



## **BUDGET SPEECH FOR 1989-90**

**V. VISWANATHA MENON**

*17<sup>th</sup> March, 1989*

Sir,

I rise to present the Budget for 1989-90.

2. This is the third Budget that I am presenting on behalf of the Left Democratic Front Government. Both the previous budgets were fully reflective of the fervent desire of the Left Democratic Government to lead this State to progress. It is my belief that they have helped in overcoming the stagnation in the State economy and raise the standard of living of our people. I earnestly hope that the Budget now being presented will help to consolidate the gains and lead the State to further progress.

### **General Situation**

3. In my previous Budget Speech I had elaborated in detail the crisis that has engulfed the Indian economy and the limitations that the same imposes on the State Finance Minister. There has not been any appreciable change in that state of affairs during the past one year. However, the good monsoon last year delivered the country from the miseries of drought. As a result the Economic Survey of India estimates that there has been considerable increase in production (17 to 20 per cent) in the agricultural sector. Increased production in agriculture has accelerated Industrial growth. Though I would like very much to share the optimism evinced, basing on these factors, by the Economic Survey, I am afraid, it will be suicidal to ignore the dangers lurking behind this colourful foliage. This progress claimed by our national planners is not the result of any lasting solutions but the result of some superficial remedies and shifting of crisis from one sector to another.

4. The position becomes clearer when we examine the crisis that is developing in the foreign exchange front. This progress has been achieved by increasing imports by about 27.4% during April-December 1988 over the figures for the previous year. Though income from exports has touched an all time record, it is still 3 % less than the increase in imports. As a result of this, the trade deficit rose by Rs.1600 crore during April-December 1988 when compared to that of the previous year. In order to escape from the consequent foreign exchange crisis the Central Government depend more and more on foreign loans. According to the figures available, the Government which borrowed Rs.5386 crore during 1986-87 have gone in for Rs. 4120 crore towards the first half of 1987-88. The indication is that the trend continued during 1988-89 and is going to worsen further during 1989-90.

5. Consequent on this recent trend, India's foreign exchange liability has risen to alarming heights. Foreign indebtedness which stood at Rs. 13479 crore in 1980-81 rose to Rs. 36578 crore in 1987-88. But, according to International Monetary Agencies this does not reflect fully the country's foreign debt liabilities; according to them the total dues by India is approximately Rs. 80,000 crore. The interest payments on these loans have become a serious drain on foreign exchange. In 1980-81 it stood at Rs. 282 crore. The estimate is that it will be more than Rs. 1600 crore in 1987-88. The foreign exchange

reserves drop to alarming levels. Foreign Exchange Reserve which amounted to Rs. 7287 crore at the end of 1987-88 has decreased to Rs. 5540 by the end of January this year. The price we have to pay to the foreign monopolists and agencies for resolving this crisis will invariably lead to ever newer politico-economic crises on which I do not want to make any predictions at this stage.

6. While this is the state of affairs obtaining in the foreign exchange area, the picture is not at all different in the field of domestic financial management, either. Financial crisis of the Central Government remains unresolved. Tall claims about drop in revenue deficits in the current year's Central Budget is only an accounting Jugglery. This has been accomplished by showing as non tax revenue items like "Oil Co-ordination Committee pool accounts" etc. which were hitherto being shown under capital accounts. Hollowness of the claim is exposed by the very fact that the deficit as per the revised Budget of 1988-89 is Rs. 500 crore more than what was estimated originally. Seriousness of the situation deepens when we consider the fact that the deficit of Rs. 14,000 crore estimated for the entire 7th Plan period has already reached Rs. 27,000 crore during the first four years itself and that another Rs. 7337 crore more is expected during 1989-90, the final year of the Plan. Even the hope of containing the deficit for the current year within the estimated level is based on unprecedented returns from Public Sector Undertakings.

7. The internal debt trap also is tightening. While only 14.9% of the tax revenue had to be expended on interest payments during 1980-81 is the provision included for 1988-89 is 25.11%. Economists caution that if the present trend persists a stage may be attained by the close of this century when the revenue receipts will not be enough to meet the interest payments. This huge expenditure on interest payments undermines the very Plan process. There is no money left with the Government to implement Plan programmes. Though the current year's budget estimate for Plan shows an increase of Rs. - 4280 crore over the revised estimates of the previous year, only Rs. 193 crore is expected from budgetary sources. The Government is trying to fulfill the Plan targets by allowing the public sector undertakings to avail of loans from wherever possible, I need not mention the impact it will have on the price of goods and services.

8. Even though the Economic Survey claims tremendous progress in agriculture and industry, the people do not feel any such thing in the daily life. Firstly, the progress is uneven, confined to some of the 'Green Revolution Areas' secondly, there has not been any change in retail prices worth mentioning. Up to November 1988-89 it increased at the rate of 9.8%. Thirdly, the increase in production as a result of imports and mechanisation has not helped open up new employment avenues. While 300 lakh persons are on the rolls of employment exchanges, only about 4.5 lakh persons were able to get employment in the organised sector. Besides, industrial sickness is mounting. Unofficial sources say that the number of sick units which stood at 160,000 in June 1987 has increased subsequently.

### **Special Problem**

Sir,

9. The general state of affairs limits the manoeuvrability of State Finance Ministers. Price rise, unemployment, industrial sickness etc. have adversely affected the economy of every State. As far as our State is concerned, we have certain specific problems as well. Let me explain.

10. First of all about drought. Even though the good monsoon of last year has helped to attain better agricultural production in the country as a whole, due to the peculiarity of crops our State has not overcome the impact of drought. Since the

North-Eastern monsoon was not sufficient, we are confronted with scarcity of drinking water and powercut. I need not mention the effect the power-cut has on industrial production.

11. Secondly, the first award of the Ninth Finance Commission. As you know, the Commission has submitted its recommendation for devolution of resources for the year 1989-90. As far as our State is concerned it is not only disappointing but also objectionable. While the recommendation of the Eighth Commission enabled us to get 3.27 per cent as share of Central taxes and grants the percentage has been reduced to 3.01 per cent by the Ninth Finance Commission. Out of a total of Rs. 1876.78 crore divided by the Commission as non-plan grant, Kerala is given only Rs. 6.61 crore. We have not been given either grant to cover deficit or any special problem grant. The grant for upgradation of standards of administration is also far less than that recommended by the Eighth Commission. Had the formula.. of the Eighth Commission been made applicable for the year 1989-90, we would have received a total sum of Rs. 446.76 crore. However, as per the recommendation of Ninth Finance Commission it works out to only Rs 411.01 crore. At the same time the debt relief amounts to only Rs. 1.65 crore. The reason for the drastic drop in devolution is that the Commission based its calculation on questionable premises as far as the number of people under poverty line is concerned. According to them only 26.8% of the total population of Kerala is under the poverty line. Official statistics prove it otherwise. There is a reason for my stating it here. As you know the Central Government has, through the latest budget, announced a new employment generation scheme. If the formulators of this schemes also follow the norms adopted by the Ninth Finance Commission we may end up losing eligible amounts. We have to take precaution against such a contingency.

