.4(c)
III. DRAWING ON RESERVES AND NET INCREASE IN FLOATING DEBT	4.1	-0.4	-1.5	2.2	..	..	..	2.2	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	3.8	4.0	6.9	14.7	9.2	9.8	19.0	33.7	..
V. CENTRAL ASSISTANCE	10.1	11.3	12.1	33.5	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUTLAY	13.9	15.3	19.0	48.2	(a)]	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) The estimates of yield from additional taxation given in this statement for the years 1959-60 and 1960-61 are inclusive of yield from measures that will be taken in these years. These measures are likely to yield about Rs. 0.3 crore over these two years.

(c) The estimate of State's resources for Rajasthan was shown in the Plan at Rs. 31.5 (Rs. 29.8+1.7 crores). For the reorganised State, the estimate would roughly work out at Rs. 27.4 crores. In September, 1957 the State Government made rough adjustments to the earlier forecast. If those adjustments were taken into account, the target of State's resources would work out at Rs. 31.0 crores. The estimate of Rs. 27.4 crores shown here does not include the additional resources of Rs. 7 crores that should be raised by Rajasthan for meeting its share of the overall uncovered gap. Nor does it include the gain of Rs. 12 crores that is likely to accrue to the State Government over the four years 1957-58 to 1960-61 as a result of the recommendations of the Finance Commission.

STATEMENT XVIII

UTTAR PRADESH

Plan Outlay and Resources

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Esti- mates)	1960-61 (Esti- mates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme of finance originally envisaged in the Plan 1956-61
	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)	(Rs. crores)
I. PLAN OUTLAY.	40.1	46.2	47.5	134.4	(a)	(a)	(a)	(a)	253.1
II. STATE'S RESOURCES									
1. On Revenue Account									
(i) Balance at 1955-56 rates of taxation	2.4	0.8	1.9	5.1	-1.3(b)	-5.3(b)	-6.6(b)	-1.5	7.7
(ii) Additional taxation	3.8	4.5	6.4	14.7	9.1(c)	9.9(c)	19.0(c)	33.7	46.0
Total	6.2	5.3	8.3	19.8	7.8	4.6	12.4	32.2	53.7
2. On Capital Account									
(i) Loans from the public	8.8	..	7.7	16.5	8.0	8.0	16.0	32.5	35
(ii) Share of small savings	4.3	5.4	6.0	15.7	8.0	8.0	16.0	31.7	35.5
(iii) Unfunded debt and other misc. capital receipts (net)	-7.5	-4.6	..	-12.1	-1.6	-2.6	-4.2	-16.3	-10.0
Total	5.6	0.8	13.7	20.1	14.4	13.4	27.8	47.9	60.5

3. Resources on Revenue and Capital Accounts taken together	11.8	6.1	22.0	39.9	22.2	18.0	40.2	80.1	114.2(d)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	7.6	18.6	-1.8	24.4	..	..	..	24.4	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	19.4	24.7	20.2	64.3	22.2	18.0	40.2	104.5	..
V. CENTRAL ASSISTANCE	21.3	21.5	27.3	70.1	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES=PLAN OUT-LAY.	40.7	46.2	47.5	134.4	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) Include estimated receipts of about Rs. 1 crore in each year by way of recoveries on account of the scheme for consolidation of holdings.

(c) Include estimated receipts of Rs. 2 crores in each year from fresh measures of taxation to be adopted by the State Government.

(d) For Uttar Pradesh, the target of State's resources as given in the Plan is Rs. 114.2 crores. This estimate, however, does not take into account additional resources of a minimum of Rs. 23.4 crores that should be raised by U.P. for meeting its share of the uncovered gap of Rs. 400 crores. Nor does this take into account the gain of about Rs. 7 crores that will accrue to the State Government over the four years, 1957-58 to 1960-61 as a result of the Finance Commission's Award.

STATEMENT XIX
WEST BENGAL

Plan Outlay and Resources

(Rs. crores.)

