



## **BUDGET SPEECH FOR 1991-92**

**V. VISWANATHA MENON**

*15<sup>th</sup>, March 1991*

Sir,

I rise to present the Budget for 1991-92.

2. It was with a survey of contemporary national economic sense that I began all my previous four Budget Speeches. Even some Members of this Assembly raised their eye-brows against the references I made in this regard wondering what relevance the survey of national economic scene had with a State Budget. Some even in this Assembly stood with daggers drawn against me for the mild criticism I made against the economic policies of the central ruler who claimed that they were out to lift this country to 21<sup>st</sup> century at one go, as if such criticism was a crime. I am immensely gratified to note that everybody now accepts the fact that my attempt was to initiate a healthy discussion so vital in democratic set up on the economic policies. My attempt during previous years was to analyse the grave problems being faced by Kerala against the backdrop of national problems and while trying to solve out immediate difficulties to convince the people of the grave dangers inherent in the economic policies of the central rulers.

3. Now, Sir, on this occasion, while presenting the Fifth Budget of the Left Democratic Government, I am once again reminded of the warning and the fears I expressed during the previous years. I had warned that the economic policies pursued by the Central rulers in the name of instant economic progress were actually going to push the country down to the quagmire of a crisis. The recent happenings go to confirm this, The rulers, like a naughty boy who forces too much air into a weak balloon, were putting too much weight on a weak economic foundation. Now, that balloon has burst asunder, that castle of cards build over years has crumbled down. Today due to the ever deepening crisis, the Central rulers have reached a stage where they cannot present even the full annual Budget; a thing unheard of in the history of India. Can there be anything more shameful than this?

4. It will do good to those who were ever eager to exaggerate even the smallest lapses of our Government in the past to remember one thing. It is at a time when crisis ridden socio-politico-economic conditions prevail at the national level that orderly progress is being achieved in Kerala. This is ample proof that only a Government which take the people into confidence and works with a right sense of direction can lead either the nation or a state to progress. Kerala being an integral part of the nation, we can

commence this discussion only by drawing an outline of the grave economic problems facing the nation.

5. The gravest problems being faced by the country at the present juncture are in the areas of price rise and foreign exchange. Consequent on the Gulf War, not only the foreign exchange front but even the domestic economic front also is under strain. The estimate is that Rs. 6,400 crore will have to be spent in 1990-91 on the import of petroleum products, against Rs. 2,120 crore incurred in 1986-87. Simultaneously, liabilities have arisen in the case of other imports also. Indications are that the total expenditure on imports this year would rise to Rs. 45,500 crore against Rs. 20,096 crore in 1986-87. The rulers try to shirk their responsibility putting all the blame on the Gulf War. But the fact is that it is consequent on the unbridled import of luxury and capital good that so much increase is registered on this front. The claim was that the increased exports would compensate the increase in imports. But what we find is the increasing gap between imports and exports. Estimates now show that the adverse balance of trade will increase to Rs. 12,000 crore in 1990-91 against Rs. 7,644 crore in 1986-87.

6. Consequently, the entire foreign exchange front is heading towards a breakdown. Estimates indicate that adverse balance of payments will increase to more than Rs. 10,000 crore in 1990-91 against Rs. 5,831 crore in 1986-87. Government was sustaining itself more and more on foreign loans. I had pointed out in previous years that the growth of foreign debt liabilities is alarming. Foreign debt which was of the order of Rs. 49,103 crore in March 1987, has within the last four years exceeded Rs.1,00,000 crore. This is exclusive of the recent IMF loan. Even within these loans the percentage of market borrowings is increasing day by day. As a result, interest payments increase as never before. The "credit rating" of India fixed by international lending agencies has fallen. Therefore, it is to be seen whether foreign loans will be forthcoming as before.

7. As a result of all these, the country's economy has reached a perilous stage. Price rise is unbridled. Indications are that there will be 12% increase in wholesale prices by the end of this month. Naturally, the financial position of the Central Government is in a sorry state. While their total Budget deficit during the entire 7<sup>th</sup> Plan period was estimated at Rs.15,000 crore, the actuals have surpassed that figure in a single year. Statistics show that the total deficit during that plan period will be Rs. 35,000 crore.

8. The crisis does not end there. As a result of the closing down of thousands of factories, lakh of workers are in the streets. Since the new industries being set up are highly modernised, they do not create enough employment opportunities. Agrarian reforms in many States remain a will-o'-the-wisp as a result of which the poor in the villages become poorer. In most parts of the country other than Kerala, there is neither statutory rationing nor a well organised public distribution system. This leads to people being stifled by soaring prices. In short, the whole economy is on the verge of an explosion.

9. My humble opinion is that the Central Government should change their entire policies, lock, stock and barrel, if they are to overcome this crisis. A rethinking is necessary in respect of taxes, in respect of prices and in respect of agro-industrial

policies. But instead of doing this, they have bowed down to the pressures of the IMF to increase the regulated price of petroleum products, food articles and other essential commodities and also to effect cut in fertiliser and other subsidies. This move to put the entire burden on the people through price increase and to make a scapegoat or farmers and other common people by reducing subsidies is highly reprehensible. This burden will be too hard in the case of developing States like ours. Therefore, the entire people of India in general, and people of Kerala in particular, have to mount pressure on them to approach the problems in a long term perspective and change the policies which stand in the way of progress.

10. Let me conclude this part. I do not wish to elaborate on this when the country's economy which was claiming to be on the path of progress is facing the worst crisis in its history and the central rulers have run away from their constitutional responsibility of presenting the full annual Budget. Now let me begin the survey of Kerala's economic scene.

Sir,

11. In 1987, while presenting the first Budget of the Left Democratic Front Government I was constrained to depict a grim picture of the economic situation in Kerala. Following a survey of the different sectors of the economy we were convinced that the people should be made aware of the depth of the crisis and that the State could be led to all round progress only by finding a way out of this crisis. Let me recall once again the then state of affairs.

12. The erstwhile Central and State rulers were claiming that the first half of the 1980s was a period of rapid progress at all India level. Official reports speak of great strides in agricultural and industrial sectors. In the agricultural sector there was 6% growth in 1981-82 and 10.7% in 1983-84, at 1980-81 price level. During the remaining years upto 1986-87, the rate of growth, positive or negative was meagre. But the industrial sector registered considerable progress every year. The lowest rate of growth was 4.3% during the period between 1981-82 and 1987-88. It touched 9.5% in 1983-84. It stood at around 8% during the rest of the years.

13. But what about Kerala? In Kerala, against this all India phenomenon, it was all round retardation in agricultural and industrial sectors. Production in the primary sector which includes agriculture was Rs.1,499 crore in 1980-81. During the subsequent years this gradually fell and came down to Rs. 1,419 crore in 1986-87 (at 1980-81 price level). In the industrial sector, it fell from Rs. 931 crore in 1980-81 to Rs.887 crore in 1986-87. It was only in the tertiary sector which includes the Government service sector that growth was visible. That sector grew from Rs. 1,351 crore to Rs. 1,631 crore. If the State Domestic Product of Rs. 3,782 crore in 1980-81 grew to Rs. 3,938 crore in 1986-87 the reason for it lies in the growth of this tertiary sector. I need not emphasise that it is not quite desirable for a developing country to achieve development in the service sector alone without development in the primary and secondary sectors consisting of agriculture and industry. Yet another indicator of the retrocession of the period is the fall in the per capita income. While the per capita income in Kerala was Rs. 1,494 in 1980-81 it fell to Rs. 1,400 in 1986-87.