12. Thirdly, the criminal negligence of the Central Government towards the developmental needs of Kerala. In the fields of agriculture, industry, energy and infrastructure including railway the allocations to us have been far below our requirements. Kerala was excluded from the Special Rice Production Programme; no new Central Sector industrial venture is planned for the near future. The allocation for the expansion of existing units also is negligible; and new power generation projects are being delayed under one pretext or the other; and the neglect in expanding the railway facilities has attained notoriety.

13. If the above are the general limitations, the constraints that I have in the matter of day-to-day financial management are much more grave. You would recall the details of State Government's debt burden narrated by me last year. The State Government had requested the Central Government several times to take a lenient attitude towards the state in the matter of repayment of principal and interest. However, they have not given us any relief. This has put innumerable difficulties in our way and means position.

14. At the same time mention has to be made of the stagnation in the economy of the State. I had dealt with this at length last year. The Economic Review being distributed in the House gives further details. Though it may sound repetitive I cannot but mention some of the salient points here. Take the case of per capita income. Even now we are far below the national average. With regard to State Domestic Product there are certain disquieting features also. At the national level share of primary sector came down from 41.22 per cent in 1980-81 to 33.67 per cent in 1987-88. In Kerala also similar change took place when it dropped from 41.03 percent in 1980-81 to 34.77 per cent in 1987-88. At the all India level the reduction of the primary sector resulted in the share of secondary sector going up. It went up from 23 per cent in 1980-81 to 27.3 per cent in 1987-88. However in Kerala it went down from 22.1 per cent to 19.6 per cent. In short the reduction of the

primary sector did not result in any increase in the share of the secondary sector, but contributed to the strengthening of the tertiary sector in Kerala. This has resulted in the imbalances in the economy arid putting brakes on planned development.

15. It has been the endeavor of the L.D.F. Government to correct this imbalance. I would proudly claim that though small, very definite steps have been taken by the Government. Even though we have not fully recovered from the ravages of 1987 drought, during 1988 progress has been achieved in all the spheres. Production of almost all the important produces has increased. Not only have closed factories been reopened, several new units have also come up. This has resulted in employment generation. Those who had high dreams about a mass upsurge against the L.D.F. Government consequent on the financial constraints and also the general depression are thoroughly disappointed. Those who approach the problems in a balanced way are all optimistic. Let me declare in no uncertain terms that the L.D.F. Government which rose from the collective strength of the working people of Kerala will try its best to fulfill the promises given to the people and establish new milestones in the path of Kerala's development.

Sir,

16. Now, let me refer to some of the achievements mentioned above. Since it will be discussed in detail at the time of department-wise. Vote on Account, I would deal with them only in brief.

### **Agriculture**

17 . We have been able to strengthen 'Krishi Bhavans' which were organised to ensure people's participation in agricultural development and also to take planning and its implementation to the village level. One Krishi Bhavan each has started functioning in all the 1001 Panchayats, 41 Municipalities and three Corporations. We can be proud of the fact that such an arrangement at the Panchayat level to impart technical knowledge helpful to farmers to increase productivity exists only in our State. Experience shows that this new venture will help to overcome many of the hurdles in increasing production. The main hurdle being faced by the peasants is the scarcity of funds. In this regard, the local schemes being implemented by Krishi Bhavans with the help of institutional finance in addition to the budgetary support have become a major factor. The target for 1988-89 was Rs.30 crore. Since October 2, when the scheme was launched, some Rs.3crore have been advanced by institutions. It is hoped that during 1989-90 approximately Rs.50 crore will be made available for agricultural development by the institutions. Similarly, the Krishi Bhavans have also prepared a scheme for popularising group farming under which peasants of a padasekharam will collectively procure agricultural inputs and adopt new farming techniques. To begin with, it will be experimented in about 50,000 hectares during the next virippu season. During the next three years it will be extended to 3 lakh hectares. In order to encourage cultivation of vegetables the formation of a federation to co-ordinate the activities connected with production, processing and marketing is under consideration. Similarly, thrust will be given for the development of the cultivation of pepper, cashew, coconut etc. The land army scheme to involve students and youth in agrarian activities will be strengthened. The State Government have requested NAFED to enter the market for checking the fall of price of coconut. At the same time action is being taken to utilise the wide net work of KERAFED also for the same purpose.

### **Industries**

18. The industrial climate in the State was brighter during 1988-89. Not only was the

loss of man days due to strikes and lock outs less, we were also in a better position compared to many other States in this regard. The agreement to open Mavoor Rayons was a milestone in this direction. The Government is of the view that simultaneous efforts have to be made to establish new factories, help the existing ones and rehabilitate the sick units. The Government has formulated several schemes to set up new units using the raw materials available in the State. As a first step we have exempted rubber based units from the purview of purchase tax, reduced sales-tax from five per cent to three percent and decided to grant special investment subsidy to such units. Similar efforts will be continued to promote other agro based industries also. The most important problem facing the entrepreneurs is the delay in getting licences under different statutes. To overcome this difficulty it is proposed to introduce single window scheme. This system which ensures that all necessary licences are given simultaneously, that too within a stipulated time will give a boost to the process of industrialisation. Besides, sales tax exemption will be granted to large and medium industries for five years which commence production after 1-4-1989. The concessions now being given to the small scale units will be applicable to them also.

19. In order to support existing industries, the purchase policy of Government Departments and Public Sector Undertakings will be changed. It will be ensured that if the product available from within the State is of standard quality only those will be purchased by them.

20. The Government gives utmost importance for the rehabilitation of sick units. Steps are being taken to rehabilitate approximately 800 S.S.I. Units. In the large scale sector Government has extended a helping hand to ALIND and Travancore Rayons. In this connection, I would like to refer to the comprehensive scheme formulated in July and August of 1987 to rehabilitate sick units. However, delay is experienced in implementing the same since the different departments have to process each case and finally the Cabinet has to give its approval. In order to avoid the delay and also realising the need for unified action the Government proposes to extend the following concessions to registered sick industrial units:

A) Sick industrial units will be given moratorium on Sales-tax dues for a period of 2 years from the date of registration; after which period the dues shall be paid in 12 monthly instalments; the interest on the dues will be only 12% .

(B) All dues to the Government will be rescheduled according to the viability of the unit; no penal interest will be charged.