	1956-57 (actuals)	1957-58 (likely actuals)	1958-59 (likely actuals)	Total for the 3 years 1956-59	1959-60 (Esti- mates)	1960-61 (Esti- mates)	Total for the 2 years 1959-61	Total for the 5 years 1956-61	Scheme finance originally envisaged in the Plan 1956-61
				(a)	(a)	(a)	(a)	(a)	
I. PLAN OUTLAY	22.1	25.0	29.7	76.8	(a)	(a)	(a)	(a)	157.7
II. STATE'S RESOURCES									
<i>1. On Revenue Account</i>									
(i) Balance at 1955-56 rates of taxation		0.8	-2.7	-14.6	-2.7	-2.7	-5.4	-20.0	-1.1
(ii) Additional taxation	2.8	4.0	6.2	13.0	6.2	6.2	12.4	25.4(b)	15.1
<i>Total</i>	-9.9	4.8	3.5	-1.6	3.5	3.5	7.0	5.4	14.0
<i>2. On Capital Account</i>									
(i) Loans from the public		..	5.0	12.1	5.0	5.0	10.0	22.1	36.0
(ii) Share of small savings		5.9	5.0	13.5	6.0	6.0	12.0	25.5	28.0
(iii) Unfunded debt and other misc. capital receipts (net)	-0.6	-2.6	2.2	-1.0	1.0	1.0	2.0	1.0	-6.2
<i>Total</i>	9.1	3.3	12.2	24.6	12.0	12.0	24.0	48.6	57.8

3. Resources on Revenue and Capital Accounts taken together	—0.8	8.1	15.7	23.0	15.5	15.5	31.0	54.0	71.8(c)
III. DRAWINGS ON RESERVES AND NET INCREASE IN FLOATING DEBT	11.4	2.7	—2.1	12.0	..	..	..	12.0	..
IV. TOTAL RESOURCES INCLUDING III ABOVE	10.6	10.8	13.6	35.0	15.5	15.5	31.0(d)	66.0	..
V. CENTRAL ASSISTANCE	11.5	14.2	16.1	41.8	(a)	(a)	(a)	(a)	..
VI. TOTAL RESOURCES = PLAN OUTLAY	22.1	25.0	29.7	76.8	(a)	(a)	(a)	(a)	..

(a) These are to be decided later.

(b) These represent yield from fresh measures of taxation taken in the first three years. In the last two years the State Government does not propose to take any new measures of taxation.

(c) For the reorganised State of West Bengal, the target of State's resources would roughly work out at Rs. 71.8 crores. This estimate, however, does not take into account the additional resources of Rs. 17 crores that should be raised by this State for meeting its share of the overall uncovered gap of Rs. 400 crores. Nor does this estimate take into account the gain of about Rs. 11 crores that is likely to accrue to this State over the four years 1957-58 to 1960-61 as a result of the Finance Commission's Award.

(d) At the meeting of the Planning Commission held on September 11, 1958 Chief Minister, West Bengal stated that every attempt would be made to raise Rs. 46 crores in the last two years of the plan, as against the estimate of Rs. 31 crores, given here. Since details of the new estimate of Rs. 46 crores are not available, in this statement, the estimates corresponding to the aggregate estimate of Rs. 31 crores are being shown.

IV

PLAN OUTLAY AND RESOURCES: A SUMMING UP

We may now sum up the position regarding resources at the Centre for the next two years:

	(Rs. crores)
1. <i>Balance of plan outlay (including Union Territories)—</i> corresponding to total of Rs. 4,500 crores overall	1,088
2. <i>Domestic resources available</i>	
(i) Balance from revenues (including additional taxation)	140
(ii) Contribution of railways	124
(iii) Loans, small savings and other capital receipts	254
TOTAL	518
3. <i>External Assistance</i>	642
4. Total resources (2+3)	1,160
5. <i>Deduct</i> Central assistance	470
6. <i>Add</i> Deficit financing	200
7. <i>Resources available for the Centre's plan</i>	890

In other words, the shortfall in resources for the Centre's plan works out at Rs. 198 crores.

2. For the States, the position for the next two years is as follows:

	(Rs. crores)
1. <i>Balance of plan outlay—</i> (Corresponding to total of Rs. 4500 crores for the Centre and States.)	946
2. <i>Resources available</i>	
(i) Balance from revenues (including additional taxation agreed to by the States)	182
(ii) Loans, small savings and miscellaneous capital receipts	202
(iii) Central assistance	470
(iv) Withdrawals from reserves	10
TOTAL	864

There would thus be a shortfall of Rs. 82 crores in the resources available to the States as compared to their requirements.

