



BUDGET SPEECH FOR 1990-91

V. VISWANATHA MENON

22nd, March 1990

Sir,

I rise to present the Budget for 1990-91.

2. This Session is being held in the background of far-reaching political changes that have come about at the national level. Single party rule at the Centre has ended and a democratic Government with the support of the Left has taken over the reins. Besides, the just concluded assembly elections have thrown out of power the previous Central rules from a number of States also. While the practice previously was to approach every single national issue on the basis of narrow political ends of the ruling party at the Centre, now the Central Government has come forward to handle them on the basis of a common consensus.

3. This change in general approach is visible in economic and financial fronts also. A sincere attempt is on to find out the basic causes of the economic crisis being faced by the country and to seek solutions for them. As a first step in the direction an Advisory Committee consisting of eminent economists was asked to analyse the contemporary economic situation and to suggest steps to be taken on a priority basis. The Committee has already submitted its report. They have done an in-depth analysis of the problems like the set back in agricultural front, lack of sufficient employment opportunities in industrial sector, definite in Center/State budgets, debt liabilities that have grown to alarming proportions, foreign exchange crisis ever increasing interest payments, the fear that the country is dipping into a debt trap etc. These all confirm my apprehensions in the last three budget speeches.

4. An important issue that the Council points out in its report is the skewness in production pattern in favour of richer sections of the society. Regarding the financial crisis of the Central Government the report states. "It is important to note that while the growth target of the Seventh Five Year Plan has been more or less achieved, the pattern of financing has greatly exceeded what was projected been vastly different from what was anticipated. The magnitude of deficit financing has conventional definition the Central Government's budget deficit should not exceed 2% of the GDP it has increased sharply to 3% in 1988-89. The revenue deficit in the Central Budget means that day-to-day expenditure is financed by borrowed funds. The consequence of this pattern is the

substantial increase in interest payments. While it was only 11.6% of the total expenditure in 1980-81 it rose to 19.2% in 1989-90. The observations of the Council confirm the apprehensions that I had expressed in my last budget speech about the situation in the foreign exchange front. Imports that outstrip export, loans raised to overcome the consequences of negative trade balances, mounting interest and debt repayment obligations are sending shock waves through balance of payment situation. The report says that the country's total foreign debt situation which stood at Rs.18,400 crore in March 1981 has increased to Rs.83,000 crore at the end of March 1989. The interest payment which stood at Rs.1100 crore in 1980-81 has increased to Rs.7000 crore in 1986-89.

5. The "Economic Survey" presented in Parliament last week speaks of the multifarious fiscal problems of the Government, as high-lighted by the economic Advisory Council, in more concrete terms. It points out the need to go in for difficult choices of expenditure priorities, the need to mobilise resources in an egalitarian basis, the framing of trade and tax policies which accord priority to the labour intensive pattern of industrial development and the need to manage the balance of payments position without sacrificing the basic objectives of equitable and self reliant economic development.

6. I do have great pleasure in stating that the change at the Centre has been of much help to Kerala. We have not forgotten the painful experiences we had during the regime of the previous Central rulers. Their attitude was of discrimination against us in the matter of day-to-day financial problems, in the matter of plan allocation and even in the allotment of foodgrains. Instead of realising the full quota of rice required for this State where statutory rationing prevails, they unilaterally reduced our rice quota. It is to be borne in mind that this was done at a time when they were boasting of "bumper crop". The former Prime Minister even dared to deprecate the entire people of Kerala. Kerala was excluded from the Special Rice Production Programme. Whatever we were allowed in industry, power, infrastructural facilities including railways etc. were far below our needs. Not only was no new industry planned in Central Sector but also only meagre allocations were made for the existing units. But a definite change in the attitude is perceptible with the change of Government at the Centre. The monthly rice quota was increased to 1,25,000 tons from 1,00,000 tons. The indication at present is that our rice quota may get restored fully. Annual Plan outlay rose from Rs. 526 crore to Rs. 635 cores (Let it be noted that we were given the highest rise among the States). Our long standing demand for support price for coconut has found acceptance to a certain extent.

7. At the same time we cannot take it for granted that all our problems have been solved with the change of Government at the Centre. Many things more have to be done to ensure speedy economic development of Kerala. Central public sector investments should be increased considerably an import policy which protects Kerala's cash crops should be formulated; infrastructural facilities including railways should be improved; above all, the difficulties being faced by the State Government in regard to the day to day financial management should be removed.

8. A favourable approach is visible towards our railway development needs in the current year's railway budget. Even while recording our apprehension over the difficulties that we are put in due to the like in fare and freight charges I don't have any hesitation in welcoming the favourable approach towards out developmental needs. The Union Budget presented on 19th Mach is also welcome in so far as it has made an earnest effort to correct the imbalance in our economy and in the steps mentioned to curb black money, But I am very much distressed about the impact the rise in petrol and diesel prices will have on the lives of the common man especially in a consumer state like ours.

9. Some of the financial problems of the State might have been solved if the final report of the 9th Finance Commission had been to our full expectations. The final award, though, more favourable than the first report, falls short of out expectations mainly in regard to the percentage share of the appreciably more buoyant of the Central duties namely excise duties and additional excise duties. Out percentage share is only 3.087% of the allocable share as against 3.378% under the 8th Commission and 3.295% in the first report of the Commission. At the same time I must express my satisfaction at an overall increase of the total devolution to 3.25% from 3.01 per cent in the first report. The increase is primarily due to a special plan grant to cover the gap in the revenue expenditure of the Plan, which is a new concept in the scheme of federal fiscal transfers. We became eligible for the plan grant because of a more realistic assessment of our non-plan revenue account. I may point out that while in the first report of the 9th Commission the State ended after devolution, with a surplus of Rs. 89.84 crore, the corresponding figure of the final award is a mere 2.29 crore for the five year period 1990-95. This lowering of revenue surplus has entitled the State to a plan grant, which might not have been the case had the figure of Rs. 89.84 crore been taken as the standard. The overall situation is that in the next five years the total transfer to the State are expected to be Rs.3447.89 crore as against Rs. 1744.72 crore in the previous five years. We could forcefully present our case before the Commission with facts and figures that their assessment about our non-plan revenue in the last report, was far from realistic. I am happy to say that our efforts have fructified to considerable extent.

10. We are on the threshold of a new Five Year Plan. It is an opportunity thrown open before us to usher in a new era in our development strategy for creating large-scale employment opportunities by stimulating an awakening in out production fields. If we are to avail of this opportunity we have to raise more resources than we did during the Seventh Plan.

11. The basic thinking of Government that public participation is to be ensured during the Eighth Plan in all stages, viz., planning, policy formulation and implementation is the very bedrock of its policy approach. This will not merely be decentralised planning in words alone but will consist of contribution of the people at large.

12. Government has already done many things the direction of decentralisation. Panchayats, Blocks and District Developments Councils have been asked to formulate schemes amounting to about 25-30% of the total estimate of the Plan.