14. In short, the economy was in a state of crisis. It was the difficult mission of taking the State out of the conditions which created this crisis that the Left Democratic Front Government undertook in 1987. While some friends doubted whether we would succeed in this mission, others categorically prophesied that we would fail. Today, on this occasion when the 5<sup>th</sup> Budget of the Left Democratic Front Government is being presented, let me declare proudly that we have succeeded to a large extent in that mission. Every one in this Ministry can be proud of the fact that we could rejuvenate each and every sector of the economy which was languishing.

15. In the first place I shall deal with the growth of economy in general. In this portion of the speech I intend to give only some hints about it. Details will be given while dealing with the performance of each department.

16. Let me begin with the primary sector. I have already indicated that the income out of the primary sector was Rs. 1,419 crore in 1986-87, at 1980-81 price level. In the last Budget Speech I had mentioned that there were indications that there was considerable growth in that sector. Now detailed data on this are available. Income was Rs. 1,455 crore in 1987-88, Rs 1,740 crore in 1988-89 and Rs. 1,838 crore in 1989-90 against Rs. 1,419 crore in 1986-87. It is to be remembered that this growth was against the gradual decline during the previous years. This was the result of the constructive steps taken by the present Government for the growth of the primary sector. The group farming system introduced for many crops, dynamic programmes in the field of cattle rearing, scientific management of forest produce, well balanced activities in the fisheries sector etc., were responsible for this achievement. The picture that emerges is one of great strides in the field of agriculture in Kerala falsifying the prophecies that agriculture is never going to be a profitable proposition and that we are heading to a stage where people would abandon the profession altogether. We know that we have miles to go to maintain this growth and achieve further progress. Everybody now acknowledges that only the Left Democratic Front Government can do this.

17. Now, about the secondary sector-industry. In this sector the total production in 1986-97 was Rs. 887 crore (at 1980-81 price level). This increased to Rs. 902 crore in 1987-88, Rs. 979 crore in 1988-89 and Rs. 1,070 crore in 1989-90. This sector like agriculture was in retrocession during the yester years, If we go deep into this sector we will notice yet another remarkable fact. Income from registered industries increased from Rs.254 crore in 1986-87 to Rs.448 crore in 1989-90 an increase of about 80%. One segment of the secondary sector, where commendable achievement could not be made, is that of electricity generation. A sudden leap in that sector is impossible due to the fact that power projects have to depend on the mercy of the monsoon. Even there progress is visible. Internal power generation has gone up from 4640 million units in 1986-87 to 5460 million units in 1990-91. Earnest efforts are being made to remove stagnation in this sector by accelerating the works that were lying incomplete for long and also by locating alternative sources of energy.

18. The period from 1987 is a period of progress in the tertiary sector also. The production in that sector increased from Rs. 1,631 crore in 1986-87 to Rs. 1,796 crore in 1989-90.

19. As a result of the progress made in all the three sectors, State Domestic Product increased from Rs. 3,938 crore in 1986-87 to Rs. 4,705 crore in 1989-90. Per capita income increased from Rs. 1,400 in 1986-87 to Rs. 1,596 in 1989-90.

20. This does not mean that we can afford to be complacent. We are far behind many other States in the matter of economic development. Let me give a comparison with All India Figures. All India Per Capita income was Rs. 1,627 in 1980-81. It rose to Rs. 1,880 in 1986-87 and Rs. 2,130 in 1989-90. When compared to this, the increase of Rs. 100 in out per capita income during the period from 1980-81 to 1989-90 is only marginal. Even then I consider this increase attained within a period of three years an achievement of the Left Democratic Government when viewed from the fall it had from Rs. 1,494 in 1980-81 to Rs. 1,400 in 1986-87.

21. This rate of increase will not take as anywhere. Only by adopting innovative methods in agriculture and investing large scale funds in energy and industrial sector can we attain rapid progress and dream of reaching anywhere near the national average. But the greatest stumbling block in this direction is the policies of the Central Government. Our long pending demand for declaring coconut as oil seed, was conceded only during the last year by the Government headed by Shri. V.P. Singh. Kerala had been excluded from the intensive paddy development scheme implemented through out the country. It was the V.P. Singh Government which took positive steps in this direction. The Konkan Railway is the one project which can give great impetus to the economic development of South West India. This was one of our long standing demands, This demand, which had also been rejected during the earlier years met with success in 1990. Similarly another dream of ours viz. declaring Thiruvananthapuram as International Airport also became a reality last year. Shri. V.P. Singh had also promised to consider favourably our demand for bringing the natural gas from Bombay High to Kerala. Every year natural gas worth about Rs. 2800 crore is being flared there, This gas can be brought to Kerala by pipe line if half that amount is spent. However, the Central rulers being in the midst of political crisis, can we expect them to pay attention to such matters?

22. I would like to make one thing clear. Only through massive investment in energy and industrial sectors can we achieve faster growth. However, we cannot achieve this unless the Central Government adopt favourable taxation and investment policies. Firstly, give assent to our proposal for Entry Tax; secondly come forward with legislation for consignment tax which was unanimously demanded by the States; thirdly, increase the grant component and reduce the loan component in the Central share of plan expenditure; fourthly, take immediate positive decisions on our power project proposals; fifthly, take measures to expand the existing undertakings and for setting up new ones in view of the declining rate of investment in the Central-Public Sector Undertakings. We think that comprehensive development of Kerala will be possible only if immediate attention is given by the Central Government to these matters. For this public pressure has to be built up to compel the Central Government.

23. I do not think that anybody will have any doubt about the fact that this growth is the result of a new direction given to the different sectors of economy including

agriculture and industry. At the same time government could also give impetus to these sectors by increasing outlays in annual plans. This Government failed to fulfil the plan targets only during its first year, 1987-88. Only Rs, 407 crore could be spent against the plan outlay of Rs. 440 crore during that year. I don't want to repeat the reasons for this as it has been explained a number of times. During the whole of the subsequent years more than the targeted plan amount could be invested in the economy. We have spent Rs. 543.12 crore against the estimated amount of Rs. 500 crore during 1988-89 and Rs. 542.79 crore against Rs.526 crore in 1989-90. As regards 1990-91, Kerala is one of the States which could obtain the largest increase in plan outlay compared to the plan outlays of other States. Our plan outlay was fixed at Rs. 635 cores in 1990-91 against Rs. 526 crore in 1989-90, an increase of 20.72%. We have got still higher increase for 1991-92. Plan investment for the next year has been fixed at Rs. 807 crore against Rs. 635 crore for the current year an increase of Rs. 172 crore at one stroke; percentage wise, an increase of 27.08%. This increase is more than what the majority of other States got.

24. The Left Democratic Front had during the last elections, promised to do its utmost to build a prosperous Kerala. As Pablo Neruda wrote:

“I think that those who made so many things  
Ought to be masters of every thing.  
And those who make bread ought to eat!  
And those in the mine should have light!”

This is the leading light behind every programme chalked out by this Government. It is proved beyond doubt that this Government have succeeded in its historic mission of rescuing the State economy out of stagnation. This has been possible only through the unreserved support of the people of Kerala. Now, on behalf of the Government of Kerala, I place on record our sincere gratitude to them.

