

# Finance Minister Presents Budget

## DEFENCE, REFUGEES, FOOD SUBSIDIES: MAIN EXPENDITURE ITEMS

NEW DELHI, Nov. 26. The Finance Minister, Mr. Baldev Singh, today presented the first Budget for the Dominion of India. The Budget is for the period from the 1st April 1948 to the 31st March 1949. It is a budget of reconstruction and development. It is a budget of peace and progress. It is a budget of unity and harmony. It is a budget of justice and equity. It is a budget of freedom and independence. It is a budget of progress and prosperity. It is a budget of peace and progress. It is a budget of unity and harmony. It is a budget of justice and equity. It is a budget of freedom and independence. It is a budget of progress and prosperity.

**DEFENCE, REFUGEES, FOOD SUBSIDIES:** The Budget provides for a heavy burden on the Central exchequer, the magnitude of which is not possible to assess at present. The budget of the Central Government for the next few years will be materially affected by this unexpected development in the country. Our whole programme of post-war development will have to be reviewed in the light of this context.

**FOOD POSITION:** The food position has continued to cause grave anxiety both to the Provincial Governments and the Central Government. The country has just weathered a serious threat of a breakdown of its rationing system. The results of the "Grow More Food Campaign" have been on the whole disappointing. During the three years 1944-45, 1945-46 and 1946-47 we had to import from abroad 43,80,000 tons of foodgrains at a cost of over 127 crores of rupees. During the current year from April to September we have already imported 10,62 lakhs of tons of foodgrains at a cost of over 42 crores of rupees.

**ALLOCATION OF DEBT:** Among the important issues on which it has not been possible to reach an agreement, I may mention the allocation of debt between the two Dominions, the method of discharging the pensionary liability, the valuation of the railways, the division of the assets of the Reserve Bank and the division of the movable stores held by the Army. Some of these issues are likely to go before the Arbitral Tribunal and the House will not expect me to say anything further about them at this stage.

**OTHER RELATIONS NOT CONSIDERED:** The long range fiscal, financial and economic relations between the two Dominions still remain to be considered, but for the rest of the current year the intention is to maintain within the framework of the agreements arrived at, the status quo before the partition. In the present, both the Dominions will continue the existing taxes and duties, there will be a free movement of trade between them without any internal barriers and the import and exchange controls of the two Dominions will be co-ordinated.

**Free Movement of Trade:** The long range fiscal, financial and economic relations between the two Dominions still remain to be considered, but for the rest of the current year the intention is to maintain within the framework of the agreements arrived at, the status quo before the partition.

There has been an almost total breakdown of the economy of the East and West Punjab. While the Government has done and is doing everything possible to relieve the immediate distress and suffering of the refugees, the formulation of long range plans for their rehabilitation raises formidable issues both in the financial and administrative fields. These problems have imposed a heavy burden on the Central exchequer, the magnitude of which is not possible to assess at present.

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**UNSPENT BALANCE OF INFLATION YEARS:** The situation would not have been so bad if the unbalance between money and goods was confined to these factors only. The most disturbing factor which affects the situation today is the unspent balances of individuals and institutions accumulated during the peak years of inflation which are being spent on deferred wants of individuals, repairs to industry and on the building of trade inventory.

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**DEFENCE SERVICES:** The reconstitution of the Armed Forces in India into two Dominions is an inevitable consequence of the partition of the country. This decision came at a time when the Armed Forces were in the process of rapid demobilisation. While a substantial measure of demobilisation had already been achieved, the process was arrested as a consequence of the decision to divide the remaining forces between the two Dominions on a communal-cum-optional basis.

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Joint Defence Council, was set up and made responsible for carrying out the reconstitution and for general administrative control of the entire Armed Forces until the completion of reconstitution.

**FUTURE OF FORCES:** The future size and composition of the Armed Forces have been engaging the attention of Government. As it is obvious that they must be related to the altered strategic needs of the country as well as to reduced financial resources. Under the pre-partition demobilisation plan the Army was to be reduced to about 230,000 men for undivided India by the 1st April 1949 against which we shall have about 260,000 men for our share alone after the reconstitution of the Armed Forces.

**REVENUE:** I shall now proceed to a brief review of the financial position for the rest of the current year. But I must warn the House that the estimates now presented must be treated as very tentative as it has not been possible to assess with any measure of accuracy the effects of the partition on our revenue and expenditure. I hope it will be possible to present a more accurate picture when the revised estimates are placed before the House along with the budget for the next year.

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**NATIONALISATION OF ARMED FORCES:** The complete nationalisation of India's Armed Forces in the shortest time possible is the accepted policy of Government. Due, however, to various reasons which are now a matter of history, we have had a shortage of Indian officers for filling some of the posts in the technical services and the senior appointments. This holds good to a varying degree for all the three services. It was therefore decided to employ a number of British officers who volunteered to stay, for one year in the first instance, from the 15th August 1947.

**AGREEMENT:** As has already been announced, an agreement was reached with the United Kingdom Government that the withdrawal of the British Forces from India should commence immediately after the transfer of power and completed as early as possible. The first detachment of British troops actually left India on the 17th August 1947. It was hoped at one time that the withdrawals would be completed before the end of 1947 but due to shipping difficulties it now appears that this may take up to April 1948.

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## FRESH BLOW AT THE COTTAGE LOOM

### Protest And Appeal To Govt.

SURAT, Nov. 26. Powerlooms and Handloom cloth manufacturers in Surat City held a joint meeting over the week-end under the presidentship of Shri Gordhanadas R. Chokhawala, and unanimously passed two important resolutions: (1) requesting Government to throw out the recommendations of the Tala Committee appointed by the Ahmedabad Yarn Distribution Advisory Board for a new basis of yarn distribution; and (2) viewing with concern Government's recent order making it compulsory for "C" class retail cloth dealers to have "F" class licences if they desired to sell handloom and powerloom cloth.

**REACTIONARY REPORT:** The first resolution stated that the Tala Committee recommendations appeared to have been made in great haste and would result in wide fluctuations and disorder in the weaving industry. "If these recommendations are implemented," the resolution added, "thousands of workers will be thrown out of employment. In Surat City alone more than 30,000 workers are employed by this industry, and these recommendations will render more than half of them jobless. Moreover, there is every possibility that its result will be contrary to Government's declared policy to step up cloth production. Government is therefore requested to refrain from implementing the recommendations made by the Tala Committee."

**INJUNCTION AGAINST EXECUTION OF DECREE:** An injunction was granted by Mr. Justice Coyajee at the High Court in favour of Mallick Mahmud Jalaluddin, restraining the defendant vs. Thirunagdaswami Mutalilar, from executing a decree for Rs. 1,58,006/83, which had been passed in 1937 in Madras against certain persons including M. A. Mallick, the plaintiff's father.

**HITTING CLOTH RETAILERS:** The second resolution, explaining that Government's order would compel "C" class dealers to have "F" class licences and to sell cloth only by pieces, urged Government to permit dealers having together "C" and "F" class licences to sell handloom and powerloom cloth on the same lines as they followed so far. The resolution pointed out that the bulk of handloom and powerloom cloth in the entire Province was being disposed off through retail cloth dealers. In Surat City and district alone there were 800 retail shops getting allotments from the district quota of mill cloth. In other districts also there were retail cloth dealers receiving scanty mill cloth on which they could hardly maintain their shops. These retailers, in addition, kept in stock large quantities of handloom and powerloom cloth and sold it on yardage, to keep their shops going. There were no retail cloth shops holding "F" class licence in any district; all "F" class licence holders were wholesalers.

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