3. For the Centre and the States together, the resources available for the next two years total, on the assumptions stated, to Rs. 1,754 crores. Since the balance of outlay to be incurred is estimated at Rs. 2,034 crores, the resources fall short of requirements by Rs. 280 crores (Rs. 198 crores at the Centre plus Rs. 82 crores in the States).

4. With outlay by the Centre and States at Rs. 2,466 crores in the first three years and Rs. 1,754 crores in the coming two years, the plan outlay feasible over the five-year period works out at Rs. 4,220 crores. The corresponding outlay of the Centre (including Union Territories) would be Rs. 2,314 crores and for the States Rs. 1,906 crores.

5. The table below sets out the details of the estimates of resources for the Centre and the States separately for the first three years, the last two years and the five-year period as a whole.

(Rs. crores)

	Estimates for the first three years (1956—59)			Estimates for the last two years (1959—61)			Total for the five years		
	Centre	States	Total	Centre	States	Total	Centre	States	Total
I. Domestic budgetary resources									
(1) Balance from current revenue	250	178	428	140	182	322	390	360	750
(2) Railways' contribution	126	..	126	124	..	124	250	..	25
(3) Loan from the public (net)	328	113*	441	170	107*	277	498	220*	718
(4) Small savings	96	115	211	59	114	173	155	229	384
(5) Unfunded debt and Misc. capital receipts	—64	—16	—80	25	—19	6	—39	—35	—74
<i>Total of domestic resources</i>	<i>736</i>	<i>390</i>	<i>1126</i>	<i>518</i>	<i>384</i>	<i>902</i>	<i>1254</i>	<i>774</i>	<i>2028</i>
II. External assistance	458	..	458	642	..	642	1100	..	1100
III. Total of budgetary resources and external assistance	1194	390	1584	1160	384	1544	2354	774	3128
IV. Central assistance	—568	568	..	—470	470	..	—1038	1038	..
V. Resources after adjusting for Central assistance	626	958	1584	690	854	1544	1316	1812	312
VI. Deficit financing	798	84	882	200	10	210	998	94	1092
VII. Total resources—Plan outlay	1424	1042	2466	890	864	1754	2314	1906	4220

*In Section III., figures of borrowings by the States are shown 'gross'. For the sake of uniformity, here these are shown 'net'.

V

ALLOCATIONS AND TARGETS UNDER THE PLAN AS REAPPRAISED

The estimates of resources for the Centre and the States which were furnished in the Memorandum of May 1958 have been reviewed in the earlier Sections of this paper. In the second part of the Memorandum, the Planning Commission had examined at some length the progress made in different sectors during the first three years of the Plan and the likely achievements by the end of the plan period. The main facts were also summarised in the Resume submitted to Parliament in September, 1958. On these aspects, therefore, there is no fresh information to add at present.

2. The Memorandum of May last presented certain tentative allocations as between major heads of development within a total plan outlay of Rs. 4,800 crores and a revised plan outlay of Rs. 4,500 crores. The position in this respect is summarised in the following Table:—

Allocations and Outlays by Major Heads of Development

(Rs. crores)

Head of develop- ment	Allocations as originally made in the Plan	Percent of total	Revised allocations (to accom- modate higher cost of some projects within the ceiling of Rs. 4,800 crores)	Percent of total	Outlays now pro- posed to correspond with the resources position	Percent of total
1	2	3	4	5	6	7
1. Agriculture and Community Deve- lopment	568	11.8	568	11.8	510	11.3
2. Irrigation and Power	913	19.0	860	17.9	820	18.2
3. Village and Small Industries	200	4.2	200	4.2	160	3.6
4. Industries and Minerals	690	14.4	880	18.4	790	17.5
5. Transport & Com- munications	1,385	28.9	1,345	28.0	1,340	29.8
6. Social Services	945	19.7	863	18.0	810	18.0
7. Miscellaneous	99	2.0	84	1.7	70	1.6
TOTAL	4,800	100.0	4,800	100.0	4,500	100.0

3. Fuller details indicating the allocations as between the Centre and the States, outlays during 1956-59 and during 1959-61 in respect of Part A of the Plan were presented on a tentative basis in the Resume prepared in September. A copy is appended.