25. Sir, now let me deal with the progress made department-wise and programmes for the future.

### **Agriculture**

26. Plans formulated with special emphasis on food production and foreign exchange earning produces like pepper, cashew nuts etc are being implemented with utmost people's participation. Through group management in paddy cultivation, group approach in the case of fruits and vegetables and special employment programme being implemented from 1989-90, not only production could be increased but abundant employment

opportunities also were created. By the introduction of newer techniques it has become possible to increase production, raise the income of farmers and make use of the achievements in the field of science. Action has already been taken for carrying on the majority of those programmes which were being carried out with people's participation and speedy agricultural development through District Councils.

27. As a result of this policy, rice productions which stood at 10.1 lakh tones in 1988-89 could be increased 11.4 lakh tons in 1989-90. It is expected that the same will rise to 12.5 lakh tons in 1990-91. Taking into accounts the increase in production

consequent on the introduction of this new set up it is proposed to extent group farming to 4.5 lakh hectares during 1991-92 and to the entire paddy fields in the 8<sup>th</sup> Plan.

28. 5915 'Kerala Samrakshana Samithees' have been formed in the State. It is expected that coconut production can be increased considerably through group management. Coconut production has increased to 4394 millions in 1989-90 from 4215 millions in 1988-89. The expectation is that the same will rise to 6000 millions during the 8<sup>th</sup> Plan period.

29. In view of the encouraging gains experienced, group farming was introduced in pepper cultivation also. It is hoped that we can take collective action to prevent the quick wilt affecting pepper cultivation. A scheme of introducing bush pepper on the model of a garden in homesteads is on.

30. It has been possible to develop a culture wherein cultivation of vegetables is being carried out in a massive way involving students and other sections of the society. Programme costing Rs. 32.25 lakh was provided for the development of vegetable cultivation during 1990-91. As a result, it is expected that a radical change will come about in the present situation of complete dependence on neighbouring States. A massive programme for setting up marketing centers with the assistance of European Economic Community has been drawn up. Plans costing Rs. 26 lakh with particular emphasis on pulses were implemented during 1990-91. Special Employment Programme was particularly implemented with the intention of alleviating the unemployment problem in rural areas, atleast to some extent, improving permanent facilities in farms and attaining increase in agricultural production. Under that programme, which could generate 6,557,554 Man days during 1989-90, 40,632 wells and 13,318 ponds were dug. With the assistance of European Economic Community action is in progress to set up three regional wholesale markets and three small markets, with a view to ensuring better prices for agricultural products.

31. Agro-machinery corporation, State Farming Corporation, Plantation Corporation of Kerala etc. are working on profit. There is plan to increase Tiller production of Agro-Machinery Corporation to 6000 per annum within two years, from the present 3000. As a result, it is estimated that 239 persons more can be given employment. Steps will be taken to double the production at the Kodumon Rubber Wood Processing Factory of the Plantations Corporation. The Rubber Wood Processing Plant proposed at Kaladi will commence in 1991-92. Oil Palm India is working profitably. Steps are being taken to install a modern mill capable of processing 10 tons of oil palm fruits per hour. It is proposed to implement a pilot project for cultivating oil palms in 200 hectares of Kolelands in Kuttanad. Oil Palm Research Centre at Thodupuzha will be expanded to a Oil Palm seed production Centre. Coconut Development Corporation is in the path of diversification. It is expected that the Solvent Extraction Project of the Corporation proposed to be set up at Edappally can be commissioned towards March, 1992.

32. For speedy agricultural development I propose the following special assistances:

(i) Subsidy given on fertilizer for paddy cultivation is presently Rs.100 per hectare. This is too small. This will be increased to Rs. 150 per hectare. Additional commitment to Government on this account will be Rs. 1.50 crore.

(ii) In order to increase production of coconut in the homestead of those who got kudikidappu rights and to popularise scientific manuring, fertilizer subsidy at the rate of 50% will be made available to them. It is expected to cost Rs.20 lakh. This scheme will be incorporated in the Group Management Programme being implemented now. This project will benefit approximately 2.87 lakh Kudikidappukars.

(iii) In order to ensure participation of youth in the scientific management of coconut farming an Intensive Training Programme will be implemented within the Group Management Scheme.

(iv) In order to encourage scientific irrigation for coconut cultivation, financial assistance will be given for encouraging irrigation methods like Drip and Sprinkler. Rs. 10 lakh will be spent for this incorporating the same in 'Group Management'.

(v) A programme aimed at increasing pepper production and eradicating quick wilt disease affecting pepper will be implemented. This will be implemented on group basis. Rs. 10 lakh will be given as grant for the purchase of plant protection chemicals for prevention of quick wilt disease.

(vi) An intensive programme will be evolved and implemented for vegetable seed production to develop the vegetable cultivation with the participation of Women's Organisations, destitute homes, jails etc. Besides, vegetable cultivation on homestead basis will be encouraged with the co-operation of local bodies, co-operative societies etc. Rs. 10 lakh is set apart for this.

(vii) An incentive scheme will be introduced so as to encourage the farmers who cultivate paddy, coconut, pepper, vegetables etc. Selected farmers will be given prizes and certificates.

(viii) Agriculture Department in collaboration with Agricultural University will implement a *surveillance Scheme* for the control of insect born diseases. For its working the services of Agro Clinics which function under Group Management and Group Farming Schemes will be utilised.

(ix) As part of mechanising agriculture, steps will be taken to make harvester combines and paddy transplantation machines in the State.

## **Industry**

33. Great progress has been achieved in the industrial field during the period from 1987 thanks to the farsighted policy approach of the Left Democratic Front Government. While a total number of 18,365 new industrial units were opened during the period 1982-87, 30306 units have commenced working from April 1987 to January this year. Kerala Financial Corporation which started functioning in 1953, during the entire 34 years of its existence upto 31-3-1987 sanctioned Rs. 136 crore as loan to 6690 units. But during the 3 ¾ years from April 1987 to December 1990 alone KFC disbursed Rs. 165 crore as loan to 5341 units. I place the figures before you only to point out the



awakening of the small scale industrial sector witnessed during this period. About 1.5 lakh job opportunities were opened up in this sector alone.

34. Position is not different in the case of medium and large scale industrial sector either. It is more than 29 years since KSIDC was set up. But 30% of the units set up at its initiative is during the last four years. As a result of the healthy industrial relations available in the State big industrial groups have come forward to invest here. Tatas have already taken steps to start a China Clay based industrial unit costing Rs. 30 crore. Birla, Thaper and Raymonds also have signed MOU with KSIDC for a unit each. As per the 130 agreements signed by KSIDC during the reign of this Government, an investment of Rs.1650 crore is going to occur here.

35. State Government have requested to increase Central Public Undertakings' industrial investments in Kerala. State Government, in a memorandum submitted to the former Prime Minister Shri. V.P. Singh, had demanded sanction of Rs. 4200 crore for the expansion of existing units and another Rs. 2500 crore for new ones during 8<sup>th</sup> Plan period. Out of this, FACT expansion scheme costing Rs. 485 crore, that of Cochin Refinery costing Rs. 243 crore, that of ITI costing Rs. 150 crore and the scheme for Hindustan Latex costing Rs. 14.85 crore have been approved for implementation by Central Government.

