CHAPTER VII.

NON-TAX REVENUES:
Non-tax revenues form an important element in the public finance of the country, both at the Central and the State levels. The line of distinction between tax and non-tax revenues is often a thin one. In fact, they shade into one another, as for instance, the receipts from tax on electricity consumption and the surplus of electricity undertakings, or, again, the proceeds of excise duties on liquor and the profits of Government-owned distillery. The problems of tax policy thus steadily merge into questions of pricing policy for the products and services of State enterprise.

Historically speaking, the development of tax systems of most countries has been characterised by a decline in non-tax sources of revenue and an increase in the scope, rates and yields of tax revenues. In recent years, particularly since the War, the trend towards increasing socialisation or State participation in economic enterprise has again led to some shift in emphasis in favour of non-tax revenues in several countries, though the general trend towards an increase in the relative importance of tax revenues still continues. In Communist group of countries, a predominant or larger part of public revenues is derived from non-tax sources. In the U.S.S.R., for instance, not more than 10% of the public revenue is derived from general taxation and loans and the remaining 90% comes from profits of national enterprises and the turnover tax on the products of public enterprises. Even in several under-developed countries with private enterprise economies,
where one or two basic raw materials occupy an important place in their export trade, State trading has often provided significant amounts of revenue. In many non-Communist countries, however, non-tax revenues still remain relatively unimportant though such State activities in the economic sphere as give rise to non-tax incomes, speaking generally, increased in recent years. In the Budgets of most of such countries, however, receipts from fees, royalties and other miscellaneous non-tax sources far exceed the net receipts from public enterprises.

The entry of Government into industrial and commercial field in India has, in most cases, not been — determined by the expectation of making profits and adding to revenues. On the other hand, the primary urges have generally been non-fiscal; such as (a) the undertaking of basic public utilities, e.g. rails, as well as projects of outstanding public benefit which are not expected to be remunerative in the short period, e.g., irrigation power projects, air services, etc., (b) the setting up of basic industries of national importance such as steel and fertilizers generally to assist in broadening the base for industrial and agricultural development or of essential consumer goods industries which may also involve large investment of resources normally beyond the unadded capacity of private enterprise, (c) the establishment of certain capital goods industries, e.g. heavy machine tools, the return of which are not immediate or certain and which, therefore, are less attractive to private enterprise, (d) the initiation of pioneering
enterprise with the object of inducing private entrepreneurs into new fields of industry. There are a few instances, however, where revenue considerations have played a principal part in the extension of State enterprise. But, in most cases, the promotion of some broad public purpose seems to have been the main factor behind the extension of the area of State enterprise, though its operation may have incidentally resulted in some profit.

Non-tax revenues at the Central, State and Local levels taken together are fairly important in the scheme of the countries' revenue system and this includes, apart from surpluses from State undertakings, various fees and administrative and other miscellaneous receipts.

In the State of Madhya Pradesh, the major sources of non-tax revenues have been the following:

- Forests,
- Irrigation,
- Interest and Dividends,
- Community Development,
- Education,
- Public Health,
- Public Works,
- Agriculture,
- Administration of Justice,
- Police & Jails,
- Cooperation & Industries.