4. From the beginning it has been made clear that outlay can reach the level of Rs. 4,500 crores over the five-year period only if the gap in resources is made up. With this in view, immediately after the meeting of the National Development Council in May 1958, Central Ministries and States were informed that no commitments should be accepted in regard to any projects which had not yet been begun without specific reference to the Planning Commission. So far as the plans drawn up by the States for 1958-59 were concerned, it was indicated that provided each State ensured that the resources which it had agreed to find during the year were forthcoming, the implementation of these plans should be proceeded with. States were also requested to draw up lists of projects included in their plans which had not been begun yet or on which comparatively small outlays had been incurred and to arrange these in some broad order of priority. The projects which the Planning Commission had in view in this connection are those which involve large financial outlays and the use of material resources in construction. So far as development schemes undertaken, for instance, in the sector of social services are concerned, the detailed priorities are in any event determined by the budgetary allotments which can be made from year to year. The information furnished by State Governments will be helpful in framing the annual plans for the next two years.

5. In the discussions which the Planning Commission has held with the Central Ministries, it was urged that allotments over and above those indicated in the Memorandum of May last were required under certain heads. It is clear from the reassessment of resources attempted in this paper that allocations or ceilings for sanctions can be sustained at a level of outlay of Rs. 4,500 crores only on certain favourable assumptions and that actual expenditures are likely to be somewhat less. The problem of determining allocations for the next two years presents various difficulties. The best course, therefore, appears to be to retain the sectorwise allocations proposed in the memorandum of May last as a frame of reference for more detailed provisions from year to year. The requirements of particular projects which are under execution will have to be met as far as possible within these allocations. In the industrial sector, in particular, for projects in different stages of formulation the actual provisions to be made have to be based on fresh assessments from time to time.

6. It will be seen that the total allotment for the Plan for 1959-61 is Rs. 2,034 crores, Rs. 1,088 crores being at the Centre and Rs. 946 crores in the States. The allotment at the Centre is subject to a total gap of Rs. 198 crores being made up. The allotment for the States at Rs. 946 crores has been retained at the same level as in the Memorandum, the small difference of Rs. 10 crores being accounted for by a higher estimate of expenditure in 1958-59 reported during the recent discussions with the State. Out of Rs. 946 crores, Central assistance may represent a total sum of Rs. 470 crores. The balance of Rs. 476 crores will remain to be found by the States. As against this, the resources of the States for the next two years have been indicated at Rs. 394 crores, leaving a margin of Rs. 82 crores. To the extent this gap is made up by the States, they will be able to approach the level of outlay for 1959-61 provided for in the reappraised Plan. The incidence of the shortfall will, however, be distributed between different States according to the extent to which they find the balance of resources required to implement their respective plans, especially under revenue heads.

Tentative Plan outlays for 1959-61 and 1956-61 according to

(Rs. crores)

Head of Development	Plan allocations (Original)			Plan Outlay 1956-59	
	Total	Centre	States	Total	Centre
I	2	3	4	5	6
1. Agricultural Production	82	10	72	40	4
2. Minor Irrigation	66	3	63	44	2
3. Land Development	22	5	17	11	3
<i>Agriculture</i>	170	18	152	95	9
4. Animal husbandry, dairying and milk supply	56	5.8	50	17	2
5. Forest and soil conservation	46	6	40	16	2
6. Fisheries	12	3.8	8	3	..
7. Warehousing, marketing and cooperation	47	4	43	18	2
8. Miscellaneous	10	0.6	9.5	3	..
<i>Agricultural Programmes</i>	341	38	303	152	15
9. N.E.S. & C.D. programmes	200	12	188	87	2
10. Village panchayats	12	..	12	8	..
11. Local Development Works	15	15	..	14	14
<i>I. Agricultural and Community Development</i>	568	65	503	261	31
12. Multipurpose Projects* . . . . .	..	..	..	146	7
13. Irrigation	381	..	381	111	..
14. Power	415	..	415	193	..
15. Flood control and border projects	95	95	..	27	27
16. Investigation and Research	9	9	..	2	2
17. Public cooperation in Irrigation Schemes	1	1	..	..	..
18. Centre's share in D.V.C. @	12	..	12	..	..
<i>II. Irrigation and Power</i>	913	105	808	479	36
<i>III. Village and Small Industries</i>	200	80	120	91	48
20. Large and Medium Industries	617	596	21	395	387
21. Mineral Development	73	71	2	25	25