13. To begin with for the year 1990-91, a sum of Rs. 18 crore has been provided for Panchayats for implementing schemes which have local priority. For the first time such funds are being allotted to Panchayats in a untied manner. In other words the Panchayats will be free to implement any scheme out of the amount allocated to each of them, without having to get Government sanction.

14. In addition to this, schemes estimated at Rs.133 crore that can be included in decentralised plans have also been located. They will be implemented by departments concerned as part of District Action Plan. Out of this, there are schemes of Rs. 30 crore which require active participation of the Panchayats. These schemes have been specially provided for in the budget. They will be implemented by the departments concerned in conjunction with the Panchayats. Rs. 133 crore referred to will be distributed in the following manner:-

(a) 50% on the basis of rural population.

(b) 50% on the basis of income of rural people.

In short, Rs. 151 crore which is about 24% of the total Plan outlay of Rs. 635 crore during 1990-91 is set apart for decentralised plan schemes.

15. To ensure people's participation in plan implementation, channelising of collective strength of people's organisation is of equal importance. I have great expectations about people's participation by contributing their resources and labour strength in constructive programmes. I visualise that this will enhance, in a big way, the investment potential during the Eighth plan. I am very much elated to find that a large section of youth in Kerala has come forward to make such a contribution. I hope that other sections of youth will also emulate their example. My appeal is that every person, employed or unemployed should come forward to make their contribution in the development process of this State. Let our ideological differences and partisan views not come in the way of achieving our common goal!

16. Let me now deal with the current situation in Kerala. About this, in my last three budget speeches I have dealt with at length. The most important aspects which I had pointed out in them was the stagnation that had infected the State economy. Although the situation has not changed fundamentally the available data show that we have achieved hopeful improvements.

17. Agricultural sector is slowly emerging out the difficulties caused by frequent droughts. Steps take by Government could give a new life to the agriculture sector which was almost languishing in stagnation. Group farming implemented for paddy cultivation is sure to achieve better results in that field. We could stop the down trend that was prevailing in the industrial sector during the first seven years of Nineteen Eighties. The downward trend that was visible in the contribution of industrial sector towards State domestic product came to an end by 1988-89 and showed an increase in that year.

Sir,

18. Now let me deal with the activities of different departments.

Agriculture

19. During last the two years we could not only invigorate the agricultural sector but also become a model for other States in India in the matter of mass participation. We could increase the production and productivity of different agricultural crops as a result of the collective efforts of different departments, institutions connected with development activities, agriculturists and agricultural labourers channelised through Agricultural Development Committees attached to the Krishi Bhavans. We could also generate more employment opportunities in agricultural sector.

20. Collection of information relating to the geography of Kerala is very important. For this purpose there is a plan to prepare at Panchayat/Municipal level an Atlas containing detailed information regarding the soil, crops etc.

21. Preliminary statistics show that with the implementation of Group Farming introduced for making the dwindling paddy cultivation profitable, the production cost per hectare has come down by about Rs. 1000 and the yield has increased by about 600 Kg. per hectare. Though the target was to bring 50,000 hectares under the scheme during the Viripu season of 1989, it was possible to implement it in 61,224 hectares involving 1.63 lakh farmers. The scheme is under implementation in 62,018 hectares benefiting 1.70 lakh farmers during the Mundakan season. The target for the coming Punched season is to bring 50,500 hectares under Group Farming. During the financial year 1989-90 the scheme will be implanted in 1.74 lakh hectares. What is aimed at during 1990-91 is to extend the scheme to 3.1 lakh hectares by giving more financial assistance. Taking into account the substantial achievement of Group Farming in the area of paddy cultivation steps are already a foot to extend the scheme to coconut also-the most important crop of our State. The target for 1990-91 is to introduce group management in 2.5 lakh hectares of coconut farms.

22. The activities of Kerala Horticulture Products Development Corporation will be strengthened. Besides, programmes which will create interest and involvement in agricultural development activities among students and youth will be implemented immediately with the co-operation of educational institutions.

23. There is also a plan to introduce regulated marketing system which will remove the irregularities and exploitation by middlemen existing in the field of Agricultural marketing at present. Public undertakings under the Agriculture Department, namely Kerala Plantation Corporation, Kerala Agro-Machinery Corporation, Kerala Farming Corporation, Oil Palm (India) Limited etc., are working profitably. Plantation Corporation has started factory attached to its Kodumon Plantation for making furniture from rubber logs reinforced by chemical treatments. A factory of this kind is intended at the Kaladi Plantation also.

Animal Husbandry

24. Animal husbandry is an important sector in the rural economy of the State, As a result of emphasis we gave to this sector there has been considerable increase in production of milk, meat and eggs. In milk production we could achieve more than what was targeted in the 7th Plan. We are ahead of other States in the matter of animal care and artificial insemination. Since it is proved that the embryo transplantation method can

improve the quality of the cattle considerably necessary steps will be taken in this direction. A Rs. 200 lakh research scheme with Swiss collaboration will be taken up.

25. To encourage fodder cultivation 25 tons seeds will be distributed to the farmers. Four small scale cattle feed factories will be opened in the Co-operative Sector during 1990-91. Construction of a dairy at Kozhikode with a capacity to process 1 lakh litre of milk per day will be commenced. A Dairy Technology Research Centre will be opened so as to encourage the manufacture of milk products.

26. Government's wish is that every homestead in Kerala should have poultry farming. As a first step, action in this regard will be taken up in 100 Panchayats. Similarly, encouragement will be given for rearing of pigs, goats and rabbits.

27. There is a plan to open 1,000 veterinary sub-centres and 75 dispensaries. Our idea is to convert the Institute of Animal Health and Veterinary Biologicals at Palode to an independent institution.

Fisheries

28. Development schemes formulated for 1990-91 lay emphasis on inland sector. Extensive schemes are intended to be implemented for fish and prawn cultivation. Besides the Brackish Water Fish and Prawn Farmings Development Agency at Ernakulam there is plan to set up such agencies at Kannur and Kollam districts. There is plan to develop the Poyya Brackish Water Fish Farm Centre which is being set up with the assistance of UNDP into a farm having demonstration-cum-training facilities and the brackish water fish farm at Ayiramthengu into a model farm. The Mopla Bay prawn seed production centre will start functioning this year. In order to increase inland fisheries resources, it is planned to stock fish-prawn seeds in rivers, back waters, owned paddy fields and to start scientific fish farming in canals, panchayat pond, private Co-operative farms, ponds in homesteads etc.

29. There is also a plan to provide insurance facilities for fresh and brackish water fish and prawn farming. The Government intends to bring about a comprehensive Inlands Fishing Control Act on the model of sea fishing control Act. There is also a plan to operate a fleet of fibre glass boats with technical assistance of Food and Agricultural Organisation. Construction of 10,000 houses will be taken up as fourth stage of subsidised housing for fishermen. There is intention to give marketing loans to the fisher women engaged in the sale of fish with the help of Banks. Matsya Maveli Stores in more places are planned to be opened and to extend fish auctioning to cover more centres.