The table on the next page shows non-tax revenues derived by the State Govt. from these sources during the period 1957-58 to 1968-69.
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<tbody>
<tr>
<td>1. Forest</td>
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<td>80034</td>
<td>92958</td>
<td>101163</td>
<td>103761</td>
<td>107457</td>
<td>120546</td>
<td>133710</td>
<td>171990</td>
<td>194106</td>
<td>212089</td>
<td>227101</td>
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<td>2. Irrigation, Navigation, Embankment, &amp; Drainage Works</td>
<td>5560</td>
<td>4899</td>
<td>5387</td>
<td>7427</td>
<td>7449</td>
<td>9472</td>
<td>7993</td>
<td>9946</td>
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<td>14490</td>
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<td>3. Interest</td>
<td>8147</td>
<td>22013</td>
<td>10726</td>
<td>10008</td>
<td>49036</td>
<td>16898</td>
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<td>56055</td>
<td>61306</td>
<td>85112</td>
<td>99596</td>
<td>120651</td>
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<td>4. Dividend</td>
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<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>455</td>
<td>631</td>
<td>2415</td>
<td>2621</td>
<td>4462</td>
<td>11035</td>
<td>7680</td>
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</tr>
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<td>5. Community Development Projects, National Extension Service &amp; Local Development Services.</td>
<td>13754</td>
<td>16252</td>
<td>19205</td>
<td>24227</td>
<td>1697</td>
<td>1676</td>
<td>1846</td>
<td>2790</td>
<td>3394</td>
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<td>4000</td>
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<td>6. Education</td>
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<td>18632</td>
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<td>24408</td>
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<td>7. Medical</td>
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<td>4932</td>
<td>6649</td>
<td>3641</td>
<td>2706</td>
<td>2143</td>
<td>2263</td>
<td>3095</td>
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<td>4157</td>
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<td>5922</td>
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<td>9. Public Works</td>
<td>5574</td>
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<td>11611</td>
<td>9183</td>
<td>5254</td>
<td>6211</td>
<td>7833</td>
<td>8745</td>
<td>10600</td>
<td>9294</td>
<td>7223</td>
<td>8078</td>
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<td>10. Agriculture</td>
<td>6323</td>
<td>8123</td>
<td>10832</td>
<td>8751</td>
<td>6054</td>
<td>4580</td>
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<td>4884</td>
<td>5217</td>
<td>5418</td>
<td>6470</td>
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<tr>
<td>11. Administration of Justice</td>
<td>2319</td>
<td>2762</td>
<td>3054</td>
<td>3204</td>
<td>3237</td>
<td>3568</td>
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<td>4175</td>
<td>4467</td>
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<td>12. Police</td>
<td>1224</td>
<td>1654</td>
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<td>2175</td>
<td>1959</td>
<td>1938</td>
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<td>3071</td>
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<td>14. Cooperation</td>
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<td>215</td>
<td>364</td>
<td>482</td>
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<td>1317</td>
<td>2641</td>
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<td>15. Industries</td>
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<td>1979</td>
<td>1315</td>
<td>1656</td>
<td>1734</td>
<td>615</td>
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<tr>
<td>16. Animal Husbandry</td>
<td>1311</td>
<td>1934</td>
<td>3606</td>
<td>1913</td>
<td>1356</td>
<td>1519</td>
<td>1608</td>
<td>1744</td>
<td>1159</td>
<td>1848</td>
<td>1698</td>
<td>1748</td>
</tr>
</tbody>
</table>

Madhya Pradesh is one of the richest States in natural resources. Nearly 2/5th of its total area is covered by forests and about 1/4th of the total forest area of the Indian Union is under the management of the State Forest Department. Forest area in Madhya Pradesh is about 1,660 acres for 1,000 persons as compared to 150 acres in U.P., 170 acres in Madras and 370 acres in Bombay. The productivity of the forests of the State per unit of the area is, however, very low and there is great scope for improvement. The main forest produce in order of importance are: Bija, Saj, Haldru, Tinsa, Shisham, Salai and Semal. Marked increase in the prices of main constructional timbers like teak and sal, since the Second World War has lead to the exploitation of these species from remoter areas, formerly regarded as inaccessible. The use of miscellaneous secondary species as timber also received a great fillip for the same reason. Besides timber, the State produces large quantities of fuel and charcoal for domestic consumption as well as trade.

The minor forest produce of the State consists of a wide variety of useful products of vegetable, animal and mineral origins. Among these most important are: Bamboos, Lac, Tendu leaves*, Katha, Harra, Fibres, Sal Resin, Salai, Gum-oleo-resin, Kullu and Dhaora gum, Flosses, Rusa Oil, Honey

*used for making Bidis.
Wax, Hides and Horns, Medicinal herbs and a large variety of grasses.

The Saw Milling industry, Match industry, Plywood industry, News Print industry are all based on forest produce.

Among the State sources of non-tax revenue, the most important item is forest which contributed 13.04 per cent of the total revenue of the State in 1968-69. The importance of this source has increased after the nationalisation of Tendu leaves. Madhya Pradesh, also produces 64 per cent of the total leaf production in India. Madhya Pradesh Government nationalised the trade in Tendu leaves and passed Madhya Pradesh Tendu Leaves Act in 1964.

