



BUDGET SPEECH 1983-84

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18th, March 1983

Sir,

I rise to present the budget for 1983-84, the second budget of the United Democratic Front Government within its first year. The Government have made an earnest attempt to fulfil the pledges made to the people during the short span of time in spite of unprecedented difficulties.

2. Plan expenditure beyond our means, erosion of income on account of drought and the restrictions suddenly clamped on the overdraft facilities we were enjoying were the reasons for the difficulties.

3. The ways and means limit of Kerala has been raised recently to Rs. 30 crore from the earlier Rs. 18 crore. At the end of October 1981 Kerala's overdraft, inclusive of ways and means, was Rs. 59 crore. On 31st March 1982 it rose to Rs. 93.93 crore. On May 24, 1982 when this Government came into power after the last election, the overdraft was of the order of Rs. 140 crore inclusive of ways and means advance. On June 26, 1982 it reached Rs. 145 crore. Our State which was enjoying such large scale overdraft facilities till last July was forced to submit to the new condition that the overdraft beyond the ways and means limit of Rs. 30 crore should be cleared within seven days. This is the main reason for the present financial strain.

4. The second reason for our financial difficulty was the shortfall in receipts consequent on the severe drought experienced this year which has no parallel in the recent history of Kerala. Consequent on the drought the production of electricity went down leading to stoppage of interstate sale of power resulting in a shortfall of Rs. 35 crore in the State's income. In addition, the loss of crops and other damages caused by drought was considerable. The industrial recession following the power cut adversely affected the market situation and consequently the sales tax income.

5. Annual Plans beyond the financial capabilities of the State and the extra investment which we made under Plan have also been responsible for the financial difficulties. For instance, as against the approved Plan of Rs. 273 crore, we spent Rs. 311 crore in 1980-81. In 1981-82 the actual expenditure was Rs. 324 crore, although the approved outlay was only Rs. 275 crore. Similarly, the approved annual plan for 1982-83 was of Rs. 275 crore, but the Plan being implemented is of the order of Rs. 298.4 crore. If the annual plan for 1983-84 envisaging an outlay of Rs. 320 crore is scrutinised closely, it would be obvious that it is a plan beyond our financial means. It is the determination that the financial difficulties should not be allowed to affect the development and progress of the State which persuaded us to undertake the burden of an Annual Plan bigger than the previous years.

6. These circumstances have in reality enclosed us in a vicious circle. Government are now making a concerted effort to cut this vicious circle. As part of such effort, Government decided to postpone certain items of expenditure. Besides Government have adopted drastic economy measures. Consequent on some such steps, the year end deficit and overdraft have been brought down. Yet as we enter the new financial year, some of these postponed items may lead to a rise in overdraft and deficit.

7. Postponement of certain items of expenditure may ease our difficulties temporarily. But it does not provide a permanent or lasting solution. There are three methods which can be considered for the solution of this problem. One is to find new resources ourselves to cover the deficit and meet the State's considerable needs. We can try this method to some extent, but it is not practicable to depend on this to solve our problem. The second method would be to cut the Plan size. While it is to be conceded that we have to consider limiting our Plan outlay to our financial resources, it is not desirable to take this road because a cut in Plan and programmes would defeat the objectives of development we have set for ourselves. Moreover, when we take into account the backwardness of Kerala, the acute unemployment problem here and our per capita plan investment which is below the national average, we cannot brook such an idea. In these circumstances the Centre should give us greater financial aid taking into account the special problems of Kerala.

8. We have demanded that just as financial assistance is given to meet agricultural losses arising from drought, Central aid should be given to compensate us in the shortfall of income caused by lower power production arising from the same reason. Let us hope that the Eighth Finance Commission will carefully assess all this and help us to cover the deficit and solve our special problems. In a way it can be said that the financial stability of the State depends on the assistance recommended by the Finance Commission.

9. According to the principles of tax sharing adopted in our Constitution 70% of the tax resources of the country are at the disposal of the Union Government. At the same time States which have to undertake heavy burden for social service, education and health have very few sources of income. Mainly sales tax and agricultural income tax are the two taxes earmarked for the States. The States are also given a share of income tax and union excise duty collected by the Centre. But, there is no provision today to share any part of Corporation tax and customs duty. We have requested in our Memorandum to the Eighth Finance Commission that this should be changed and in its place new procedures should be evolved to make the entire tax income statutorily shareable with the States.

10. Similarly, the State Government is of opinion that the States should get in larger measure the benefit of moneys invested in financial institutions. The Government are of the view that the investments in nationalised banks and the amount available to institutions like the LIC should be made to benefit the States more.

11. Today only 20% of open market borrowing is available to the States.. In its place the proportion of sharing should be 50 :50 between Centre and States. In the *inter-se* distribution, Kerala State which makes a comparatively bigger contribution to the foreign remittance is entitled to a higher share of open market borrowing. If Kerala's contribution to the foreign exchange earnings of the country also is taken into account, our case for special consideration for financial assistance would become stronger.

12. The Awards of the earlier Finance Commissions have by and large benefited the richer States more. The economically backward States and the States which are not adequately developed have not been given the consideration due to them on account of their special problems. This should change at least this time. The recommendations of the Finance Commission should help attain this objective. Unemployment is Kerala's most acute problem. I hope that the Finance Commission would appreciate its magnitude. There are 2 million unemployed persons registered in Kerala's employment exchanges. This is 10% of the unemployed in India as a whole. Among the unemployed in Kerala, 50% are educated. This is an explosive situation. Even if the Government concentrate all their energies, this problem cannot be solved without greater Central assistance. Similarly, Kerala, which is deficit in food production deserves special economic consideration on that score also. The cash crops which are among the most important of our natural resources are not getting adequate prices for reasons beyond our control. This affects our economy very seriously. I hope the Finance Commission will take note of this also. Moreover, Kerala has given priority in efforts to achieve the national objectives of free and compulsory education for children up to 14 years and improving public health in accordance with the Directive Principles of State Policy. We have made great strides in these fields, but it also means that we have invested heavily in these sectors. The Centre therefore has a responsibility to solve our financial difficulties consequent on this. The price which we have to pay to consolidate the foundations for the social progress in the State has been very high. We have spent 57% of total non Plan revenue expenditure of the State for this. When we remember that the average expenditure of Indian States in this sphere is only 38%, the magnitude of the additional burden undertaken by us will be obvious.

13. Out of the Central assistance given to the States for State Plans the non-repayable portion is very limited. About 70 % of such assistance is given in the form of interest bearing loans. We have a tragic situation today where the State finds it difficult to wipe off the debt burden accumulated over the years. To solve this problem, Centre should convert as grant the amounts given for programmes like public works, distress relief, anti-sea erosion etc., which are unproductive expenditure.