Civil Supplies

30. We could control the price rise in the case of essential commodities thanks to the multifaceted activities of the Civil Supplies Corporation. No sooner had we achieved the target of one Maveli Store for each block than the attempt for a second Store was started. Since essential commodities are now being distributed through 3136 outlets, the majority of the people of Kerala get relief. In September last year, Onachandas were organised in 3300 places. Mobile Maveli stores have already been started in 4 Municipalities. It is programmed to extend this to more Municipalities. State Level Commission and fourteen District Level Forums have been set up under Consumer

Protection Act. In order to stabilise the prices of essential commodities a grant of Rs.3 crore will be given to the Civil Supplies Corporation.

Co-operation

31. Distribution of loan, fertilizer and essential commodities by Agricultural Credit Co-operatives Societies will be strengthened. Loan assistance at moderate rate of interest will be disbursed through Co-operatives to 50,000 persons during next year to enable them to seek self employment. A committee has been set up to examine the possibility of forming a Co-operative Mercantile Bank for the merchants. Integrated Co-operative Development project will be implemented in Wayanad, Palakkad and Kottayam Districts. Second phase of the revival programme of District wholesale Co-operative Societies will be implemented during next year. Primary Agricultural Development Banks will be formed one in each Taluk. A programme to enhance the warehousing capacity will be implemented with the help of World Bank. I am happy to announce that a production incentive scheme in lieu of the interest subsidy scheme will be implemented from the next financial year for which a sum of Rs.10 crore has been specially included in the budget.

Forest

32. During 1990-91 special attention will be given for the delimitation and survey of forest and also for the assessment of the resource potential of forests. The major factor contributing to the qualitative deterioration of forests is wild fire. Wild fire control will be made effective during 1990-91 by vigorous preventive steps, employing the traditional methods and modern techniques and also by enlisting public co-operation through awareness campaigns. Forest Stations will be set up at Wayanad, Idukki, Thrissur and Palakkad districts also.

33. With a view to link up afforestation programme with industrial growth, a major scheme to raise bamboo forests in the catchment areas of dams is under consideration of the Government. Similarly, plans are on the anvil to develop a 'Green Belt' from the northern end of Kerala to the Southern end as a part of the Social Forestry Programme.

34. Clear felling and selection felling have been stopped completely for the protection of the environment. To solve the consequent shortage of forest produce, steps will be taken to revive the depleted forests by planting local varieties of trees and to increase the productivity of Eucalyptus plantations by intensive care. Social Forestry has been made functional and need based. As a part of this programme it is intended to rise plantations in 6,000 hectares and also to distribute 200 lakh seedling in 1990-91. The World Food Programme, started in 1988 in six districts of Northern Kerala with a view to make available food materials to the weaker sections of society especially the Girijans, will be extended to other districts also.

35. An expenditure to the extent of Rs., 160 lakh is estimated in 1990-91 for the protection of forests in Wayanad, Malappuram and Palakkad districts included in the Nilagiri biosphere plan. The Protection Wing in this area will be well equipped by providing arms, vehicles, wireless etc. There is a plan to implement anti-poaching scheme to prevent poaching and illegal trade in wild life products. Government intends

to formulate a plan for ensuring availability of raw materials for forest based industries which will generate employment opportunities and ensure people's participation in forest protection programmes.

Industries

36. Government believe that the problems of Kerala including unemployment can be solved only through speedy development of agriculture and industry. I have dealt at length the programmes for the development of agriculture. The attempt of the Government is to encourage the Public Sector as well as Private Sector for the development of industries. Government will extend all possible assistance for investing capital in private sector even while ensuring the healthy working of the public sector undertakings.

37. We have been able, within the last three years, to rescue the industrial sector of the State from stagnation and give a new direction to the process of industrialisation. 23,000 small industrial units started functioning during the last three years. This is nearly double the number during the period of the previous Government. Since this Government came into power, 225,000 persons could be given employment in the industrial sector alone. While 171 sick units alone could be revived during the 5 year rule of the previous Government, 1160 units could be benefited during the last three years. Industrial Development Corporation took initiative to start 38 large and medium units. 3000 rural women were benefited by the formation of a Match Industry Federation in the Khadi and Village Industries Sector. 550 women could get employment as a result of starting 50 Soap manufacturing units under the aegis of Soap Manufacturing Federation. Government have taken steps for the encouragements of sericulture which has high potential for employment and income. Budget provision for this has been enhanced from Rs. 25 lakh to Rs. 300 lakh. Sericulture will be undertaken in 5250 acres during 1990-91. We could give employment to the cashew workers to the maximum as a result of vigorous implementation of Cashew procurement programme.

38. The Working of Public Sector Undertaking could be improved thanks to timely help. While only 15 Public Sector undertakings were working profitably when this Government came into power the number increased to 23. The new unit of KEL at Kasaragod and Thiruvalla unit of TRACO CABLES will start functioning very soon. Steps are already afoot for the establishment of High Tech Industries, Kerala.

39. Government has formulated various schemes to speed up industrialisation. Industrial Development Council comprising noted industrialists and experts already been set up. Taking into consideration the fact that the State can make considerable achievements the field of Electronics, Electronic Technology parks planned in Thiruvananthapuram, Ernakulam and Kozhikode. One of the growth centres sanctioned by Central Government last year will be at Vayalar East and another at Thalassery. In order to involve non-resident Malayalees also in the industrial development of Kerala, a "Kerala Growth Fund" is intended to be constituted in collaboration with the Unit Trust. There is also a plan to set up a rerolling mill attached to the Steel Complex. Setting up of a Mineral Development Corporation is also under consideration for the effective industrial exploitation of minerals like graphite etc.

40. An Internal Audit Bureau will be constituted to audit the Public Sector Undertakings.

Energy

41. Taking into account the increasing need for Electricity, Government is going ahead with plans for setting up generating plants which use coal, gas and diesel for generating electricity in addition to hydro-electric plants.

42. Preliminary work in report of Kayamkulam Thermal Plant is in progress. In view of the environmental problems arising out of large hydro-electric projects many small projects are being formulated. Efforts are being made for obtaining Central Government sanction for Brahmapuram and Vypine Plants. Discussion with Central Government is continuing about the plants proposed at Thrikaripur, Kasaragod and Vadakara. Government is also taking active steps to reduce transmission losses. Transmission loss which was about 29% in 1987-88 has been brought down to 24% in 1988-89. Action is being taken to extend the 220 K.V. line from Idukki to Kasaragod so as to solve the low voltage problem prevailing in northern regions.

43. I hope the Hon'ble members would recall the announcement made in the last Budget Speech about setting up of the new industries and revival of sick ones. Electricity shortage is the greatest hurdle in the path of industrialisation of Kerala at present. To reduce its impact to the minimum possible extent, I wish to make the following announcement"

- (a) Industrial sector will be a priority sector in the matter of electricity. Connection will be given to new industries, on a priority basis even when power cut exists.
- (b) New units commencing industrial production will be exempted from power cut for a period of five years.
- (c) New industrial units will be exempted from payment of electricity duty till they complete five years after the commencement of industrial production.

Similarly, in order to encourage poultry farming which has high employment potential, poultry farms will be changed for electricity at rates applicable to agricultural sector.

