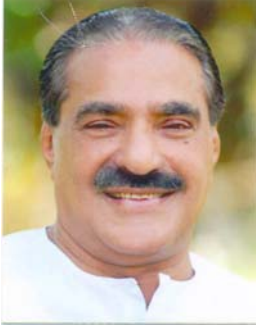


## BUDGET SPEECH FOR 1982-83

**Shri K. M. MANI**

2<sup>nd</sup> July, 1982



Sir,

I rise to present to the House, the Revised Budget for 1982-83. This is the first Budget of the United Democratic Front Government and the fourth Budget presented by me before this House.

2. A new Government, with the overwhelming support of the people, has assumed office putting an end to the political uncertainty in Kerala. The recent political polarisation is a natural sequence in the democratic process. The United Democratic Front Government is the creation of the new political set-up long cherished by the people of Kerala. It is the symbol of their hopes and aspirations.

3. The problems of Kerala, like high density of population, inadequate food production, educated unemployment, industrial backwardness etc. are different from those of other States, in their nature and complexity. We should utilise the available facilities like water resources, abundant power, a wide range of raw materials and the capabilities of the intelligent and technically skilled young mass of people, for solving these problems at least to a certain extent. Increased production in the agricultural and industrial spheres alone can provide adequate stability to the economy. Our endeavours must, therefore, aim at the creation of a climate congenial to this. Unfortunately, the incidence of indiscipline and the breach of law and order throughout the State in the past have adversely affected the progress in this direction.

4. It is only by ensuring the rule of law that our efforts to build up a socialistic society through democratic process can succeed. Equality before law, stringent action against law-breakers, protection of fundamental rights etc. are inevitable to ensure the rule of law. At the same time, basic values should be honoured. One has to fulfil certain obligations also while trying to establish and protect his rights. It is high time that we think in terms of maintaining self-restraint for achieving social objectives and sacrificing personal gains for the sake of common good.

5. History will bear testimony to the fact that the unity of parties with identical socio-economic outlook and political philosophy alone can accelerate the march towards progress. A suitable forum for this has been created with the formation of the United Democratic Front. This movement has gained the people's mandate through the last mid-term poll. It is the duty of the United Democratic Front Government to utilise the current favourable climate for clearing the path for the all-round growth and development of the State. I wish to point out specifically that the Government proposes to introduce programmes for the welfare of all sections of the people without any party considerations.

6. This Government envisages programmes which will provide relief for the working class including agricultural labourers, Harijans, Girijans, industrial workers, small farmers, small traders, small-scale industrialists, N.G.Os. and teachers.

7. For the success of programmes aimed at the comprehensive development of the State and the welfare of its people, it is essential to have Centre-State relations based on mutual trust and co-operation. Our objective should be a strong Centre and contented States. This Government will be eternally vigilant to safeguard the interest of Kerala. Our stand in this regard will be constructive and not negative.

8. This Government came to power on May 24 after the original Budget for 1982-83 was presented in Parliament. In the meantime, a few commitments not envisaged in the original Budget had to be undertaken. In addition, the new Government enhanced the Plan allocations under certain items. Consequently, corresponding changes in the original financial statement became necessary.

It is also necessary to reflect the social outlook and economic approach of this Government. It is in these circumstances that the Revised Budget for 1982-83 is being presented.

### **ACCOUNTS FOR 1980-81**

9. As stated in my last Budget Speech, the Revised Estimates for 1980-81 had indicated that the year would close with a surplus cash balance of Rs. 10.78 crore. However, the final accounts show that the year 1980-81 actually ended with a minus cash balance of Rs. 7.93 crore. The above adverse variation is mainly accounted for by the increase in Plan expenditure. As against the Plan Outlay of Rs. 273 crore approved for the year, the actual expenditure indicated in the final accounts is Rs. 311 crore, showing an increase in developmental outlay by over Rs. 38 crore i.e., by nearly 14%.

### **REVISED ESTIMATES FOR 1981-82**

10. The Revised Estimates for 1981-82 fix the total Revenue Receipts at Rs. 875.90 crore as against the Budget Estimate of Rs. 721.80 crore, indicating an improvement of Rs. 154.10 crore. Out of this, Rs. 126 crore represent an adjustment of receipt made in the Revenue Account consequent on the decision of the Government of India to write off portion of the central loan outstanding against the State as on 01.04.1979 based on the recommendation of the Seventh Finance Commission. The estimated expenditure in terms of the Revised Estimates is Rs. 767.12 crore as against the Budget Estimate for 1981-82 of Rs. 711.32 crore. As against the approved Plan Outlay of Rs. 275 crore, the anticipated expenditure under State Plan during the last year will be around Rs. 305 crore, indicating an increase of Rs. 30 crore over the approved Plan Outlay.

11. As against a closing deficit of Rs. 8.5 crore estimated in the Budget Estimate for 1981-82 and Rs. 84.52 crore in the Revised Estimate for 1981-82, the year actually closed with a deficit of Rs. 93.93 crore, according to the figures furnished by the Reserve Bank of India. The deterioration has been mainly on account of the payment of additional instalments of D.A., shortfall in excise revenue and increase in Plan Outlay.

### **REVISED BUDGET ESTIMATES FOR 1982-83**

12. The total Revenue Receipts are estimated at Rs. 837.82 crore for 1982-83 inclusive of the State's share of central taxes to the extent of Rs. 188.13 crore. The receipts from State taxes are estimated at Rs. 441.59 crore, showing an improvement of Rs. 72.05 crore over the Revised Estimate for 1981-82. Non-tax revenues are estimated at Rs. 132.59 crore and grant-in-aid from the central government at Rs. 75.51 crore. The Revenue Expenditure is estimated at Rs. 842.66 crore, out of which Rs. 135.32 crore represent Plan Expenditure. The Non-Plan Expenditure of Rs. 707.34 crore shows an increase of Rs. 80.27 crore over the Revised Estimate for 1981-82. The areas where major increases in Non-Plan Expenditure have been estimated are interest payment, police, pension, education, medical, social security and welfare and roads and bridges.

### **ANNUAL PLAN 1982-83**

13. The outlay for the State Plan 1982-83, which has been fixed on the basis of discussion with the Planning Commission, is Rs. 275 crore. The resources for the Annual Plan 1982-83 have been estimated as follows:—

	<i>(Rs. in crore)</i>
Central assistance including advance Plan assistance	94.00
Budgetary receipts of the State and resources of the K.S.E.B. and K.S.R.T.C.	37.79
Market borrowings and loans	61.68
Additional resources mobilisation during the first three years of the Plan	<b>8.48</b>
Total	<u><b>201.95</b></u>

According to the Revised Budget Estimates for 1982-83, the State Plan outlay is Rs. 291.80 crore. The additional resources required for financing the above enhanced Plan is being dealt with in a subsequent para of my speech.

14. The gross Plan outlay for 1982-83 is Rs. 352.31 crore including the Central share of the outlay on Centrally Sponsored Schemes (Rs. 50.22 crore), provision for Western Ghats Development Schemes (Rs. 3.70 crore), provision for Anti-Sea Erosion Works specially assisted by the Government of India (Rs. 3.50 crore), provision for Special Component Plan specially assisted by the Government of India (Rs. 2.77 crore) and outlay for E.S.I. Aided Schemes (Rs. 0.32 crore).

15. The Training and Visit Programme will be extended to the entire State. Government will continue to assign high priority to the problems faced by paddy cultivators. For the development of coconut, two major programmes, viz. "Comprehensive Coconut Development Programme" and "Comprehensive Coconut Spraying Programme" are being continued. The Coconut Processing Complex at Elathur will start production of coconut oil this year. Ten copra collection centres will be set up in the Malabar area. The cocoa growers will be assisted with suitable incentives for organising scientifically managed processing centres. Existing price support will continue. A cocoa processing factory with foreign collaboration will be started during this year. Under the multi-state Cashew Project, 3,000 hectares more will be brought under cashew cultivation. The Component Plan and Tribal Sub-Plan Schemes of the agricultural sector will be implemented in such a way that it will generate steady agricultural income to the members of the Scheduled Caste and Scheduled Tribe families. Plantation crops which earn valuable foreign exchange will receive special attention from the Government. Establishment of regulated markets to ensure competitive price for agriculture products will be taken up on a priority basis.