36. Forty Co-operative Societies have been set up in Khadi Sector for the benefit of Scheduled castes and scheduled tribes. So also 55 soap manufacturing societies with exclusive women membership have been organised. 13 women societies have started functioning in the field of assembling of TV, Radio etc.

37. A committee of Planning Board with was appointed to study the Coir Industry has recommended partial machanisation in that sector and reorganisation of Primary Coir Societies. On the basis of this reorganisation proposal 50% of loans given to Handloom also have been converted into shares. It is expected that as a result of these steps, these Societies will emerge out of the financial crisis and increase their productivity.

38. During the last four years almost all public sector undertakings have attained efficiency compared to previous years. But the position of KMML is precarious. Though this unit could increase production from 1987-88 onwards, consequent on the reduction of important duty on the same product from 131% to 85% and inclusion of the same in the open general license, there emerged a situation where its product could not be sold. Now about 3000 tons of its products (costing Rs. 24 crore) are lying unsold. Centre has not accepted our request to restore the earlier import duty and exclude the product from OGL. This refusal of the authorities to understand that it is such actions which cause ruination of domestic industry, and loss of foreign exchange and jeopardize the very stability of out economy is highly regrettable.

39. In the cashew sector 242 factories out of the total of 245 worked in 1990. Cashew export rose from 41,759 metric tons in 1986-87 to 45,133 metric tons in 1989-90. Though it is 34 years since Khadi Board was set up, more than half of the total Khadi units are those set up during the period of this Government. In spite of the withdrawal of investment subsidy by the Central Government, State Government is allowing 5%

subsidy. In addition to this rubber, electronics, light engineering, food processing, and leather have been declared thrust industries and 5% subsidy is being given to them. In electronic technology parks the subsidy is 20%. In view of the high employment potential, steps are being taken to expand sericulture. Now this is being carried out in 4746 acres. As part of rehabilitating the Gulf returnees K.F.C. is implementing a special loan scheme.

## **Power**

40. We are straining every nerve to get over the crisis being faced in the electricity front. Demand is many times the availability. We could not progress much in the matter of generation due to the lack of planning in the past. But the working maximum number of generators, a slight increase in annual generation has been achieved during the last four years. Even temporary solution is possible only through scientific energy management. If the companies and factories which consume considerable quantity of electricity from State grid go in for captive generation, it will reduce the pressure on the State grid. Therefore it has been decided to permit, on certain conditions, those private agencies who come forward to undertake small projects.

41. Earnest efforts have been made during the last four years to solve the problem of low voltage prevailing in almost all parts of the State and to give more connections. Transmission loss could be reduced from 29% to 22% i.e., 7%. The incentives announced during the last Budget Speech with a view to the development of industrial sector have all been implemented.

42. Land required for the Thermal Power Station at Kayamkulam being set up by Central Government has already been handed over to the National Thermal Power Corporation. The construction of the office for the Corporation is completed and the office has already started functioning. A separate sub-station was opened in record time for giving power connection to the Corporation.

43. Schemes costing about Rs.204 crore will be implemented during 1991-92. Priority will be on small schemes that can be completed within one year. Apart from continuing all the ongoing works seven new schemes will be taken up on getting the necessary sanction from Central Government. Kannur-Palakkad, Thrissur- Kozhikode, Thrissur-Palakkad, Lower Periyar-Kochi and Kozhikode-Kannur lines will be completed.

44. Correspondence is going on with central Government for getting the coal linkage required for the Thrikkaripur Thermal Station. Reports in respect of Vadakara and Kasaragode schemes are in the process of completion. The same will be forwarded to the Central Government this year. Project report of the proposed Thermal plant at Vypin is also being completed. The same also will be forwarded to the Central Government this year. Planning Commission has given it approval for the Eight M.W Anakkayam Project. Above all, since atomic energy is a must for meeting future requirements of the State fully, Government will carry forward the endeavour for the same also. One of our suggestions made at the conference of the Chief Ministers and Electricity Ministers held at Delhi on 19-2-1991 that a high level committee must be constituted for giving sanction for our schemes pending at different levels with the

Central Government has been accepted. Therefore, it is hoped that our schemes will be cleared soon.

45. Electrical Inspectorate Department has been geared up to effectively carry out the responsibilities vested in them. In this regard, decentralisation of power has been effected as never before. 'C' class contractors' license system has been introduced as a means of generating more employment opportunities. Already 200 'C' class licenses have been issued. In the coming year 10,000 wiremen will be given 'C' class license. Immediately on assuming office this Government had declared that minimum guarantee would not be insisted on upto Rs.10,000. Next year onwards that limit will be raised to Rs.20,000.

### **Irrigation**

46. Targeted expenditure for major and medium irrigation projects during 8<sup>th</sup> Plan is Rs. 340 crore. Since the immediate task is to complete all the ongoing projects as quickly as possible, major portion of the plan amount has been set apart for such projects and an action plan drawn up for them. It is due to this action plan that Kallada, Pamba, Periyar Valley, Chittoorpuzha, Kuttiyadi, Pazhassi, Kanjirapuzha etc. could be partially commissioned. Work on Moovattupuzha, Chimmini-Mupli, Edamalayuar, Varapuzha etc. has been speeded up. Consequent on the completion of Meenakshipuram Project during current year a part of Chittoorpuzha, Irrigation facilities could be provided in an area of 2232 hectares. Similarly, water has been made available to 13,000 hectares of kole land as a result of Chimmini Project commissioned in February. Four projects, viz. Pamba, Periyar Valley, Chitturpuzha and 1<sup>st</sup> stage of Kallada will be completed during 1991-92 itself.

47. In addition to these major projects work on many minor projects also have been speeded up, work on Malampuzha and Neyyar Projects which cost Rs. 7.97 crore and Rs. 4.31 crore have been commenced. Under minor irrigation 573 schemes which were lying incomplete and 346 new schemes are in the process of completion now. Out of them, when 298 schemes get completed this year, water will become available in an area of 10,850 hectares. Within about 4 years from 1-4-1987 to 31-1-1991, 71,927 hectares of land have been brought under irrigation.

48. Anti-sea erosion work are also in full swing. During current year new sea wall was constructed in 7 kms. and maintenance work was done in another 10 kms. During 1991-92 the same will be 9 kms and 14 kms respectively.

49. Pamba, Periyar Valley, Chitturpuzha and Kuttiyadi have been declared as KADA projects. In 14,200 hectares area farm channels and in 10,000 hectares area Varrabandhi have been arranged. Palakapandi Irrigation Projects meant to avert frequent crop failures due to drought in Kollangode, Muthalamada and Ilavancheri Panchayats in Palakkad District will be commenced during 1991-92. Rs.10 lakh is set apart for this purpose.

## **Drinking Water**

50. The target of providing drinking water to all problem villages, at least partially, has been achieved during the current financial year. Out of more than fifty water supply schemes completed during this year, 33 are those that benefit scheduled castes and 2 benefiting scheduled tribes. Besides, Water Authority has dug 390 tube wells in different parts of the State. During current year drinking water facilities were made available to 2.70 lakh people, including 38,000 scheduled castes and 5,000 scheduled tribes. Steps have been taken to set up 11 new rural drinking water supply schemes also. Through Rs. 2,200 lakh was provided for the Centrally Sponsored Intensive Rural Water Supply Scheme during the current year only Rs. 1,076 lakh was received from the Central Government. Even then, more than Rs. 1,110 lakh have been spent for this. Urban Water Supply/Expansion Schemes of Thiruvalla, Changanassery, Vadakara, Kannur, Thalassery, Mahi, Malappuram etc., with an estimated expenditure of Rs. 4,343 lakh have been started this year with loan assistance from LIC and HUDCO. Vilappil Water Supply Scheme included in the World Bank aided project of Kerala Water Supply and Sanitation Scheme was completed this year.

