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State Trading at Brahmadeo-Mandi

Petition of Lt. Colonel Sher Bahadur Thapa Chhetri

"On Shrawan Sudi 2, 1950 (July 1893), Raja Dal Bahadur Shah and I had been granted joint authority to undertake state-trading operations at Brahmadeo-Mandi in Doti district. However, Raja Dal Bahadur Shah was dismissed in the Vikrama year 1951 (A.D. 1895), leaving me in sole charge of those operations. An order to this effect was received on Falgun Sudi 1951 (February 1895).

"By Jestha Sudi 15, 1953 (May 1897), approximately 395 maunds of cardamom had been purchased at a total cost of Rs 11,848 according to the regulations. The relevant provision of the regulations is as follows :

Purchase cardamom and wax, brought for sale in that market by people from the hill areas, on a monopoly basis as usual.

In addition, approximately $13\frac{1}{2}$ maunds of cardamom was acquired in lieu of duty (Chungi), while $\frac{1}{4}$ maund was confiscated (from smugglers). Unsold stocks from the previous year's account totalled $1\frac{1}{2}$ maunds worth Rs 48-9.

"During the period from Ashadh Badi to Poush Sudi 15, 1953 (June to December 1896), eight maunds of wax was purchased at a total cost of Rs 217-12, and approximately $1\frac{1}{4}$ maunds was collected as duty or confiscated from smugglers.

"These supplies were despatched to Piliphit in India as usual and kept there in the custody of Fakir Chand until Poush 1954 (December 1897).

"Subsequently, $356\frac{1}{2}$ maunds of cardamom was weighed and sold in the presence of Hawaldar Dambar Singh Swanr, who had been deputed for that purpose by Lt. Khadga Bahadur Basnyat Chhetri of the Kanchanpur Amini, according to an order issued by the Naya Muluk Bandobast Adda.

"The balance of approximately 52 maunds of cardamom was held to have been lost due to decline in moisture content, etc. A petition was submitted through the Naya Muluk Bandobast Adda for remission of that quantity.

"However, on Ashadh Sudi 9, 1955 (June 1898), an order was received (from Prime Minister Bir Shumshere) sanctioning remission at the rate of only ten percent of the total quantity, or approximately 41 maunds only. No remission was allowed for the balance of approximately 11 maunds of cardamom.

"As regards the wax, the entire quantity of $9\frac{3}{4}$ maunds, as mentioned above, has become damaged and therefore unsalable. The Kumarichok (Audit) Office is demanding that the loss be compensated.

"During the time when Raja Dal Bahadur Shah was in charge of state-trading operations at Brahmadeo-Mandi, 393½ maunds of cardamom had been purchased during the period from Poush 1949 to Baisakh 1950 (December 1892 to April 1893). It was sold after eight months, and the loss in weight, amounting to 30½ maunds, was remitted. Similarly, approximately 95 maunds was remitted out of a total quantity of approximately 432 maunds of cardamom purchased by the Raja during the year ended Baisakh 1951 (April 1894), which was sold after a delay of eight or nine months, according to an order dated Jestha 6, 1952 (May 1895). (The petition mentions two more cases in which the government had granted remissions as requested by Raja Dal Bahadur Shah).

"Inasmuch as in previous years remissions have been granted in full as requested, I pray that the quantities requested by me (52 maunds of cardamom and 9 maunds of wax) also be remitted, and orders be sent to the Kumarichok Office accordingly."

When the petition was referred to Prime Minister Chandra Shumshere through the Muluki Adda, the following order was issued :-

- (1) The percentage of the total quantity has been remitted in other cases, and the total cost of the quantity of cardamom for which remission has been requested, have not been mentioned. A decision in this regard will be made after these particulars are explained.
- (2) The 9½ maunds of wax worth Rs 217-12, said to have become unsalable, should be auctioned without reducing that figure as far as possible.