14. Let us hope that the Eighth Finance Commission will carefully assess the problems of Indian States as a whole and Kerala in particular and make suitable recommendations.

Accounts 1981-82

15. The revised estimates for 1981-82 had indicated that the year would close with a deficit of Rs. 84. 52 crore. However the final accounts show that the year 1981-82 actually ended with a minus cash balance of Rs. 93.93 crore.

Revised Estimates 1982-83

16. According to the revised estimates for 1982-83 the total revenue receipts are Rs. 846.55 crore against the budget estimates of Rs. 837.82 crore indicating an improvement of Rs. 8.73 crore. The estimated expenditure in terms of the revised estimate is Rs.847.18 crore as against the budget estimate of Rs. 842.66 crore. It was after finalising the revised estimates for 1982-83 that the Government of India intimated a shortfall of Rs. 5.34 crore in the share of Central taxes. The deficit of Rs. 24.81 crore in the 1982-83 Budget will now be Rs. 6. 57 crore including the shortfall. It is because of the strict economy measures adopted by the Government that it was possible to bring down the deficit like this.

Budget Estimates for 1983-84

17. The total revenue receipts estimated for 1983-84 are Rs. 910.51 crore inclusive of the State's share of taxes to the extent of Rs. 210.46 crore. The receipts from State taxes and duties are estimated at Rs. 478 crore showing an improvement of Rs. 40.62 crore over the revised estimate 1982-83. Non-tax revenues are estimated at Rs. 147. 13 crore and grant-in-aid from the Central Government at Rs. 74.92 crore. Revenue expenditure is estimated at Rs. 916.35 crore, out of which Rs. 129.66 crore represent Plan expenditure. The non-plan expenditure of Rs. 786.69 crore shows an increase of Rs. 70.73 crore over the revised estimate 1982-83. The areas where major increases in non-Plan expenditure have been estimated are interest payment, pension, education, medical, public works and labour and employment.

Annual Plan 1983-84

18. The outlay for the State Plan 1983-84 fixed on the basis of the discussions held with the Planning Commission is Rs. 320 crore. The resources for the Annual Plan 1983-84 have been estimated as follows:

	<i>(Rs. in crore)</i>
(i) Central assistance	94.12
(ii) Budgetary receipts of the State and resources of the KSEB and KSR TC	60.37
(iii) Market borrowings and loans	73.17
(iv) Additional resources mobilisation	92.34

Total	320.00
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According to the Budget Estimates for 1983-84 presented to the House the State Plan outlay is Rs. 320 crore. The gross plan outlay for 1983-84 is Rs. 374.21 crore including the Central share of the outlay on Centrally Sponsored Schemes (Rs. 46.39 crore) provision for Western Ghat Development Schemes (Rs. 4.00 crore), provision for anti-sea erosion works specially assisted by the Government of India (Rs. 3.50 crore) and outlay for E.S.I aided schemes (Rs. 0.32 crore).

WAYS AND MEANS

19. The financial position of the State, as presented in the budget estimates 1983-84, now before the House is as follows:-

	<i>(Rs. in crore)</i>
(i) Opening cash balance	(-)1.23
1983-84 operations	

(ii) Revenue Account:	
(a) Receipts	910.51
(b) Expenditure	916.35
Revenue Deficit	(-)5.84
(iii) Capital Account:	
(a) Receipts	390.31
(b) Disbursements	452.30
Net Capital Account	(-)61.99
(iv) Public Account:	
(a) Receipts	988.57
(b) Disbursements	943.88
Net Public Account	(+)44.69
Overall deficit for 1983-84	<u>(-)23.14</u>
Closing cash balance:	(-)24.37
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Subsequent to the finalisation of the Budget Estimates 1983-84 the Government of India have intimated that there will be shortfall in the share of Central taxes to the extent of Rs. 6. 31 crore during next year. The deficit for next year will increase to that extent. Moreover the expenditure of Rs. 46 crore postponed this year will also be incurred next year. Thus the deficit for 1983-84 will increase to Rs. 82. 02 crore as detailed below:-

(Rs. in crore)

Deficit according to the annual financial	
(i) statement presented before the House	(-) 24.37
(ii) Shortfall in the share of Central Taxes	(-) 11. 65
(iii) Expenditure postponed from 1982-83	(-) 46.00
Total	(-) 82.02

20. I shall now attempt a brief review of the activities of the Government.

21. Spiralling costs of fertilisers, pesticides and labour along with vulnerability to risks of natural calamities and low prices tend to make paddy cultivation in our State more and more unattractive. It is in appreciation of this fact that the Government have set apart substantial amounts for schemes aimed at increasing rice production. Major among these are increasing the

area under HYV Programme, arranging substantial amounts of quality paddy seeds, raising community nurseries, emphasising farmers training programmes, distributing plant protection equipments at subsidised rates and the like. These programmes will be continued during the next year. Coconut is the mainstay of a large section of Kerala's population. It is estimated that the current years' production would be 304 crore nuts; the objective for the next year is to raise this to 320 crore. However, nearly half the area under coconut is in the grip of diseases. Coconut being essentially a small farmers crop, poor management and lack of irrigation have also adversely affected coconut production. Realising these aspects, long term and short term measures to improve the productivity are being attempted. Kerala, despite a fall in the quantum of total production, continues to be the major producer of cashew-nuts in the country. Under the Multi-state Cashew Project 10000 hectares are being brought under cashew cultivation in the private sector and 2275 hectares under the public sector. 180 kms of village roads are being improved in the project area to provide better infrastructure. Emphasis will be laid on production of oil seeds and development of biogas as an alternate energy source; for the latter a subsidy is expected from the Government of India. For Harijan location specific schemes for development of areas where Harijan farmers are concentrated will be attempted. For tribals, fully subsidised schemes for land development and intensive cropping will be evolved.

22. 6000 Harijan families and 3000 tribal families will be assisted to take up animal husbandry programmes in an effective way. All cattle and buffaloes owned by scheduled castes and tribes will be insured at Government cost. Similarly, duck farmers belonging to weaker sections will be given assistance to get insurance cover for duck units. All over the State special attention will be paid to increase the production of milk, meat and eggs. To tap the under utilised potential of the northern parts of the State, an intensive cattle development project will be established in Cannanore District with a few regional centres in Kasargod area. Kerala is far ahead of most other States in regard to the quality of its livestock. Continued support will be available for Operation Flood II Programme. An intensive dairy and fodder development project will be undertaken in Kakkadampoyil in Kozhikode District at a cost of nearly Rs. 40 lakh. This is expected to provide subsidiary occupation to the farmers, most of whom are small and marginal farmers belonging to scheduled castes and tribes. The statewide scheme of cross breeding of indigenous cows using semen from exotic bulls will be continued. There are at present 1178 Milk Co-operatives in the State. More and more milk producers will be brought under the co-operative sector in accordance with the design of Operation Flood II.