51. Expenditure targetted during 1991-92 on Water Supply Schemes and Sewage Schemes is Rs.7,757 lakh. As a result of this, drinking water can be supplied to an additional 5 lakh people. It is expected that more than 50 Rural Water Supply Schemes on which work is in progress will be completed during 1991-92. It is expected that drinking water can be given during the next year after completing the Netherlands Government aided Schemes of Koyipuram, Cheriyanad and Nattika Farka. steps will be taken to complete the Edappal, Kolencherry Water Supply Schemes being undertaken with the assistance of Danida. Action will be speeded up for commencing the Intergrated Water Supply Schemes which is meant for tackling the drinking water shortage in Thiruvananthapuram, Kochi and Kozhikode as part of the World Bank aided Kerala Urban Development Programme. Besides, possibilities of taking up more projects with foreign assistance are also looked into. Apart from State Plan, steps are also being taken to undertake Water Supply/Expansion Schemes in Tirur, Parur, Irinjalakkuda and Kottayam with the assistance of HUDCO and LIC.

52. As a result of the activities of the present Government, from April 1987 to January 1991, 265 Rural Water Supply Schemes, one Urban Water Supply Scheme in full and another one partially have been commissioned. Out of the completed Rural Water Supply Schemes, 127 are those which benefit scheduled castes and other 22 are those which benefit scheduled tribes in particular. Besides, the Ground Water Department and Water Authority have jointly dug 7,218 tube wells (including those dug in Palakkad under Technology Mission). As a result 18.53 lakh people more have been provided with permanent drinking water facilities. This includes 2.87 lakh scheduled castes and 0.60 lakh scheduled tribes. As a result of activities from 1948 to March 1989, 25% of the State population was provided with drinking water facilities. But after the present Government came into power, the same could be raised to 36% including those benefitted by drought relief measures. That means, permanent drinking water facility was made available to 11% people more.

### **Civil Supplies**

53. Uninterrupted supply of ration articles and other essential commodities could be ensured thanks to the effective functioning of Civil Supplies Department and Civil Supplies Corporation. Multi pronged activities of the Civil Supplies Department and Civil Supplies Corporation are the reasons behind the check we could exercise on price rise despite soaring prices at all India level. Pulses, provisions and tea are being distributed through selected co-operatives and rationshops. This programme is being expanded according to needs. Essential articles like rice, provision, pulses, sugar, tea, soap etc. and palm oil according to availability are being distributed through 357 Maveli Stores. Essential commodities are being distributed through 34 Matsya Maveli Stores also. The decision to open new maveli stores at the rate of 3 in each Constituency in addition to those sanctioned at the rate of 2 in each block, is being implemented. Though activities of Forums under Consumer Protection Act have been extended to all the Districts, there is no separate forum for each district. Forum for a district covers four or five districts now. This state of affairs will be changed and Forum will be set up in each district. During festival seasons like Onam, Bakrid, and X'mas essential articles are being distributed at low price by opening Special markets.

54. Almost all consumer articles and household equipments are being distributed through the Super Markets at Thiruvananthapuram, Ernakulam, Thrissur and Kozhikode. Steps are being taken to open Super Markets in all district headquarters. Recently when due to various reasons price of onion and vegetables rose unreasonably high, Civil Supplies Corporation distributed vegetables and onion in important centres at a price lower than market price. As a result, the price of those articles could be kept under check.

### **Animal Husbandry and Dairy Development**

55. Experience during previous year has showed the immense potential of Animal Husbandry-Dairy Development Sector for the growth of rural economy, generation of employment opportunities and for increasing the family income of the weaker sections of the society. Progress on dairy front was made possible through application of scientific and technological devices. Milk production during the current year is sure to exceed the target of 17 lakh tons. Programmes which would generate growth in income through increased productivity will be implemented. Steps have already been taken to commence 'Operation Flood Programme' in the northern districts with the co-operation of Swiss Government and National Dairy Development Board. With the co-operation of Dairy technology mission, co-ordinating different departments, dairy development programmes are being implemented with active participation from dairy farmers. The target is to increase the number of insemination centres to 2400. Action will be taken to increase the number of high breed milch cost by 2.5 lakh every year. Dairy marketing field will be expanded by producing different varieties of milk products. Assistance for this purpose will be given to 50 Dairy Co-operative Societies. 15 Dairy Extension Units will be set up to disseminate information on dairy development. Milk Producers Co-operative Societies will be set up in more places to

cope with the needs in procurement, procession and marketing of milk. Fodder cultivation and production of cattle feed will be expanded with the participation of Co-operative Societies. Assistance will be given to 60 societies for development of fodder cultivation. Action has been taken to set up small cattle feed units in 10 societies. 70 new Veterinary Centres will be opened for increasing veterinary facilities. Disease prevention facilities will be expanded. The target is to increase milk production to 24 lakh tons by the end of the 8<sup>th</sup> Plan.

56. Programmes which lay emphasis on the development of poultry farming, goat farming, rabbit rearing and pig farming have already been formulated.

### **Education**

57. Government's intention is to have at least one high school in each panchayat. Now there are no high schools in 19 panchayats. In those panchayats a high school will be opened by upgrading one of the existing U.P. Schools. Steps are being taken to formulate syllabus of all India relevance. In accordance with this, steps are being taken to introduce new text books in Standard V and Standard VIII from the academic year of 1992-93. The activities of District Institute of Education and Training will commence in the districts of Pathanamthitta, Ernakulam, Kozhikode and Kannur in 1991-92. Already, Principals have been appointed in those four DIETs. The District Institutes of Education and Training started functioning in the districts of Thrissur, Kasargode and Wayanad in the year 1989-90. The activities of District Centre for English, Thrissur set up for upgrading the standard of English teaching will be expanded further.

58. As per the National Education Policy of 1986, 25% of Higher Secondary students should have facilities for 10+2 vocational education, by the end of 8<sup>th</sup> plan. To achieve this end, vocational courses have to be introduced in more schools during the 8<sup>th</sup> Plan. A proposal for starting 50 courses in 25 new Vocational Higher Secondary Schools during 1991-92 has been forwarded to the Central Government. The same is under their consideration. A proposal to set up a State Vocational Education Institute for standardisation of syllabus, staff training etc. is also under consideration. Steps are being taken to upgrade some of the U.P. Schools to Technical High Schools to give Vocational education to more students.

59. During 1990-91, 31 Higher Secondary Schools were opened in Government Sector. Action will be taken in 1991-92 for introducing Higher Secondary Courses in a total number of 110 schools comprising 75 Government Schools and 35 Private Schools.

60. Orders have already been issued on UGC scale to teachers in Universities and Colleges. In addition to the faculty development programme particular attention is given in the matter of achieving high standards in P.G. Courses. As part of this special grants have been given to 18 Government Colleges for engaging Guest Lectures. Apart from giving special coaching to scheduled castes and scheduled tribes students studying in Pre-Degree Classes arrangements have been made to assist them in extra-curricular subjects also.