Before the passing of this Act, right to collect leaves from different forest areas used to be auctioned every year. But now instead of selling the right to pluck the leaves, the State Government sells the leaves. State Government has got the sole right of trading in Tendu leaves. Bidi manufacturers who require Tendu leaves for the purpose of manufacturing bidis can tender for the purchase by quoting the price per standard bag of leaves. They have to undertake to purchase a guaranteed amount of leaf-produce of a particular area at the price tendered by them. Thus, the nationalisation of Tendu leaves trade implies a change from selling right of collection to actual sale of Tendu leaves. The object of nationalisation of trade in Tendu leaves has been to augment State's revenues and also to prevent mal-practices in the trade. No doubt the revenue has shown a manifold rise. Revenue from forests which
was about Rs. 13.37 crores in 1964-65 suddenly jumped to about
Rs. 17.19 crores mainly due to the nationalisation of trade in
Tendu leaves.

The Government has also a similar scheme under
consideration for nationalisation of trade in timber. The
present practice regarding timber is also that of selling the
right to cut and collect timber from particular areas. The
Government hopes that if instead of selling the right to cut
and collect, timber logs are sold, much more revenue will be
received.

It is admitted that schemes of nationalisation for
Tendu leaves and timber trade would bring in additional revenue
to the State. But we also should take into consideration the
effect of such a step on the State as a whole. Nationalisation
will have a direct and immediate effect on the related
industries like bidi industry and saw milling industry.
Maximising the State revenues is, no doubt, essential but, at
the same time, this should not be done at the cost of the
related industries.

In the case of State trade in Tendu leaves, two
unhealthy effects have been noted by the critics. Firstly, it
has tended to eliminate gradually small bidi manufacturers who
could not compete for Tendu leaves with the bigger and more
resourceful bidi manufacturers. Secondly, the industry has
tended to migrate to the other neighbouring States where Tendu
leaf trade is free from Governmental interference. This has
resulted in the rise of unemployment and the consequent loss of incomes to numerous households which used to make bidis. It would be appropriate if an expert study is organised to enquire into this matter so that facts could be brought to light.

IRRIGATION, NAVIGATION, EMBANKMENT AND DRAINAGE WORKS

Without irrigation, it is impossible to fulfill the aim of self-sufficiency in food. We cannot depend only on rains. In Madhya Pradesh, water resources are in abundance for the purpose of irrigation but they have to be properly tapped.

In his Budget speech in 1960, the Finance Minister of Madhya Pradesh said, "if we are to improve our agricultural production, provision for irrigation facilities is the most important pre-requisite. We are even now largely dependent on the vagaries of nature. Inadequacy of rainfall in a particular year or at any particular time in the year may altogether mar the prospects of a bumper crop. Therefore, to make the country self-supporting in agricultural production, we have to pay equal attention to multi-purpose projects and to medium and small irrigation schemes."

The important item of revenue from irrigation is 'Water Rates'. State Government charges some amount from the consumers who use the water for irrigation purpose. Only water

rate contributes about 60 per cent revenue to the total revenue from irrigation. Receipts from water supply to towns and sale of water also contributes a good amount to the total revenue from irrigation which is about 28 per cent of the total revenue.

Irrigation rates have been opposed on the ground that they are very high. They discourage the farmers from utilising the facility. Therefore, in order to induce the farmers to avail of irrigation facilities, rates have to be kept as low as possible. The Government of Madhya Pradesh by an Ordinance has announced the enhancement of the water rates visualising that this might discourage the use of irrigation facilities. The Government has further provided that water rate will be charged on all the lands in the areas benefitting from irrigation project whether the facility is actually utilised or not. Wisdom of enhancement of water rates and, at the same time, abolition of land revenue is questionable. It involves more of politics and less of good finance.

INTEREST AND DIVIDENDS:

State Government grant loans and advances for various public and private schemes. The main purpose is to provide financial assistance for the industrial and agricultural development in the State. Part of the assistance is given as loan and part as a subsidy. The beneficiaries are the State projects, small scale industries, agriculturists, local bodies and the cooperative societies. Autonomous bodies like Madhya
Pradesh Electricity Board and the Madhya Pradesh State Road Transport Corporation also pay interest to Government on the loans granted to them by the State Government.