23. The co-operatives in the State continued to show steady progress in all fields of economic activity and, in particular, in the field of agriculture credit. During 1983-84 Rs. 205 crore will be lent by the co-operatives as short term credit, Rs. 62 crore as medium term credit and Rs. 38 crore as long term credit. An important indicator of the confidence enjoyed by the co-operative credit institutions is the fact that during the six weeks of deposit mobilisation, the Co-operative Societies were able to mobilise more than Rs. 60 crore as deposits against a target of Rs. 25 crore. The State Cooperative Housing Federation has advanced money for the construction of more than 1000 houses during the current year. During the next year, the Federation proposes to give assistance for construction of 9000 houses involving a block cost of Rs. 33.8 crore. The Federation also has an ambitious programme to explore the possibility to expand their activities with foreign assistance. Eighty new godowns will be constructed in 1983-84 with NCDC assistance, thereby increasing the storage capacity in the co-operative sector by 8750 metric tonnes. The Co-operative sector expects to market agriculture products to the tune of Rs.

125 crore during the next year. The State Co-operative Rubber Marketing Federation has a programme to start a Tyre Manufacturing unit. The retail sales of fertilisers by co-operatives will be stepped up from Rs. 35 crore in 1982-83 to Rs. 45 crore in 1983-84. In the consumer sector, the co-operatives organised special sales counters during Onam and the value of sales at these counters totalled an impressive Rs. 9 crore. Three co-operative training centres exclusively for Harijans and Girijans have been organised during the current year and one more will be opened shortly in Wynad. Two general co-operative training centres are proposed to be organised in 1983-84. Harijan/Girijan Societies will be strengthened and more such societies will be organised. It is expected that the Federation of Harijan/Girijan Co-operatives will provide employment for 24000 Harijans/Girijans during 1983-84. Greater emphasis will be laid during the next year on organisation of women's co-operatives and employment oriented co-operatives.

24. The twin objectives in the fisheries sector are the development of the industry and the welfare of the fishermen. Efforts will be made to increase fish production by motorisation of the country crafts. Three fish seed farms now under construction will be completed next year and two new farms will be set up in Trichur and Cannanore Districts with Central assistance. Construction of Neendakara and Vizhinjam Harbour Projects will be speeded up. In the case of Vizhinjam, the second stage will be completed and the third stage taken up in 1983-84. The landing centres at Neeleswaram and Munakkakadavu are also expected to be ready by next year. The Fishermen Welfare Societies will be activated and the programmes for the welfare of fishermen now being implemented will be pursued. The Kerala Marine Fishing Regulation Act will be effectively enforced. To detect violations, the department will acquire more boats in addition to the speedboat recently acquired.

25. As part of the 20 Point Programme, Land reforms are being implemented as a time bound programme. Since this Government assumed charge, up to the end of December 1982, 31,092 pattas have been issued under the Land Reforms Act. Government desire to regularise the eligible occupants in Forest areas. Even though such lands are designated on official records as forests they are under occupation for a long time and as such they can no longer be treated as forest land. Government of India are being approached for permission to assign such lands to eligible occupants. The Government intend to introduce pass book system where under pass books are issued to the patta holders. These pass books would incorporate the details of patta, extent, tax liability and other relevant particulars. This would enable the small farmers to get credits from Government, Banks and financial institutions without any difficulty. Drought relief measures are being taken up vigorously. Over 800 villages have already been declared as drought affected areas and Rs. 9.42 crore have been sanctioned by the Government of India as assistance. The Government of India is being approached for further assistance. Gramotsavas initiated this year in 65 Panchayats for the co-ordinated and effective developmental activities have met with encouraging response from the public and have been effective in implementing many developmental activities in a short span of time. It will be extended to cover more villages with the participation of Government and semi-governmental agencies during the ensuing financial year also.

26. The enforcement machinery of the Excise Department will be strengthened. As part of Government's measures to provide unadulterated liquor, arrack will be supplied in sealed bottles and sachets from next year onwards. Mobile laboratories will also be commissioned to detect adulteration.

27. Government have already announced its industrial policy. District Industries Centres will continue and are expected to facilitate employment for nearly 60000 persons through new SSI and Artisan Units during 1983-84. Efforts will be made to revitalise the dormant and sick units in the Mini Industrial Estates. Special efforts will be made through SIDECO's marketing division to assist a larger number of SSI Units. It is also proposed to set up an industrial estate for rubber at Payyanadu in Malappuram District, one for building materials at Poovanthuruthu in Kottayam District and another one for plastic industries. Two industrial estates for plastic industries, one at Palai and the other at Sultan Battery in Wynad, will also be started. A large number of new units will be commissioned during 1983-84. These include the Malabar Cements, The Titanium Dioxide Plant of Kerala Minerals and Metals, Kerala Automobiles and the Digital Electronic Watch Factory in Wynad. In addition to the three Spinning Mills at Uduma in Cannanore District, Edarikkode in Malappuram District and Mavelikkara in Alleppey District-two more spinning mills will be set up, one in Trivandrum District and the other in Palghat District. Simultaneously, steps are being taken to establish two Co-operative Spinning Mills, one at Kayamkulam and the other in Trichur District. In the handloom sector, Government will continue the existing schemes with a view to promote the industry and redress the grievances of handloom workers. More handloom co-operative will be organised and existing societies given assistance to modernise. Loomless weavers will be given help to procure loans. Government will take steps to make the coir co-operatives more viable and to organise new societies so that at least 60% of the coir workers will be within the co-operative fold by the end of the current Five Year Plan. Emphasis will be laid on development of internal market for coir products. As part of this effort, 45 new show rooms will be opened and intensive promotional efforts will be undertaken. Ten Khadi Gramodyog Bhavans will be set up by the Khadi Board. It is also expected that the Khadi Board will provide employment for 20000 people during 1983-84, half of them Harijans. Evaluation of the gold prospect in Nilambur will be undertaken during 1983-84. KSIDC's Pilot scale operations for gold mining in Nilambur will be assisted. One more Central Co-operative Society for new brand of beedi will be commissioned for the districts of Malappuram, Palghat and Trichur following the pattern of Kerala Dinesh Beedi Co-operative.