Poush Badi 4, 1959
(December 1902)

Regmi Research Collection, vol. 90, pp. 20-31.

Saltpeter Exports to India

During the closing years of the nineteenth century, saltpeter was one of the items exported from Nepal to India. According to a British source: "Considerable quantities are annually carried across the frontier (into India), almost entirely from Nepal." (Sir George Watt, The Commercial Products of India (reprint of 1908 ed.), New Delhi : Today & Tomorrow Printers & Publishers, 1966, p.975). In 1900-1, exports of saltpeter from Nepal to India totalled 4,590 cots. (Ibid, p. 975).

Statistics of Nepal's saltpeter exports to India are as follows :-

Saltpeter Exports to India

<u>Year</u>	<u>Quantity</u> (in maunds)	<u>Value</u> (Indian Rs.)
1878-79	35,205	Rs 281,640
1879-80	10,588	Rs 63,528
1880-81	14,001	Rs 95,204
1882-83	5,985	Rs 47,880
1883-84	14,521	Rs 116,168
1884-85	10,249	Rs 88,786
1898-99	17,442	Rs 114,566
1899-1900	21,303	Rs 132,169

(Government of Bengal, Reports on the Administration of Bengal, Calcutta: Bengal Secretariat Press. Separate reports for different years).

Sunar and Khajahani, 1901

On Poush Sudi 5, 1957 (December 1900), a separate Mal Adda was created in Sunar. Previously, the area was under the jurisdiction of the Dang Mal Adda. A project was also started to construct a dam on the Rapti river at Sikataghat for providing irrigation facilities in Sunar.

Jestha Badi 7, 1958
(May 1901)

Regmi Research Collection, vol. 88, pp. 914-24.

The Dang Mal Adda was ordered to disburse a total amount of Kampani Rs 10,000 in installments of Kampani Rs 2,000 each to finance the Sunar Irrigation Project. On Falgun Badi 5, 1957 (February 1901) the Dang Mal Adda reported that it had no balance in Kampani rupees, hence it requested permission to make the disbursements from revenues collected by the Deukhuri Mal Adda. The permission was granted on the ground that the Mal Addas of both Dang and Deukhuri functioned under the same chief (hakim). Arrangements were also made for a loan not exceeding Kampani Rs 5,000 to buy food for the coolies employed in the irrigation project. The loan was to be repaid when the supplies were sold to the coolies.

Jestha Sudi 3, 1958
(May 1901)

Regmi Research Collection, vol. 88, pp. 951-79.

At that time, Butaul (inclusive of Palhi, Majhkhand, Sheoraj, Khajahani and Nawalpur), Dang, Deukhuri, and Sunar were under the jurisdiction of a single administrative office known as the Butaul-Dang-Deukhuri-Sunar-Goswara.

Jestha Sudi 2, 1958
(May 1901)

Regmi Research Collection, vol. 88, p. 948.

In A.D. 1901, heavy arrears of land-tax revenue accumulated in the accounts of the Khajahani Mal Adda. Its chief, Naib Subba Mathbar Jung Thapa Chhetri, was, therefore, transferred to the Palhi Mal Adda. The chief of the Palhi Mal Adda, Subba Padma Dev Panta, was then transferred to the Khajahani Mal Adda.

Ibid, pp. 924-51.

Subba Padma Dev Panta's previous salary, Kampani Rs 1000 a year, was raised to Kampani Rs 1,400 when he was transferred to Khajahani.

During the period from Vikrama 1952 to 1956, the arrears of land tax revenue totalled Kampani Rs 311,746. Naib Subba Mathbar Jung Thapa Chhetri who took over charge from his predecessor, Subba Yagnya Dhvaj Mahat Chhetri, as chief of the Khajahani Mal Adda, was able to collect only Kampani Rs 122,462, leaving a balance of Rs 189,284.