(C) If recourse to revenue recovery has been made it will be stayed and instalment facilities granted for payment.

(D) All those units registered as sick will be given margin money within one month of registration.

(E) If there are Electricity dues at the time of registration power supply will be restored immediately and moratorium for a period of six months will be given for payment of the said dues. These dues shall be paid in 12 monthly instalments after the period of moratorium

21. I am sure that this package will help rehabilitate all sick units, whether small or large.

22. The Central Government has decided to withdraw rebate in handloom sector. The State Government has requested for reconsidering this decision. The Government is examining the possibility of raising the quality and increasing marketing possibilities of handloom and coir products.. The three coir factories proposed to be set up will start

functioning in 1989-90. It is also contemplated to formulate a scheme for setting up of a federation of match industries under the Khadi Board

23. During 1989-90 KSIDC has plans to promote 17 industries in the large scale sector. In addition to this an Aero Space Factory for producing high-tech equipments required for the space centre will be set up at Trivandrum. Steps are also being taken to modernise the Kottayam and Prabhuram Textiles. It is expected that 8,000 small scale units with job potential for 40,000 persons will be established in the State during 1989-90. Under the new scheme of the Central Government Kerala has been allotted two industrial development centres. Rs. 30 crore will be invested in each of these centres during the next five years for providing infrastructure like shed, electricity, water etc.

### **Public Undertakings**

24. During the last two years the Government has taken a number of steps for improving the working of public sector undertakings. Appointing technically qualified persons to Chief Executive posts, taking into account the views of workers and employees in decision making, ensuring co-operation between different public sector undertakings in matters like production and marketing, exchange of technical knowledge, conduct of detailed studies about each undertaking etc., were all part of this process. Let me proudly state that this has borne fruit. The Minerals and Metals, Chavara with a capital investment of Rs. 120 crore was in the red to the tune of Rs. 16 crore per annum due to heavy under utilisation of its production Capacity. Production has now reached 900 tons per month as against 570 tons during 1986-87. Not only has this resulted in saving foreign exchange to the tune of Rs. 50 crore per annum to the nation but also it is expected that the accumulated loss of Rs. 60 crore can be wiped off during the next few years. Similarly there has been progress in the case of Malabar Cements also. This undertaking which was ending up with a loss of Rs. 5 crore per annum has reached a stage this year where it can make profit, though very insignificant, by utilising more than 90% of its production capacity. The loss of Auto cast and Steel and Industrial Forgings has decreased considerably. The turnover of Kerala Electricals this year is 80% more than that of the previous year. Agro-machinery Corporation and Oushadhi which have increase production and bettered performance are implementing expansion programmes. The motto, co-operate and expand, has rejuvenated the public sector undertakings in the State. Civil Supplies Corporation coming forward to market the products of Kerala Soaps, Travancore Cements using the unused barges of KINCO, Travancore Plywoods purchasing the rubber wood of Plantation Corporation are a few examples. The long-term agreements entered into by the Electricity Board with the crisis ridden Kerala Electricals, Metropolitan, United Electricals and TELK which were victims of the lopsided policies of the past are laudable steps in this direction. The Government is of the firm belief that the public sector undertakings can continue their existence only through such actions. That is why the Government has strengthened the Bureau of Public Enterprises.

### **Sports**

25. The Government gives utmost importance to the development of sports. It is with this end that the development of sports facilities in the villages was included in the 11 point programme under which common playgrounds are being constructed. Similarly, in connection with the District Youth Festivals organised by the State Sports and Youth Welfare Department one playground each was constructed in each village. That scheme will be continued next year for which provision has been made in the Budget. The Government have also planned to open a martial arts centre and a centre for popularising

rural sports at Trivandrum. Government is also considering a scheme for establishing a gymnasium each in each district which will be taken up in a phased manner. The programmes implemented by the State Youth Welfare board during the last year have given opportunities for improving the talents of rural youth. In addition to the programmes of last year youth festivals will be organised at the Panchayat, Block, District and State levels.

### **Transport**

26. K.S.R.T.C. has plans to invest Rs.21 crore during 1989-90 out of which Rs. 19 crore will be for purchase of buses. The plan is to replace 400 old buses. The process of forming a Transport Finance Corporation declared in last year's Budget is in the final stages. It is hoped that with the formation of this Corporation more funds will be available for capital investment. Besides out of the State's share of public borrowing for 1989-90 an amount of Rs. 3 crore has been set apart for the K.S.R.T.C. The income of the Corporation which was Rs. 110 crore in 1986-87 has increased to Rs. 150 crore in 1988-89. It is expected that this will further increase next year through better performance.

### **Health**

27. It may be remembered that the State was given an amount of Rs. 2.5 crore for topping the honours list in family welfare programmes in 1987-88. During 1988-89 also the performances was commendable. It is hoped that we shall be achieving before 1991-92 the targets fixed for 2000 A.D. The India Population Project III, aided by the World Bank, which was to have been discontinued by March 31<sup>st</sup> this year is extended for a year more.

### **Local Bodies**

28. The Government is proud to state that the 11 point programme formulated during last year is being implemented successfully. 133 common playgrounds, 200 samskarika nilayams and 48 sisuvihars have been completed by February this year. Since construction is going on in many Panchayats the scheme is extended upto 30th September. Another important area is that of rehabilitation of poramboke dwellers. According to a survey conducted by the Panchayat Department 70,000 families are living in poramboke lands. Approximately Rs. 100 crore is required for their rehabilitation. The Government is preparing a scheme for providing living area in a phased manner. Another scheme is that of the development of Trivandrum, Cochin and Kozhikode with an outlay of Rs. 330crore which will be taken up with World Bank assistance. Similarly, schemes for development of other towns are also under review. Steps will be taken to upgrade Kalpetta, Payyannur, Mattannur, Koothuparamba, Thaliparamba, Ottappalam, Perinthalmanna, Mannarghat, Kalamassery, Eloor, Pandalam, Adoor and Mundakayam as Municipalities. The most important of all is the decentralisation of administration and planning. The Government has decided that while formulating the Eighth plan local needs and possibilities should also be taken into account and as such steps are being taken in that direction. With the holding of election to the District Councils in the next financial year the Government will be fulfilling the pledge of handing over district administration to elected representatives.

### **Culture**

29. The ninth volume of Encyclopaedia and the third volume of Children's Encyclopaedia will be published during 1989-90. The cultural publications department will publish a book of historical and cultural importance every month. The Sahithya Academy and Language Institute plan to publish 50 books each during the next year. A botanical garden costing Rs. 180 lakh will be set up at Olavanna in Kozhikode District within the next two or three years. Arrangements will be made in the archives building to keep in a

scientific manner the Malabar records available with the Tamil Nadu Government and the old records of the Secretariat. Plans have also been drawn up to convert the Koyickal Kottaram of Nedumangad, Elayidath Kottaram of Kottarakkara and Sreepadam Kottaram of Trivandrum into museums.