28. It is proposed to conduct a survey of schools in tribal areas with a view to give closer attention to the enrolment of tribal children. Similar efforts will be undertaken to improve the quality of education in schools where substantial number of Harijan students is enrolled. The dress allowance and other allowances of handicapped children will be enhanced. For the annual schools athletic meet, the grant will be raised to Rs. 2 lakh and that for youth festival to Rs. 4lakhs. In the field of higher education, special attention will be given for providing required facilities for the new Government Colleges. More teachers would be deputed under the Faculty Improvement Programme of the University Grants Commission. In addition, a new plan scheme for faculty improvement through in service programmes is also being introduced during 1983-84. Remedial Coaching Scheme for Harijan and Girijan students now limited to the Pre Degree level will be extended to the Degree level. The libraries attached to Cosmopolitan hostels will be strengthened. It is proposed to establish a Directorate of Cultural Affairs with headquarters at Trivandrum. In the field of Technical Education, the programme of consolidation and modernisation of existing facilities will be continued. Two regional offices will be set up to decentralise the administration of Technical Education Department. Vocational Training Centres with the emphasis on helping women, Harijans and Girijans will be established. Government Commercial Institutes will be opened in the remaining 7 districts also. Similarly, Technical

courses will be started and vocationalisation of post SSLC level attempted with a view to reduce the rush for general education at the Pre Degree level. A Science and Technology Museum is being set up in Trivandrum. The facilities in the College of Fine Arts at Trivandrum will be improved. The activities of the Youth Welfare Board will be strengthened.

29. Many of the targets set for the country in the realm of public health to be attained by the turn of a century have already been attained in this State. In this background the emphasis during the coming year will be in qualitative improvement rather than quantitative expansion. Preventive, promotive and rehabilitative aspects of health care will be given greater attention. Due importance will be given for all systems of medicine. Preliminary works for the new project with World Bank aid for improvement of primary health care facilities in the districts of Idukki, Wynad, Malappuram and Palghat will be completed during 1983-84.

30. Under Social Welfare, ICDS programmes will be continued. The approach in child welfare activities will be to give a package of services like nutrition, health care and free education for children and functional literacy for mothers. For Women's welfare, employment oriented programmes will be emphasised. The institutions contemplated under the Kerala Children's Act will be opened during 1983-84.

31. In the field of Harijan and Girijan Welfare it is proposed to plan for the eradication of poverty among Scheduled Castes and Scheduled Tribes within a period of 10 years. In the next year existing schemes will be continued. A new Cosmopolitan Hostel and 3 Welfare Hostels will be started. Additional assistance will be made available to Harijan Industrial Co-operative Societies Assistance will be given to technical/traditionally trained hands in various trades to set up employment programmes. The existing Harijan colonies will be developed. Special efforts will be made to provide drinking water in areas of Harijan concentration. The programmes for 1983-84 include the construction of community centres in tribal concentration and giving training to tribes for employment. It is proposed to decentralise implementation making suitable arrangements at the district level in respect of the special component plan. The schemes for the uplift of the tribals will be drawn up at the sub plan area level. To ensure that the benefits reach the intended target groups and to quantify the benefits percolating to Scheduled castes Vikas Pathrikas will be introduced. This has already been taken up in the case of Scheduled Tribes. The various educational concessions, given to students of Scheduled Castes/Scheduled Tribes and other eligible communities will be subjected to a scientific review and a rational revision will be undertaken. The activities for employment generation, particularly self-employment will be stepped up.

32. Those converted to Christianity from among Harijans and members of the communities recommended by the State Government for inclusion in the list of SCs are socially and financially as backward as Harijans. But no separate schemes have been drawn up for them as in the case of Harijans. Although a development corporation was formed for them it was not possible to provide sufficient funds to formulate and implement any scheme. Therefore to make amends for this a sum of Rs. 50 lakh will be provided this year as share capital to the Corporation set up for the welfare of Harijans converted to Christianity and the members of the communities recommended for inclusion in the list of Scheduled Castes.

33. A constructive labour policy is being followed with the object of minimising strikes, lay offs and lockouts. Action has been initiated to revise minimum wages in various fields of employment. In addition to subsidised housing scheme for plantation labour and the agricultural

workers pension scheme the Labour Department has welfare schemes for tree climbers, coir, cashew and handloom workers and construction and quarry workers. It is proposed to constitute welfare funds for transport workers, beedi workers and workers in the cinema industry. It is proposed to introduce Homoeopathy system of treatment also under E.S.I. An Industrial Hygiene Laboratory will be set up for analysing the working atmosphere in factories.

34. The cashew industry in the state is facing a crisis on account of the fall in the international price of cashew-nuts. To draw up and implement a scheme to ensure the social security of the suffering workers in this field a sum of Rs. 1.5 crore is earmarked.

35. Environmental Improvement Scheme for Urban Slums will be pursued vigorously. Ten towns have been selected under the programme of integrated urban development of small and medium towns. Attempts are being made to get more towns approved by the Government of India under the Scheme. For drinking water to all communities and coverage of 25% of the rural and 80% of the urban population with appropriate sanitation facilities are the targets suggested by the Government of India. A quick assessment shows that the outlay required for those targets in Kerala is about Rs. 600 crore. Obviously, sources other than Government have to be tapped to raise the money. The Netherlands Government have already provided assistance for two schemes. In addition, they have completed their appraisal of six schemes which are expected to be taken up for execution during 1983-84. Kuttanad Water Supply Scheme has also been posed for Dutch assistance. The Dutch assistance for these projects are to the tune of about Rs. 40 crore. Projects costing Rs. 36.31 crore have been posed for Danish assistance and projects costing Rs. 57.5 crore have been identified by the World Bank Mission. Panchayats, Government will make available loans for creation of remunerative community assets. Government are also contemplating constitution of Panchayat Finance Commission.

36. Forests play a vital role in the State's economy and therefore developmental activities in this field will be taken up on accelerated pace. Social forestry will be given special emphasis during 1983-84.

37. The Public Works Department attends to the construction and maintenance of more than 17000 kms of roads under the categories of State highways, major district roads, other district roads and village roads. Most of the Panchayat roads laid by the Panchayat are poorly maintained and it might be necessary for Public Works Department to take over major portion of the Panchayat roads. The target fixed in Sixth Five Year Plan was only taking over 700 km. of rural roads. However, so far during the current plan period Government have issued orders taking over about 1500 km. of rural roads. Two new roads in each Constituency would be taken up by the Public Works Department during the next financial year. It is proposed to reorganise the department to improve its efficiency and effectiveness.

38. There are 18 irrigation projects under different stages of execution. Of these, 7 are old projects. Among these old projects the work on Pamba, Periyar Valley, Chitturpuzha, Kanjirapuzha, Kuttiyady and Pazhassy are expected to be completed by the end -of the Sixth Plan. Chimony Project is expected to be partially commissioned during 1983-84. The additional irrigation potential sought to be generated during 1983-84 is 51905 hectares. It is also proposed to improve the canal system in old projects to achieve better utilisation of water. Detailed investigation of Payaswini, Munnamkadavu, Maruthapuzha, Aralam, Karulai and Area code will be taken up during 1983-84.