The major factor responsible for the accumulation of arrears was a prolonged drought during Vikrama 1954-56. "Because of the drought, the Jimidars of this district have become very poor. The arrears cannot be recovered even if their property is auctioned according to the regulations. Nor are prospective applicants available who will take up vacant jimidari holdings on payment of the arrears. Lands will remain uncultivated if existing jimidars are evicted in a situation where prospective applicants are not available, thereby causing further losses of revenue to the government."

Another reason for the accumulation of arrears was that a fresh revenue settlement was conducted in the Vikrama year 1952, which (1) increased land tax assessment rates, and (2) detected large-scale discrepancies in the actual area and the recorded area of holdings, thereby increasing the tax-liability of jimidars.

Subba Padma Dev Pant, who mentioned all this in his report, stipulated that he would clear off the arrears in 2½ years in case additional staff was sanctioned. The government sanctioned additional staff for a period of 18 months, involving a total expenditure of Kampani Rs 3,623.

Jestha Badi 7, 1958
(May 1901)

Regmi Research Collection, vol. 89, pp. 70-98.

The total land-tax-assessment figure in Khajahani for the Vikrama year 1957 was Rs 433,956. Of this amount :

Rs 34,112 was collected by Naib Subba Mathbar Jung Thapa Chhetri until Magh Badi 6, 1957.

Rs 116,729 was collected by Subba Padma Dev Panta until Chaitra Badi 5, 1957.

The arrears for the Vikrama year 1957 thus amounted to Rs 273,115, while total arrears amounted to Rs 460,670.

There were a total of 595 moujas in Khajahani, but the number of jimidars was 2,217.

In order to expedite collection of the arrears, the post of a Ditttha, carrying an annual salary of Kampani Rs 600, had been sanctioned. Expenses totalling Kampani Rs 3623 were later sanctioned for additional staff and other administrative expenses.

Bhadra Sudi 7, 1958
(June 1901)

Regmi Research Collection, vol. 88, pp. 990-1000.

A Jimidari Bandobast Adda had been created in Khajahani in the Vikrama year 1954. Fragmentation of jimidari holdings, and transactions in such Fragments, were quite common in that area.

1958 (A.D. 1901)

Regmi Research Collection, vol. 89, pp. 13-45.

Obviously because of the prolonged drought in Khajahani, a dittha was appointed on a yearly salary of Kampani Rs 600 to expedite the construction of irrigation channels and promote land reclamation. Prime Minister Bir Shumshere issued orders to the Thula Hakims to take all possible steps for the development of irrigation facilities.

Jestha Badi (?), 1958
(May 1901)

Regmi Research Collection, vol. 89. pp. 61-70.

Saw-Mills in the Tarai Region

During A.D. 1900-1, the government of Nepal installed a saw mill at Fultekra in Nepalgunj under the management of a British engineer from Calcutta.

Marga Sudi , 1958
(November 1901)

Regmi Research Collection, vol. 88, pp. 254-63.

On Bhadra Badi 10, 1957 (August 1900), Naib Subba Thir Bahadur Khatri Chhetri of the Rapti-Dwar Kathmahal was granted permission to debit Kampani Rs 97-12 as expenses incurred for the purchase of unbaked bricks, thatch, etc. for constructing quarters for workers employed at the (Fultekra) saw-mill.

Regmi Research Collection, vol. 89. pp. 299-310.

On the recommendation of Sardar Dhundiraj Shahi, Chief of the Naya Muluk Goswara, Naib Subba Thir Bahadur Khatri Chhetri, Chief of the Rapti-Dwar Kathmahal, was granted permission on Jestha Sudi 15, 1958 (June 1901) to spend Kampani Rs 1,600 for the construction of residential bungalow and a well for the British engineer.

Regmi Research Collection, vol. 89, pp. 114-23.

On the request of Naib Subba Thir Bahadur Khatri Chhetri of the Rapti-Dwar Kathmahal, Subba Yog Pratap Rana, Chief of the Panke Mal Adda, was ordered to disburse a total sum of Kampani Rs 6,000 for paying the salaries and wages of the engine reworkers, coolies, etc of the (Fultekra) saw mill.