### **Drinking Water**

30. We have been able to provide drinking water to 2.60 lakh rural people through 32 new projects. Another 22 projects with an estimated cost of Rs. 10.80 crore have been cleared by the Central Government. Apart from this, another 133 projects have been submitted for their clearance. These will be implemented through assistance from financial institutions including L.I.C.

### **Rural Development**

31. 77,000 families will benefit through the I.R.D.P. scheme during 1989-90. Arrangement will be made upto the block level for the marketing of I.R.D.P. products. Employment to the tune of 10.6 million man days will be created under the N.R.E.P. scheme. Rural poor will be benefited by the construction of village roads, irrigation, canal etc.

### **Planning Board**

32. The State Planning Board is in the process of formulating the 8th Plan (1990-95) of Kerala. Through the utilisation of the development potential of the State, the endeavour in the Plan will be to alleviate unemployment. As a part of decentralised planning, projects will be drawn up at the Panchayat level. Though there were resource constraints a sincere attempt has been made at the time of finalising the Annual Plan 1989-90 to allocate sufficient resources for the Plan schemes under different sectors. New schemes have been formulated on the basis of employment potential of each scheme. Considering the fact that by better land utilisation and change in the crop pattern the still untapped employment potential in the agricultural sector can be fully exploited, the Planning Board has formulated a massive scheme. This scheme which will be implemented through institutional finance is expected to generate employment to the tune of 12.5 million man days per annum.

### **Fisheries**

33. Fisheries Department has formulated an ambitious plan for developing fisheries. The Government had, during December last year, presented a Rs. 60 crore project to the Kuwait Fund for Arab Economic Development. The Central Government has given its sanction for the first phase of this project which has an outlay of Rs. 35 crore. This will be implemented from May 1, this year. A prawn Culture Unit, which will have capacity to breed 80 lakh prawn seeds at Mapila Bay in Cannanore District is being completed. The Fisheries Development Agency at Alleppey established in 1988 for the popularisation of scientific fish farming and the Brackish Water Fish Farming Agency at Ernakulam have commenced activities. Construction of 10,000 houses for fishermen will be taken up during the current year with the help of HUDCO as part of the IV th Stage of the programme of meeting the housing needs among them. During the first year 2,500 houses are targeted to be completed. Another scheme for converting thatched houses into tiled ones and for construction of latrines will also be taken up during the next year.

### **Education**

34. The Government had decided earlier that there will be no opening of new schools or upgradation of existing ones. This policy will continue. But efforts will be



made to provide more facilities and to improve the standard of education in schools. For this year approval of the State Level Empowered Committee prescribed by Government of India has already been accorded for selecting 2243 schools under Operation Black Board and four DIETS for improvement of Teachers' Training. The new DIETS will be located in Tellicherry, Badagara, Kuruppampady and Thiruvalla. The question of having three more DIETS next year is under active consideration. The Noon Meal Scheme is continuing. When schools reopened this year there was some dislocation in some areas. However Government have now decided to entrust the responsibility of supplying the materials entirely to the State Civil Supplies Corporation. With this step it is expected that there will be no break down on account of supplies being disrupted. Government are of the opinion that noon feeding should become a mass activity with people's participation. Government have accordingly finalised some proposals for revamping the programme. This will shortly be discussed with representatives of teachers and finalised for implementation during the next academic year. Arrangements are also being made to ensure supply of text books before the schools' re-open at the beginning of June. There are 54 High Schools and 19 Technical High Schools where Vocational Higher Secondary Education at plus two level is being conducted. It is decided to introduce Vocational Education in 27 schools more. The Central Government have issued sanction to start 200 courses to be conducted in these 100 schools. Under the Adult Education Programme Government have embarked upon a massive, innovative programme with a target of 100% literacy in Ernakulam District. This mass campaign is organised with Central Government assistance and co-operation of voluntary agencies. After watching the results in Ernakulam similar efforts will be undertaken in other districts. It is the fervent hope of the Government that by 1995 Kerala will become the first Indian State to achieve 100% literacy in the 05-60 age-group.

### **Co-operation**

35. The deposit mobilisation campaign of Co-operatives achieved tremendous progress during the year. Against a target of Rs. 30 crore, Rs. 113 crore could be collected, Co-operative movement is actively associated with the implementation of Welfare activities under IRDP, 20 point programme, etc. The self-employment scheme under which members of societies are given loans at reduced rates has successful. The Co-operative marketing sector which includes 109 primary societies, 3 federations and one regional society has achieved commendable progress during the year. The Rubber Marketing Federation and 33 Societies in unison marketed 25,498 tons of rubber valued at Rs. 47.30 crore. As part of diversification the setting up of a rubber mixing unit with an outlay of Rs. 1231akhs has been approved. In addition, an ambitious rubber development project, with an investment of Rs. 107 crore within the next ten years, which synchronises the production, storage and processing of rubber is under the active consideration of the Government. The project of constructing 167 new warehouses for storing 60,000 tons at a cost of Rs. 106 crore is being implemented with the help of World Bank and NCDC. In the field of house construction also the Co-operatives have been active. During the current year upto November, advance has been given for the construction of 2889 houses. It has been the long cherished dream of the trading community in Kerala to get a Co-Operative Mercantile Bank established which would enable to solve their financial problems at least to a limited extent. The Government proposes to constitute a Committee to make a study of the problem.

### **Backward Classes**

36. This year has been an year of considerable progress in the development of Scheduled Castes. The Government has made sincere efforts for increasing employment opportunities and also for helping the Scheduled Caste people to find self-employment. Delay in disbursement of educational assistance to students has been removed by the introduction of payment through banks. Enhancement in the mess allowances in the case of students staying in hostels and the tuition arrangement for obtaining higher marks are worth mentioning. Effective steps will be taken to put an end to the practice of robbing away the constitutional concessions to students of SC/ST by means of forged caste certificates. Steps will also be taken to ensure representation in Co-operatives and public sector under taking to the SC/ST candidates under a time bound programme. A study report examining the ways to remove the educational backwardness of SC/ST students has been received which is being examined by Government. Steps will be taken for popularising rubber planting and sericulture in tribal areas. District-wise master plan for providing drinking water, lighting and transport facilities in such areas will be prepared and implemented during the next Five Year Plan period. The SC & ST Development Corporation will help set up small scale industrial units. The loan scheme for purchase of agricultural land and the margin money scheme for self-employment will cover about 5,000 people. Leadership training programme will be organised at block level under the guidance of KIRTADS to ensure participation of beneficiaries in development activities.