16. During 1982-83, 5,000 farmer families will be additionally brought into the fold of Cattle-Feed Subsidy Programme now under implementation in seven districts of the State. More Harijans and Tribal families will be assisted to take up animal husbandry programmes to improve their employment opportunities and income. 5,000 Harijan families will be given 5 hens each under a special programme. It is also proposed to give assistance to 200 Harijan families to start a unit of 250 birds. A proposal to declare Kerala as a pest-free zone is under Government of India's consideration. Once this is implemented, export of cattle and animal products will go up.

17. A new Area Development Scheme covering the Wynad District with the object of developing fodder resources and for marketing dairy products will be started under the Western Ghats Development Programme for an estimated outlay of Rs. 158 lakh. Establishment of two Milk Chilling Plants are contemplated under the scheme. For providing essential training to farmers, educated unemployed youths etc. in modern dairy farming and to help them to take up the profession of dairying, a new Dairy Training Centre will be started. The Project "Operation Flood II" with an estimated outlay of Rs. 19.36 crore will be implemented in seven districts during the next five years through the Kerala Milk Marketing Federation. Moreover, milk co-operatives will be organised on the pattern of the "Amul" Societies of Anand. Incentives in the form of subsidy for equipments, working capital grant, share capital contribution etc. will be provided

to the milk societies. Indo-Swiss Project with an estimated expenditure exceeding Rs. 8 crore spread over a period of 7 years will be implemented in Malabar. 600 Dairy co-operatives will be organised and 1.36 lakh milk cattle will be brought under the scheme.

18. The loans advanced by Co-operative Credit Societies have shown significant progress. The programme for 1982-83 is to advance Rs. 216 crore by the Co-operative Societies, out of which Rs. 162 crore will be for agricultural purposes. The share capital base of Credit Co-operative Societies will be strengthened so as to command adequate borrowing capacity. During 1982-83, it is estimated that a sum of about Rs. 5 crore can be advanced as short term and medium term loans to Harijans/Girijans by Primary Agricultural Credit Societies. Fertilizers for the value of Rs. 35 crore will be distributed through co-operative retail outlets in 1982-83. 70 new godowns are programmed to be constructed in 1982-83 with financial assistance from the N.C.D.C. to help the agriculturists to get better price for their produce. Ten crumb rubber factories with World Bank assistance will be commissioned this year. Construction of 7,350 houses with a block cost of Rs. 22.50 crore will be undertaken during this year under the co-operative housing sector. Three co-operative trading centres exclusively for Harijans and Girijans will be started this year.

19. Organisation of Fishermen Welfare Societies in each fishing village for carrying out the package of measures for the welfare of fishermen will be completed during the current year. A master plan for providing infrastructure facilities including feeder roads, water supply and electricity will be prepared to cover the entire fishing villages in the State. The Fishermen's Welfare Corporation will continue to implement programmes like subsidised housing, issue of fishing implements, rehabilitation of fishermen, payment of fisheries scholarships, insurance cover to fishermen etc.

20. Land assignment work with priority for the regularisation of occupations and distributions of land to Harijans and Girijans will be expedited. It is estimated that 2,519 acres of land taken over by Government under ceiling provisions of the Kerala Land Reforms Act, 1964 are available for distribution to the landless agricultural labourers. Steps are underway for completing its distribution. Government would also evolve a time bound programme to issue pattas to the cultivators who have been in occupation of Government land.

21. A proposal to form a Central Special Squad to check illicit distillation and illicit sale of liquor is under consideration.

22. It is programmed to promote 2,500 small scale industrial units and 14,500 artisan units during 1982-83 providing employment to 67,000 persons. Special arrangements will also be made to ensure the flow of institutional finance to supplement the budgetary resources. Sick units will be identified and those units which can be revived will be given a package of assistance to supplement institutional finance. A survey will be undertaken by the Department to assess the raw material requirements of the existing units and steps taken for the procurement and distribution of scarce raw materials. An Industrial Complex, on the pattern approved by the Central Government for Alleppey will be established in Malappuram. Special attention will be paid for the sustenance and revival of the viable and potentially viable industrial co-operatives identified in a survey already conducted and a Federation/Apex Society will be organised for procurement of raw materials and making available the credit and other services for marketing the products to the primary societies. In the large and medium industries sector, a pragmatic policy will be followed in regard to the granting of incentives to industries. Suitable steps will be taken to mobilise foreign remittances to the State for new industrial investments. As a part of the Kerala State Textile Corporation's programme of development, five new Spinning Mills will be set up in the State. The working of SIDCO will be revamped to make it an effective agency for the growth and development of SSI units. Government are aware of the declining trends in the field of traditional industries and special efforts are being made to formulate and fund specific schemes for the resuscitation of Cashew, Coir and Handloom sectors. For

Handicrafts two common facility centres will be set up, one at Trivandrum and the other at Trichur. It is the intention of Government to bring at least 60% of the Coir and Handloom workers within the co-operative fold by the end of the Sixth Plan period. Necessary steps will be taken up in 1982-83 in terms of the above objective. Efforts will be made to explore markets for Handloom and Coir products within the country as also in foreign countries. Every possible step will be taken to avoid the difficulties now being experienced by the Coir Industry in the State. In view of the shortage and high price of firewood and petroleum gas, Government consider it necessary to encourage establishment of gobar gas plants. Therefore, in addition to the existing assistance, Government will extend financial help through recognised agencies. Although rules provide for reservation for Harijans in public sector undertakings, many units do not follow them strictly. Government will undertake a comprehensive review of this matter and take steps to ensure that Harijans get their due share in the appointments. Backlog in this respect will also be made up.

23. The main thrust of efforts in the field of education will be the improvement of quality at all levels. Based on the experience gained in the manufacture of note books, production of other educational materials required for schools will be arranged under the Work Experience Programme. A special coaching facility for Scheduled Caste and Scheduled Tribe pupils to enable them to compete with other candidates in the examinations conducted by the Central Board of Secondary Education for becoming eligible for Government of India Scholarships will be introduced in 1982-83. Physical education teachers who have to remain in school after school hours for coaching athletes and players will be given a kit allowance. It is proposed to set up a high power committee to evolve steps for vocationalisation of higher secondary education in the State. A new Polytechnic will be established in Wynad District. It is also proposed to establish two Junior Technical Schools one each in Wynad and Idukki Districts. Necessary changes will be made in the teacher-student ratio. Problems faced by the protected teachers will also be solved.

24. With a view to improve the availability of medical facilities, a scientific restructuring of the medical organisation will be attempted. A multipurpose programme covering immunisation, family welfare etc. will be implemented. The establishment of a National Institute for Ayurveda at Trivandrum is under the active consideration of the Government. The Ayurveda College at Trippunithura will be expanded. 15 Ayurveda dispensaries will be started this year. 10 Homoeo dispensaries will also be started. An intensive drive against illicit manufacture and sale of spurious drugs will be undertaken in 1982-83.

25. Urban Local Bodies will be given financial assistance for carrying out their remunerative and non-remunerative town improvement schemes, as well as the slum clearance programmes. With a view to eradicate the slum and for rehousing the slum dwellers, a massive programme covering all the Corporations and Municipal Towns has been formulated to be implemented over a period of ten years. Adequate seed capital will be provided to the Development Authorities for raising institutional finance to fund their programmes.