Jestha Badi 10, 1958
(May 1901)

Regmi Research Collection, vol. 89, pp. 141-59.

Naib Subba Thir Bahadur Khatri Chhetri was similarly granted permission to debit Kampani Rs 640 as expenses incurred on wages, materials, etc. required for the saw mill.

Marga Badi 8, 1958
(November 1901)

Regmi Research Collection, vol. 88, pp. 264-95.

A saw mill had been installed in the Tribeni area of western Nepal also with machinery imported from India.

Poush Badi 8, 1958
(December 1901)

Regmi Research Collection, vol. 88, pp. 333-78.

These mills were installed mainly for the production of ties required for the Indian railwayse

Abolition of the Naya Muluk Rakam Goswara

Major-Captain Jit Bahadur Khatri Chhetri, Chief of the Naya Muluk Bandobast Adda, submitted the following report to the government on Aswin Badi 9, 1954 (September 1897) :

"Dariyaburdi Khair Addas had been established some years ago for the sale and export of catechu as well as the wood of trees washed away by floods.

"In the Vikrama year 1949 (A.D. 1892), the (Naya Muluk) Rakam Goswara Adda was established, and functions relating to contracts and monopolies (Mahalat), previously performed by Mal and Kathmahal Addas, were placed under the jurisdiction of these Khair Addas.

"In the Vikrama year 1953 (A.D. 1896), the government adopted the policy of permitting open exports of catechu, subject to the payment of a duty of Kampani Rs 14 per maund, because sale and export of this commodity under the amanat system resulted in losses. In that year, revenue from the export duty on catechu totalled Kampani Rs 8,137-4 $\frac{1}{4}$.

"Until the Vikrama year 1952 (A.D. 1895), these Khair Addas collected a sum of Kampani Rs 49,136-3 $\frac{1}{4}$ every year. Subsequently Abkari (excise duty on liquor) and Kascharai (tax on cattle grazed on pasture lands) taxes were transferred from Khair Addas to the appropriate Mal Adda. These taxes were yielding a sum of Kampani Rs 28,460-1 $\frac{1}{4}$ every year. Thus the amount to be collected by Khair Addas is now only Kampani Rs 20,676-1 every year.

"Moreover, most of the sources of revenue under the jurisdiction of Khair Adda have been given out on contract, while only a few are being operated under the amanat system. Finally, functions relating to dariyabardi timber have been transferred from Khair Addas to the appropriate Kathmahals.

"Thus the following amounts are being spent on Khair Addas for the collection of only Kampani Rs 20,676 a year :-

(Naya Muluk) Rakam Goswara	Rs 2,080.
Babai-Karnali Khair Adda	Rs 2,043.
Rapti Khair Adda	Rs 1,585.
Mohana-Mahakali Khair Adda	Rs 2,333.
Total	<u>Kampani Rs 8,041.</u>

"The chiefs of Khair Addas have occasionally defalcated what they have collected, or else failed to make any collections at all. Some of them have fled to India, or died. Arrears have, therefore, accumulated, and the government has suffered losses."

Major-Captain Jit Bahadur Khatri Chhetri of the Naya Muluk Bandobast Adda then submitted the following suggestions :-

- (a) The (Naya Muluk) Rakam Goswara and all Khair Addas should be abolished from the Vikrama year 1954 (A.D. 1897).
- (b) Sources of revenue operated by these offices should be transferred to the appropriate Mal or Kathmahal, as the case may be.
- (c) Kathmahals should also be responsible for the collection of export duty on catechu. For this, they should be provided with additional staff.

"In case these suggestions are implemented, a saving of Kampani Rs 69631 will result."

These suggestions were endorsed by the Muluki Adda, and approved by Prime Minister Bir Shumshere on Kartik Badi 5, 1954 (October 1897).