*Allocation for multipurpose projects has been distributed between Irrigation and Power.
 @Expenditure on Centre's share in D.V.C. is included under multipurpose projects.
 NOTE: Figures for States include Union Territories.

10 Planning Commission's Memorandum

(Rs. crores)

Outlay 1959-61 in (Part A of Plan)			Total Outlay 1956-61 (Part A of Plan)			Outlay for 1956-61 (Part B of Plan)						
States	Total	Centre	States	Total	Centre	States	Total	Centre	States			
7	8	9	10	11	12	13	14	15	16			
	36	50	5	45	90	9	81	(-)	8	1	(-)	9
	42	48	1	47	92	3	89	(-)	26	..	(-)	26
	8	8	1	7	19	4	15	3	1	2		
	86	106	7	99	201	16	185	(-)	31	2	(-)	33
	15	16	2	14	33	4	29	23	1.8	21		
	14	16	2	14	32	4	28	14	2	12		
	3	6	3	3	9	3	6	3	0.8	2		
	16	14	2	12	32	4	28	15	..	15		
	3	3	1	2	6	1	5	4	(-)	0.4	4.5	
	137	161	17	144	313	32	281	28	6	22		
	85	83	5	78	170	7	163	30	5	25		
	8	4	..	4	12	..	12	..	..	..
	..	1	1	..	15	15	..	..	..	..
	230	249	23	226	510	54	456	58	11	47		
	139	109	..	109	248	..	248	(-)	248	..	(-)	248
	111	77	..	77	188	..	188	193	..	193		
	193	128	..	128	321	..	321	94	..	94		
	..	20	20	..	47	47	..	48	48	..		
	..	2	2	..	4	4	..	5	5	..		
	..	0.2	0.2	..	0.2	0.2	..	0.8	0.8	..		
	..	5	5	..	12	12	..	..	(-)	12	12	
	443	341.2	27.2	314	820	63	757	93	42	5		
	43	69	7	62	160	55	105	40	25	15		
	8	310	305	5	705	692	13	(-)	88	(-)	96	8
	..	60	58	2	85	83	2	(-)	12	(-)	12	..

1	2	3	4	5	6	7
<i>IV. Industries and Minerals</i>		690	667	23	420	412
22. Railways		900	900	..	539	539
23. Road		246	82	164	127	40
24. Road Transport		16.5	3	13.5	8	1
25. Ports and Harbours		45.5	43.5	2	29	27.5
26. Shipping		47.5	46	1.5	29	28.5
27. Inland Water Transport		3	3	..	..	..
28. Civil Air Transport		43	43	..	28	28
29. Other Transport		7	6	1	3	2
30. Post and Telegraph		63	63	..	31	31
31. Other Communications		4	4	..	2	2
32. Broadcasting		9	9	..	4	4
<i>V. Transport and Communications</i>		1385	1203	182	800	703
33. Education		307	95	212	109	27
34. Health		274	90	184	107.5	39.5
35. Housing		120	47	73	40.5	5.5
36. Welfare of Backward Classes		91	32	59	35	12
37. Social Welfare		29	19	10	7	5
38. Labour and Labour Welfare		29	18	11	8	4
39. Rehabilitation		90	90	..	53	53
40. Educated Unemployment Schemes		5	5	..	..	..
<i>VI. Social Services</i>		945	396	549	360	146
<i>VII. Miscellaneous</i>		99	43	56	45	18
GRAND TOTAL		4800	2559	2241	2456	1394