Public Works

44. It has been possible to speed up the construction works under the Public Works Department and to salvage it from the quagmire of corruption that it was in for the last so many years. As a result, the situation has changed and the practice of sanctioning tenders 150% above estimate has come to an end. Now it has come down generally to less than 50%.

45. In 1989-90 administrative sanctions have been given for 17 major bridges; work on 14 has been completed. Besides, works in respect of 59 major bridges are in progress in different stages. 102 MLA roads have been completed since this Government came to power. Out of the total 280 roads under the scheme 273 have already been taken up by PWD. Out of this, 262 have already been given administrative sanction. It is hoped that all works relating to this scheme can be completed within the next two years. 91 non-MLA roads have also been completed. 65 roads were newly taken up by PWD.

29 bridges, for which administrative sanctions were given after this Government came to power, were completed and opened for traffic.

46. The work on Kochi Bypass- Wellington Island link road in N.H.47A, Varapuzha bridge with an estimate of Rs.10 crore, Angadi Mogaru bridge in Kasaragod district, Erapuzhakadavu and Aroor-Arookutty bridges in Alapuzha district are expected to be taken up in 1990-91. A scheme to develop Cherthala-Chalakkudi Road in the N.H. Sector to a four-lane road was taken up in 1989-90 with assistance from Asian Development Bank. Decision has been taken, in January 1990, to absorb 1300 and odd C.L.R. Workers of P.W.D. into regular service. Kerala Shipping and Inland Navigation Corporation has been formed by amalgamating the Kerala Inland Navigation Corporation and Kerala Shipping Corporation.

Irrigation

47. Our objective in the irrigation sector is the early completion of works taken up. An action plan has been drawn up for this purpose. The estimate is that a total of of land could be irrigated through large irrigation schemes. An area of 3.5 lakh alone could be irrigated until the 6th Plan. It is that this can be increased to 4.17 lakh hectares towards the close of this year, The Plan is to extend this to 49,541 hectares during 1990-91. Pampa, Periyar Valley, Kuttiadi, Pazhassi, Chittoorpuzha, Kanjirapuzha, Kallada etc., are already partially open. It is expected that Kallada scheme will be completed during 1990-91. Chimmini Project also will be partially completed the same year. It is expected that the first phase of Community Irrigation Project estimated about Rs. 100 crore, which was not implemented for a long period can be commenced during 1990-91.

48. Anti-sea erosion works are also progressing rapidly Repair works have been done for a length of 40.17 Kms. There is plan to carry out repair work on 10 Kms. length and to build walls for 7 Kms. during 1990-91.

49. 307 tube wells were dug during 1989-90. This plan is to dig 1000 tube wells more during 1990-91.

Transport

50. The work on the Driving Training School at Kozhikode will be completed next year. There is also a plan to open more such new school in a phased manner. Provision required will be made for the activities of the Road Safety Council for the purpose of reducing road accidents. Water Transport will also be improved by providing more boats. Water Transport Service will be started in Trikaripur area. Along with all these I would like to announce a concession. In K.S.R.T.C. buses free journey is allowed to children upto three years only. In railway it is up to five years. Following this example, children up to five years will be allowed free journey in K.S.R.T.C. buses also.

Tourism

51. Never had so much progress been achieved in the matter of Tourism as in this year. Apart from the Tourism Week Celebration of Onam season, Thrissur Pooram, Nehru Trophy Boat-race, Spices Fair, the Great Elephant March etc., attracted tourists

from within the country and abroad. The intention is to organise the Great Elephant March every year. The arrival of first chartered flight in November 1989 with tourists from Europe is an important milestone in the development of tourism in the State.

52. Two luxury boats have already been commissioned as part of converting the backwaters into tourism centres. Three more will start services very soon. Two motels have been opened this year, one at Palakkad and the other at Sultanbetheri. Five more will be opened next year. Yathri Nivas at Thrissur, meant for middle class tourists has already been inaugurated. Yathri Nivas will be opened in Thiruvananthapuram, Kollam, Kochi and Kannur. Activities connected with the second phase of Veli development have begun. Shankhumugham, Varkala, Kappad, Neyyar Dam, Parambikulam, Ponnudi, Akkulam also are on the road to development.

53. In order to ensure people's participation in tourism activities, 1990 will be launched as "Tourism Awareness Year". As a part of this, tourism clubs have started in certain colleges. The Government of India has declared 1991 as 'Visit India' year. We should try to utilise this to the maximum.

Education

54. The policy of the Government that neither any new school will be opened nor any one upgraded will continue during 1990-91 also. However, Government L.P. and U.P. Schools will be upgraded in case land and building are made available as contribution. Noon-meal programme will continue with public participation. In addition to the existing 100 Higher Secondary Vocational Schools, the same will be started in 50 more schools.

55. The Sampoorana Saksharatha efforts organised in Ernakulam District with the participation of different departments of Government, local bodies, institutions and massive participation of the people was a new experience selfless action on the part of voluntary organisations numbering more than twenty thousand was the life force behind it. It has opened the way to this kind of developmental activity in many fields like Health Services Saksharatha Samithy under the Chairmanship of the Chief Minister has been set up for organising Saksharatha activities in other districts also on the model of Ernakulam. The target is to make literate more than 30 lakh illiterates towards the end of next financial year. It is expected that about four lakh of volunteers, people's organisations different local bodies and institutions will take part in this I expect that this will impart a new spirit and vigour to the entire spectrum of development activities in the State.

56. A World Bank programme costing Rs. 34 crore, drawn up for the development of Polytechnics is under consideration. Action on the basis of the report of Justice Narendran Commission which went into the matters relating to Pre-degree Board episode during the previous regime is being taken. For the first time after the formation of Kerala Books and Publication Society, entire printing of text books has been taken up by them. It is expected that the text books will be distributed in time. Pension, a long standing demand of the employees of Local Library Authority has been implemented retrospectively with effect from 1-4-1979.

Scheduled Caste-Scheduled Tribe Development.

57. It will be hundred years on 14th April 1991 since Dr. B.R. Ambedkar, the architect of our Constitution who fought for freedom and social equality of the backward classes in India was born. His birth centenary will be celebrated in a fitting manner for a year from 14th April 1990 with the co-operation of persons from all walks of life of our society.

58. The scheme for providing land and house to the landless and homeless Scheduled Caste families will be made applicable to Scheduled Tribes also. The scheme will be extended to all the Blocks in the State. A hostel complex with all amenities will be set up for the benefit of those Scheduled Caste and Scheduled Tribe students who come to Thiruvananthapuram for higher studies. A fullfledged scheme which will help locating Scheduled Caste/Scheduled Tribe students skilled in sports and games and which will give them opportunities to exhibit their skills will be drawn up for implementation. Scheduled Caste students who fail in the P.D.C. will be given financial assistance to write the examinations a second time also.