### **Forest**

37. While taking effective steps against deforestation the Government is also committed to preserve forests and wild life and also for increasing revenue from forests. Effective steps will be taken for reviving natural forest and for protecting them from wild fire. Urgent steps are being taken for the protection of forest and ecology and generation of employment opportunities in forest areas. Forest Stations on the model of Police Stations have been set up in the Nilambur forest division in July 1988. Based on the experience of these stations, steps will be taken for setting up such stations in other divisions also. The mini-survey unit organised for the survey of forest boundaries is preparing the boundary maps and is expected to complete the work relating to 400 Kms. shortly.

### **Energy**

38. The Government is taking steps to deliver the State from the power crisis that is looming large. As a result of the continuous efforts of the Government the National Thermal Power Corporation has offered to take up the construction of the Kayamkulam Thermal Plant. The project awaits clearance from the different departments of the Central Government. A technical delegation from the Soviet Union has visited the site and expressed satisfaction. It is expected that the preliminary work will start in 1989-90 and that the first phase will be completed during the Eighth Plan itself. Not only has the Central Electricity Authority prepared a feasibility report regarding the Trikaripur Thermal Plant but it is also included in their 9th Plan Programme. However, we cannot wait for another decade for this plant and hence urgent concerted action is necessary to ensure that this also is taken up during the Eighth Plan itself. If gas required for the Brahmapuram Plant is allocated, the Rs. 106 crore project can be implemented within 18 months. Similarly, the NTPC has offered to take up the construction of another plant at Vypeen if gas allocation is made by the Central Government. Besides, progress is being made in the construction of 16 hydro-electrical projects which together have a potential of producing 1753 million

units. Idukki Stage III and Sabarigiri Augmentation will be completed in 1989 itself. Sanction is yet to be accorded by the Central Government for the expansion of Peringalkkuthu, and Anakkayam projects. The Rs. 92 crore Athirappilly project has been presented to C.E.A. Project reports are being prepared with regard to six mini-micro projects. It is expected that the World Bank aided scheme to improve the distribution system in Trivandrum, Cochin and Kozhikode will be completed during 1991-92.

### **Irrigation**

39. There are 19 medium and large scale on-going irrigation projects in the State. Some of them date back even to second and third Five Year Plans. It is absolutely necessary to complete them as early as possible. That is why a major portion of the Budget allocation is given to them. It is hoped that the Pamba Irrigation Project will be completed in 1989-90.

### **Social Welfare**

40. All women's development programmes will be brought under the women's Development Corporation. About 2,000 women will be given self-employment opportunities through assistance from financial institutions during 1989-90. Besides, Women's Co-operatives will be organised to create employment opportunities to the rural women.

### **Tourism**

41. The tourism study centre at Trivandrum established for the purpose of exploiting the tourism potential of the State and for imparting technical know how in the field, will start conducting courses in 1989-90. District Tourism Development Councils have been established for the purpose of decentralised approach to tourism and also for ensuring people's participation. It is hoped that it will help develop the tourism potential. We have also presented before Central Government several projects including 'Yathri Nivas' and beach resorts. There is also a plan to set up a rock garden at Varkala in the model of the one at Chandigarh.

### **Youth and unemployment**

42. I need not elaborate on the gravity of the unemployment problem existing in Kerala. This can be alleviated only, through massive investment. Banks have a major role to play in this matter. But they adopt a very unhelpful attitude, about which a mention was made in my budget speech last year. As a result of the pressure exerted by the Government and the public, the authorities concerned have agreed to raise the credit-deposit ratio. I hope, this will generate more employment. The employment oriented hire purchase scheme formulated by the KSFE has not been fully successful. On the basis of its experience the Government is examining whether any change is necessary in this scheme. Through advance to small scale entrepreneurs the Kerala Financial Corporation has generated employment to the tune of 15,000 during the past two years. The State Government shall utilise the new employment generation schemes announced by the Central Budget. Besides, the Government believes that the new policy approach declared through this Budget with regard to the different sectors including industry and agriculture will increase employment opportunities.

### **Housing**

43. The Government were able to make substantial progress in the field inspite of acute financial stringency. During the period of 20 months commencing from April 1987

to November 1988 the work of 171,926 new houses could be completed through various housing agencies. The interest fixed by the previous Government on the loan amount advanced at the time of first and second phases of the Rehabilitation Housing Scheme has been reduced from 9 3/4% to 8 3/4%. The third phase of this scheme is being implemented comprehensively modernising it. Interest was reduced to 7%. The repayment period was increased to 15 years. The financial assistance has been increased from Rs. 6,000 to Rs. 9,000. The right to choose beneficiaries has been fully entrusted with the local bodies. For the time being financial assistance is being given to 55,000 houses. But considering housing scarcity of the weaker sections, necessary steps will be taken for extending financial assistance to another 50,000 houses also.

44. Government have registered "Nirmithi Kendra" in all districts with a view to reducing considerably the cost of construction of houses. The Government have also taken a decision to register a State level Nirmithi Kendra aiming at the unification of the activities of the district Kendras and conduct research required in this field. Production of low cost house building materials, propagation of modern techniques in the field of house construction etc. are intended to be done with the help of these Kendras. Thus, the Government are contemplating to extend all facilities for constructing houses in consonance with the requirement of all income groups of the society.

45. Pottas have been given to the occupants of housing units constructed under the One Lakh Housing Scheme as promised in the election manifesto of the Left Democratic Front. During this year the Housing Board will give houses to 1000 persons as per the General Housing Scheme. The work relating to 1000 other houses is expected to be started this year.

#### **Public Works**

46. In the Roads and Bridges division work of 13 major bridges, 31 M. L. A. Roads and 11 other roads has been completed and work of 15 Panchayat Roads undertaken in 1988-89. The work of 145 MLA Roads, 53 other roads and 59 bridges is in progress. During 1989-90 it is proposed to commence work on 11 M. L. A. Roads, 23 other roads and 26 bridges. Steps will be continued for the maintenance of the existing roads and bridges as in the previous year. Due to the eradication of corruption to a certain extent the standard of construction works has substantially improved. The work of the Legislature Complex is in progress. Steps are being taken to improve the functions of the Construction Corporation by entrusting more works to them. It is proposed to start the work of the Civil Station of Pathanamthitta and Government Quarters at Kalpatta through construction Corporation utilising RAIDCO loan during 1989-90. It is expected that the construction work of the Cochin-Madurai Road which was recently declared by the Central Government as National High way can be started during 1989-90.