8	9	10	11	12	13	14	15	16	17
8	370	363	7	790	775	15	(-)100	(-)108	8
..	361	361	..	900	900	..	..	..	..
87	92	29	63	219	69	150	27	13	14
7	2.5	0.8	1.7	10.5	1.8	8.7	6	1.2	4.8
1.5	16	16	..	45	43.5	1.5	0.5	..	0.5
-0.5	27	26	1	56	54.5	1.5	(-)8.5	(-)8.5	..
..	0.5	0.5	..	0.5	0.5	.	2.5	2.5	..
..	15	15	..	43	43	..	..	..	..
1	2	2	..	5	4	1	2	2	..
..	20	20	..	51	51	..	12	12	..
..	1.5	1.5	..	3.5	3.5	..	0.5	0.5	..
..	2.5	2.5	..	6.5	6.5	..	2.5	2.5	..
-97	540	474	66	1340	1177	163	44.5	25.2	19.3
82	166	41	125	275	68	207	32	27	5
-68	137.5	35.5	102	245	75	170	29	15	14
35	43.5	14.5	29	84	20	64	36	27	9
-23	37	7	30	72	19	53	19	13	6
2	11	5	6	18	10	8	11	9	2
4	16	10	6	24	14	10	5	4	1
..	37	37	..	90	90	.	..	..	..
..	2	2	..	2	2	..	3	3	..
214	450	152	298	810	298	512	135	98	37
27	25	12	13	70	30	40	29	13	16
1062	2044	1058	986	4500	2452	2048	300	107	193

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As indicated earlier in Section IV, the shortfall in resources available to the Centre and the States as compared to a plan outlay aggregating to Rs. 4,500 crores over the five year period was Rs. 280 crores on the basis of the estimates worked out in October, 1958. At the meeting of the National Development Council held in November, 1958, it was decided that efforts should be made to ensure that the total outlay for the Second Plan period did not fall below Rs. 4,500 crores. Keeping this in view, further discussions were held with the State Governments in December, 1958 and January, 1959—mainly for deciding the allocations for 1959-60.

2. These discussions indicated that the resources available to the State Governments in 1959-60 totalled Rs. 237·3 crores as compared to the earlier estimate of Rs. 198·1 crores. The table below sets out the break-up of these estimates of resources in terms of the major budgetary heads.

Estimates of States' Resources for 1959-60 Plan

(Rs. crores)

	Estimates as worked out at the September- October 1958 dis- cussions	Estimates as worked out at the Annual Plan dis- cussions held dur- ing the months of December 1958 and January 1959	Improve- ment in the Annu- al Plan estimates as com- pared to those worked out ear- lier (2-1)
	1	2	3
I. RESOURCES ON REVENUE ACCOUNT			
(a) Balance at 1958-59 rates of taxation	88·1	105·6	17·5
(b) Additional taxation 1959-60	5·5	7·0	1·5
TOTAL	93·6	112·6	19·0
II. RESOURCES ON CAPITAL ACCOUNT			
(a) Loans from the public (gross)	57·0	62·0	5·0
(b) Share of small savings	56·0	58·8	2·8
(c) Unfunded debt and miscellaneous capital receipts	(—) 13·5	(—) 10·5	3·0
TOTAL	99·5	110·3	10·8
III. RESOURCES ON REVENUE AND CAPITAL ACCOUNTS TAKEN TOGETHER (I + II)	193·1	222·9	29·8
IV. DRAWINGS ON RESERVES AND INCREASES IN FLOATING DEBT	5·0	14·4	9·4
V. TOTAL STATES' RESOURCES INCLUDING IV ABOVE	198·1	237·3	39·2

Statement I given at the end sets out the resources position individually for each State for the year 1959-60.

3. Central assistance for 1959-60 has been fixed at Rs. 231.2 crores. The Plan outlays in the States for 1959-60 as decided at the annual plan discussions add up to Rs. 472.6 crores. The resources available as against this total are:

	(Rs. crores)
State's resources	237.3
Central assistance	231.2
	<hr/>
Total	468.5
	<hr/>

The gap of Rs. 4.1 crores is to be made up by the States concerned. Statement II at the end sets out figures of plan outlay, allocations of Central assistance, the estimates of States' resources and the uncovered gap between the plan ceilings and the estimated resources for each of the fourteen States.