59. "Entrepreneur Guidance and Counselling Centres" will be set up under the leadership of Scheduled Caste and Scheduled Tribe Development Corporation to give necessary guidance and advice to the unemployed Scheduled Caste-Scheduled Tribe members who come forward to start self employment ventures. The existing programmes of the Scheduled Caste and Scheduled Tribe Development Corporation will be made more extensive and newer ones taken up with the help of the National Financial Development Corporation (N.F.D.C.) meant for Scheduled Caste and Scheduled Tribes.

Health Services

60. Government is implementing health service measures which lay emphasis on family welfare activities based on population control and those meant for improving health service facilities at primary levels. Facilities in the existing Primary Health centres will be increased. 20 new Primary Health Centres will be sanctioned. Facilities in Primary Health Centres increased by providing laboratory facilities, X-ray, speciality units etc., in the 54 Community Health Centres sanctioned in Seventh plan in addition 500 sub-centres also will be set up.

61. A plan to set up 50 bedded geriatric centres at Thiruvananthapuram, Ernakulam and Kozhikode and geriatric clinics attached to district hospitals for old age care is under consideration in a phased programme. As a part of this one centre and 3 clinics will be set up in 1990-91.

62. Sports medicine pilot centres will be established. A leper rehabilitation centre will be set up at Koratti. There is intention to open T.B. Centres at Idukki and Wayanad Districts. Attached to the Women and Children's Hospital, Trivandrum an S.T.D. clinic will be opened. There is plan to implement in a phased manner the principle of 500 beds in district hospitals and 200 beds in Taluk hospitals.

63. Referral system will be introduced in the Medical Colleges at Alappuzha, Kottayam and Thrissur also in a phased manner. This will be introduced in Kottayam Medical College during 1990-91. A building named "Arogya Vidya Bhavan" will be

constructed in the Thiruvananthapuram Medical College Campus for setting up of the Office of the Director of Medical Education. The 100 bedded Thorasic Hospital attached to Kozhikode Medical College will be commissioned. A 30-bedded drug addiction treatment centre will be opened at Thiruvananthapuram.

64. 15 Ayurvedic dispensaries and two hospitals will be newly sanctioned; three dispensaries will be upgraded to hospitals. Facilities in the district Ayurvedic hospitals will be increased. Naturopathy wards and Sidha dispensaries will be set up in district hospitals in a phased manner. The monthly grant to Ayurveda Vaidyans will be enhanced to Rs. 540 p.m. from Rs. 300 in the case of Grade-I Vaidyans and to Rs.400 from Rs. 250 in the case of Grade II Vaidyans.

65. 37 dispensaries and 2 hospitals will be newly opened under Homoeopathy department.

66. The production unit of Oushadhi will be expanded. More than Rs. 246 lakh is estimated for this. Medicinal plants will be cultivated in the 240 acre area in the Pariyaram T.B. Sanatorium.

Housing.

67. Even in the face of stringent financial difficulties, Government gave priority to the schemes of housing for the poor and weaker sections of the society. During the 1st and 2nd phases of the rehabilitation housing programme 1.37 lakh houses were built and distributed. The third phase for the construction and distribution of 55,000 houses is under implementation during the current year. Financial assistance has been enhanced to Rs. 9,000, interest reduced to 7% and the repayment period extended to 15 years. Another 55,000 persons will be getting this benefits during next year.

68. A new scheme “Kairali Housing Scheme” will be implemented from next year onwards. Financial assistance in respect of this scheme will be Rs. 10,000.

69. For constructing common toilets in the One Lakh Housing Scheme Colonies a grant at the rate of Rs. 3,000 per colony will be given to local bodies. Rs. 50 lakh is set apart for this purpose.

70. The scheme for beedi workers started this year will be continued and the benefit will be extended to 500 persons more during next year. This scheme providing Rs. 6,500 as loan and Rs. 2,000 as grant is the harbinger of an attractive scheme awaiting Central Government’s approval. Scheme of this kind will be formulated for the benefit of workers in the traditional sectors of Handloom and Coir also. 2080 acres of land have already been distributed for the housing scheme for the rural landless labourers. 1397 persons have been given land during the 9 months upto December.

71. The State Level Nirmithi Kendra started for co-ordinating the activities of other Nirmithi Kendras has commenced functioning. There is also a plan to organise Sub-Nirmithi Kendras as Block level to propagate low-cost housing.

Local Administration

72. It has been possible during the financial year to commence a number of programmes which laid stress on rural and urban development. The detailed plan in respect of the World Bank aided Urban Development Project is being finalised. The

programme would be implemented in three cities viz., Thiruvananthapuram, Kochi, and Kozhikode during the next financial year itself.

73. In Panchayats, the plan is to start in this financial year itself the scheme for rehabilitation of Poramboke dwellers which is the next item in the ongoing 11 point programme. As a first step Rs.10 lakh has been provided in the budget.

74. Two development authorities with Centres at Alappuzha and Kannur have already been set up.

75. Necessary amendments in the District Administration Act has already been passed as a step towards the formation of District Councils. Some more amendments required for this purpose will be brought soon. Preliminary steps for holding District Council Elections are going on vigorously. District administration will be handed over to elected representatives during the year.

Sports and Youth Welfare

76. In the recent Asian Track and field Championship, I am proud to say that out of 22 medals won by India, 11 of them were due to the efforts of Kerala's Sports Stars. Many schemes are being planned so as to maintain the upper hand which Kerala has attained in the Sports map of India and to win more victories in the field. The most important one in this regard is the 'Operation Olympea' meant to make the Sports Stars fit for achieving success in Olympic Competitions. As a first step towards this 100 persons will be given coaching in each panchayat in Athletics, Football, Volley ball, Basket ball, Swimming etc. Those who show skill during these trainings will be given more intensive coaching at the G.V. Raja Sports School to enable them to participate in national and inter national competitions. Amount required is being provided in nthe budget.

77. Government intends to upgrade the G.V. Raja Sports School to a Sports School of international standards. Government intends to enhance the hostel facilities, diet, coaching facilities etc., and to lay a synthetic track, purchase better equipments and to enhance the stipend. For this I set apart Rs. 70 lakh.

Culture Department

78. A massive plan costing Rs 14 lakh for preservation of wall paintings under the supervision of the regional conservation laboratory related to the archeology department under the Culture Department has been undertaken and its first stage completed. In 1990-91 there is plan to set up an archeological museum with facilities for numismatic studies at Koyikkal Palace, Nedumangad, the capital of centuries old Venad dynasty. Culture Department intends to publish Kerala Cultural History in four volumes.

79. I am happy to say that Kerala Kala Mandalam has not only earned praise during their recent European Tour, but also earned considerable foreign exchange.

80. A research body, Centre for Development of Imaging Technology (C-DIT) under the aegis of State Film Development Corporation has started functioning in the film and video fields.

Labour Front

81. Government's endeavour to maintain an atmosphere of peace and friendship in State's industrial units and labour fronts is on the way to success. Employees and Labour organisations now show more enthusiasm in settling disputes amicably, accepting the path of reconciliation. I have great pleasure in informing the members that an enviable change has come about in this area, thanks to the conscious efforts of the Government. Kindly note the statistics regarding the loss due to strikes and lock-outs.