39. Angamaly and Kodungalloor Water Supply Schemes will be commissioned and execution of new schemes in Ponnani, Manjeri, Chavakkad, Shoranur, Kothamangalam and Nedumangad Municipalities will be started during 1983-84. Storage of water has already commenced in the Peppara Dam. The works will be completed in all respects early in 1983-84. Augmentation of water supply in Calicut, Cannanore, Tellicherry, Guruvayoor, Kunnankulam and Irinjalakuda will be taken up during next year. The augmentation scheme in Kottayam is expected to be completed during 1983-84. Augmentation of Quilon, Kottayam and Idukki Water Supply Scheme has been posed for World Bank assistance. United Nations have designated nineteen eighties as International Water supply and Sanitation decade. During this period provision of safe drinking water to all communities and coverage of 25% of the rural and 80 % of the urban population with appropriate sanitation facilities are the targets suggested by the Government of India. A quick assessment shows that the outlay required for those targets in Kerala is about Rs. 600 crore. Obviously, sources other than Government have to be tapped to raise the money. The Netherlands Government have already provided assistance for two schemes. In addition, they have completed their appraisal of six schemes which are expected to be taken up for execution during 1983-84. Kuttanad Water Supply Scheme has also been posed for Dutch assistance. The Dutch assistance for these projects are to the tune of about Rs. 40 crore. Projects costing Rs. 36.31 crore have been posed for Danish assistance and projects costing Rs. 57.5 crore have been identified by the World Bank Mission.

40. Efforts will be made to take full advantage of Kerala's Tourism potential. Ongoing schemes will be continued and new schemes taken up on the basis of expert studies. A Five Star Hotel in the joint sector will be set up at Shanghumughom. It is also proposed to establish a multi-disciplinary hospital-cum-Five Star Hotel to attract foreigners, especially from the Gulf for medical treatment. A tourist village will be created in the Iringole Mini Forest.

41. The public distribution system in Kerala is one of the best in the country. A floating Maveli Store for Kuttanad area and Mobile Maveli Stores in the cities of Trivandrum and Kozhikode will be opened under the joint auspices of the Harijan Welfare Department and the Civil Supplies Corporation. A scheme for providing self-employment to Harijans/Girijans has been introduced whereby 3-wheelers are provided at subsidised rates and essential commodities supplied at wholesale prices for door delivery to the consumers at retail prices prescribed by the Corporation.

42. All the community development schemes being implemented during 1982-83 will continue next year also. The Integrated Rural Development Programme, implemented with a view to assisting the poor families to cross the poverty line, achieved tremendous success this year. In fact the number of families thus assisted was well over the target. It is expected that the programme could be successfully implemented next year also with the participation of the people. The National Rural Employment Programme aims at creating durable community assets while providing employment to the unemployed and under-employed agricultural workers and small farmers next year.

43. In order to meet the growing public demand for transport, the activities of the K.S.R.T.C. will be streamlined. Old buses will be replaced by new ones and the transport service will be made more efficient. The KSR TC now running at a loss will be revitalised so as to make it a profitable concern.

44. Government have decided to implement a scheme during 1983-84 to provide houses for 25,000 families belonging to the economically weaker sections. The implementation of the scheme will be through voluntary agencies. The Kerala State Housing Board is taking steps to implement a scheme to help overseas Malayalees in acquiring house sites and constructing houses of their own.

45. It is proposed to reorganise the Sales Tax and Agricultural Income-tax Offices. Two new Appellate Tribunals will also be set up, one at Ernakulam and the other at Calicut.

46. Fifteen new Police Stations will be opened during 1983-84~ A regrouping of the existing stations and consequent reorganisation of circles and sub divisions are under consideration. The Centrally assisted scheme for Police modernisation is continuing. During 1983-84, all Police Stations in the State will be provided with jeeps. Police Housing Scheme is being given due attention. It is proposed to improve the training facilities for policemen. Priority will be accorded for construction of quarters for judicial officers wherever Government land is readily available.

47. The search and rescue organisation in the Port Department will be strengthened. Attempts will be made to activate the intermediate and minor ports.

48. The current year has not been very good for Kerala State Electricity Board. Failure of monsoons led to power cut. This underlines the need for taking up more hydel projects. Lower Periyar Project has been cleared by the Government of India and the work will be arranged shortly. Rural electrification and electrification of Harijan and Tribal colonies will continue to get priority attention. More projects will be taken up securing external aid with the approval of the Government of India.

49. Kerala Financial Corporation incorporated in 1953 has so far sanctioned loans to the extent of Rs. 93 crore of which Rs. 67 crore went to small scale industrial units. The Corporation proposes to expand its loan operations during 1983-84. The Corporation also offers special liberalised assistance to technocrats and gives special interest rebates to non defaulting small scale units. These schemes will continue during next year.

50. The Public Sector Undertakings in Kerala have fared better in the recent past than before. A good number of companies have been running profitably. Government will continue to provide budgetary support to the extent possible to keep the public sector as a catalytic agent for faster economic growth, simultaneously trying to attract as much institutional finance as possible. Apart from modernising old units, reviving sick units and commissioning new units, the Government would in the new year attempt to streamline and improve the management of public sector undertakings. In order to monitor, develop and encourage our export efforts an Export Development Council will be formed. This will expedite the agricultural, industrial and commercial development of the State.

Sports Complex

51. The outstanding performance of our athletes in the recent ASIAD and the gold and silver medals they won have enhanced the prestige of Kerala. It is the importance we bestowed on sports and games and the schemes we evolved for their encouragement and training that led to this growth. We will be able to improve upon these achievements in future if we pay more attention and set up better training facilities. As part of an intensive effort to develop promising

athletes it is proposed to form a Sports Complex in Kerala. Under this programme it is proposed to set up play fields, training facilities and hostels for expert coaching in different disciplines in the same campus and to provide the selected students with opportunities to pursue physical education alongside general education. It would thus be possible to make available within the State expert coaching now available elsewhere in the country and abroad. A sum of Rs. Five lakh is earmarked for preliminary works like land acquisition, construction etc.

Fair price markets

52. It is one of the paramount duties of Government to ensure that essential commodities reach consumers at reasonable prices. To control rise in prices and to make essential commodities available at low prices the public distribution system has to be strengthened. 100 Maveli Stores and 565 Co-operative Maveli Stores are now functioning in this field. Besides there are many Kerala Stores too. Although these function as retail outlets of Kerala State Civil Supplies Corporation it has not been possible to open such stores in all villages. In the circumstances it is proposed to open under the auspices of Kerala State Civil Supplies Corporation Fair Price Markets in all Villages which are now without facilities for procurement of essential commodities at reasonable rates. For this a sum of Rupees one crore is set apart.