#### **Police**

47. Government proposes to take certain further steps as part of strengthening the Police force. In order to make crime investigation more effective Crime Record Bureaus at the State and district levels will be established to keep track of crimes and criminals. Investigation Officers will be posted at each district equipping them with 'scene of crime vehicles' at the places where murder, sensational house breaking cases etc. take place. The strength of the women police is now only 1% of the total strength of the Police Force in the State. As per planned programme the percentage of representation of women police will be raised to 10% in a phased manner and women police posted in each Police Station. As a first step women police will be posted in all the main Police Stations of the districts during the year itself. Government has opened five Fire Stations during 1988-89 and another

seven or eight will be opened during the next financial year.

### **Labour**

48. Outstanding gains have been achieved in employee-employer relations thanks to the high level of political consciousness of the workers and the relentless efforts on the part of the Government. Strike or lock out existed only in 10 establishments employing more than 50 people as on 18-2-1989. Loss of man days in 1988-89 is only 55% of that in 1986-87. Industrial relations, committees play a major role in improving mutual understanding. In addition to the existing 16 committees another one has been set up for the Kakkad Hydro Electric Project. Minimum wages have been revised in match industry, cinema theatre, forest, road construction, building construction, etc., this year. Steps are being taken to revise minimum wages in cashew, coil, copra, liquor industry, medicine industry, private hospitals, etc. Central Government approval is awaited for a bill to constitute a Welfare Fund for Beedi-Cigar Workers. A survey is being conducted for the disbursement of pension to coir workers. Cashew Workers' Welfare Fund is getting ready for implementation. Implementation of Welfare Fund Scheme for barbers and washermen is under active consideration of Government. The Government which is committed to the implementation of laws meant for the protection of the interests of workers has taken prosecution steps in approximately 3000 cases. Kerala is the first State in India to start cancer detection centre in E.S.I. Hospitals (Udyogamandal). A blood bank has already been established at Ashramam. Setting up of Regional Laboratories at Trivandrum, Quilon, Ernakulam and Kozhikode is being examined. This Government which has given more than Rs. 26 crore as unemployment wages during 1988-89 has also taken steps to disburse the same to the SC/ST categories and disabled who are continuing their studies to complete the SSLC and to those who have been denied it on the ground that they are studying for typewriting courses, etc. Sanction is being given to start a new course in the ITI at Kalpetta.

### **Revenue**

49. Efforts are being made to tone up Revenue and District Administration. The intention is to speed up decision making and thus curb corrupt practices. As a part of this policy it is proposed to constitute Advisory Committees at Village and Taluk levels. Members of political parties will thus get a chance to advice officials suitably on matters of public importance. Though Revenue Village service integration was ordered in 1984, nothing fruitful was done to put it into effect. Now the process is almost complete after due consultation with PSC and service organisations. This will enable the department to work as a cohesive unit in a better manner. So also the long standing disputes relating to the seniority of Revenue personnel in the State have been sorted out and final seniority list of UDCs, Deputy Tahsildars and Tahasildars have been issued. This also will help to boost up the morale of the department. During flood and drought the District Administration rose to the occasion to ameliorate the ravages of such natural calamities. At the moment the State is passing through the threat of a severe drought. Compared to the situation of the last decade the North East Monsoon was less by 63%- one of the worst ever anticipated. The District Administration is being geared up to meet any contingency.

### **Animal Husbandry, Etc.**

50. The massive programme that has been chalked out is one which will add more than Rs. 500 crore per annum to the State Domestic Product through dairy

development and meat produce development. Not only will this create employment opportunities but it will also lead the rural economy as a whole to progress. With this end in view a comprehensive scheme integrating increase in number of milch cows, production of cattle feed, milk marketing, production of milk products and their marketing etc, is already being implemented. Stage III of Operation Flood is under implementation in northern districts. Based on the increased milk production Government intend to start a new milk powder factory. I set apart Rs.10 lakh for this purpose. With the establishment of more incubators it has now become possible to produce 25 lakh chicks per annum. Plan is to increase the same to 50 lakh and thereby increase the availability of chicken. Government is also considering the formation of a Poultry Corporation to integrate all these activities. Government also intends giving subsidy to milk producing and marketing societies for the purchase of deep freezers etc. The plan is to assist 100 such societies during 1989-90. It has also been decided to give subsidy to SC/ST members at the rate of Rs.750 for the purchase of cows.

### **Civil Supplies**

51. Public distribution system in Kerala is hailed as the best in India. This big chain consisting 2091 ration shops, 603 Co-operative Societies, 210 Maveli Stores etc. has achieved incomparable success in containing price rise. When the whole sale price index at all India level showed an increase of 7% in 1987 the same in Kerala was only of 1.2%. These were 5.7% and 0.2% respectively in 1988. The bazaars that are being specially organised during festivities like Onam, Bakrid and X'mas protect the people from the greedy profiteers. It is a peculiarity of Kerala that provisions also are being distributed through ration shops. In the place of 1446 metric tons of provision distributed during 24 months between 1982 and 1984 by the previous Government 33,000 tons have been distributed to the people through ration shops and Maveli stores during the last 22 months. To enhance these achievements the articles will be distributed through another 1000 shops. The attempt on the part of the Government is to set up 2 Maveli Stores in each block in place of one available now. My apprehension is that an organised conspiracy is going on to disrupt all these endeavours. Kerala's legitimate rice allotment has been reduced mercilessly. Those who, allotted rice at the rate of 145,000 tons to Kerala during the worst drought season in 1987-88, when India was importing foodgrains, reduced the same to 125,000 tons in 1988-89 when there was bumper crop. It has further been reduced to 100,000 tons from February this year. The argument that good harvest has enhanced the availability of food grains and so the public distribution could be curtailed may be true in the case of other States. But we know that this is not applicable to Kerala. We cannot but raise our voice collectively against this act of the Central Government which makes the lives of the people miserable.

### **Other Departments**

52. As part of diversification, the Lotteries Department will start Two Rupees Series in 1989-90 in addition to the existing Five Rupee Series. Taking into account the fact that lottery sellers belong to the lowest strata of the society and also that they contribute considerably to the exchequer the Government is considering the constitution of a Welfare Fund for them. Similarly the Government is also considering the setting up of a Welfare Fund for them. Similarly the Government is also considering the setting up of a Welfare Fund for certain categories of agents engaged in National Savings activities.

53. The activities of the Sales Tax Department could be made more effective during the last one year. As a part of effectively checking tax evasion the Intelligence Wing has been strengthened. Steps will be taken to make the same more effective. As a part of making the check posts more effective, the Government is considering the suggestion to construct yards for vehicles along side the Check Posts. Amendments to the Agricultural Income Tax Action the basis of the Kaleeswaran Committee Report will be brought in the next Session of the Assembly.