	1987	1988	1989
1. No. of strikes	77	57	47
2. Consequent loss in mandays (in lakh)	18.02	13.22	11.03
3. No. of lock-outs	26	16	15
4. Consequent loss in mandays (in lakh)	5.50	8.10	6.09

In short, it has been possible during the last three years to reduce considerably the manday losses due to strikes and lock-outs. This exposes the canard that situation prevailing in Kerala is not conducive to industrialisation. I have great pleasure in observing that sincere efforts of the Government to cultivate good labour relations have fructified. A state-level Industrial Relations Committee to discuss and to give suggestions on the labour disputes in the area of food supply and another Industrial Relations Committee for the Thermal Power Plant being set up at Kayamkulam were newly formed this year.

82. Government have decided to constitute one man commission to study and report the problems being faced by Plantation industry and demands of the plantation workers and to suggest new wage structure to the plantation workers.

83. During this financial year town employment exchanges started functioning at Vaikom and Shoranur. The policy of the Government is to have an Employment Exchange in every taluk. Sanction has already been given for setting up an Employment Information Guidance Bureau in the Mahatma Gandhi University. Special employment cells with assistance from the Central Government will be set up during the next financial year for disabled candidates.

84. With the conversion of nine part-time E.S.I. dispensaries into full time dispensaries, the number of full time dispensaries in the State has risen to 122.

85. Ex-gratia payments now being given under the "Tree-climbing Workers' Welfare Scheme-1980" will be enhanced from Rs. 5,000 to Rs. 10,000 from 1990-91 onwards. This benefit will be extended to the coconut, arecapalm and palmyra climbers' families also.

Police

86. Government have already given permission for the formation of "Police Housing and Construction Corporation" meant to construct houses for police personnel.

Steps will be taken for providing new buildings and other facilities in Police and Jail departments under the modernisation scheme of the Central Government. The question of issue of caps now being given to the local police to police men of the Armed Reserve Force and A.P. Battalion is under consideration. Preliminary steps will be taken for getting up of a new Forensic Science Laboratory at Kozhikode for speedier chemical examination after post-mortem.

87. A Narcotic Cell will be formed in the Crime Branch to prevent the spread of narcotic drugs. A Special Cell will be formed in the Special Branch to prevent communal clashes etc., more effectively and also to take preventive steps against them. A few more Fire stations this year also is contemplated by Government. Government also intend to take necessary steps to make fire fighting force more effective by opening a control room each for connecting the fire stations at Thiruvananthapuram, Kochi and Kozhikode and arranging V.H.F. (Wireless) fitted mobile units, as it exists in other major cities in India. Government has also taken steps to open a training centres with all modern facilities at Vayyur near Thrissur so as to give training to fire men and station officer category in Fire Force Department.

Law Department

88. In accordance with the advice of the Committee appointed to study the issues relating to the Court Fee Stamp major concessions were allowed. State Legal Aid and Advisory Board have been reorganised to ensure legal aid to the poor sections of the people. The Official Language Commission have translated more than 180 Central Acts into Malayalam. A sales division has also been set up for the propagation of the same.

Excise Department

89. The Delhi based Centre for Area Development and Action Research has submitted a report on different aspects concerning revival of toddy industry. The report is under consideration of the Government.

90. Various recommendations of Udayabhanu Commission Report have been reflected in the latest Abkari Policy. As recommended by the Commission bottling of arrack will be introduced to begin with in three districts of Ernakulam, Thrissur and Palakkad from 1-10-1990 onwards.

Revenue

91. Mass contact programmes started in districts to enquire into the complaints and to take a speedy decision on petitions have received wide public acceptance and have been very effective. This programme will be organised more extensively and continuously in all parts of each district. In addition to this, orders have already been issued for setting up advisory committees consisting of people's representatives at Taluk-Village levels. Government have already completed the procedural formalities for the formation of a unified unit consisting of Revenue Village services to give better service to the people.

92. Pattayam for the land they possess have been distributed to more than one lakh people since this Government came to power. Central Government's approval has not yet been received for distribution of Pattayams to the farmers who are in possession

and enjoyment of forest in which they have made improvements before 1-1-1977. In view of the delay being experienced in this regard possession certificates have been issued to them on the basis of a joint verification by Revenue Officials. The process of assignment and distribution of pattayam to the persons who are in possession and enjoyment of the land for years under the system like Sreepadam and Sree Pandaravaka will be completed during the year itself. Many cases regarding surplus land are pending decision before the High Court. President's assent has now been received for the bill which this Assembly had passed for constituting the Kerala Land Reforms Tribunal as solution to this problem. The Tribunal will be constituted without further delay and decisions on cases relating to surplus land will be speeded up.

93. Alternating drought and flood have inflicted severe blows on our agricultural economy. Life of the farmer becomes more miserable when this is followed by fall in price of agricultural produce including coconuts. In the circumstances, Government consider it very necessary that some concessions are given in the matter of repayment of agricultural loans etc. upto a certain limit. As a gesture of goodwill short term loans upto Rs. 5000 and interest thereon in respect of loan availed of by farmers from the Department of Agriculture before 31-3-1986 will be written off.

94. A comprehensive plan for solving the drinking water shortage in Thiruvananthapuram, Kochi and Kozhikode Corporations has been drawn up and submitted for World Bank assistance. This is part of Kerala Urban Development Project. In anticipation of approval of World Bank, Government have already taken steps to lay pipe line for the new filtration plant being set up at Aruvikkara. Projects being implemented in rural areas, especially those having bilateral assistance, will be speeded up.

Other Departments

95. Sale of tickets of lotteries conducted by private agencies has been banned in the State in view of large scale complaints about certain other State lotteries. However, in order to avoid difficulties to the thousands engaged in the profession, new lottery schemes will be organised by the State Government. The intention is to organise bi-weekly draw for one rupee and three rupees, bi-monthly bumper draw for 10 rupees and super bumper draw for Rs.20 during Onam season. Drawbacks in commissions in respect of existing lotteries have also been rectified.

96. Kerala State Financial Enterprises has started the gold loan scheme in accordance with the announcement I had made during last year's budget. This facility exists in eight branches now. It will be extended to other branches in a phased manner.

97. Kerala Financial Corporation have disbursed a loan of Rs. 50 crore to the Small Scale Industrialists during the current financial year. The amount will be Rs. 55 crore during 1990-91. 1500 units will be benefited by this. The Corporation has played an important role in the revival of sick industries. 225 units have already been assisted under this scheme.

98. Port Department will be purchasing a speed boat to help rescue operation. A Mechanised barge also will be purchased during 1990-91. Development activities will be speeded up in Neendakara and Beypore ports during the Eighth Plan.

99. As a result of extension of Development of Women and Children in Rural Areas (DWCRA) scheme to Palakkad, Wayanad, Idukki, Malappuram and Kannur districts, women from poor families could be assisted.

100. Accepting the principle of a Pay revision once in five years, Government implemented the Pay revision for State Government employees with effect from 1-7-1988. Government have tried to give maximum benefit to the employees through the increase in allowances and master scale. Government shouldered a commitment of about Rs.125 crore on this account. The machinery for rectifying the anomaly has been functioning.