The State Government has also contributed towards the share capital of the various financial institutions, which have also received loans from the Government. These institutions are the Madhya Pradesh Audyogik Vikas Nigam, Madhya Pradesh State Industries Corporation, Madhya Pradesh State Mining Corporation, Madhya Pradesh Laghu Udyog Nigam, Madhya Pradesh Housing Board, Madhya Pradesh Cooperative Bank Ltd., etc.

The various purposes for which loans are advanced may be summarised as follows:

TO THE LOCAL BODIES:

For construction of Water works, Roads, School Buildings, Markets and for compost schemes.

HOUSING SCHEMES:

Industrial Housing Schemes, Low Income Housing Schemes, Rural Housing Schemes, Rehabilitation of displaced persons, Schemes of the Housing Board.

TO STATE UNDERTAKINGS AND STATE PROJECTS:

M.P. Electricity Board, M.P. State Road Transport Corporation, Nepa Mills, Multi-purpose River Projects.

TO COOPERATIVES:

Primary Credit Societies, Marketing Societies, State Cooperative Bank, Ashermen Cooperative Societies, Weavers' Societies.
FOR INDUSTRIAL DEVELOPMENT:

Industrial Cooperative Societies, Industrial Marketing, Small Scale Industries, for development of Kosa Silk, Gur and Khandari, Processing Industries and Handloom Industry. Help is also provided to medium-scale and other industries through financial institutions assisted by State loans.

TO STATE GOVERNMENTS:

For housing and for purchasing Motor or other conveyances.

TO AGRICULTURISTS:

As takaevii for agricultural development and purchase of machines and implements.

The main purpose of State assistance, as already stated earlier, is to promote development and welfare. The rates of interest charged are, therefore, comparatively very low. Considerations of safety of the amount loaned do not always receive the same importance as in the case of Banks and individuals. Receipts under this head from the year 1957-58 to 1968-69 are shown in the Table No. XXXIV.

In the Table two things are worth noting. Firstly, the receipts from interest have increased manifold. This indicates that the Government has been providing increasing loan assistance to various bodies and individuals. Secondly, the receipts have fluctuated widely from year to year. A study of explanations given in the budgets shows that the recoveries of interest have not been prompt and efficient and a large amount is always in arrears. Whenever concerted
efforts for recovery of arrears are made, the receipts show an increase. No doubt the Government cannot act as a Pathan in the recovery of loans and interest. But the failure to recover interest or the principal because of inefficient administration and neglect results in defeating the very purpose of the loans and cannot be justified on any account.

**COMMUNITY DEVELOPMENT PROJECT, NATIONAL EXTENSION SERVICE AND LOCAL DEVELOPMENT PROJECTS:**

Community Development is the method and rural extension is the agency through which transformation of the social and economic life of the villages is sought to be achieved. The programme aims at such transformation in rural areas through establishment of direct contact with the masses and extension services. Since its inception, the Community Development movement has greatly succeeded in catching the imagination of the people and in creating in them a desire for rapid economic and social advancement through Community's own efforts.

Revenue under this head is divided into three sub-heads, viz., Community Development Projects, National Extension Service and Local Development Works. For all these purposes, the State Government has been receiving generous grant from the Union Government and most of the expenditure is incurred on the plan schemes. Union Government grant used to be included under this head till the 1961-62. From the year 1962-63 onwards, as in the case of other heads, the Union Government grants are not included under this head and are pooled together under a separate head. The method of aggregating all Union Government grants
under a single head, no doubt, enables one to know the total amount received through grants. But, on the other hand, the budget fails to indicate as to how much of the expenditure under a particular head is to be met from the revenues from grants received from the Union Government.

Besides Union grants some income is also received by the State Government from public contributions. These public contributions are generally received as a matching share which the local population has to provide for certain schemes. The practice of linking schemes with the provision of matching share has been subjected to a lot of criticism. However, voluntary labour and public contribution are regarded as methods and sources of mobilising local initiative, which is essential for the success of community development projects.

The revenues under this head show a fall (see table). But this fall is not real and is due to the transfer of Union grants to a separate head. In order to make an effective comparison, we have to aggregate the public contribution and Union grants received for community development schemes. Following is the comparative statement of revenues and expenditure under this head in the year 1957-58 and 1967-68 (Rs.):


Statement of Revenue and Expenditure under the head, Community Development Projects, National Extension Service & Local Development Works.