Concession to Pensioners

53. An officer retiring from State Government service can commute up to 50 % of the pension. The pensioners have been demanding for long that the original pension may be restored after a specific period. This demand of the pensioners, whose income is limited deserves sympathetic consideration in these times of high prices. Moreover, many other States have already extended this concession to pensioners. Therefore on expiry of 15 years after commutation the commuted portion being not more than 50% of the pension will be restored.

Moratorium for agricultural loans

54. As already mentioned Kerala is in the grip of an unprecedented drought. The Government have declared nearly 800 villages as drought-hit. Government of India have sanctioned a certain sum towards drought relief, but as is well-known, it is thoroughly inadequate for our needs. Moreover the Government of India programme envisages improvement of various community assets and projects and does not provide for individuals. Government therefore wish to go to the rescue of the weaker sections of people in these areas and declare a moratorium for one year on all agricultural loans advanced by Government up to Rs. 3,000. This will benefit thousands of people in the drought-hit areas of the State. It is assessed that this would cost the Government Rs. 35 lakh by way of interest for one year waived.

55. Hon'ble members will recall my indicating earlier that the year 1983-84 will end with a huge deficit. Until June 1982 the State had at its disposal overdraft facilities above the ways and means limit on a very liberal scale. Since this facility is not permitted now the burden of the above deficit has become unbearable. It is only with special Central assistance that we will be able to escape fully from this crisis. But we should be able to meet this deficit at least to some extent by increasing our resources and reducing non-plan expenditure. As part of this exercise I hereby put forward certain new suggestions which will increase our income.

Sales Tax

56. My suggestions in the sales tax realm are formulated with a view to increase sales tax income by revising the registration charges and the existing tax rates on certain items, making the required changes in certain spheres on the basis of prevailing central sales tax rates and making some amendments in the rates of additional sales tax.

57. There are certain anomalies in the interpretation of some of the entries in the I Schedule to the K.G.S.T. Act, 1963. The following changes are suggested to remove such anomalies and thereby rationalise the tax structure.

(i) *Non-alcoholic drinks*

Non-alcoholic drinks, squashes, sauces and beverages sold under brand name come under entry 33 taxable at 10%. But the same goods without any brand name come under entry 34 and are taxable at 5%. It is difficult to distinguish between these two varieties. This leads to different interpretation and causes difficulties. It is therefore proposed to group all these commodities in the same entry irrespective of whether they are branded or not and subjected to tax at 10%.

(ii) *Artificial Yarn & Staple Fibre Yarn*

Artificial silk yarn and synthetic polyester fibre come under entry 42 and are taxable at 4%. But staple fibre yarn comes under entry 43 and is taxable at 2%. But they belong to the same group of materials, with only slight difference. It is proposed to subject all these varieties to the same rate of 4%.

(iii) *Varnish, Polish, etc.*

Paints, colours and lacquers come under entry 72 and are taxable at 10% whereas certain varieties of paints including enamels come under entry 72A taxable at 7%. It is unscientific to tax different kinds of the same material at different rates of tax. Further it leads to tax evasion. To remove such difficulties, it is proposed to group all the commodities coming under entries 72 and 72A excluding abrasives (Emers) and brushes viz., varnish pigment, polish, enamel, putty, bale oil, white oil, turpentine and thinners in a single entry and tax them at the same rate of 10%.

(iv) *French Coffee*

The High Court of Kerala has ruled in 1980 that Coffee and French Coffee are different commodities. Till then french coffee was considered coffee and assessed at the rate of 6% single point. As there is no entry as french coffee in the Schedules to the Act, french coffee is now being subjected to tax at 4% multi-point. Even though tax is realised in full at the first point of sale, it is substantially lost for the reason that at the subsequent points, french coffee is purchased either by small dealers who are not liable to pay tax or by customers. If, therefore, french coffee is subjected to tax at a higher rate at single point, this loss can be prevented substantially. Further while coffee is taxable at 6% single point, it is only fair and reasonable to tax french coffee also which belongs to the same group at the same rate. In Tamil Nadu also, French coffee is taxable at 6% single point. On the same pattern french coffee will be brought under single point taxation and taxed at 6%.

All these changes are likely to bring in an additional revenue of Rs. 50 lakh.

Dealer Registration Fees

58. The fees payable for new registration and renewal of existing registration under the provisions of General Sales Tax Act are Rs. 10 for the head office and Rs. 5 for the branch office. These are rates fixed long ago. Subsequently by raising the limits of assessment and registration, small scale traders have been exempted from taxes. Moreover the departmental expenses have gone up considerably. Considering all these circumstances, it is necessary to enhance the dealer registration fees. This will be enhanced to Rs. 50 and Rs. 25 respectively. Additional income expected Rs. 25 lakh.

Sales Tax on Arrack

59. While the sales tax on foreign liquor and Indian made foreign liquor is 50%, only 15% is charged on arrack. Prior to 1-4-1973 arrack was also subject to 50% sales tax. It is thus obvious that the 15% tax on arrack is very low. Therefore the rate will be increased from 15% to 35%. This increase will lead to an additional income of Rs. 150 lakh.

Petroleum products

60. If any oil company purchased any of the products mentioned in Entries 57B to 57G in the First Schedule of Kerala General Sales Tax Act from Cochin Refineries or Indian Oil Corporation for despatch to depots or branches outside the State, a sales tax of 15% used to be levied on that. But subsequently on a par with the Central sales tax it was reduced to 3%. Later the Central sales tax rate was raised from 3% to 4%. But the sales tax on the aforesaid items continue at 3%. It is therefore reasonable to increase it to the central sales tax rate. The sales tax on the items mentioned above will be raised from 3% to 4%. On this account the State will have an additional income of Rs. 3.75 crore.

Gold-Silver-Platinum

61. On Gold-Silver-Platinum-group metals mentioned in Entry 162 in the First Schedule of Kerala General Sales Tax Act, the present tax rate is 2% single point only. Formerly this was 4%. But a few years ago it was reduced to 2% expecting that with lower tax incidence there would be higher sales turnover leading to enhanced income. However, the expected increase in income did not materialise. Moreover, in Tamil Nadu and Karnataka the rate of tax on these materials is 5% multi point. In the circumstances the tax rate in Kerala is also raised from 2% to 5%. But here it will be only on single point. The additional income expected is Rs. 65 lakh.

Motor Cars and Television Sets

62. The sales tax on motor cars which was 15% in 1976 was brought down to 6% to equalise with the Tamil Nadu rates. But subsequently Tamil Nadu raised the sales tax on cars to 9%. Our rate however continues as 6%. It is only proper to equalise the rates. The sales tax on cars will therefore be increased from 6% to 9%.