26. Government have decided to formulate a mid-term plan for welfare of Scheduled Castes and Scheduled Tribes in respect of all Districts and the District Collectors have been directed to finalise this plan work expeditiously. Under the mid-term plan, a comprehensive assessment of the requirements of Scheduled Castes in Harijan colonies and other areas of their concentration will be made so as to implement meaningful programmes for their development. A bench-mark survey of the areas covered by the Integrated Tribal Development Projects is nearing completion. Based on the results of the survey, schemes suited for the general development of the Tribals will be drawn and implemented. 48,000 families will be assisted during 1982-83 through family oriented programmes. A special scheme for agricultural development of Scheduled Castes will be taken up to improve their agricultural holdings. Provision of basic amenities like drinking water, electricity, health and medical care and education to benefit Harijan Colonies and Tribal Settlements will be taken up on a time bound basis. It is proposed to distribute Girijan Vikasana Pathrikas to all tribal households in the State which will enable the Government to have a regular record of Tribal families and also help in preparing realistic family oriented plans for them. A full fledged independent

department has already been set up in the Secretariat exclusively to attend to the affairs of Scheduled Castes and Scheduled Tribes under the direct control of the Chief Minister. The Departments of Harijan and Tribal Welfare will be revamped to formulate and implement useful programmes. The Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes will also be geared up for closer co-ordination with the developmental machinery of Government to implement the programmes benefiting Scheduled Castes and Scheduled Tribes. To provide increased employment opportunities to members of Scheduled Castes and Scheduled Tribes, the Production-cum-Training Centres will be recognised. More pre-examination training centres and a Model I.A.S. Coaching Centre will be established to coach them for better jobs. Education continues to be the area of maximum emphasis in Harijan Welfare activities, with 70% of the budget allotment going to it. This year, efforts will be made to minimise the incidence of dropouts among Scheduled Castes and Scheduled Tribes in educational institutions. To ensure that more and more Scheduled Tribe students come out of S.S.L.C. examination in the first class, a scheme of awarding incentives to the teachers coaching them will be evolved as in the case of Scheduled Caste students. A sum of Rs. 1 crore was earmarked in the earlier Budget to evolve a scheme to extend basic amenities like electricity, protected water supply etc. to one lakh housing colonies and Harijan/Girijan settlements. Unfortunately the proposal never took off. Special efforts will be made to implement this massive programme during the current year.

27. Eighteen I.C.D.S. Projects are already functioning in the State. Five more will become operational during 1982-83 while advance action will be initiated for 21 more. In addition to continuing the existing programme effectively, establishment of the institute for research, education, training and rehabilitation of mentally retarded as well as the organisation of industrial co-operatives for the welfare of the handicapped are also programmed for the year.

28. Against the annual requirement of 2.5 lakh housing units in the State, the present rate of construction is only 80,000 housing units. The State would require an investment of Rs. 12.50 crore annually to construct houses costing Rs. 5,000 per unit. Since Government are unable to mobilise so much resources, the policy has been to maximise the availability of institutional finance from L.I.C., HUDCO etc. The accent will continue to be on the provision of housing for the rural poor.

29. On the labour front, Government's policies shall be oriented towards the protection of the workers' interests consistent with the needs of higher production in all spheres of activity. New E.S.I. dispensaries will be started at Aroor, Athani (Alwaye), Payyannur, Kuttippuram, Koothuparamba and Wadakkanchery. A 100-bedded E.S.I. Hospital is being constructed at Feroke. Two 50-bedded hospitals will be constructed, one at Cannanore and the other at Palghat. Urgent steps are being taken to expedite processing, within the State, raw cashew procured by the Marketing Federation and thereby solve a vital problem being faced by the numerous cashew workers in the State. Measures will be taken to ensure the welfare of the workers employed in the traditional sectors. The Unemployment Allowance programme will be continued after revising the list on the basis of the period of unemployment, age of the applicant, family income limit, other employment opportunities etc.

30. Government propose to start a chain of wood based industries. The first unit is nearing completion at Nilambur. Social forestry will be emphasised with a view to getting enough fire-wood, green manure, fodder, fruits and flowers. Strong action will be taken to prevent forest encroachment and theft of forest wealth.

31. Government of India will be moved to declare M.C. Road, Cochin-Madurai Road and Calicut-Mysore Road as National Highways. Despite inclusion of the normal provision for taking up new works in the current budget in view of increasing demand for new roads, it is proposed to take up two roads in each constituency during the current year.

32. At present, 18 Irrigation Projects in the State are under different stages of execution. Out of this, 7 projects are old ones spilling over from the Third Five Year Plan. In terms of the highest priority being accorded for the earliest possible completion of ongoing projects, the remaining projects except Kallada will be completed by the end of the Sixth Plan. For 1982-83, the outlay earmarked for the Irrigation Schemes is Rs. 51 crore. Government of India have been requested to raise this further to Rs. 60.30 crore. It is expected that an additional irrigation potential of 18,188 hectares (net) can be achieved during 1982-83. The financial outlay for the Kallada Project is Rs. 26 crore and this project is being cleared by the World Bank for assistance under Anti-Sea Erosion Works, more Central assistance has been sought.

33. Provision of drinking water in all problem villages is an important item under the 20-Point Programme. Highest priority is, therefore, being assigned to these areas. Similarly water supply in Harijan and Girijan Colonies is also given special priority. A package of 4 Urban Water Supply Projects and 7 Rural Water Supply Schemes costing around 55 crore of rupees is being posed for World Bank assistance. Similarly, bilateral assistance is being obtained from the Dutch Government for implementing 2 comprehensive Rural Water Supply Schemes. It is expected that all the 42 Municipal Towns can be provided with water supply during the Sixth Five Year Plan. The Peppara Dam which is intended for stabilising the water supply to Trivandrum City will be completed during this year. In rural areas, as many as 876 Water Supply Schemes are under operation in 484 Panchayats benefiting a population of nearly 16 lakh. 415 other schemes are under different stages of implementation, out of which 200 schemes are scheduled to be completed and commissioned during the current year itself. During 1982-83, 200 tube wells will be drilled in rural areas making use of the drilling rigs gifted by the UNICEF. In the last budget it was proposed to constitute a Ground Water Authority for tapping the ground water resources. The Authority will be constituted at the earliest and the shortage of drinking water will be remedied during the sixth plan period itself.

34. For the current year, the outlay under 'Power' is Rs. 50 crore. During 1982-83, Idukki Stage-III will be completed. Besides continuing the ongoing works for completion of which top priority is being assigned, preliminary investigation of some of the new projects will also be undertaken in 1982-83. Six new projects, viz. Lower Periyar, Kuriarkutty-Karappara, Kuttiadi Augmentation, Mananthody, Puyamkutty and Pandiyar-Punnappuzha will be taken up soon on receipt of sanction from the Central Government.

35. Tourism being one of the most fertile areas with potential for development, the completion of existing ongoing schemes and the new activities required to supplement them will receive priority attention. Development of a tourist complex comprising of Malayattoor, Kaladi, Iringole Kavu and Kallil Temple will be taken up this year itself. New Guest Houses will be constructed at Idukki and Trippunithura.

36. The special retail outlets of the Kerala State Civil Supplies Corporation known as 'Maveli Stores', opened at various Districts and Taluk headquarters, will be continued. By stepping up the volume of business, it is expected that about 25% of the total requirement of essential commodities in the State can be handled by the Corporation.

37. A "Search and Rescue Organisation" will be organised in the Port Department during the current year.

38. The activities of the Kerala Shipping Corporation will be resumed with the purchase of new ships during 1982-83. The Kerala Inland Navigation Corporation will undertake pilfer-proof parcel service between Cochin and Alleppey this year.

39. K.S.R.T.C. will continue as the major fleet operator in the State. K.S.R.T.C. will give emphasis to replacement of old vehicles and streamlining of operation with a view to provide better transport facilities.

40. A new Food and Nutrition Centre will be set up at Balussery. The management of the Rural Marketing Centre at Payyannur will be taken over by Government as suggested by National Productivity Council. A warping, sizing and dyeing unit will be set up in Quilon District in the co-operative sector as part of the programme for developing infrastructure facilities in I.R.D.P. areas.