<table>
<thead>
<tr>
<th></th>
<th>1957-58</th>
<th>1968-69</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
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<tr>
<td>Revenue</td>
<td></td>
<td></td>
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<tr>
<td>1. Community Development Projects:</td>
<td></td>
<td></td>
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<tr>
<td>a) Grants from the Govt. of India</td>
<td>5867</td>
<td>4000</td>
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<tr>
<td>2. National Extension Service:</td>
<td></td>
<td></td>
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<tr>
<td>1) Grants from the Govt. of India</td>
<td>5342</td>
<td>-</td>
</tr>
<tr>
<td>3. Local Development Works:</td>
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<td></td>
</tr>
<tr>
<td>a) Grants from the Govt. of India</td>
<td>2535</td>
<td>-</td>
</tr>
<tr>
<td>Grants-in-aid from Central Govt.</td>
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<td></td>
</tr>
<tr>
<td>State Plan Schemes</td>
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<tr>
<td>Centrally sponsored Schemes</td>
<td>6720</td>
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<td>13744</td>
<td>21045</td>
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<tr>
<th></th>
<th>1957-58</th>
<th>1968-69</th>
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<tbody>
<tr>
<td><strong>Expenditure</strong></td>
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<td></td>
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<tr>
<td>Expenditure Plan &amp; Non-Plan:</td>
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<td>1. Community Development Projects</td>
<td>18152</td>
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<td>2. National Extension Services</td>
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<td>3. Local Development Works</td>
<td>4122</td>
<td>2241</td>
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<tr>
<td></td>
<td>37810</td>
<td>46416</td>
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</tbody>
</table>

The Statement shows that the State Government is now
making a greater allocation from its own resources for the Community Development, National Extension Service and Local Development Projects. 

EDUCATION:

"Education is the basic importance in the planned development of a nation."¹ In a democratic set-up, the role of education becomes crucial, since it can function effectively only if an intelligent participation of the masses in the affairs of the country."² The Estimates Committee of the Parliament also emphasizing the importance of education writes, "a nation is what its men and women are and men and women are what they are because of the education they have received during their life-time."³

In spite of the recognition of importance of education, the governments have not cared to fulfill their obligations in this regard. Serious efforts are lacking and the functions are not forthcoming.

The Government of Bihar spends only Rs.3.9 per capita per annum on education, the highest expenditure of Rs.15.4 per capita having been incurred by the State of Kerala. In M.P., the per capita expenditure on education is Rs.8.6.

The Government of Madhya Pradesh derives revenue from

1. Govt. of India, First Five Year Plan, Delhi, 1951-52, Vol.II, Ch.XXXIII.
2. Ibid.
the fees collected from the various educational institutions. Looking to the importance of education in a democratic consideration, fees should be no consideration for running educational institutions. "The importance of providing free and compulsory education to the rising generation of the country cannot be over-emphasized. This is the reason why a large number of foreign countries have introduced universal fee and compulsory education for all children within specified age limits." The Government of Madhya Pradesh has also introduced free and compulsory education for children within age limit of 14 years. Free and compulsory primary education was introduced in old Madhya Pradesh even before the Second World War. However, tuition and other fees are collected from the students studying in Higher Secondary Classes, Colleges and Technical and Professional Institutions. The rate of fees charged in Madhya Pradesh is higher than that charged in some of the neighbouring States like Uttar Pradesh. This may be attributed to the smaller strength of students, resulting in a higher cost per student.

"Education is the birthright of every citizen. It is the duty of the State to protect its people against ignorance and illiteracy just as it protects them against violence and aggression." 2

1. Ibid, P.4.
Looked in the light of this statement, depending on tuition fees for collecting part of the funds for education is neither justified nor desirable. No doubt the Government of Madhya Pradesh has tried to discharge its obligation in this regard by instituting a number of scholarships for meritorious students for those coming from backward or depressed classes. However, the number of such scholarships is bound to be limited.

The revenues of the State Government from tuition fees works out to about 3 per cent of the expenditure on education. Receipts from tuition fees constitute about 2 per cent of the expenditure in the case of secondary education, about 20 per cent in the case of college education, and about 9 per cent in the case of technical institutions.

One heartening thing to note in the case of education in Madhya Pradesh is awareness on the part of the Government of its responsibilities regarding education. The Government have been continuously increasing provision for education without making those who take education to reimburse the cost. The receipts from education, which were about 11 per cent of the expenditure in 1957-58, have come down to mere about 3 per cent in 1967-68.