Kartik Badi 12, 1954
(October 1897)

Regmi Research Collection, vol. 61, pp. 337-344.

Lac Exports from the Far-Western Region

1. Karnali-Dwar Kathmahal (Kailali)

In the area under the jurisdiction of the Karnali-Dwar Kathmahal in the Naya Muluk, arrangements were made with lac producers under which they undertook to supply half of their output free of cost to the government, and the balance at a stipulated price. In the year 1930 (A. D. 1873), total lac production in that area amounted to 3 maunds and 17 sers. The government accordingly procured the entire quantity, paying Kampani Rs 20-9 for half of it. It then sold the entire quantity for Rs 123-5, and also collected duties amounting to K Rs 1-10 $\frac{1}{4}$, thus making a total income of K Rs 124-15 $\frac{1}{4}$.

Subsequently, the monopoly trade in lac in the area under the jurisdiction of the Karnali-Dwar Kathmahal in the Naya Muluk became defunct for some reasons.

An attempt was made to revive the monopoly in the Vikrama year 1939 (A.D. 1882). One Bhaja Shah offered to take up an ijara for this monopoly for a period of three years. He stipulated payment amounting to K Rs 35 in the first, Rs 100 in the second year, and Rs 200 in the second year.

The government decided not to grant an ijara for a period of three years as offered by Bhaja Shah, because it felt that it might be possible to increase the amount after one year. Captain Ambar Singh Pandit Chhetri of the Karnali-Dwar Kathmahal was, therefore, ordered to invite fresh bids so as to ensure that revenue from this source did not fall below the amount of K Rs 124-15½ collected in A.D. 1873, or at least K Rs 35 offered by Bhaja Shah for the first year.

Ashadh Badi 3, 1939
(June 1882)

Regni Research Collection, vol. 91, pp. 14-18.

2. Mahakali-Dwar Kathmahal (Kanchanpur)

Captain Sahasram Majhi Chhetri, Chief of the Mahakali-Dwar Kathmahal in the Naya Muluk, had procured 12½ maunds (fractions of a ser have been omitted) of lac at a total cost of Rs 47-11½ (Kampani rupees). The lac, however, remained unsold.

Captain Sahasram Majhi Chhetri's predecessor had been able to secure a price of Kampani Rs 30-15 a maund during his term of office. According to an order dated Marga Badi 13, 1936 (November 1879), Captain Sahasram Majhi Chhetri had been granted permission to sell lac at Kampani Rs 20-8 a maund. However, his successor, Captain Kuldip Khadka Chhetri, received only Kampani Rs 11 a maunds as the highest bid. The regulations that had been issued in his name prohibited him from making any sale at a price below what had been secured previously. Captain Kuldip Khadka Chhetri, therefore, referred the matter to Kathmandu.

The total quantity of lac then in stock and the cost thereof were as follows:-

<u>Period</u>	<u>Quantity</u> (in maunds)	In Kampani Rs
		<u>Cost</u> (inclusive of <u>Chungi</u>)
Captain Sahasram Majhi Chhetri	12½	Rs 47-11½
Captain Kuldip Majhi Chhetri	58½	Rs 225.

On Bhadra Badi 12, 1937 (August 1880), Captain Kuldip Khadka Chhetri was granted permission to invite fresh bids, and refer them to Kathmandu. Misri Lal, a merchant of the Indian market-town of Pilibhit, offered the highest bid of Kampani Rs 11 a maund if the lac was of old stock, or Kampani Rs 16 a maund if it was supplied from both old and new stocks. No higher offer was received. On Chaitra Sudi 2, 1937 (March 1881), Captain Kuldip Khadka Chhetri again referred the matter to Kathmandu. Misri Lal's offer was accepted by Kathmandu on Ashadh Badi 1, 1938 (June 1881). The order reached the Mahakali-Dwar Kathmahal on Shrawan Sudi 9, 1938 (July 1881).