41. Government propose to enhance the coverage of the Sports Council's activities. Financial assistance for the manufacturing of sports goods, provision of stadia in all District Headquarters, take-over of Trivandrum Flying Club and enhanced assistance for the creation of sports facilities in rural areas are some of the measures under contemplation for the promotion of sports.

42. In recognition of the vital role played by the Police Force in the maintenance of law and order and the difficult conditions of their service, the State Government propose to introduce and accelerate various welfare measures for the Police personnel such as housing, ex-gratia payments in cases of injury or demise etc. Improvement and modernisation of the departmental system, personnel, equipment and facilities will continue to receive priority attention. Proposals to make the Police Control Room more effective by appointing special staff and to strengthen railway police in view of the increase in the number of rail passengers are under examination. Construction of 30 police stations and 25 quarters/barracks will be undertaken during the current year.

43. Better medical facilities, improved diet, recreational facilities, availability of parole and other amenities to the inmates in the Jails are contemplated.

44. New courts will be established according to administrative necessity as well as the convenience of the public and the bar. The prosecuting machinery will be streamlined and strengthened. A Rental Housing Scheme for Judicial Officers is being worked out.

### WAYS AND MEANS

45. The financial position of the State as presented in the Revised Budget Estimates for 1982-83, now before the House, is briefly as follows:—

	<i>(Rs. in crore)</i>
(i) Opening Cash Balance	(-)93.93
1982-83 Operation:—	
(ii) Revenue Account:	
(a) Receipts	837.82
(b) Expenditure	842.66
Revenue Deficit	(-)4.84
(iii) Capital Account:	
(a) Receipts	183.18
(b) Disbursement	241.24
Net Capital Account	(-)58.06
(iv) Public Account:	



(a) Receipts	960.78
(b) Disbursement	923.15
Net Public Account	(+)37.63
(v) Overall Deficit for (1982-83)	(-)25.27
(vi) Closing Cash Balance	(-)119.20

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### **Self Employment Scheme**

46. The problem of unemployment cannot be solved by payment of Unemployment Allowance. Nor is it feasible to provide employment to the large number of unemployed persons in Government Departments and Public Sector Undertakings. Therefore, it is proposed to evolve suitable schemes which will enable the unemployed to seek self-employment eliciting assistance from financial institutions. It will be possible for us to generate additional employment opportunities for thousands of unemployed persons in the coming years if a joint effort is undertaken in this direction. Loans and grants from Government, besides assistance from the financial institutions, will be made available to each of the unemployed persons eligible for unemployment allowance who undertakes such a venture. It is proposed to create a "Self Employment Agency" for this purpose. The amount required for loans and grants under the scheme will be provided in the budget every year. For the preliminary expenses of the Agency, a sum of Rs. 25 lakh is earmarked.

### **One Taluk, One Industry**

47. One of the major inhibiting factors in the industrialisation of the State is the absence of a shelf of projects to be offered to potential investors. The identification of such projects is the first step towards massive industrialisation. It is, therefore, proposed to conduct a detailed industrial survey to identify 58 projects at the rate of one per Taluk, each with a capital investment of at least Rs. one crore. This survey will be entrusted to major consultancy organisations like the National Industrial Development Corporation in collaboration with the Kerala State Industrial Development Corporation. Once the projects are finalised, they are to be implemented either in the Public Sector or in the Joint Sector sponsored by Kerala State Industrial Development Corporation. A Rs. 58 crore investment at the average rate of one crore per project in each of the Taluks, if undertaken exclusively in the Public Sector, will involve an outlay on share capital to the extent of Rs. 19.33 crore. On the other hand, the same order of investment, if made in the Joint Sector sponsored by the Kerala State Industrial Development Corporation, need cost the Government only Rs. 6 crore as share capital contribution to the Corporation in view of their standard financing pattern which includes private capital and refinancing from the national financing institutions. The above amount will be made available as additional share capital contribution to the Kerala State Industrial Development Corporation during the coming two to three years in accordance with projected requirements, to be utilised solely on the programme. Identification of projects will be over by the end of the current financial year and the detailed project reports will be ready in six months therefrom. A period of 18 months thereafter will be required for implementation of the projects, so that by the end of the current Plan period, each Taluk in the State will have a new industry with an average capital cost of Rs. one crore each. For employment in these units, preference will be given to the recipients of unemployment allowance. It is my earnest belief that such an innovative policy measure will serve to boost the industrialisation of the State to which we all stand committed. In order to meet the expenditure on the survey, the identification of the projects to be located in each of the Taluks, and other preliminary items of work, a sum of Rs. 58 lakh is set apart.

### **Interest Subsidy for Traditional Artisans**

48. At present, there are no schemes to provide assistance to artisans, blacksmiths, goldsmiths, potters, barbers etc., who are engaged in traditional vocations, for developing and modernising their crafts. As more and more people are no longer coming into these vocations, the expertise hitherto handed down from generation to generation is slowly vanishing. Demand for such expert craftsmen is increasing in foreign countries also. Therefore, it is necessary to develop and modernise these expert crafts. The IRDP being implemented is not quite capable of reviving these crafts. In the first place, IRDP does not cover urban areas. Secondly, it is not available to those with an annual family income exceeding Rs. 3,500. Moreover, as very often the income from these vocations in the early stages is limited, the assistance available today from financing institutions at the rate of 12.5 per cent interest under the IRDP is of little use for such programmes. In the normal course, the craftsmen engaged in these vocations do not get any interest concessions to remedy this weakness. Government propose to evolve a scheme by which loans up to Rs. 10,000 at concessional rates of interest will be made available to those engaged in traditional crafts. The responsibility of formulating the schemes, forwarding them to financing institutions and organising financial assistance will be entrusted to the Block Development Officers in respect of rural areas and to the Tahsildars in respect of urban areas. Government will provide an interest subsidy of 6.5 per cent for such loans. As a result, traditional craftsmen like artisans, blacksmiths, goldsmiths, potters, barbers etc. will be able to get financial assistance at 6 per cent interest. For this a sum of Rs. 10 lakh is earmarked.

### **Benefits for Bamboo Workers**

49. Bamboo and bamboo-mat industry provides employment for tens of thousands of workers. But this traditional industry is now facing a crisis due to the non-availability of working capital and other reasons. This has led to a rise in the price of bamboo purchased by the bamboo workers. Government consider it necessary to provide some relief to the poor workers in this traditional industry. Therefore, the seigniorage fees now levied on the bamboo stems and reeds purchased by the Bamboo Corporation is withdrawn. Deeming the bamboo and bamboo-mat industry as a traditional one, Government will extend the required assistance as and when needs arise.

### **Mobile Employment Exchanges for Tribal Areas**

50. Far flung tribal areas are cut off from centres of development and information about the various vacancies arising from time to time very often does not reach them. They cannot go to the Employment Exchanges frequently for getting the latest information, renewal of registration etc. To overcome these handicaps and to enable a large number of Scheduled Tribes to get placement, it is proposed to set up Mobile Employment Exchanges, to start with, one each in Idukki and Wynad Districts. Each Exchange will be manned by one Employment Officer, two Clerks and one Peon. The officer will be provided with a suitable vehicle. Mobile units will visit Tribal families frequently, maintain full and up-to-date details of educated unemployed tribals, help them in filling up and timely submission of application. A sum of Rs. 3 lakh is set apart for the two units.

### **Enhancement of the Pecuniary Jurisdiction of Munsiff's Courts**

51. Under the Kerala Civil Courts Act, the pecuniary jurisdiction of Munsiff's Courts is only Rs. 5,000. Subsequent to the fixation of the amount long ago, the value of land as well as the other issues leading to litigation have increased substantially and on account of the low limit permissible in the Munsiff's Courts the litigants are forced to resort to the Sub-Courts generally located in District Headquarters. This in turn reduces the work-load in Munsiff's Courts and increases that of Sub-Courts while also adding to the inconvenience and expenditure of the public. In the circumstances and also taking into account the opinion of the High Court, Government propose to raise the pecuniary jurisdiction of the Munsiff's Courts to Rs. 15,000.