PUBLIC HEALTH AND MEDICAL:

"Health is fundamental to national progress in any sphere. In terms of resources for economic development nothing can be considered of higher importance than the health of the
people which is a measure of their energy and capacity as well as the potential of man-hours for productive works in relation to the total number of persons maintained by the nation."¹

While Public Health Department of the State Government is mainly concurrent with the Central and supply of pure and safe water and provision of drainage and better sanitation, the medical department runs and maintains hospitals for the treatment of sick and wounded. As we have already seen above, it is the duty of every Government in a civilized country to look after the health of its citizens and take up protective and remedial activities in this regard. There cannot be any question of recoupment of the expenditure under this head from those who benefit from the public health and medical services. The Government hospitals and dispensaries provide free medical treatment to those who come for the same. However, in the case of indoor patients wanting to avail facility of separate private ward, they have to pay.

PUBLIC WORKS

Public Works play an important role in economic development and promoting general welfare. Roads and bridges are the most important items of public works in the States. Other Public Works undertaken such as Ferry, irrigation projects

¹ Govt. of India, First Five Year Plan, Op. Cit, Ch. XXXII.
and housing for public servants, are some other important activities in this field. Public Works require a large investment and large amounts for maintenance and repairs. The Government has to maintain a large establishment for this purpose. As such, this is an item of public expenditure. However, some receipts from public work are included in the non-tax revenues of the State.

Most important item of receipts is rent received from the Government buildings, mostly rented to the employees of the Government. In the year 1967-68, this item alone is likely to contribute approximately ₹47 lakhs out of the receipts of about ₹78 lakhs i.e., about 60 per cent. The Government provides residential accommodation to its employees at a rent calculated as a percentage of their salary. This is 7½% of the salary in case of low-paid employees and 10% in the case of others. In fact, the rent has no relationship with the space provided. However, every residential quarter has a book-rent also which is maximum that can be charged and which is related to the cost of construction. Although the figures regarding total outlay on residential quarters are not available, it is an accepted fact that the return on the outlay does not work out to even 5 per cent. In constructing housing accommodation for the employees, the return on outlay is not a consideration. Welfare and convenience of the employees are the prime consideration in this respect. In spite of the continuous effort, the Government has been able to provide
living accommodation to only a fraction of its employees and large investment will continue to be made in the coming years on housing for Government employees.

Ferry charges and Tolls on roads are other important items of receipts under this head. There are a large number of trunk roads in the State on which bridges have not been provided and the vehicles have to cross the rivers on boats, maintained by the Public Works Department. Toll duty is collected from all vehicles on some important newly-constructed bridges. The idea is to collect at least a part of the cost of construction from those who benefit from such Public works. There is no uniform principle or policy followed in this respect. In some cases, the charges have become a permanent levy. The method of collection also differs. In some cases, there is departmental staff for collection of duty while, in some other cases, the right of collection is given to a Contractor who agrees to pay a fixed amount to the Department.

Up to the year 1961-62, subventions and grants received from the Government for National Highways were included under the head 'grants-in-aid from the Union Government! Receipts under this head from 1957-58 to 1968-69 are given in the Table XXXIV.

AGRICULTURE AND ANIMAL HUSBANDRY:

Agriculture plays the most vital role in our national economy. Our economy is basically agricultural and, therefore,
agriculture occupies the position of primacy in our economic programme. "Nearly three-fourths of the population in Madhya Pradesh depends on agriculture and other allied primary occupations for its livelihood. This sector alone contributes almost one-half towards the total State income. Thus intensive development of agriculture holds the key to the rapid economic development of the State." ¹

The revenues under this head do not include the revenue for which the revenue department of the Government alone is responsible. The Agricultural Department has been set-up with the primary task of development of agriculture through demonstration farms, supply of improved seeds, implements and fertilizers, soil conservation, agricultural education, cattle breeding farms and milk unions, etc. However, these functions of the department bring in some incidental income to the Government such as through sale of agricultural produce of farms, sale of seeds, implements, fertilizers, milk etc., and the fees collected from those studying in agricultural schools and colleges. In most cases, these services are provided either at the cost or even at less than the cost, the primary objective being to encourage agriculturists to adopt improved techniques of cultivation.