54. The K.S.F.E. has expanded its activities during 1988-89. Let me take this opportunity to congratulate the employees of K.S.F .E. for their dedicated work in making the 'Bhadra' scheme a success. K.S.F.E. is planning to enter the gold loan field.

55. The K.F.C. which sanctioned over Rs. 40 crore to 1033 units in 1987-88 has sanctioned more than that amount during first nine months of this year. During the current year 110 sick units have been revived by the Corporation. The Corporation has given loans to 116 sick units under the single window scheme. The decentralisation of the process of sanctioning and the change effected in calculation of interest have been of great help to the entrepreneurs. During 1989-90 the Corporation has fixed a target of Rs. 70 crore as loans. This will create direct employment to 15,000 and indirect employment to that many. The Corporation also will take steps to revive 700 sick units during 1989-90.

### **Financial Position**

56. The financial position of the State continues to be precarious. Limited resources, increasing expenditure, stagnation in the economy etc. affect the finances in one way or the other. To add insult to injury, the unhelpful attitude of the Central Government also makes financial management very difficult.

57. With regard to per capita Government debt our state is in the top bracket. While it was Rs. 420 in 1982, it has risen to Rs. 866 by 1987-88. The interest payment which was only Rs. 57 crore in 1981-82 is estimated at Rs. 252 crore in 1988-89. This situation has arisen as a result of the wrong policies of the Central Government as well as the extravagance and mismanagement indulged in by the previous Government of the State. As a result of the conversion of over draft into short term loans (Rs.242 crore) and availing of plan advance (Rs.175 crore) the present Government has been made liable to pay back about Rs.120 crore per annum. It may be noted that the real deficit during the last two years is approximately an amount on equal to this. Had this liability been not there it would not have been necessary to effect a cut in the plan during these two years. The plan advance liability will be over during 1989-90 and the over draft loan only during the subsequent year. It was in view of this that the Government has been requesting for a moratorium on these loans and interest, raising of the ways and means advance limit to Rs. 75 crore and extending the permitted period of over draft to 21 days. However, not only have the Central Government not conceded these requests but they also attempt to arm twist the State by posing these rules as a threat. However, the Government has striven to overcome this situation by its concerted efforts to raise revenue. Budget documents prove this fact. While during the last two years of the previous Government, State's own revenue increased only by Rs. 192 crore, this increase during our two year period amounts to Rs. 278 crore. In percentage terms, while the increase was 23.6% during their last two years, we shall be achieving an increase of 25.48%. While the revenue expenditure increased by Rs. 516 crore during their last two

years the increase during our period is only Rs. 374 crore. I consider it a proud achievement given the fact that we have paid DA at Central rates to Government employees, increased Agricultural Workers' Pension and Unemployment Allowance, and also started implementing the Student's Noon meal programme. No doubt, this was achieved through strict economy measures. Ministers themselves set an example by doing away with escorts, foreign tours and avoiding all avoidable expenditure. Officers also diligently followed the economy orders. While curtailing or postponing expenditure, I have tried my best not to disturb plan allocation. Though the 1987-88 plan outlay was reduced from Rs. 440 crore to Rs 380 crore, we were able to spend Rs 408 crore. Similarly, though annual plan for 1988-89 has been refixed from Rs. 500 crore to Rs. 425 crore, I am sure, the actual expenditure will be more.

58. In the meantime the Expenditure Commission has made several recommendations. The financial management has improved as a result of implementation of their recommendations to stagger payment towards salary, letter of credit and other expenses. Similarly, we are scrupulously trying to follow up their recommendations to get Railway-Defence pensions from Central Government in advance, get reimbursement for NH expenses and adjust suspense accounts relating to PWD etc. The Commission has also suggested that a lot of unnecessary expenditure can be avoided if agricultural workers' pension and unemployment allowance are disbursed through local bodies.

59. The Central Government is morally bound extend a helping hand to a State, which is a model to others. Unfortunately, they choose to think other wise I am aware of the fact- that this is not a stray case but part of their misconceived concept of Centre-State relations. They are trying to solve their ever worsening financial problems at the cost of the States. The Central Government which robbed Kerala of hundreds of crore of rupees by exempting penultimate point in the course of export from the purview of sales tax is also trying to close the door for further resource mobilisation. They attempted to bring Vanaspathy, Cement, Paper, Medicines and Petroleum products under the purview of additional excise duty; they kept in cold storage for 4 and half years the decision to impose consignment tax; even though they know very well that States are losing crore of rupees through clandestine transport of goods through Railways they took a negative stand. I am happy to state that, as a result of the united efforts of the States, some progress has been achieved in this regard. However, they have not taken any action to pull up some of the Union Territories which, through their fiscal policies, ruin the economy of neighbouring States. I firmly believe that only through the collective voice of the people will the Central Government retrace their steps, which is against the co-operative federalism recommended by the Sarkaria Commission.

60. I had presented a budget showing a deficit Rs. 86.14 crore for the year 1988-89. Entry tax on crud oil proposed in the 1987-88 budget, entry tax on tobacco and textiles proposed in the 1988-89 budget have yet been cleared by the Central Government. They have also advised that in view of the amendment to the Motor Vehicles Act brought in by them auction of bus routes may not be pursued. The bills relating to schools, hospitals etc. proposed in 1987-88 are ready. These are expected to be introduced in the next session. In spite of all the difficulties mentioned above, the deficit at the end of the year is expected to be far below the estimate. In place of 86.14 crore it is expected to be Rs. 18.69 crore.

61. Now let me forecast the financial position for 1989-90. I expect revenue receipts of Rs. 2093.78 crore and Revenue expenditure of Rs. 2265.53 crore. The surplus on capital and other accounts will be Rs. 135.02 crore. Adjusting the carry



forward deficit, the closing deficit is expected to be Rs. 56.02 crore.

62. While presenting the proposals for covering the above gap, I would like to bring certain facts to the attention of honourable members. My attempt, an along, has been to avoid taxing the general public; instead I tried to collect more revenue from the rich and bring hitherto untaxed sections within the tax net. I have also tried to raise more revenue by rectifying the lacunae in tax laws. During the past two years I have brought in changes in the tax structure with a veiw to rejuvenate the economy. As a sequel I shall be bringing in the compounding system in Agricultural Income-tax.

### **Proposals**

First of all rate change and exemptions.

63. Cochin refineries is producing Benzene and Toluene, raw materials required for the manufacture of certain pesticides, marketed through Indian Oil Corporation. These are required by the Hindustan Organic Chemicals, Ambalamughal. The existing rate of tax of these items is 10%. This higher rate of tax would adversely affect the sales of Cochin Refineries, whereby the State loses tax. In order to avoid this, I propose to reduce rate of tax of Benzene and Toluene sold by Indian Oil Corporation to Hindusthan Organic Chemicals from 10% to 4%. No loss of revenue is anticipated.