Captain Kuldip Khadka Chhetri then sent a peon to Pilibhit summoning Misri Lal to take delivery of the lac forthwith. Misri Lal sent the following reply: This is the monsoon season, so I cannot come now. I will come to take delivery of the lac in the month of Poush (December 1881).

However, Misri Lal did not come in December 1881. Captain Kuldip Khadka Chhetri then again sent a peon to Pilibhit to fetch him. Misri Lal told the peon: "I had offered a bid for the lac in Chaitra 1937 (March 1881). My bid was accepted only in Shrawan 1938 (July 1881). I was unable to take delivery of the lac at that time because of the monsoon season, when ox-carts cannot operate. Now the price of lac in the Pilibhit market is Kampani Rs 12 or Rs 14 a Pucca maund. I shall suffer a loss if I buy Nepali lac at Kampani Rs 16 a maund. I have, therefore, decided not to take delivery."

Captain Kuldip Khadka Chhetri then reported to Kathmandu on Falgun Badi 7, 1938 (February 1882) that Misri Lal had refused to take delivery of the lac. He added, "Because Misri Lal belongs to India, we cannot use force to bring him here. It has thus not been possible to sell the lac at Kampani Rs 16 a maund as sanctioned."

The case was referred to Prime Minister Ranodhip Singh through the Kathmahal Bandobast Adda. The Prime Minister sanctioned the following instructions to Captain Kuldip Khadka Chhetri of the Mahakali-Dwar Kathmahal on Jestha Badi 7, 1939 :

"Send another order to Misri Lal directing him to take delivery of the lac within seven days, and warning him that otherwise he will be considered dishonest, and that the Gorkha government will not entertain any application from him in any matter in the future. If Misri Lal does not accept delivery within seven days, sell the 71½ maunds of lac at the same rate (that is, Kampani Rs 16 a maund) to another merchant. In the event Misri Lal sets foot on our territory, action shall be taken against him according to Section 7 of the Law Relating to Revenue Matters (Rai-Rakam Ko)."

Jestha Badi 7, 1939
(May 1882)

Revenue and Expenditure of the Government of
Nepal, 1951

(Continued from the September 1981 issue).

4. Special Revenue and Allocations Thereof

I am not using the term special from the viewpoint of economics. The main objective of these particulars is to show other revenues and reserves apart from the general revenue, as well as special revenue and allocations thereof different from general revenue and expenditure. Another objective is to keep intact the assets left by the previous government instead of using it for general expenditure.

There is a reserve of Rs 79,040,258, inclusive of gold, silver, old mohar coins, Indian (Kampani) and Nepali coins, Nepali and foreign currency notes, and investments in the shares of the Nepal Bank, left over by the Rana government.

Previously, there was no proper system of backing the money released for circulation. The policy that was adopted at that time was to increase revenue and economise on expenditure anyhow. There was no problem of budgets.

Now that a democratic government has been formed, we have to face many problems. Some of those problems are contributions of the old regime. That is why I have established the following three reserve funds with the above-mentioned reserves :-

- (a) Currency Reserve Fund of Rs 50 million
- (b) Exchange Stabilization Fund of Rs 20 million
- (c) Budget Equalization Fund of Rs 10 million.

The Currency Reserve Fund and the Exchange Stabilization Fund will be spent only for the special purpose for which they have been established. The objective of the Budget Equalization Fund is to meet deficits in the general budget. However, the amount taken out from this fund will be refunded from the revenues of the next year. By establishing these three funds, I have not only kept intact the present reserves, but also, I believe, laid a strong foundation for the economic progress of the country.

There is also a Development Fund of Rs 25 million. This amount has been received in a lump sum in place of the Rs 1 million stipulated for payment by the Indian (British) government every year after the second world war.