Similarly the 15% sales tax on light diesel vehicles, motor vehicles, tyres and television sets and the 12% rate on radio sets was reduced in 1976 to 9%. This, too, was done to equalise the tax rates with those in Tamil Nadu. However, Tamil Nadu raised the tax to 10% subsequently. It is only reasonable to increase our rates in any case. The sales tax on the above items will be increased from 9% to 10%.

On account of these two measures, an additional income of Rs. 37 lakh is expected.

Dry Cells

63. For batteries mentioned in Entry 137 of the First Schedule the tax here is only 7% while it is 15% in Tamil Nadu. This will be increased to 10%. This will fetch Rs. 13lakh.

Cement

64. I am of opinion that the tax structure on cement sold in the State has to be revised. The sales tax on cement charged in the State now is 8%. In Karnataka and Tamil Nadu this is 10%. It is only logical that the rate of tax on cement is brought on a par with that in the neighbouring States. Therefore, it will be increased from 8% to 10%. Additional income expected Rs. 60 lakh.

65. In respect of white cement, which is not used in ordinary construction works the existing rate of 8 % will be increased to 15 %. From this an additional income of Rs. 30 lakh is expected.

66. Only one third of the white cement produced by Travancore Cements (Kottayam) is consumed in the State. It is now subject to general sales tax at the above rate. The other two-thirds are sold in other States. From this sale only Central sales tax at 4% is obtained~ In other words, the cement sold inside the State is charged at 15% while the cement sold outside the State attracts only 4%. In the circumstances, the present system of direct sales from the factory to outside the State has to be replaced by a new sales set up which will make white cement subject to tax at the first point of sale. We have formed the Kerala State Industrial Products Trading Corporation in 1975 for sale of industrial products manufactured by Government Companies. The Titanium Dioxide produced in the State is sold through this company. The white cement produced by Travancore Cements will also be sold through KSIPTC in future. This will bring in an additional income of Rs. 96 lakh.

67. Public sector institutions like SIDECO which sell imported cement are now working profitably. They can therefore tolerate a little more tax burden. Hence on imported cement a cess at the rate of Rs. 4 per packet will be introduced forthwith. An additional income of Rs. 3.5 crore is anticipated on this account. This income will be utilised for the development of small scale industries.

68. The total additional income from this sector is expected to be Rs. 5.36 crore.

69. There is no reason to fear that the restructuring of sales tax on cement will lead to any significant increase in cement prices. The only burden which will fall on the consumer is the 2 % tax increase on ordinary cement for unifying tax rates in Southern States. The burden caused by the cess on imported cement will not be allowed to be passed on to the consumers, but will be realised from the public sector institutions.

Change in Additional Sales Tax rate

70. According to the existing law we levy a 10% additional sales tax over and above sales tax. It is only logical and pragmatic to enhance the additional sales tax to a small extent. If the present additional sales tax is increased by another 5%, it will not affect the common man seriously. On a commodity subject to the high rate of sales tax at 10%, the sales tax payable on a price of Rs. 100 is Rs. 10 and the present additional sales tax is 10% of this sum, viz. Re. 1. On a commodity with sales tax rate lower than 10%, the additional sales tax will be even less. In these

circumstances if the rate of additional sales tax is enhanced by another 5%, the extra expenditure to be incurred while purchasing an item worth Rs. 100 which is taxed at 10%, will be 50 ps. only. If the item purchased is subject to 5% S.T., the increase will be only 25 ps. Therefore, the additional sales tax which is now levied at a rate of 10% will be increased by another 5%. Consequent on this, the exchequer will get Rs. 10 crore.

Motor Vehicle Tax

71. The increase in the maintenance expenditure of roads and bridges is a major problem we face in the field of public works. The maintenance expenditure of roads in Kerala is very high on account of monsoons. In the number of motor vehicles also, Kerala is in the forefront. The number of vehicles registered in Kerala in 1980-81 was 1.95 lakh and it rose during 1981-82 to 2.21 lakhs. I feel that the present rate of motor vehicles tax is very inadequate when we consider the increase in the number of motor vehicles and the construction and maintenance costs of roads. Therefore, on the Motor Vehicles Tax, a 10% surcharge will be levied. This will lead to an additional income of Rs. 2.6 crore.

The 2% surcharge on Motor Vehicles Tax which was announced in last year's budget to provide financial assistance to the victims of motor accidents is simultaneously withdrawn in view of the new scheme on the same pattern introduced by the Union Government.

Land Tax

72. The basic land tax now in force is only Rs. 4.94 per hectare at the rate of 2 ps. per cent or Rs. 2 per acre. It would be obvious while considering the higher land value and the higher income arising there from, that this tax is very low. Moreover, when the establishment expenditure of the Village Offices which collect this tax are taken into account, it will be obvious that the present tax rate has to be enhanced. Therefore, as against the existing Rs. 4.94 per hectare, basic tax will be enhanced to Rs. 20 per hectare, corresponding to approximately 8 ps. per cent or Rs. 8 per acre. However, the tax on land, the annual income from which is below Rs. 100 per hectare, will be only one-fifth of that amount. Those who own less than half a hectare will be exempted from this enhancement. This step is expected to bring in a sum of Rs. 2.75 crore to the exchequer.

Stamp Rules

73. If the Kerala Stamp Rules are amended and the existing stamp duty rates are changed, additional resources can be mobilised. Simultaneously, it is necessary to increase registration fees to meet the higher costs of the department. For these the following changes are suggested:

(i) Release

I am of opinion that the release mentioned as Item No. 48 in the Schedule of the Stamp Act should be made subject to duty at the same rate as conveyance. According to the present provisions, the stamp duty payable on release of a right is only Rs. 30 at the maximum. In fact such transactions should be deemed as conveyance and made liable to higher stamp duty. Therefore, except in the case of husband, wife and children when release mentioned as Item 48 in the Schedule of Stamp Act is registered, the same stamp duty as for conveyance will be levied. Therefore when such documents are registered, stamp duty including duty on transfer of property

will be levied at the rate of 12.5% in Corporations and Municipalities and at the rate of 9% in Panchayats. Additional income: Rs. 25 lakh.

(ii) *Registration fees*

The registration fees levied while registering a document is at present only 1 % of the price. This is a very old rate and has to be revised. The fees will be raised from 1 % to 2%. This is expected to bring in an additional income of Rs. 6 crore.