## **Assistance to Victims of Vehicle Accidents**

52. The victims of accidents involving motor vehicles are entitled to compensation under the Third Party Insurance Scheme, while the employees receive their entitlements under the Workmen's Compensation Act. The procedure and the technicalities, however, considerably delay the actual receipt of compensation under the above schemes. It is, therefore, proposed to evolve an Assistance Scheme, by which assistance will be granted immediately, the rate being dependent solely on the severity of the injury. The existing rate of Rs. 500 in the case of death and Rs. 300 in cases of injuries will be enhanced on the following scale:

1. Death	Rs. 5,000
2. Permanent disability	Rs. 3,000
3. Serious injury	Rs. 1,000
4. Injury	Rs. 300

The assistance will be available in respect of accident cases receiving in-patient treatment in Hospitals. In case of death, the assistance will be granted on the basis of postmortem reports. In other cases, the assistance will be released by the State Insurance Department on the recommendation of the Tahsildar, on production of proof relating to the accident and hospitalisation. The expenditure in this context is proposed to be financed by a 2% surcharge on Motor Vehicles Tax, the balance requirements, if needed, being supplemented by the State Government. A sum of Rs. 50 lakh is set apart for the purpose.

## **Scholarships**

53. In order to raise the standard and quality of education and to stimulate competition among students, merit scholarships on District basis for those who pass the S.S.L.C. examination was introduced in my Budget Speech for 1980-81. The scheme has been received well by the student community. To encourage the pupils at the U.P. and secondary levels, Government propose to enhance the scope of the scholarship scheme now in vogue at the school stage. At present, in each educational district, 50 scholarships for the Upper Primary sector and 80 for the High School students are being granted on the basis of merit and means. Taking into account the increase in the number of schools and students, it is proposed to enhance the number of scholarships to 120 for the Upper Primary students and 150 for the High School students from this academic year onwards. The eligibility limit of parental family income will also be raised from the present level of Rs. 3,000 to Rs. 6,000. A sum of Rs. 5 lakh is set apart for this purpose.

## **Assistance for Youth Festivals raised**

54. The grant now being paid for the State Youth Festivals to stimulate the artistic talents of the students will be raised from Rs. one lakh to Rs. two lakh per year.

## **Boarding allowance to handicapped students enhanced**

55. The society has a special responsibility in respect of the education of handicapped children so as to enable them to take up suitable vocations in life. Boarding allowance for handicapped students in schools is one of the various beneficial schemes implemented by the Government. At present, the handicapped children of parents whose income does not exceed Rs. 3,600 and Rs. 6,000 per annum are given boarding allowance of Rs. 100 and Rs. 50 per month respectively. It is proposed to unify and increase the boarding allowance of all handicapped students in schools to Rs. 150 per month and to enhance the parents' income limit to Rs. 15,000 per annum. A sum of Rs. three lakh is set apart for this purpose.

### **Sales Tax exemption for Students' Note Books**

56. At present there is a scheme to distribute through school co-operative societies the note books made by the school children utilising the paper distributed by Government on a subsidised price. In response to the demand of the students' organisations and in order to make available such note books at a lower rate, Government hereby exempt them from Sales Tax.

### **Sales Tax on Slates and Pencils abolished**

57. As slates and pencils are essential articles required by school children day-to-day, the Sales Tax on these items will also be abolished.

### **Awards for Asian Games participants**

58. In recent years Kerala has secured an important place among the States in India in the field of sports and games. We could stand foremost in this field by providing further incentives and training facilities to our athletes and players. A number of athletes and players from Kerala have been selected to the coaching camps preceding the proposed Asian Games due in Delhi this November. The State Government proposes to award Rs. 5,000 each to the athletes and players from this State, who are selected to participate in the Asian Games. Some State Governments have already announced awards and prizes for the athletes who win medals in these Games. Kerala should also honour the medalists with suitable awards. Therefore, it is proposed to award Rs. one lakh each to winners of Gold Medals, Rs. 50,000 each to winners of Silver Medals and Rs. 25,000 each to winners of Bronze Medals. A sum of Rs. 5 lakh is set apart for this purpose.

### **Directorate of Medical Education**

59. At present, there are five Medical Colleges in Kerala. The total number of departments and specialities has also increased considerably. With the establishment of the Medical College at Trichur, the total strength of the teaching staff is nearly 1500. Besides, there is a large number of non-teaching staff, paramedical staff, House Surgeons etc. The total number is therefore about 3,000. Apart from the Medical Colleges we have two Dental Colleges (second one to be started in Calicut) and three Colleges of Nursing (including the two new ones). The field of Medical education in Kerala is already very vast and is likely to expand further. At the moment the Principals of Medical Colleges function almost like independent Heads of Departments, although the staff are inter-changeable. The situation is anomalous in as much as we have five persons virtually functioning as heads of departments within the same department. Consequently, many functions which normally should fall within the purview of the head of the department are now thrust on the Health Secretary. The need to organise a Directorate of Medical Education on the lines of the Directorate of Technical Education is thus obvious. Government propose to organise a separate Directorate of Medical Education which will plan and co-ordinate all activities relating to the training and service of medical, dental, nursing and paramedical personnel. For this, a sum of Rs. 5 lakh is set apart.

### **A new University**

60. Kerala is the most literate State in India. When it was found that Kerala University could not cope with the volume of work, a second University was started in Calicut. Subsequently, the University of Cochin was also started. But it was conceived and it still continues as a teaching University with emphasis on technological and specialised studies. The State, therefore, has only two affiliating Universities at present. Subsequent to the organisation of Calicut University, the number of colleges in the State as well as the number of students has gone up substantially. At present, there are 93 colleges under the Kerala University. The University has also introduced Correspondence Courses and a system of permitting external candidates to take its examinations in specified subjects. As a result of all these developments, while the Calicut University is still a manageable unit, the University of Kerala has become unwieldy. A time has come to think of one more affiliating University in the State. Government, therefore, propose to

start during the current year, a new affiliating University. A Special Officer for the purpose will be appointed soon. For the expenditure connected with this, a sum of Rs. 5 lakh is earmarked for the current year.

### **Development Authorities for Idukki and Wynad**

61. Reduction in regional disparities is necessary for the overall development of the State. The two Districts of Idukki and Wynad, which account for a substantial portion of our foreign exchange earnings under cash crops and provide employment to a large number of workers, still remain backward. In order to ensure the faster development of agriculture and industry in these areas and to elicit institutional finance to supplement Government's efforts in this context, it is proposed to establish separate Development Authorities for Idukki and Wynad Districts. A sum of Rs. 45 lakh is set apart for this purpose.

### **New Road Transport Company with Headquarters at Sultan's Battery**

62. The transport needs of the public are rising very fast. Government have not been able to cope with the rising demand in this sector. Out of the more than 10,000 buses operating in the State, about 3,500 are operated by K.S.R.T.C. and the rest by small and medium operators. The aspirations of the people can be effectively met only if the Government enhances its involvement in transport operations. Kerala State Road Transport Corporation has reached an almost unwieldy size and is also burdened by accumulated losses to the tune of Rs. 52.44 crore. More than half of their vehicles are very old and vast sums of money will have to be found for replacing them. On account of these two factors, K.S.R.T.C. is to be deemed unequal to the task of enhancing the transport facilities of the public in Kerala in general, and Wynad in particular. As Government cannot find from its coffers the required money for improvement of transport facilities, the possibility of obtaining institutional finance has to be explored. As it is a losing concern K.S.R.T.C. will not be able to attract any substantial institutional finance any more. Against the above background, Government propose to establish a new transport company in the public sector in the Wynad area. Starting on a clean slate the new company will be able to attract substantial institutional finances. In addition, the scope of workers' participation through employee shareholders, the weaker sections being given financial assistance to purchase share, is also proposed to be examined. During the current year the new company shall purchase and part on road at least 50 vehicles. A sum of Rs. 50 lakh is earmarked to provide the initial share capital for the new company.