4. State budgets for 1959-60 have now been presented. In some of these, the provision made for outlay on the Plan for 1959-60 is somewhat different from the allocation suggested by the Planning Commission. The picture given here is, however, in terms of the estimates that were agreed to at the last annual plan discussions.

5. At the Centre (including Union Territories) the 1959-60 budget provides for an outlay of Rs. 620 crores on the Plan. The broad scheme of financing of this is set out in column 2 of the table below. The corresponding figures for the States are given in column 3.

Estimates of Resources—1959-60

(Rs. crores)

	Centre	States	Total
	(as per budget)	(as per allocations)	
1	2	3	4
I. PLAN OUTLAY	620	472	1092
II. DOMESTIC RESOURCES			
(a) Balance from current revenues	55	113	168
(b) Railways' contribution	40	..	40
(c) Loans from public (net)	107	59	166
(d) Small savings	26*	59*	85*
(e) Unfunded debt and miscellaneous capital receipts	62	(-8)	54
TOTAL	290	223	513

*In the Central budget, the estimate of aggregate small savings collection for 1959-60 is shown at Rs. 85 crores. The States' share out of this is estimated at Rs. 56 crores. In this table, however, the figure of Rs. 59 crores in respect of the States' share, i.e. the figure arrived at at the annual plan discussions, has been retained.

I	2	3	4
III. EXTERNAL ASSISTANCE	337	..	337
IV. RESOURCES INCLUDING EXTERNAL ASSISTANCE (II+III)	627	223	850
V. CENTRAL ASSISTANCE	(—) 231	231	..
VI. RESOURCES AFTER ADJUSTMENT FOR CENTRAL ASSISTANCE TANCE	396	154	850
VII. DEFICIT FINANCING	224	18	242
VIII. AGGREGATE RESOURCES INCLUDING DEFICIT FINANCING	620	472	1092

6. The 1959-60 budget of the Centre gives actuals for 1957-58 and revised estimates for 1958-59. Taking these into account and the similar data furnished by the States at the time of the annual plan discussions together with the material contained in the latest budgets of the States, the picture in regard to the outlays on the Plan in the first four years would work out as follows:—

Plan Outlay at the Centre and in the States, 1956-57 to 1959-60

(Rs. crores)

	Centre (including Union Ter- ritories)	States	Total
1956-57 (Accounts)	349	292	641
1957-58 (Accounts)	524	339	863
1958-59 (Revised Estimates)	639	425	1064
1959-60 (B.E. for the Centre and allocations for the States)	620	472	1092
Total for the first four years	2132	1528	3660

7. On the basis of the above, the aggregate outlay on the Plan in the first four years would amount to Rs. 3660 crores. The distribution of the outlay by major heads of development is shown in the

table set out in paragraph 8 of the Introduction to the Review. The broad picture in regard to the financing is given below:

Financing of the outlay in the first four years

(Rs. crores)

	Estimates for the first four years: 1956-57 to 1959-60 taken together.
I. PLAN OUTLAY	3660
II. DOMESTIC RESOURCES	
(a) Balance from current revenues	625
(b) Railways' contribution	130
(c) Loans from the public	611
(d) Small Savings	289
(e) Unfunded debt and Misc. Capital receipts	78
TOTAL (a + + e)	1733
III. EXTERNAL ASSISTANCE	682
IV. TOTAL RESOURCES INCLUDING EXTERNAL ASSISTANCE	2415
V. DEFICIT FINANCING	1245
VI. TOTAL RESOURCES=PLAN OUTLAY	3660

8. The above picture is in terms of the 'actuals' for the first two years and the 'revised estimates' and the 'budget estimates' for 1958-59 and 1959-60 respectively. What the 'actuals' for the latter two years would turn out to be is not possible to indicate at this stage. Only a rough guess can be made. For 1958-59, the revised estimates place the plan outlay at Rs. 1064 crores and the budgetary deficit at Rs. 268 crores. Data regarding the net issue of treasury bills, movement of cash balances and the net purchase or sale of securities held in reserves, however, indicate that the actual budgetary deficit was around Rs. 156 crores, i.e., Rs. 112 crores lower than that indicated by the revised estimates. Part of the reduction in deficit must have been due to a reduction in non-plan expenditures but part was probably due to a shortfall in plan expenditures as compared to the revised estimates. On a broad judgment, one might assume the actual outlay on the plan in this year at around Rs. 980 crores i.e., about Rs. 80 crores lower than the revised estimates. For 1959-60, an outlay of Rs. 1,092 crores has been budgeted. Assuming that in this year again the actual outlay incurred turns out to be about Rs. 25-30 crores lower than the budget estimates, the aggregate outlay likely to be incurred in 1958-59 and 1959-60 would be about Rs. 2,050 crores. On this basis the total of the outlay over the first four years would work out at about Rs. 3,550 crores.