Financial Position

101. A lot has been discussed about the financial position of the State Government during the last three years. During previous years I have dealt at length about out special problems, through problems of Kerala are part and parcel of the problems being faced by the States in India where it is centralism in practice and federalism only in words. State Government has limitations in getting things done in the midst of resource constraints mounting expenditure and stagnant economy. I am proud to say that in spite of these difficulties we have been able to do our best.

102. By the time the current financial year ends we shall have liquidated the overdraft loan of more than 240 crore with interest, which the previous Government availed of in the face of a mounting overdraft situation. We would also be getting over the adjustment of Rs. 50 crore per year of Central assistance under the plan which was the consequence of the previous Government taking an advance plan assistance of Rs. 175 crore. A marginal amount of debt relief has also been allowed to us by the Government of India in accordance with the recommendations of the 9th Finance Commission in its second report. In the background of the above favourable factors it is my hope that with adequate control on unproductive expenditure, timely collection of revenue arrears and a well formulated revenue collection plan we will be in a happier position in regard to the day-to-day ways and means problem.

103. Honourable Members will recall that the deficit projected in my budget for the current year is Rs.49.24 crore. The latest estimate of deficit is Rs. 39.35 crore, despite the Government having to shoulder additional responsibilities like new pay scales and pensions, unbudgeted payments to K.S.R.T.C., KELTRON etc., clearance of pending bills of Civil Supplies Corporation. The revenue receipts anticipated for next year are Rs. 2236.33 crore and revenue expenditure projected is Rs.2596.73 Crore and the revenue deficit is thus Rs. 360.40 crore. Taking into account capital receipts, public account and the opening cash deficit the year 1990-91 is anticipated to close with a deficit of Rs. 110.95 crore. Now let me outline the measures proposed for filling up this gap.

Proposals

104. I have dealt in detail about our achievements, problems and the possibilities before us. Now let me go over to the areas of taxation, about which Honourable Members are eagerly waiting for.

105. The issue of sales-tax concessions and the role it plays on industrialisation has been engaging the Government's attention for some time. Our sustained efforts in the last three years are showing results.

106. Last year I had announced package of tax concessions especially for sick units. You have already heard about the substantial progress we have made in the revival of sick units. I am now presenting an integrated package of tax concessions to encourage investments by genuine entrepreneurs, to help marketing of their products and to induce the existing S.S.I. units to go in for expansion and for newer technology.

107. Hitherto the exemptions available to new S.S.I. units were restricted to the payment of Kerala General Sales Tax only. Now, I propose to widen the scope to include exemption from tax on purchase turnover of goods used in the manufacture of goods intended for sale. But, this will not be applicable for consignment or stock transfer or transfer by any manner other than sale of such goods. In addition, to help our products to compete in market outside the State, I propose to exempt new S.S.I. units from Central Sales Tax for inter-State trade.

108. Small Scale Industries are now being granted Sales Tax exemption for a 5 year period but the benefit is limited to 90% of the capital investment of the unit. Now, I propose to grant the exemption limit of tax concessions on Sales Tax, Purchase Tax and Central Sales Tax equal to 100% of the value of new plant and machinery. I also propose to grant exemption to above mentioned taxes to the amount equal to the actual cost of land and building of the new S.S.I. unit or 30% of fixed capital investment whichever is less, in addition to the above exemption.

109. These concessions can be availed of for a maximum period of five years by new S.S.I. units from the date of their commercial production. Existing new S.S.I. units which have not exhausted their concession period can opt for this system for the remaining period of concession. In such case, the tax concession availed of so far will be deducted from the amount of tax concession calculated under the proposed system.

110. Now, let me turn my attention to existing units. In order to give a boost to the existing S.S.I. units I propose that such units which effect diversification/expansion/modernisation will be given exemption on above lines for a maximum period of three years from the date of completion of such efforts as certified by the competent authority. The monetary limit for this concession would be equal to the cost of new plant and machinery used in diversification/expansion/modernisation.

111. Here I wish to add that Justice Vadakkal Commission's report has pointed out that there is large scale evasion and misuse of various concessions by many S.S.I. units. Necessary safeguards will be taken to encourage only genuine entrepreneurs and ensure that these concessions generate more employment.

112. Market for large and medium scale industries often extend beyond the frontiers of the State. At present there is no tax concession for inter-State sale. So, I

propose to reduce the C.S.T. to 2% in the case of new large scale and medium scale industries, apart from existing concessions for a period of five years from the date of commercial production.

113. Marketing of the locally manufactured goods also needs a fillip. State and Central Government Departments, Indian Railways, KSEB, National Thermal Power Corporation, Kerala Water Authority, K.S.R.T.C, Universities in Kerala and local bodies are making large purchases of different items every year. Very often manufactures and traders based in Kerala are not able to compete with outsiders due to difference in rate of tax. Direct purchase from outside the State is chargeable only at the rate of 4% whereas the rates in Kerala are higher in many cases. This has prompted the above institutions to purchase directly from outside the State. Therefore I propose to reduce the rate of tax applicable on such purchases by the above mentioned institutions to 4%. This benefit will not be applicable to petroleum products.

114. Industrial units in Kerala are purchasing machinery and other structural items from outside Kerala on account of tax differential. To promote local manufacturers and traders, I propose to reduce the tax on machinery and such other goods used in the manufacture of goods intended for sale to 4%. At present the rate of tax on machinery is 8%.

115. I am hopeful that the cumulative effect of the package of incentives which I have presented will be able to generate a more favourable climate for rapid industrial development. Let us resolve to make the Nineteen Nineties a decade of industrialisation.

116. Now, let me draw the attention of the Hon'ble Members to certain changes in the rates of tax which I am proposing with a view to preventing diversion of trade and to increase the volume of trade.

117. At present containers are taxed at the rate of 8% to 10%. I propose to reduce the rate of tax of containers to 2%.

118. Sales Tax on empty gunnies, packing materials, paper covers, paper bags, are being taxed at 8%. I propose to reduce the rate of Sales Tax to 4%.

119. I propose to reduce the Sales Tax of generators from 10% to 6%.

120. With a view to encouraging poultry farming in the State I propose to make applicable the sales tax exemption on the sale of chicks and chicken to poultry farms of the State.

121. To promote footwear industry in the State especially those engaging in the business as a cottage industry. I propose to exempt from sales tax all the footwear manufacturers in the State having turnover of not more than Rs. 5 lakh per year, Leather purchased by such manufacturers of footwear for use by them in such manufacture will be exempted from Sales Tax.

122. As I had mentioned earlier the Government had initiated many steps to implement the recommendations of the Udayabhanu Commission. One of the main recommendations of the Commission is to promote beverages with low alcoholic content like toddy and beer in order to wean away hard liquor drinkers from their habit. With this objective in mind, the General Sales Tax on beer is proposed to be reduced from 60% to 40%.

123. Imitation gold ornaments are being subjected to 5% multipoint taxation. I propose to shift the levy the first point of sale in the State. No change in the rate of tax.