### **Enhancement of Minimum Pension and other benefits to the Pensioners**

63. In the case of State Government pensioners, the minimum pension, inclusive of D.A., is Rs. 138 per month. The minimum pension of the Central Government pensioners has recently been enhanced to Rs. 150 per month. Therefore, it is proposed to enhance the minimum pension of State Government pensioners also from Rs. 138 to Rs. 150 inclusive of D.A. It is estimated that about half of the one lakh pensioners in the State will be benefited by this increase. The minimum family pension to State Government employees will also be enhanced from the current rate of Rs. 113 per month to Rs. 125 per month inclusive of D.A. The amount of Pension now being received by pensioners who have retired years back are very low, since they retired while they were on very low scales of pay. The pensioners in the State have, therefore, been demanding that their pension should be substantially increased. A last grade employee, retired in 1981, is receiving more than double the amount of pension compared to a similar employee, retired in 1966. Disparity in pension exists in the case of other categories also. Government consider that employees who have retired from service years back and are receiving only small amounts of pension deserve sympathetic treatment. Accordingly, an ad-hoc increase in pension of Rs. 15 per month will be allowed to all pensioners who have retired before 01.07.1978 and who are drawing a pension not more than Rs. 300 per month except those receiving pension and family pension at the enhanced minimum rates. From July 1978, the maximum amount of death-cum-retirement gratuity that a State Government employee gets on retirement is Rs. 28,000 whereas it is Rs. 30,000 in the case of Central Government

Employees. The Associations of Pensioners have been representing to Government that there is no justification for fixing different limits in this regard and that the DCRG at the Government of India maximum limit should be allowed to them. The Central Government have now enhanced the maximum amount of DCRG to Rs. 36,000. Since the State Government are in almost all aspects adopting the rates and rules of the Central Government in respect of pensions, it is considered unfair to maintain different limits in respect of maximum DCRG. Accordingly, the maximum amount of Death-Cum-Retirement Gratuity of State Government employees will be increased to Rs. 36,000 as in the case of Central Government employees. Increase in the minimum pension, family pension, other pensions and DCR Gratuity will be allowed from 01.04.1982. A sum of Rs. 1.25 crore is set apart for these benefits to the pensioners.

### **Subsidy for Fish Farming in Kuttanad**

64. Kerala has extensive brackish and fresh waters suitable for aquaculture. The inland fish production which is currently estimated at 28,000 tonnes could be stepped up more than five-fold if the entire potential area is brought under scientific aquaculture. As a step towards achieving this object, Government propose to introduce a scheme in Kuttanad area to popularise commercial rearing of fish. It is proposed to bring 3,000 hectares of paddy land and uneconomical water-spread area in Kuttanad under fish culture within six years at the rate of 500 hectares per year. Single crop paddy is raised in Kuttanad from October-November to February-March. Normally, a minimum period of one year is required for the growth of fish to marketable size. Therefore, rearing ponds will have to be made to rear the seeds to fingerlings size before they are released to the fields. At present, the maximum rate of fish production per hectare per year is estimated to be 500 kg. This can be raised upto ten-fold by composite culture of major carps, common carps, giant freshwater prawns and macro brachium. It is proposed to give an assistance of Rs. 15,000 per hectare for interested farmers who own more than 0.5 and less than 6 hectares, of which Rs. 13,000 as loan from financing institutions and Rs. 2,000 as Government subsidy. Fishermen Welfare Societies and public institutions can also be given this aid and in their cases the maximum area will be fixed as 50 hectares. For this scheme, which will be implemented through the Kerala Inland Fisheries Development Corporation, a sum of Rs. 10 lakh is earmarked.

### **Eco-Development cum Social Forestry Project**

65. The agricultural sector in Kerala is pre-dominated by small and marginal farmers. Today they are facing a crisis on account of the decreasing productivity of land. To sustain productivity, the fertility and richness of land has to be safeguarded. Soil erosion and unscientific land use patterns are among the major causes of the decline of the soil. Alongside contour bunding and construction of retaining walls, we have to depend extensively on social forestry in view of its obvious economic and ecological advantages. By planting new species of trees like Su Babul (*Lucina lucocephala*) in unused portions of agricultural land, fertility of the soil as well as preservation of ecology can be ensured without disturbing the existing cropping pattern. Moreover, we will get from these trees timber, firewood and green leaves which can be used as fodder. With the above intentions, Government propose to implement a Social Forestry cum Eco-Development Project over 2,00,000 hectares of land. For this programme, for which liberal Central assistance is anticipated, the expenditure will be Rs. 45 crore in 10 years. The project will yield over a 16-year period, benefits worth Rs. 350 crore of which not less than Rs. 260 crore will go to the poorer farmers. The project will generate in a decade, 2.6 crore of man-days in the rural and tribal areas. For this programme, which will be implemented through the Social Forestry Wing of the State Forest Department, a sum of Rs. 10 lakh is earmarked.

### **Revolving Fund for the Relief of Agricultural Losses during Natural Calamities**

66. Relief for agricultural losses consequent on natural calamities like floods, drought, cyclone etc. is provided at present in various forms subject to a maximum of Rs. 300 per hectare. However, the fact remains that on account of the magnitude of the losses, the limitation of the amount of assistance and the delay in securing aid from the Centre, the affected farmers are often unable to reclaim their land or resume cultivation without delay. As a permanent measure to ensure adequate and timely assistance, it is proposed to establish a Revolving Fund. Apart from the current annual contributions from the State and Central Governments, separate budgetary provision will be made for this fund, which will be administered by the Department of Agriculture for a fixed period. It is expected that the establishment of the fund will enable payment of higher compensation and other benefits to the cultivators. Rules will be framed for regulating the working of the Fund and for rendering timely assistance to affected farmers. An amount of Rs. 50 lakh is set apart for this purpose.

### **25% Subsidy for Fertilisers in Kuttanad and Kole Lands of Trichur**

67. Cultivators of paddy are facing a crisis consequent on increasing cost of production and declining price of paddy. The situation is particularly adverse in the case of the paddy growers of Kuttanad and Trichur, most of whom are restrained from shifting to other crops only because of the Kerala Land Utilisation Order. Although there have been consistent demands for rescinding the Land Utilisation Order, Government have been unable to accommodate the request due to a variety of reasons. At the same time, Government have an obligation to support the paddy cultivators. Government, therefore, propose to make a beginning in this direction by providing a 25% subsidy in respect of the fertilisers purchased by paddy cultivators with less than 5 hectares in Kuttanad and the Kole land of Trichur District. It is estimated that fertilisers of the value of Rs. 534 lakh are used in the 52,000 hectares of Kayal Lands and 14,800 hectares of Kole lands in Kerala. As such, 25% subsidy works out to Rs. 133 lakh. However, the cost of the subsidy will only be around Rs. 75 lakh, when restricted to cultivator owning less than 5 hectares of land. Accordingly, fertilisers for paddy cultivation in the Kayal and Kole lands by cultivators owning less than 5 hectares of land will be subsidised to the extent of 25% from 01.09.1982. A sum of Rs. 50 lakh is being set apart for the purpose.