9. Resources raised through liquidation of reserves of cash and securities and through net issue of treasury bills—in other words through deficit financing—are now estimated at Rs. 891 crores in the first three years, Rs. 735 crores in the first two years and Rs. 156 crores in 1958-59. For the current year, the Central budget shows a deficit of Rs. 224 crores. In regard to the States, the corresponding estimate on the basis of the Annual Plan discussions would work out at Rs. 18 crores. The out-turn for the year cannot be guessed at this stage. Altogether, if we take the aggregate plan outlay for the first four years at Rs. 3,550 crores, the outlay for the five years will reach, if not exceed somewhat, the total of Rs. 4,500 crores envisaged by the National Development Council in November, 1958.

STATEMENT I

Estimates of States' Resources for Annual Plan 1959-60

(Rs. crores)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Andhra Pradesh	Assam	Bihar	Bombay	Kerala	Madhya Pradesh	Madras	Mysore	Oriassa	Punjab	Rajasthan	U.P.	West Bengal	J&K	Total for 14 States
I. Resources on Revenue Account :															
(a) Balance at 1958-59 rates of taxation	8.5	4.9	14.7	19.9	4.0	4.8	7.9	11.1	4.4	5.0	4.8	5.8	7.1	2.7	105.6
(b) Additional taxation (1959-60)	0.5	0.4	0.5	1.3	0.1	0.7	..	..	..	..	1.2	2.0	..	0.3	7.0
TOTAL	9.0	5.3	15.2	21.2	4.1	5.5	7.9	11.1	4.4	5.0	6.0	7.8	7.1	3.0	112.6
II. Resources on Capital Account :															
(a) Loans from the public	6.0	..	3.0	11.0	4.0	3.0	6.0	5.5	3.0	2.0	3.5	8.0	7.0	..	62.0
(b) Share of small savings	4.0	1.7	6.0	14.0	2.0	2.5	3.5	1.8	1.0	6.0	2.3	8.0	6.0	..	58.8
(c) Unfunded debt and miscellaneous capital receipts (net)	-2.0	-2.0	-2.0	8.0	-1.8	-1.8	-2.2	-3.4	-2.8	2.0	-0.8	-1.6	0.9	-1.0	-10.5
TOTAL	8.0	-0.3	7.0	33.0	4.2	3.7	7.3	3.9	1.2	10.0	5.0	14.4	13.9	-1.0	110.3

STATEMENT II

Plan outlays, Central Assistance and States' Resources—1959-60

(Rs. crores)

Name of the State	Plan outlay	Central assistance	States' resources	Uncovered gap between the Plan ceilings and estimated resources which is to be met by additional resources to be raised by the States 2-(3+4)
1	2	3	4	5
1. Andhra Pradesh	37.7	19.0	17.0	1.7
2. Assam	12.3	6.8	5.0	0.5
3. Bihar	41.2	19.0	22.2	..
4. Bombay	87.7	28.5	59.2	..
5. Kerala	18.5	8.4	10.1	..
6. Madhya Pradesh	34.2	22.0	12.2	..
7. Madras	33.6	18.0	15.6	..
8. Mysore	32.5	14.5	18.0	..
9. Orissa	19.3	13.5	5.6	0.2
10. Punjab	35.2	19.0	16.2	..
11. Rajasthan	24.1	13.0	11.0	0.1
12. Uttar Pradesh	52.0	28.5	22.2	1.3
13. West Bengal	37.5	16.5	21.0	..
14. Jammu & Kashmir	6.8	4.5	2.0	0.3
TOTAL	472.6	231.2	237.3	4.1