61. A massive plan of Rs. 34 crore has been formulated by the Government with World Bank assistance for the development of polytechnic education. All the 28 polytechnics can be strengthened through this plan. A polytechnic each will be set up in Neyyattinkara and Payyannur during 1991-92. Similarly a Government College each will be opened in Alappuzha and Pathanamthitta Districts where there are no Government Colleges at present. Starting of new courses in Colleges in a limited manner is also under consideration.

62. The new administrative set up in accordance with the Kerala Library Act will come into force during 1991-92. Election under the Act will be held very soon. With the advent of this set up elected councils will be at the helm of affairs at Taluk, District and State levels. With this, yet another election promise of the Left Democratic Front will be fulfilled.

### **Public Works**

63. In the Roads and Buildings Division works costing Rs. 33 crore under plan and Rs. 35 crore under non-plan have been carried out during 1990-91. Almost all pending bills have been cleared. Work on 49 major bridges is in progress. Out of 99 works, for which administrative sanction was given 1990-91, 27 were major bridges. This year work in respect of 19 bridges is already completed. Construction of 29 bridges commenced this year. Out of 161 MLA roads completed till now, 48 roads were completed during 1991-91. Work on 100 roads is in different stages of completion. Considerable progress was achieved under Buildings Division also during 1990-91.

64. In National High Way Division also notable achievements were made during 1990-91. Preliminary works have already begun in respect of Asian Development Bank aided projects of constructing four line roads in NH47 from Aluva to Vytilla and Aroor to Cherthala. Land Acquisition proceedings for the same are in progress. Orders have been issued for granting higher grade to regularised NMR workers counting their NMR service also. Decision has been taken granting pension to the families of work establishment personnel.

65. 30% increase in goods transportation was registered by the Kerala Shipping and Inland Navigation Corporation during 1990-91. In the field of passenger traffic also considerable improvements have been achieved. A suggestion to take over the water transport wing KSRTC by this Corporation is also under active consideration.

66. The Government proposes to float separate companies with the participation of Infrastructure Leasing and Financial Services Limited, a Central Public Sector Undertaking, for taking up major projects like the Vypin bridge. It is proposed to take up the work of bridges at Vypin and Chamravattom near Ponnani and a bridge over Beypore river. I set apart Rs. 15 lakh @ Rs. 3 lakh each for these works.

### **Forest**

67. Proposal to set up some new forest stations on the model of those formed in certain Districts is under consideration. 'Project Rose Wood', a programme of cultivating costly trees will be started in 1991-92. Social Forestry Programme that was to

end in December 1990 will be extended to two years more. A forest study Centre will be set up at Malayattoor.

68. The World Food Programme under implementation in six northern Districts for the benefit of scheduled tribes will be extended to some more needy districts. A proposal to set up Agastya Vanam Biological Park in Agastya Vanam area of Thiruvananthapuram District is under consideration. Similarly the question of setting up a Study Centre at Munnar is also being examined.

### **Housing**

69. Programmes are being implemented by Government which give priority for solving the housing problem of economically weaker section of the society. Last year 55,000 persons were given Rs. 9,000 each (Rs.1,500 grant and Rs. 7,500 loan) under the Rehabilitation Housing Programme. This programme will be continued next year also. Apart from this, Kairali Housing Programme which envisages loan at the rate of Rs.10,000 to another 50,000 persons also was commenced this year. The same will be completed next year.

70. 'Nirmithi Kendras' formed with a view to popularising low cost housing techniques are functioning well. District Marketing Centers for the production and distribution of low cost house construction materials under the auspices of these centers will be opened this year itself.

71. Protection of the existing houses by proper maintenance is as important as constructing new ones. Housing Board will be implementing a scheme for this purpose wherein Rs, 5,000 to Rs.50,000 will be given as loan to persons in different income groups. This will benefit 10,000 persons.

72. Next year also assistance will be given for construction of 500 houses to Beedi workers and 400 houses for handloom workers. Housing Board has drawn up a housing scheme for part-time contingent employees of the State. This is a scheme wherein Rs. 10,000 each is given as loan to 2500 persons. This also will be implemented this year.

73. In order to help speedy construction of low cost buildings, pre-fabricated housing units will be set up during this year at Thiruvananthapuram, Kochi and Kozhikode under the auspices of Housing Board.

### **Sports and Youth Welfare**

74. Government have already given approval to a pilot project of the Sports development programme called 'Operation Olympia' which is meant to mould sports talents in such a manner as to make them fit to win in Olympic Competitions. A centre each has been allowed in all the 14 districts. Steps will be taken to extend this scheme to more centres. Training is imparted in athletics, foot-ball, Volley-ball, basket ball and swimming. Steps have been taken to improve the facilities in G.V. Raja Sports School, Thiruvananthapuram and hostel. A sports hostel will be started this year at Kozhikode with the help of Sports Authority of India. Sports Schools will be opened in north Kerala and Central Kerala on the model of G.V. Raja Sports School so as to develop sports



talents among students. Sports Development Area Project meant for students will start functioning at Kollam from this year with the co-operation of Sports Authority of India. Preliminary steps will be taken to set up another one at Kozhikode. Work on the Archery Centre meant to channelise the archery talents of the tribals in Kerala will begin at Wayanad. Preliminary work on setting up a Mountaineering Centre also will begin.

### **Labour**

75. Industrial peace prevailing in the State since 1987 continue even now. Figures in respect of strikes, lock-outs etc and the work-days lost due to them are given below:

	1987	1988	1989	1990
No. of strikes	77	57	47	53
No of lock-outs	26	16	15	15
Total	103	73	62	68
Work-days lost due to strikes	18,01,881	13,22,304	11,03,213	6,56,696
Work-days lost due to lock-outs	5,54,803	8,09,616	6,09,044	5,45,778
Total	23,56,684	21,31,920	17,12,257	12,02,474

The above figures go to prove that the initiative of the Labour Department in creating a work culture based on mutual understandings between the management and workers has been successful to a great extent. This, I consider, is one of the important factors which contributed to the progress achieved in setting up new units in the industrial sector.

76. An agreement has been signed in February, 1991 for opening the Ponmudi Estate in Thiruvananthapuram District which was lying closed for the last eight years. This will give a new life to hundred of families of the workers who were suffering all these years.

77. Action in respect of fixation of minimum wages for the workers in Agriculture, Toddy, Tiles and Cashew processing sectors is complete. Steps will be taken for revision of minimum wages in Beedi-Cigar and transport sectors.

78. Industrial Relation Board which was lying dormant for a long period has started functioning. It is in the process of framing a code of conduct applicable to both management and workers. With its completion, a new mile stone will be set in the State's industrial relations.

79. Agricultural workers' pension upto the end of 1990-91 has already been disbursed. In addition to the existing Welfare Funds, it is proposed to set up some more Welfare Funds for the benefit of other sections of workers. Central Government's approval for the legislation of Beedi Workers, Welfare Fund is awaited. Legislation for Barbers' Welfare Fund is under preparation. A Welfare Fund for the Tailors will be

constituted. A scheme for giving pension to the members of the Toddy Welfare Fund is under consideration.

80. Four Town Employment Exchanges have been opened in 1990-91 ; five more are proposed to be set up in 1991-92. A self-employment Assistance Cell each will be opened at Kasargod and Wayanad. Proposal is also there to set up a Coaching Centre for Scheduled Tribes. Setting up of some E.S.I. Dispensaries is also under consideration.