64. The existing rate of tax of photographic equipments like camera, projectors, film, lenses etc. is 15%. Te rate of tax on these items in other States is low. As a result the business is being diverted to other States. In order to contain this business in Kerala I propose to reduce the rate of tax of the materials connected with photography to 5%. By containing the business in Kerala additional revenue of Rs. 15 lakh will be generated.

65. The existing rate of tax of the bodies built on the chassis of vehicles is 12%. Due to the lower tax rate prevailing in Karnataka and Tamil Nadu the industry is being shifted to neighbouring States. In order to avoid this and to encourage the industry in Kerala it is considered necessary to reduce the rate of tax. I propose to reduce the rate of tax on bodies built on chassis of motor vehicles and vessels to 5%. Additional revenue of Rs. 20 lakh is expected.

66. Lime shell is used as a raw material for manufacture of white cement. It is also used as a raw material for manufacture of lime in the cottage sector. A large number of labourers are engaged in collecting lime shells from lakes. Similarly a large number of workers engaged in the collection of river sand, which is used for building construction. In order to promote these industries which generate employment to a large extent, I propose to exempt limeshell and river sand from the existing tax of 5%. Loss of revenue of Rs. 12 lakh is anticipated.

67. Manufacturing of country bricks is another area where large numbers of labourers are employed. For encouraging this, I propose to exempt the manufacturers of country bricks whose total turn over is below Rs. 2 lakh from sales tax. Loss is estimated at Rs. 10 lakh.

68. I propose to exempt footwear costing not more than Rs. 20 per pair from the existing tax of 8%. Loss of Rs. 10 lakh estimated.

69. Common people of Kerala use kerosene stove for cooking purpose. However, required quantity of stoves are not being manufactured in the State. In order to encourage this industry, which has large employment potential, I propose to reduce the tax of kerosene stove from eight per cent to one per cent. No loss of revenue is expected.

70. Plastic bangles and glass bangles are now being taxed at 5%. I propose to exempt them from tax. Loss of revenue is estimated as Rs. 5 lakh.

71. The internal consumption of poultry meat and eggs has considerably increased. But the production in Kerala is not consistent with consumption. The position is that Kerala has to depend heavily upon Tamil Nadu and other neighbouring States for poultry meat and eggs. As part of a massive programme of making poultry farming more profitable, generate more employment and enhance nutrition, I propose to exempt chicks, chicken and poultry feed from the existing tax of 5%.

72. To arrest hike in price of milk and to encourage the dairy farmers attain higher production of milk I propose to exempt cattle feed from the 5% tax. It is estimated that loss of revenue on the above two measures will be approximately Rs. 2 crore.

73. As a concession to students, I propose to exempt from tax note books ordinarily used by them. The existing rate of tax is 8%. Loss of Revenue of Rs. 10 lakh is anticipated.

74. As a part of the process of simplification of assessment the turnover limit of summary assessments was raised to Rs. 3 lakh last year. To give more relief to small dealers I propose to enhance the turnover limit for summary assessments to Rs. 5 lakh.

75. Let me categorically state that vigorous action will be taken against tax evasion and for augmenting revenue. At present there is no provision to confiscate or seize vehicles involved in the clandestine transport of goods. Evasion of tax is being done by utilising loophole. I think that it would be appropriate to give necessary powers to the Sale Tax authorities for confiscation or seizure of the vehicles involved in clandestine transport of goods and thereby check tax evasion effectively. Necessary legislation will be brought.

76. I believe that the deficit can be contained during 1989-90 also since there is progressive increase in revenue and also because revenue expenditure is manageable. Therefore I do not want to approach the common man for mobilising additional resources. I put forth only a single suggestion -that regarding the turnover tax.

77. I propose to levy turnover tax of one per cent on the turnover of Oil Companies whose turnover is Rs. 50 lakh and above. This will fetch an additional revenue of Rs. 10 crore.

78. The net additional resources as a result of the above measures is expected to be Rs. 7.88 crore.

79. Mention also should be made of the fact that the Fifth Pay Commission is expected to submit its report shortly. The additional commitment consequent on the implementation of the report will be considerable. However I am setting apart only a token provision of Rs. One crore. If approximate expenditure for the purpose is included it may lead to the allegation of trying to influence the Commission's award.

80. I had mentioned in para 61 that the closing deficit would be Rs. 56.02 crore. Setting apart Rs. One crore for Pay Revision, ten lakh for setting up a milk powder factory and adjustment of the additional resources of Rs. 7.88 cores leaves a deficit of Rs. 49.24 crore. The summary position is as follows:

	Revised Estimate 1988-89 ( Rs Crore)	Budget Estimate 1989-90 ( Rs Crore)
Revenue Receipts	1887.49	2076.72
Revenue Expenditure	2028.15	2265.53
Deficit	(-) 140.66	(-)188.81
Capital Receipts	1229.54	772.30
Capital Expenditure	1234.11	799.42
Deficit	(-)4.57	(-)27.12
Public Account (Net)	154.60	162.14
Overall Surplus/Deficit	9.37	(-)53.79
Carry over Deficit	(-) 24.23	(-) 18.69
Cummulative Deficit	(-)14.86	(-)72.48
Yield from A.R.M (1989-90)	..	7.88
Additional Share of Central taxes as per Revised Estimate	(-) 3.83	16.46
Expenditure on additional measures announced	..	(-)1.10
Net Deficit	(-)18.69	(-)49.24

81. I am hopeful of closing this deficit and also that arising from the implementation of the Pay Commission award, through intensive efforts in tax collection, increasing non-tax revenue and also by invigorating small savings collections. I am emboldened further in this regard by declaration of the Central Government to introduce consignment tax and also to take steps to check clandestine transport of goods through Railways. If the Central Government also comes forward to reintroduce Sales Tax at penultimate point in the course of export, my task will be further lightened. I hope they will concede our demand.

Sir,

82. Let me conclude my speech. The Honourable Members will appreciate that I have tried to present before you, in utmost sincere words, the achievements, the constraints and our dreams.

We have a dream -

A dream of ushering in a new spring in the fields

A dream to build new factories

A dream to give jobs to millions

The dream of millions of Malayalees-

the dream to build a new Kerala.

I am sure, I have abundant support

from the mighty mass movements of

Kerala in fulfilling these dreams.

This Budget is a step in the direction of fulfilling these dreams.

With these hopes, I present the Budget estimates and proposals for the year 1989-90 for the consideration and approval of the House. Since we do not have 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 for meeting the expenditure during the first four months of 1989-90

Thank you

Loss of revenue of Rs. 12 lakh is anticipated

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