There is also a Depreciation Fund of the Rs 2.2 million meant for the ropeway, electricity and railway services. I intend to spend some amounts from this fund for purchasing machinery and for maintenance and repair works.

Apart from the funds mentioned above, there are other reserves amounting to Rs 8.1 million meant for specific purposes. Some of them are of guthi type. Moreover, there are government investments in several mills and factories. Unfortunately, it seems necessary to write off some of these investments, because they had been made without proper consideration. In any case, these amounts are not available for spending.

5. Ways and Means

According to the proposed budget, revenue during 2008 (A.D. 1951-52) is expected to amount to Rs 30,516,000, and the expenditure to Rs 52,521,000. Thus there is a deficit of Rs 22,005,000. Of this deficit, Rs 5,159,000 is meant for productive development projects, purchase of new machinery, and repair and maintenance of old ones, and supply of taccavi loans.

I have decided to meet this deficit by drawing Rs 1,259,000 from the Depreciation Fund, Rs 2,400,000 from the Development Fund, and Rs 1,500,000 (taccavi loans) from the Budget Equalization Fund. The remaining deficit of Rs 16,846,000 will have to be met from general revenue. So far as cash balances are concerned, reference has already been made above.

Since the present government bears the responsibility of providing social services and facilities to the public I have decided to include some cash balances in the general revenue. The total amount to be included in this manner is Rs 3,649,000.

At present there is a total reserve of Rs 2,579,000 in the Muluki-Khana (Central Treasury) and district revenue offices. If these two amounts are added, the total amount becomes Rs 6,228,000. There is thus a net deficit of Rs 10,618,000. Only three months are left for the expiry of this year. Since all the amounts allocated for various purposes under the budget are not likely to be spent during this period there seems to be no need to meet this deficit. I will later refer to additional means of increasing revenue, which will further reduce the deficit.

6. You must have noted that general expenditure has considerably increased in the proposed budget estimates. This situation can be improved in two different ways : (1) By reducing expenditure, or (2) by increasing revenue. Some of the heads for which allocation have been made are of a non-recurring nature. Even then, annual expenditure has considerably increased. We have decided to bring about fundamental changes in the system of state administration and reduce as far as possible the number of employees working in various departments. But since it is the firm policy of the Nepali Congress to raise the living standard of the people, and provide various facilities to them, expenditure on previously

neglected social fields, such as education and public health, will certainly increase in the future. During this year, expenditure on education has increased by 50 percent, and in public health by 36 percent. This reveals greater progress than before. There is much prospect for development in our country.

The economic program approved by the Council of Ministers outlines the pattern of development. This country, first of all, requires transport facilities. We have to spend much for this. I see it necessary for a few years more to spend huge amounts of money on telephone, telecommunication, and postal services, and on the construction of roads and airports. There are also some productive development projects. For such projects, it is appropriate to raise public loans within the country itself, or borrow from abroad.

There is also much prospect for cottage, light, and medium industries, but they require capital. I believe that the revenue of this country can be considerably increased. Land tax is the main source of our general revenue. But during the past 25 to 30 years, no concrete action was taken in connection with the land system. There are also many shortcomings in procedure of collecting land taxes.

In case the birta system is abolished, the land-tax collection procedure is improved, and food and cash crops are cultivated in newly-reclaimed lands, revenue from this source is bound to increase. It has been decided to match our customs tariff rates with those of India on the basis of our trade treaty with that country. It has also become necessary to increase the rates of excise duty.

As regards export duties, we have already increased the rates on paddy, jute, potato, oilseeds and spices. I am conducting studies for further increasing revenue from this source by holding consultations with the concerned ministries. We also intend to impose a nominal income duty on some items. Plans are being formulated to impose income tax on agricultural income accruing from land and jimidari holdings. But much cannot be earned from this source during the next two or three years. At present, this tax will be imposed with a view to acquainting the people with income tax, rather than increasing revenue from this source. After this system attains its full development in a few years, it will be the prominent source of revenue.