81. The Crumb Rubber Factory of the Rehabilitation Plantation has commenced production. A new factory for producing rubber products for use in hospitals is under consideration.

### **Scheduled Castes-Scheduled Tribes**

82. Our State has been able to celebrate Dr. Ambedkar Centenary Successfully when compared to other States. It was with clear vision and approach to the welfare of Scheduled Castes and Scheduled Tribes that we organised the fortyone point programme. Our State got national recognition for planning Baba Sahib Dr. Ambedkar Centenary Celebration and implementing programmes connected with it. We are proud of it.

83. With a view to competing the schemes already commenced and implementing new ones State Government have decided to extend the Centenary Celebration for one more year upto 14<sup>th</sup> April, 1992. Steps will be taken next year for the formation of an 'Integrated Development Centre' each in all the Panchayats on the model and principle of Ambedkar Village. Government's view in their matter is to convert all the scheduled caste and scheduled tribe centres in the State into 'Integrated Development Centers' by the end of 8<sup>th</sup> Plan.

84. The present Government after coming into power has formulated and implemented many schemes meant for the progress of education among scheduled caste-scheduled tribe sections. As a further step in this direction, from next year onwards, financial assistance required for second appearance in examinations will be allowed to students studying in higher classes including degree classes.

85. Educational programmes will be encouraged to the maximum by setting up Ashramam School in Scheduled tribe centres by granting financial assistance to those scheduled caste and scheduled tribe students who are interested in joining correspondence sources in regonised Universities and by offering financial assistance for education outside the State for courses like Aircraft Maintenance Engineering, Merchant Navy and Marine Radio Officers Courses etc.

86. Scheduled Caste-Scheduled Tribe Development Corporation will undertake many social welfare and labour oriented programmes including the rural housing programme with the help of HUDCO, benefiting ten thousand people. With a view to increasing labour opportunities in tribal areas steps like cultivation of herbal plants, expansion of rubber cultivation and sericulture etc., will be undertaken during next year.

87. During next year Government will be taking certain steps to reduce to the maximum the debt liability of Scheduled Caste-Scheduled Tribe who live below poverty line.

88. The special recruitment prevailing in Government/Public Sector Undertaking will be speeded up and recruitment to all the remaining posts will be completed during the next year itself.

### **Co-operation**

89. In the Co-operative Sector, more short term, medium term and long term loans will be disbursed through Credit Co-operative Banks, Steps are being taken to form Agricultural Development Banks in each Taluk. Loans for constructing 15,000 houses will be disbursed through agricultural Development Banks next year with the assistance of National Housing. This will be in addition to the loans being given for constructing 5,700 houses through Housing Federation. Agricultural procedures worth Rs. 185 crore and consumer articles for Rs. 250 crore will be distributed through Co-operative Societies. Production incentive at 5% will be a continued for prompt repayment of agricultural loans. A comprehensive plan is being formulated for setting up processing units and industrial units for processing rubber, fruits and vegetables. Second stage of scheme for revival of State Consumer Federation and District Whole sale Stores will be taken up next year. The integrated Co-operative Development Project (ICDP) costing Rs. 9387 lakh implemented in the districts of Wayanad, Palakkad and Kottayam will be extended to Idukki, Pathanamthitta and Thrissur districts also. Loans will be given to 50,000 persons through Co-operative banks for seeking self-employment. The scheme for writing off arrears of agricultural loan disbursed through co-operative societies is being continued. Suggestion for incorporating timely changes in the Co-operative Act will be placed before the Assembly soon. The scheme for giving pension to the employees of Co-operative Societies under the administrative control of Registrar of Co-operative Societies is under consideration.

### **Excise**

90. Consequent on the increase in excise duty, licence fees for bars, subshops arrak shops etc., and stringent measures taken against bootlegging as part of the change in Abkari Policy after the present Government came in to power, substantial increase has been achieved in Abkari income.

91. Government after serious consideration have accepted with some modification, various recommendations of Udayabhanu Commission. An expert committee has been appointed for finding out ways of producing spirit utilising Kerala's indigenous produces, especially, tapioca. Excise Department has to be strengthened further to make enforcement activities more effective and to collect the amounts due to Governments. A scheme will be chalked out for this purpose which will be implemented in phased manner within three years. An amount of Rs. 25 lakh is set apart for this purpose. Rs. 5 lakh is set apart for setting up an institute for the training of the Officers of the department.

## **Fisheries**

92. A two pronged programme of increasing fish production and enhancing the social and economic status of fishermen is being implemented by the present Government, for the last four years. Apart from this, some new schemes are also proposed to be implemented during the next financial year. In order to increase fish production and thereby generate new job opportunities a scheme has been formulated for introducing pisciculture in the canals and ponds of Panchayat-Municipal areas in the State. Work on the last stage of Vizhinjam Fishing Harbour will commence in the beginning of the next year itself. The Inland Fishing Control Act is proposed to be implemented during the year, functioning of Inland Fishermen Welfare and Development Co-operative Societies is also proposed to begin. A scheme with the assistance of the World Food Organisation for distributing rice, pulses and oil at concessional rate to fishermen has also been formulated. Another scheme with NCDC assistance for distributing fishing equipments in all fishermen villages is also being drawn up. Plan is also there for providing financial assistance to fishermen during lean months. Steps also will be taken this year to introduce 'single window system' for the welfare and development activities and to set up 'Matsya Bhavans' in fishermen centres by reorganising the Fisheries Department. Loans to fisher women, other assistance from Fishermen Welfare Fund', the HUDCO assisted housing scheme etc., also will be continued.

93. There are about 15,000 workers working in peeling sheds in Kerala. Majority of them are women. A welfare fund will be constituted for their welfare Rs. 2 lakh is set up for this. Electricity has not yet reached more than 75% of the huts of the fishermen. It is proposed to commence a programme called "Theera Jyothi" for electrifying the huts within five years. Rs. 2 lakh is set apart for this purpose.

94. Action will be taken to set up a fishing harbour at Chombal in Kozhikode district.

## **Culture**

95. The performance of all the section under the Culture Department is commendable last year. An ambitious attempt has been made by the Archeological Department to microfilm and preserve documents of international importance and to register private historical records. Ezhimala Fort and the hanging bridge at Punalur have been taken over by Archeology Department as protected memorials. Facilities in the Regional Conservation Laboratory will be expanded for the benefit of all the departments in the state. Work on the archeological museum adjoining the Padmanabhapuram Palace will be completed very soon. A scheme for preserving articles of cultural value will be implemented next year with the co-operation of National Research Laboratory, Lucknow.

96. The functioning of Sangeetha Nataka Academy has been more democratised so as to enable the artists from rural areas to work in co-operation with it. Construction work is in progress for the headquarters of the Lalithakala Academy. Performance of Kerala Kalamandalam has been good enough to attract world attention. Diamond Jubilee of Kalamandalam is being celebrated in a benefiting manner at various

important cities in India. As a result of better concessions, being given by Kerala Film Development Corporation considerable increase has been registered in the number of films made there. A Children's film will be produced jointly by the State Government and KSFDC next year.