Main item of revenue under this head is agricultural receipts which includes Horticulture Gardens and Agriculture Colleges. This item contributes about 50 per cent of the

total revenue of the State under this head. The receipts from Agriculture, which were about 20 per cent of the expenditure in the year 1957-58 have come down to about 7 per cent in 1967-68.

Animal husbandry also contributes to the State revenues through mainly Cattle Breeding Farms and Dairy Farm receipts. Fees from veterinary colleges and schools also contribute a nominal amount to the receipts under this head. Receipts from Animal Husbandry in 1957-58 were 16.8 per cent of the expenditure which declined to 5.4 per cent in 1967-68. Total revenue from agriculture and animal husbandry is given in the Table No.XXXXIV.

While the expenditure on agriculture and animal husbandry has increased to more than three times, the revenues, as evidenced by the above table, have remained practically constant. This shows that in view of the paramount importance of development of agriculture, the Government has been spending more and more on development without bothering to receive any part of this expenditure through increased charges.

**ADMINISTRATION OF JUSTICE:**

Law Courts - criminal and civil - have been established in the State with a view to provide a machinery for imparting suitable punishment to those who violate law and enabling the people to get their claims and rights settled according to the law of the land. Court fees are charged by these courts from all those who bring their disputes
for settlement. The courts also receive some amounts by way of fines and charges for various procedural actions. Aggregate receipts from all these sources by the judicial courts in Madhya Pradesh are given in the Table No. XXXIV.

It will be seen from the Table that the revenues from various charges recovered by the Judicial Courts have nearly doubled during the twelve years period from 1957-58 to 1968-69. This increase has resulted mainly from the upward revision of the rates of various judicial fees. The receipts have also been augmented by the rise in the value of the immovable properties and a consequent higher valuation of claim in case of dispute. The case of undervaluation of claims and indifferent attitude of the courts towards proper valuation are, however, not lacking. Though the revenues under this head have gone up, the cost of administration of justice have also been constantly rising resulting in yearly doubling of the expenditure on it.

However, the cost or the revenues are not the prime considerations in the administration of justice. It is the basic right of every citizen in a civilised country to get justice quickly and cheaply. From this point of view, any increase in the judicial fees would be regarded as a blow to the fundamental right of a citizen. At the same time, it is the duty of the Government to see that the people are not allowed to misuse the judicial machinery by bringing false and fictitious claims before courts of law. Such an
encouragement would not only result in harassment to other citizens but also in delaying the proposal of earnest and genuine claims. In fixing the rates of judicial fees, these considerations should receive the utmost importance they deserve and considerations of revenue have to be subordinated to them.

JAILS AND POLICE:

Police force is maintained by the State Government to maintain law and order within the State and for the investigation of crimes. Police brings the culprits to book and produces them before judicial courts. Regulation of road traffic is also an important function of the Police. The State Government also lends the services of its Police personnel to man the security force of the Railways and that of various public and private industrial undertakings like the Heavy Electricals Ltd., Bhopal, Bhilai Steel Plant, etc. The Railways and other undertakings pay some contribution to the State Government for the personnel of the security force provided to them. The contribution made by the Railways is settled with the Railway Board from time to time. In the year 1964-65, the State Government received Rs.600 thousands as contribution for Railways Police while it had to spend Rs.1489 thousands on maintaining the force for Railway Police. In 1965-66, also the contribution fell short of the expenditure by about Rs.955 thousands. However, a revised basis of contribution by the Railway Board was arrived at in the year 1965-66 and, on this basis, contribution for 1966-67 and the
arrears for 1965-66 were recovered resulting in a receipt of Rs. 2632 thousands as against an expenditure of Rs. 1785 thousands only.

Payment is also received by the State Government for the S.A.F. battalions raised by it as a reserve force to be used in emergencies by the Government of India.

There is no definite principle regarding these contributions. Security being a part and parcel of the State functions, too much stress cannot be laid on recovery of full cost in all cases. However, on the whole, the Government is reimbursed by the Railways and the public and private undertakings for the police personnel deployed in their security force.

The Jails also contribute to the State revenues through the sale of articles produced in Jails. Persons sentenced to jail are given training in certain handicrafts with the object of equipping them with some art which would enable them to earn a livelihood. The revenue is only incidental and is not very significant. The receipts under the heads Police and Jails in various years are given in the Table No. XXXIV.