At present, our telecommunication, telephone and postal fees are very low. As such, there are ample possibilities of increasing these rates. Revenue from this source will be increased by developing telecommunication services. I have also decided to impose annual fees on radio sets. Studies are being conducted on the present rates of railway, trolley and ropeway charges. In case it seems appropriate, these rates too will be increased. It is also being planned to impose water tax on each household. I am, in addition, thinking of increasing taxes on vehicles.

Arrangements are being made to improve the forest management system. This too is likely to increase revenue.

In the field of education, there is a proposal to provide free primary education throughout the Kingdom, and collect fees from students studying in secondary and high schools and colleges. Revenue will be increased also by imposing fees on hunting, and by increasing arms licensing fees. I have proposed to issue a Democracy Memorial Stamp. This too will provide some revenue.

Finally, I propose to start a national savings scheme. Under this scheme, certificates worth Rs 10, Rs 25, Rs 100, Rs 1,000, Rs 5,000 and Rs 25,000 each, bearing interest at the following rates, will be issued :-

One-year certificates	...	3 percent
Two-year "	...	3½ percent
Three-year "	...	4 percent
Four-year "	...	4½ percent
Five-year "	...	5 percent

On this occasion, I would like to inform the public that the government has decided to establish a Planning and Development Board under the chairmanship of the Hon'ble Prime Minister. The Board will consist of both government employees and private individuals. It will not only recommend priorities by studying plans received from various ministries, but also provide suggestions on general policies and programs for the next three to five years.

It is necessary for the Finance Ministry of any country to exercise full control over revenue and expenditure in order to operate the economy properly. The Kumari Chok and other Audit and Accounts Departments are being reorganized. An Accountant-General has already been appointed for bringing reforms in the system of maintaining accounts in the Muluki Khana, (Central Treasure) Tin Sancha (District Treasures) and District Revenue Offices, and to establish local audit offices to detect irregularities in time and take necessary action for correcting them. The Auditor-General will see whether or not the government's revenue and expenditure are correct. The fiscal rules approved by the Council of Ministers have entrusted various authorities with fiscal powers. This is unprecedented for our country. No official or ministry will be entitled to spend in any manner in excess of the sanctioned amount without obtaining the approval of the Council of Ministers or the Finance Ministry. The government is determined to implement these rules firmly in order to strengthen the economic condition of the country. For this, I expect full and wholehearted cooperation not only from my colleagues but also from government employees all over the Kingdom.

It has been decided that, after the Council of Ministers prepare a detailed description of plans, the amount allocated in the budget estimates may be spent only after obtaining the approval of the Council of Ministers or the Finance Ministry according to need. It is the policy of the government to give as much care as necessary while spending the national wealth. It is with this objective that the Finance Committee of the Council of Ministers studies each important plan one by one and fixes priorities. It is one of the features of the proposed budget that the amounts allocated in it will be divided into task budgets. While sanctioning expenditure, task expenses will be provided for specific projects, except for the expenses of the main offices which are indispensable for supervising and managing work. This will curtail wasteful expenses incurred on the growing number of employees every year, insure control of expenditure, and thus lead to the expeditious implementation of projects.

A few months ago, the Council of Ministers had decided to open a State Bank. Ram Nath and Sripai of the Reserve Bank of India visited Nepal on the invitation of our government in this connection. We held talks with them on the best way of implementing the decision of the Council of Ministers, as well as on various issues relating to currency, exchange, and loans. The government expects to open such a State Bank very soon. It is also determined to control excessive fluctuations in the exchange rates between the Nepali and Indian currencies. The State Bank is expected to perform other functions also, apart from keeping government reserves. I am grateful to the government of India for having sent Ram Nath and Sripai for consultations. I also thank Ram Nath for having provided valuable suggestions. The establishment of a State Bank is yet another step toward properly organizing the economy of the country and activities relating to banking.

(To be Continued)