124. As a result of these measures the additional net receipt I am expecting is Rs. 5 crore.

125. Now let me propose some changes in tax rates and exemptions.

126. I am fully aware that film industry is going through a lean period on account of video piracy and heavy competition from television. In order to help film industry which gives employment to thousands, I propose to remove the present tax at the rate of 5% on the transfer of the right to use cinematographic films.

127. With a view to widen the scope of welfare measures intended for the scheduled castes/scheduled tribes, I propose to exempt the sale by industrial co-operative societies run by scheduled caste/scheduled tribe from Sales Tax. Similarly, the lease amount paid by the Girijan Service Co-operative Societies to the Forest department is proposed to be exempted from sales tax. Loss of revenue to the tune of Rs.10 lakh is estimated.

128. I propose to exempt the wirecut brick manufacturers from purchase tax. Loss of revenue of Rs. 10 lakh is estimated.

129. In order to give a fillip to the rerolling industry in Kerala I propose to exempt the re-rolling mills from the payment of purchase tax on the raw materials used for re-rolling. Loss of Rs. 5 lakh is estimated.

130. To promote apiculture which generates considerable employment in the State I propose to exempt honey from Sales Tax. At present honey is taxed at the rate of 5%. Rs.5 lakh is estimated as loss.

131. In order to encourage trade in agriculture produces and hill produce I propose to exempt Central Sales Tax on pepper, arecanut and dried ginger for one year. Loss of revenue of Rs. 25 lakh is estimated.

132. With a view to promoting cultivation in the lands owned by the Panchayats I propose to withdraw agricultural income tax on the agricultural income received by the Panchayats. Loss of revenue is negligible.

133. I have always had a special consideration towards the student community. Several items such as pencil, writing ink, instrument boxes, note books etc. which are primarily used for educational purposes were exempted from Sales tax. I propose to add to this list black boards, chalks, dusters, rubber erasers, pencil sharpeners and dissection boxes, I anticipate Rs. 5 lakh as loss of revenue.

134. At present rubber trees are taxable at 5% multi point. As a measure of relief to small growers I propose to exempt rubber cultivators when selling rubber trees having a turnover not exceeding Rs. 2 lakh from sales tax. Loss of revenue of Rs. 60 lakh is anticipated.

135. To check the rise in prices of food supplied in hotels and restaurants I propose to reduce the rate of tax of cooked food sold or served in hotels and restaurants from 10% to 5%. Loss of revenue anticipated is Rs. 1 crore.

136. Now let me speak about some changes in the tax administration.

137. Last year, I had suggested certain measures to simplify assessment upto Rs. 5 lakh. In the above cases I propose to introduce annual returns instead of monthly returns. Voluntarily self assessment will be accepted if tax declared is 10% above the previous year's assessed turnover. These measures will help a trader whose turnover is less than Rs. 5 lakh and will spare him from difficulties.

138. At present sales bills for sale exceeding Rs. 3 have to be issued. I propose to enhance the limit to Rs. 10.

139. As Honourable Members know, Sales tax is the important source of revenue to our State. Indirect taxation needs in depth study as its impact is directly on the common man. Therefore, I propose to establish an autonomous society-"Centre for Taxation Studies"- to look after publication, research and training. This will enable timely publication of matters relating to tax structure for the information of the general public. A provision of Rs. 2 lakh is earmarked for this scheme.

140. The total loss of revenue as a result of these measures amounts to Rs. 2.20 crore. Taking the deficit of Rs.110.95 crore, the overall gap in resources will thus amount to Rs. 113.15 crore. This gap will, however be covered in consequence of the larger transfer of resources from the Centre to the State in accordance with the recommendation of the 9th Finance Commission. The extra amount of transfers is Rs. 114.13 crore, including a Revenue plan deficit grant of Rs. 55.69 crore. This leaves us with a small surplus of Rs. 98 lakh. Additional expenditure commitments cannot, however, be ignored. I am setting apart a lump sum of Rs. 15 crore for meeting the commitments of the State on extending the U.G.C. scale of pay to the College teachers, I am setting apart another sum of Rs. 15 crore to liquidate some of the arrear bills of various departments, particularly TA and rent arrears, purchase bills for diet and medicines and Commission for National Savings agents. Another sum of Rs. 3 crore is due to the KSRTC to meet its obligation to pensioners, which will be given to KSRTC as a long term loan.

141. The total additional commitments would add up to Rs. 37.22 crore as follows:-

	<i>Rs. in Crore</i>
U.G.C. Scale of pay	15.00
Arrear bills of Departments	15.00
Loans to KSRTC	3.00
Grant to Civil Supplies Corporation	3.00
Public toilets in Housing Colonies	0.50
Development of G.V. Raja Sports School	0.70
Centre for Taxation Studies	0.02
Total	37.22

142. As against this I expect to mop up an additional amount of Rs. 17 crore through sales tax in consequence of the increase in the rates of petrol and diesel as indicated in the Central budget. Being the first year of the 8th plan I propose to raise

some additional resources without disturbing the common man. Hence I propose to increase the rate of turn over tax on petroleum companies from 1% to 1 ½ %. No part of the turn over tax will be passed on to the consumer. I expect an additional receipt of Rs.14 crore by this measure. Adding the extra revenue of Rs. 5 crore anticipated by avoiding trade diversion and increased volume of trade and the surplus of Rs.98 lakh, the overall gap is a nominal amount of only Rs. 24 lakh. This can be covered by the overall buoyancy in the economy I am, therefore, proposing a zero deficit budget.

143. Details are follows:

	(Rs. in Crore)	
	<i>Revised Estimate</i> 1989-90	<i>Budget Estimate</i> 1990-91
Revenue Receipts	2179.65	2236.33
Revenue Expenditure	2574.84	2596.73
Deficit	(-) 395.19	(-) 360.40
Capital Receipt	1467.68	1295.50
Capital Expenditure	1431.64	1269.22
Surplus	36.04	26.28
Public Account Net	341.89	262.52
Overall deficit	(-) 17.26	(-) 71.60
Carry over deficit	(-) 22.09	(-) 39.35
Cumulative Deficit	(-) 39.35	(-) 110.95
Yield from ARM (1990-91 measure)		36.00
Buoyancy		0.24
Additional share of Central Taxes		114.13
Revenue Plan Deficit Grant etc.		114.13
Expenditure on additional measures announced including loss of revenue		(-) 39.42
Net Surplus/Deficit	(-) 39.35	Nil

144. Sir, I am concluding my speech. Last year, I invited you to venture to dream in the middle of a night of anxiety and uncertainty.

Now dawn has broken in the horizon. As Lorca, wrote;

“A song of tomorrow that will agitate the tranquil waters of the future.

And will fill with hope its ripples.....”

Let us get inspired by that song of tomorrow.

For us, the Malayalees,

And for our mass movements,

This is the season of greater endeavours

This is the spring of action.

145. With these hopes, I present the Budget estimates and proposals for the year 1990-91 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 1990-91.

Thank You.

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