It may be noted from the Table that till the year 1966-67, the receipts from the sale of the jail produce were shown after deducting the cost thereof. However, from the year 1966-67, the whole of the proceeds from sale are shown as receipts and the cost of materials etc., for maintenance
expenditure of the jails. This goes to prove that jail factories are not run with a view to earn profit and that the Government regards the expenditure on them as a part of cost of expenditure on reforming the convicts, which should be the prime objective of jails in a civilized country.

COOPERATION AND INDUSTRIES

"Cooperation plays an important part in the whole scheme of our planned development. Therefore, the greatest impetus is being given to the cooperative movement."¹ For a socialistic pattern of society the importance of cooperatives cannot be over-emphasised. Cooperative policy resolution was passed in the meeting of National Development Council, held on 9th November, 1958. Cooperative programmes in the State are being developed on the lines of the National Development Council's resolution. The cooperation movement has covered 87 per cent of the villages.

Main source of income under this head is audit fees from various cooperative societies. State Government has enforced uniform rates of audit fees in the State. Audit fees contribute about 69 per cent of the total revenue from cooperation. The revenue from this head was 26 per cent of the total expenditure on cooperation in 1957-58 but it reduced to 11 per cent of the expenditure in 1967-68.

¹ Speech of M.L. Gangwal, Minister of Finance, Madhya Pradesh, June 25, 1962.
As will be evident from Table No.XXXXIV, the receipts under this head have remained practically constant while the expenditure has increased manifold. In pursuance of the accepted policy of encouraging cooperatives and expanding their field, the Government has increased outlay under this head. For a better supervision and guidance the administrative staff has been strengthened. Publicity has also been intensified. Besides this, in order to enable the societies to support themselves in the initial stages, subsidies and grants-in-aid have been provided to them.

Madhya Pradesh with its vast natural resources holds out bright prospects for industrial development. Development in the State has so far been slow due to non-availability of cheap and adequate supply of industrial power, inadequate means of transport and communications and lack of local capital resources and technical personnel.

State Government runs some industries which contribute to the revenues of the Government. Some of them are Gwalior Potteries, Cotton Spinning Mill at Sonawad, Oil Mill and Solvent Extraction Plant at Ujjain, Power Alcohol Distillery at Ratlam, Gwalior Engineering Works and Gwalior Tannery etc. Government also receives some amount from the various schemes such as schemes of Handloom, Handicrafts and Sericulture. Government also runs some training-cum-production centres. Sale proceeds of the goods produced in Government undertakings and training centres constitute a substantial proportion of
the revenues of the Industries Department of the State Government.

Cottage and small-scale industries contribute the highest amount under this head. They contribute about 69 per cent of the total revenue from industries. Revenue from industries was 42 per cent of the expenditure in 1957-58 which came down to 4 per cent in 1967-68. Revenue has declined mainly because subventions from the Government of India for development schemes have been transferred to the major head grants-in-aid from Union Government. In 1967-68, the revenue has declined by Rs. 900 thousand because of the transfer of receipts under the scheme for metric system of weights and measures from this head to the major head "Miscellaneous Departments." While this re-allocation of revenues to other heads has reduced income under this head, the expenditure under this head has increased because of the expansion of industrial training facilities as well as the strengthening of the department's establishment to enable a wider coverage in its advisory and other services.

It is very unfortunate that the most of the industrial undertakings, run departmentally by the State Government, have been continuously showing loss. The Government of Madhya Pradesh is thinking of selling off some of its undertakings which have become a sort of permanent liability on it.

Like some other States of Indian Union, Madhya Pradesh has also experimented with the setting up of its own industrial
enterprises like:

1. National Newsprint & Paper Mills Ltd.,
2. Ballarpur Paper & Straw Board Mills Ltd.
3. Central Hindustan Orange & Cold Storage Co. Ltd.,
4. Sadarangani Oil Products Co. Ltd.

There is also the State Road Transport Corporation and the Electricity Board. But neither from the State Industrial enterprises, nor from the Road Transport Corporation and the Electricity Board does the State Government derive any benefit; on the contrary, these commercial and industrial activities of the State are being subsidized. It is only the Distillaries of the State Government which fetch some income to the Government.