### **Kerala Agriculture Commission**

68. The high cost of agricultural production and the fall in price of agricultural produce are the twin problems faced by the cultivators in Kerala. It is an accepted policy to revise the wages in industry and other sectors in accordance with the rise in consumer price index. The cultivators of Kerala today pass through a crisis caused by the ever increasing agricultural production costs as well as the rise in cost of living. They should be assured of remunerative prices. A situation should not be allowed to arise where the cultivators would be forced to quit the farm. On the other hand, more people have to be attracted to the farming sector for enhancing agricultural production. It is necessary to constitute a permanent machinery on the lines of the National Agricultural Prices Commission for fixing parity index (the percentage ratio of the prices received to prices paid by the farmer) and revising the prices of agricultural produce to meet the fluctuations in farming cost. This machinery could fix fair prices for the farm outputs taking into consideration the peculiar circumstances obtaining in Kerala and undertaking an objective study of the production cost. The problem will not be solved by fixation of fair-price alone. It can be solved only by either the Government granting farm subsidy corresponding to the rise in cost of production, or by the Government procuring farm produce at the fair-prices fixed. Therefore, it is necessary to appoint a Commission empowered to fix fair prices to recommend measures for ensuring the same and suggest other benefits. The State's agricultural economy can be stabilised by the measures taken by Government, based on the recommendations of such a Commission. It is, therefore, proposed to appoint a permanent Agricultural Commission for fixing fair prices for agricultural produce every year and for recommending related measures to be adopted by Government. A sum of Rs. 5 lakh is earmarked for the current year on

this account. Necessary provision will also be made every year for the steps to be taken by Government, based on the recommendations of the Commission.

### **Agricultural Income Tax exemption limit raised**

69. Agricultural Income Tax exemption limit was raised from Rs. 8,000 to Rs. 12,000 in budget for 1980-81 and to Rs. 15,000 in the budget for 1981-82. However, the Government feel that the tax burden agriculturists already harassed by rise in cost of production, fall in agricultural prices and the decline in the money value has to be further reduced. Therefore, the Agricultural Income Tax exemption limit will be raised, on the lines of the Central Income Tax Law, from Rs. 15,000 to Rs. 20,000, thereby exempting all agriculturists with an annual income not exceeding Rs. 20,000 from this tax. This will, however, not be applicable to companies.

### **Provisional Assessment System abolished**

70. The Provisional Assessment dealt with in Section 18 of the Kerala General Sales Tax Act enables a dealer to file in advance an estimate of turnover for the year and pay the tax in monthly instalments. The Final Assessment dealt with in Section 17 involves assessment on the basis of the final returns filed in the end on the basis of actual turnover, after assessing the tax in advance as mentioned above. Retention of a system of advance provisional assessment parallel to the final assessment does not confer any specific advantage. On the contrary it creates difficulties for the Government and the traders. As Rule 21 of the Kerala General Sales Tax Rules provides for remittance of the tax due on the actual turnover of the previous month along with the return for the succeeding month, the abolition of the foresaid system of provisional assessment not only does not cause any inconvenience for the traders, but also, on the other hand, avoids unnecessary difficulties arising from the filing of returns and adducing of the evidence twice, namely, at the time of Final Assessment and Provisional Assessment. The time wasted by the officers for making the provisional assessment in the first few months of the year can also be saved. Prof. I. S. Gulati had, therefore, pointed out in his report that by abolition of the system of provisional assessment, Government will not suffer any loss of revenue and that if the time needed for it is issued for expeditious completion of final assessment, it will be more helpful for tax collection. Taking all these facts into consideration, the system of provisional assessment described in Section 18 of the Kerala Government's Sales Tax Act will be abolished. The trading community in Kerala will deserve substantial relief by the abolition of provisional assessment.

### **Sales Tax exemption limit raised**

71. In the budget for 1981-82, the turnover limit for exemption was raised in respect of multi-point sales tax from Rs. 35,000 to Rs. 50,000 and in respect of single point sales tax from Rs. 10,000 to Rs. 15,000. When the frequent rise in the commodity prices is taken into account, it will be seen that it is necessary to raise these limits further. Past experience has shown that elimination of small traders from the tax net will not lead to any fall in tax revenue. On this basis, to provide relief for the small traders the exemption limit in respect of multi-point taxation will be raised from Rs. 50,000 to Rs. 75,000 and that in respect of single point taxation from Rs. 15,000 to Rs. 25,000. As a result of this step, thousands of small traders will be benefited.

### **Compounding Limit being raised**

72. The Sales Tax compounding limit is at present Rs. 55,000. It is in the fitness of things to raise the compounding limit also on the basis of the enhancement of Sales Tax exemption limit from Rs. 50,000 to Rs. 75,000. Therefore, compounding facility will be extended to traders with an annual turnover between Rs. 75,000 and Rs. 80,000.

### **Benefit of simplified tax system extended to more traders**



73. It was with a view to avoid the pitfalls and to remove the hurdles faced by the trading community when officers resort to Best of Judgment assessment without accepting the returns filed by the traders that I introduced the simplified tax system in the budget presented in 1976-77. The new system thus introduced was to assess tax on the basis of the returns filed by the traders without disbelieving them, and at the same time, verifying their accounts triennially to correct any mistake. The objective behind this was to make the officers pay closer attention to the larger sectors which can yield higher tax income. Experience has shown that this change was quite effective. As a result, the tax income went up. Therefore, the limit of the simplified system prescribed in Section 17(4) of the Kerala General Sales Tax Act will be raised from Rs. 1½ lakh to Rs. 2 lakh. All traders in the State with a turnover not exceeding Rs. 2 lakh will benefit from this.

#### **No Sales Tax for Tapioca**

74. The Sales Tax on tapioca products was 4% and that on raw tapioca 2%. In the budget for 1980-81, the tax on tapioca products was reduced from 4% to 2% and the rate 2% tax on raw tapioca was dispensed with in the budget for 1981-82. All that remains now is the 2% tax on tapioca products. Government feel that as tapioca is an item of food for the common man, all types of tapioca must be totally exempt from Sales Tax. Therefore, the 2% Sales Tax on tapioca products will be abolished.

#### **Hotels exempted from Purchase Tax**

75. The hotels in the State were exempted from Sales Tax from 01.04.1976. But the system of levying purchase tax on items purchased by them for preparing the food, like coconut and firewood, persists. This is illogical and leads to the dilution of a concession granted. Considering the effort involved in collecting this tax, the quantum of which is negligible and the difficulties faced by the hoteliers, the purchase tax on coconut and firewood bought by the hotels for preparing food will be abolished.

#### **Sales Tax Loans**

76. Small Scale Industries Units started after 01.04.1979 have been exempted from Sales Tax for 5 years. But, there are widespread complaints that this has adversely affected the older units which have to face stiff competition in prices on this score. I had stated during the budget discussions last year that the Government would consider instituting a sales tax loan scheme for the benefit of such industries. Accordingly, the Government hereby declare that all S.S.I. units which commenced operations prior to 01.04.1979 will be granted a sum equal to the Sales Tax paid by them as interest-free loan for 5 years.

#### **Sales Tax exemption for industrial raw materials used by tyre companies limited to manufacturing units within the State**

77. In 1979, Government exempted tax payable on the sale of the following goods to the Tyre Manufacturing Companies within the State for the manufacture of tyre in the State.

1. Synthetic rubber
2. Carbon black
3. Fabric
4. Wire
5. Valves
6. Chemicals

The benefit conferred by this notification is enjoyed both by the manufacturers within Kerala and those outside. There is no need to provide such concessions for industries located outside the State. Therefore, Government propose to limit the aforesaid tax exemption to the locally manufactured goods only.

### **Tax Reforms in the Industrial Sector**

78. The industrial products manufactured in Kerala can effectively compete in the market only if the consumers can get them at moderate prices. On a scrutiny of the tax structure in Kerala, it will be seen that with some modification they can be made instruments to further industrial progress. At present, industrial products are subject to two types of tax at two different stages. One of these is the tax levied at the stage of purchasing the required raw materials and components. The other is tax levied when the end products are sold. The prices of our industrial products, already high on account of the higher cost of production, goes higher when both these tax components are merged in the price. But, in the neighbouring States, where the cost of production is lower, the tax rates are also lower. Therefore, the products manufactured here are unable to capture the market within the State as well as outside. This situation has adversely affected our industrial growth. When an industrial product manufactured in Kerala is subjected to a tax higher than 4%, the possibility of bringing it from outside paying only the Central Sales Tax at 4% leads to the decline of our industries. This has also led to the migration of some industries to neighbouring States. I had mentioned in last year's budget that a detailed study of this situation will be undertaken and that on the basis of such a study the required tax reforms aimed at the industrial growth of the State will be introduced. Accordingly, an expert committee was appointed and they have submitted the report. On the basis of that report and with a view to hasten the industrial progress of the State, I propose to make some basic changes in the structure of the Sales Tax Act and the rates of tax. These are:

**(i) *Tax on industrial raw materials reduced to 4% at Central Sales Tax rates***

79. The tax on all industrial raw materials now subjected to a rate higher than 4% under the Sales Tax Act will be reduced to 4%. Consequently, the tax on a large number of industrial raw materials like aluminium, coffee, seeds, molasses, cement, printing ink and printing types, cocoa, arecanut, leather, sodium silicate, ayurvedic herbs, perfumes and essences, basic chemicals and drugs, electrical insulating materials, printed circuit boards, tin sheets, tin plates etc. will come down to 4%.