Money lenders licence fees

74. According to the Kerala Money Lenders Act, 1958, a person lending money as a business has to take out a licence. The fees for this is now Rs. 100. This is only nominal. The expenses for implementing the provisions of this Act and ensuring better service to the public has increased compared to the past. In these circumstances, Government consider that it is necessary to revise the fees. Therefore, the licence fees under the Money Lenders Act will be enhanced to Rs. 1,000. Additional income: Rs. 40 lakh.

Security Deposit for Money Lenders

75. Government consider it necessary to bring some regulation to the activities of licensed money lenders. I feel that since those who avail of credit from such persons pawn costly gold ornaments, documents, title deeds and other properties it is necessary for the Government to take security from such financial institutions and individuals to safeguard the interest of the debtors. Moreover, it is also necessary to control those money lenders who offend the provisions of law and create difficult situations. Therefore, on the basis of the amount lent every year by the licensed money lenders, Government propose to classify the business into 4 groups, A, B, C and D and prescribe security for each class. Accordingly the licensees in the different classes shall remit in the treasury security as indicated below.

Class A -Those who lent Rs. 10 lakh and above	Rs. 50,000
Class B - Those who lent Rs. 5 lakh and above but below Rs. 10 lakh	Rs. 25,000
Class C -Those who lent Rs. 1 lakh and above but below Rs. 5 lakhs	Rs. 10,000
Class D -Upto Rs. 1 lakh	Rs.5,000

This step will lead to a net treasury deposit of Rs. 5 crore.

Kerala Forest Produce Act

76. The Kerala Forest Produce Act, 1978 lays down that the prices of certain forest produce like softwood shall be determined and notified in the Gazette every year. Government fix the price of these produce on the basis of the recommendations of a Committee appointed for the purpose. When softwood is distributed on a quota basis to large scale and small scale industries manufacturing plywood, veneer, packing case etc., the price notified as above is levied. Government was persuaded to introduce the above sales arrangement at one time to ensure that the forest produce required for these industries are available at fair price without fail. Now there are also complaints that the softwood purchased under quota is misused. It will be obvious on an examination of all relevant factors that if the present system is replaced by public auction,

Government will be able to realise twice or thrice the present price. For example, softwood which may cost anything between Rs. 1,000 and Rs. 2,500 is now being distributed to the industrialists at the rate of Rs. 500 per cubic metre. No other industry gets such a tremendous concession. In these circumstances, in the place of the present system of selling softwood at the notified prices as against the real market value it will hereafter be auctioned like ordinary forest produce. While introducing the new system, Government will ensure that the softwood requirements of small scale industries are fully met. For this 25% of the quantity sold in open market will be earmarked for the small scale sector. They will also be given 25% concession in price for the quantity used by them as computed on the basis of their production. Therefore the procedural change will not affect the small-scale sector adversely. Since 75000 cubic metre softwood is sold in a year, this change of procedure is expected to yield Rs. 11 crore.

Bamboo, Reeds, Eucalyptus, Firewood

77. Government make available to certain large industrial establishments dependent on forest produced bamboo, reeds and eucalyptus on the basis of contracts. These are also given at prices fixed as mentioned above. These costly items are now distributed at a rate much lower than the market price. The quantity of the above products so distributed is 3.5 lakh tonnes per annum. To make good the loss caused by the distribution of these forest resources on such a large scale, there has to be regeneration in the forest alongside exploitation. Otherwise we will not be able to protect our forest wealth or ensure availability of forest resources. To achieve the above object, it is necessary to introduce a cess on forest produce. Therefore a cess will be levied on reeds, bamboo and eucalyptus bought by industrial establishments at the rate of Rs. 25 per tonne.

78. It is on the same procedure as above that the Government are making firewood available to some industrial establishments. Firewood which fetches between Rs. 200 and Rs. 300 in the open market is sold at the rate of Rs. 25 per tonne. To make up the loss of forest wealth consequent on this extensive plantation of trees which will yield firewood is necessary. To meet the expenditure for this it is necessary to levy a cess on, firewood used for industrial purposes. Therefore on firewood distributed by Government according to contract, a cess of Rs. 15 per tonne will be introduced. Annually, 55000 tonnes of firewood is so distributed. This will therefore yield Rs. 8.25 lakh.

Kerala Lotteries

79. Although Government sponsored lotteries were first introduced in Kerala, since other states also followed suit we now face stiff competition. Government therefore consider that the lotteries should be modernised by enhancing the prize money, increasing the number of prizes, adding to the number of draws and introducing the instant lottery system now in vogue in Sri Lanka. As a first step Government propose to increase the number of lotteries immediately. Now 5 ordinary draws at the rate of one every 25 days and 3 bumper draws are conducted. Instead hereafter there will be 24 draws every year at the rate of one every fortnight. Similarly the number of bumper draws will be increased to 4. The extra income expected through this is Rs. 1 crore.

80. As a result of all the aforesaid finance proposals the State exchequer will get Rs. 52.53 crore. These proposals have been brought forward mainly as an effort to raise additional resources to fund the 320 crore plan for 1983-84 as suggested by the Planning Commission.

81. To derive the full benefit of these finance proposals a Finance Bill incorporating the required amendments for all relevant legislations has to be introduced as is done at the Centre. Government will take steps to prepare such a bill and place it before the House without delay.

82. I had mentioned earlier while discussing the Ways and Means position that the next year would end with a deficit of Rs. 82.02 crore. After taking into account the expenditure required for the new schemes I have announced today as well as the income receivable from the new measures I have declared the final picture will be as follows:

	<i>(Rs. in crore)</i>
Closing cash balance according to Budget Estimates 1983-84	(-)82.02
Additional commitment on account of new schemes and measures	(-)3.50
Net yield from the finance proposals just announced	(+)52.53

Net position	(-) 32.99
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It is my belief that this gap can be bridged by enforcement of economies in expenditure and by intensifying the recovery of all dues to Government.

83. The State Government have already announced its intention to appoint a Pay Commission. The Pay Commission will be appointed in the beginning of 1983-84. As the financial commitment that may arise from the Commission's recommendations cannot be predicted now, I have not made any provision for that.

84. I have been compelled to seek new sources of income to cover the large deficit without adding to the burden of the common man. I have managed this resource mobilisation by restructuring the taxes and by enhancing non-tax revenue.

85. The success of a society and a nation depends on its ability to make adverse circumstances favourable. Often a sense of direction and determination absent at the pinnacle of affluence may blossom in the valley of difficulties. We should be able to transform this into fruitful hard work. The present state of our State is also an example for this. The decision that we have taken to press forward, overcoming the financial difficulties, will certainly lead us to success.

86. I submit the budget estimates and proposals for consideration and approval by the House.

87. Since we do not have the time for a grant by grant discussion and voting by the House before the end of the financial year, I also propose to present a Vote on Account and connected Demand for meeting the expenditure during the first four months of 1983-84.

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