**(ii) *Tax on components reduced to 4%***

80. At present, tax concessions are available only for such components which are identifiable constituents of the finished products. Henceforth, all other components on which higher rate of tax is levied because they do not satisfy this rigorous definition will also be subjected to sales tax at the reduced rate of 4%.

**(iii) *Tax on packing materials reduced to 4%***

81. The higher rate of tax now being levied on packing materials such as plastic polythene containers, tin containers, packing paper, packing boards, glass bottles etc. will be reduced to 4% in respect of purchases by industrial units for packing purposes.

**(iv) *Tax rates lowered on par with the tax rates in other South Indian States***

82. To ensure industrial progress and reduce the prices of essential commodities having an impact on the common people, it is necessary to equalise our tax rates with the lower rates prevalent in other South Indian States. On this basis, the following tax reliefs will be allowed:

- (i) Sales Tax on milk products will be reduced from 10% to 8%
- (ii) Sales Tax on rubber products except tyre and tube will be reduced from 10% to 8%
- (iii) Sales Tax on edible oils other than coconut oil will be reduced from 8% to 4%
- (iv) Sales Tax on rubberised coir products will be reduced from 6% to 4%
- (v) Sales Tax on aluminium goods will be reduced from 8% to 6%
- (vi) Sales Tax on ready made garments will be reduced from 6% to 5%
- (vii) Sales Tax on plastic products will be reduced from 8% to 6%
- (viii) Sales Tax on agricultural machinery will be reduced from 8% to 6%
- (ix) Sales Tax on biscuits and confectionery will be reduced from 10% to 8%
- (x) Sales Tax on welding rods and arc carbons will be reduced from 9% to 8%

The aforesaid concessions will not lead to substantial revenue loss as they will enhance industrial production, hasten expansion of trade and commerce and develop internal markets. On the other hand, they will lead to additional receipts in future on account of increased production.

(v) ***Certain taxes being raised to the level of other South Indian States***

83. In conformity with the approach in reducing some tax rates to bring them on par with other South Indian States, it is only just and proper to raise to the higher levels prevailing in the neighbouring States, some tax rates which at the moment are lower here. Therefore, the tax on some luxury goods will be enhanced as follows:

- (i) Sales Tax on synthetic rubber foam, polyurethane foam and plastic foam and their products from 12% to 15%
- (ii) Sales Tax on artificial silk yarn and polyester fibre from 2% to 4%
- (iii) Sales Tax on paints, colours, lacquers and dyestuffs from 7% to 10%
- (iv) Sales Tax on plywood veneers and hardboards from 7% to 10%
- (v) Sales Tax on precious stones from 5% to 10%
- (vi) Sales Tax on domestic electrical appliances such as grinders, mixers, hotplates, water heaters, washing machines, cooking ranges etc. from 10% to 12%
- (vii) Sales Tax on storage batteries other than dry cells from 13% to 15%
- (viii) Sales Tax on clocks, timepieces and watches from 12% to 15%
- (ix) Sales Tax on stainless steel products from 8% to 10%

(vi) ***Tax on Arrack***

84. At present, Foreign Liquor and Indian Made Foreign Liquor are liable for Sales Tax at 50%. Although arrack was also liable for Sales Tax at 50% between 01.04.1963 and 31.03.1973, it was given total exemption from 01.04.1973 onwards. In many other States, there is no such exemption. Government do not consider it necessary to exempt arrack from Sales Tax in Kerala either. Therefore, Sales Tax at 15%

will be levied on arrack on the first point of sale within Kerala. I expect an additional income of Rs. 1.50 crore on this account.

85. As exhibited under 'Ways and Means', the Revised Budget Estimates 1982-83 before the House indicates that the current year will close with an overall deficit of Rs. 119.20 crore. The additional D.A. commitment for 1982-83, not included in the documents presented to the Assembly, is Rs. 16.50 crore, while the commitment on account of the new welfare measures I have just announced is Rs. 5.15 crore. The net receipt from the taxation measures announced by me is Rs. 1.80 crore. Thus, additional receipts for a total amount of Rs. 22.11 crore are likely to accrue during the year on account of the following:—

	<i>(Rs. in crore)</i>
1. Additional Central assistance for externally aided projects – Arrears relating to 1981-82	6.00
2. Additional receipts from share of small savings	2.00
3. Collection of arrears, economy in expenditure and buoyancy in receipts	10.17
4. Assistance for Centrally assisted and UNICEF aided schemes	2.14
5. Net yield from the restructuring of State taxes just announced	1.80
<b>Total</b>	<b>22.11</b>

The net resultant deficit, taking into account the various deteriorations and improvements mentioned above, is thus Rs. 118.74 crore. The Government of India have agreed to treat the closing deficit relating to the year 1981-82 as a medium term loan to be repaid within a period of 5 years based on the discussions the Chief Minister and I had with the Prime Minister and the Union Finance Minister. This will reduce the State's deficit at the end of the current year from 118.74 crore to Rs. 24.81 crore. This deficit is proposed to be covered by increase of non-tax revenues as also by enforcement of economies in expenditure. Eventhough additional resources to the extent of Rs. 35 crore will be raised during 1982-83 to finance the overall plan the major portion of the yield from these additional resources mobilisation measures will be utilised for financing the plan deficit of the K.S.R.T.C. and the K.S.E.B.

86. There are few rights or political principles of greater importance to the people than expending public revenues to ensure 'justice – social, economic and political' as enshrined in the preamble of the Indian Constitution. Keeping this in view, I have tried to bring Governmental programmes increasingly to the service of the people so as to enhance their material and cultural status within the limited resources and the economic and fiscal powers available to the State Government.

87. The House would certainly agree with me that I have not resorted to heavy taxation measures, in spite of severe compulsions. But, on the other hand, I have tried to relieve the tax burden by a scientific restructuring of taxes, with a view to promoting agricultural and industrial production and to revitalise the economy. At the same time I have not neglected any major economic or social sector. On the contrary, I have laid stress on solving the chronic problem of unemployment, hastening industrial growth, and increasing agricultural productivity and improving the income of the farming community. I have taken care of the students and the youth, and the working class and the weaker sections of the society. As will be obvious to the Honourable Members, the main thrust of this budget is to pave the way for comprehensive development of the Kerala society, without ignoring any sector of the economy and with emphasis on the paramount significance of making that society egalitarian. There will be utmost economy and strict

priorities in public expenditure. The inevitable budgetary deficit will be narrowed down by appropriate fiscal planning. I fervently hope that the proposals contained in the Budget will have the unstinted support and acceptance of the full House as well as the spontaneous approval of the people.

88. Pious platitudes or mere reiteration of noble intentions can never be substitutes for determination, tenacity of purpose and hard work. A rededication to the task of nation building, to which noble task our generation has been called, is the need of the time. History will judge this generation on the basis of its ability to rise to the occasion and meet the challenge.

89. Sir, before I commend the Revised Budget for 1982-83 to this House for its approval, I may inform the House that although a Vote on Account for six months has been passed by Parliament, the expenditure during the financial year 1982-83 will be according to the Revised Budget Estimates now presented before the House.

90. Now, Sir, the Budget is submitted to the House for consideration and approval.

K. M. MANI