97. International cinema is now under the hegemony of Superpowers. The risings in Third World are not only completely ignored but are subjected to ridicule in films made in Hollywood and elsewhere. The American soldier 'Rambo' whose vocation is to kill the poor peasants of Viet Nam is being groomed into super hero. In these unfortunate circumstances, as a humble effort to put the Third World Cinema on a higher plaine, its is proposed that from 1991 onwards, a biennial 'Third World Film Festival' will be organised at Thiruvananthapuram under the auspices of Kerala State Film Development Corporation. I am earmarking Rs. 10 lakh for this purpose.

98. C-DIT which was set up as a research-cum-training centre, with the help of Central Government, is on the road to its declared goal. A Cultural Heritage Protection Council has already been set up. The dream of a District Cultural Centre for each district will come true, next year.

### **Transport.**

99. Through KSRTC has achieved better performance financially and in the Matter of bus utilisation a lot of things remain to be done in this direction. 532 new buses will be put on road by KSRTC during 1991-92. Increase in prices of tyre, diesel and spare parts have taken away much of the gains achieved through increased fare and efficient bus operation during 1990-91. In spite of this condition Corporation agreed to enter into a wage settlement with the workers. Besides, the programme to provide better travel facilities is also being carried forward.

100. Efforts are being made to improve the water transport front by operating more boats and improving jetty facilities. As part of improving water transport facilities in northern districts boat service has already been started in Payyannur. There is plan to extend it to some more places.

101. Since efforts are being made to improve the performance of Motor Vehicle Department. Apart from opening more offices it is hoped that the Driver Training School proposed at Kozhikode can be opened during 1991-92. A scheme for introducing Laminated Card Driving Licence, on experimental basis, is under consideration. So also plan is there is computerise the issue of driving licence in some districts. Highway patrolling is proposed to be introduced as part of reducing road accidents.

### **Health**

102. The achievements of Kerala is outstanding in India's Public Health front. About 7,000 institutions including 5000 sub centres and 2000 Primary Health Centres are functioning in Government Sector. About half of this is allopathy institutions and the rest Ayurveda-Homoeopathy institutions. It is because of this massive public health net work that we could achieve the lowest rate in child mortality and birth rate in India and attain

the target fixed for 2000 AD at the national level. As part of continuing this endeavor, it is proposed to set up more Allopathy-Homoeo-Ayurveda institutions. Intention is to have one Allopathy institution in each Panchayat. Plan is there to set up separate hospitals for women and children in Palakkad, Malappuram and Kannur and also to open more sections in the District Hospitals at Thiruvananthapuram, Ernakulam and Kozhikode. Besides, it is proposed to create facilities in all districts for Cancer cure. As part of stage by stage implementation of the 8 hour duty scheme for nurses the same will be extended to the District Hospitals of Kannur, Kollam and Palakkad. Steps will be taken to open an Ayurveda College at Kannur in 1991-92. Rs. 10 lakh is set apart for this purpose.

### **Tourism**

103. Tourism sector has achieved great progress after the coming into power of this Government. Practical steps taken by the Government with the firm conviction that Kerala can find a prime engaged in that industry to Kerala. Approval has already been given for a scheme costing Rs. 100 crore from the Taj Group. Many other groups are also coming forward with similar plans.

104. Government Guest Houses have been opened at Kannur and Kasaragode; another one will be opened at Idukki very soon; construction in respect of one at Alappuzha is in progress; foundation stone has been laid for the new building at Kerala House, New Delhi and there is a proposal to open a Kerala House at Madras. Five motels have already been opened as per the motel scheme; construction of another seven is in progress. There is a proposal for a Yathri Nivas each at Thiruvananthapuram and Kollam. Work in respect of Forest-Lodge at Neyyar dam is complete; construction has commenced at Parambikulam. The boats, "Pathiramanal" and "Ashtamudi" will be on the waters very soon. There is a proposal to open a floating restaurant at Veli. A ropeway will start functioning at Malampuzha very soon. There is proposal to set up a marine park and dolphinarium at Kochi.

105. The problems of pilgrims coming over to Kerala are very often neglected. Effective steps will be taken to change this situation. Apart from Sabarimala, Kaladi, Malayattur division will also be given importance.

106. It is proposed to organise a self-employment scheme in order to increase the employment potential under Tourism Sector. Similarly it is hoped that many undesirable tendencies prevalent in this field could be curbed when the Tourist Trade Registration Bill now before the Assembly is passed.

### **Local Administration**

107. Local Administration Department has been able to fulfill all the promises made in the Election Manifesto of the Left Democratic Front. We could restore the democratic character of institutions of local administration by holding elections to these bodies. This Government have made the decentralised system of administration a reality which the people of Kerala was longing for three decades and which was kept in cold storage for the last one decade, by holding election to the district Councils. This step will

open a new path to development. We have been able, during the last four years, to carry forward the developmental programmes by implementing 11 point programme at village level and different new schemes with the assistance of World Bank and other financial institutions for cities and towns.

108. Local Administration Department has formulated different schemes for the financial year 1991-92. Construction of rest houses for pavement dwellers in cities and towns, rehabilitation of purampoke dwellers, low cost sanitation works, city improvement schemes, modernisation of slaughter houses etc., are some of them. When the schemes which are in progress and those proposed for 1991-92 are completed, it is expected that more than 50 lakh townsmen will be benefited.

109. Thrissur Municipality which is already having the status of Municipal Corporation by adding Ayyanthole, Vilvattom, Koorkanchery and Ollukara Panchayats with it. Taking into consideration that Thiruvananthapuram is the capital city, a special assistance is proposed to be given Rs. 25 lakh is earmarked for the purpose.

110. Quilandy Panchayat has already developed itself into a city. Hence, it is proposed to declare Quilandy as a Municipality.

### **Social Welfare**

111. The Womens' Commission Bill which was presented in this House is under the consideration of Select Committee. Rules for implementing Anti-Dowry Act is under preparation. Industrial co-operatives are being organised for the rehabilitation of those who are in destitute homes. Show-rooms will be opened at Thiruvananthapuram, Ernakulam and Kozhikode by the Womens's Development Corporation for marketing the produces of the Women's Industrial Co-operatives. Proposal is there to set up a Slate manufacturing unit at Alappuzha under the auspices of the Handicapped Corporation. An institute for the mentally retarded persons will be set up next year.

112. I propose to make an increase in the social welfare pension. Firstly, the destitute pension will be increased from Rs. 55 to Rs. 65. About 2 lakh persons will be benefited by this. I anticipate additional expenditure of Rs. 2.40 crore.

113. I propose to enhance the pension being given to 65,000 handicapped persons from Rs. 75 to Rs. 85. On this account an additional expenditure of Rs. 78 lakh is anticipated. The grant of Rs. 1,000 now being given to widows for the marriage of their daughters is proposed to be increased to Rs. 1,250. Additional expenditure on this account is estimated as Rs. 25 lakh.

### **Law and Order**

114. After coming into power, the present Government took many steps to modernise Police Force and to make it more efficient. Training of 2550 constables appointed lately, as part of filling up all the existing vacancies, will be completed in next May. It is expected that the list of 2200 personnel sought from PSC for filling up vacancies will arrive in time for sending them for training when the training of the present batch is completed. The Government created a total of 612 new posts of Head Constables very recently so as to increase the number of Head Constables from 4 to 5 in

each Police Station and to provide a Special Branch Head Constable in each Station, where they are wanting. Consequently, eligible constables will be getting promotions. A large number of posts were created consequent on the reorganisation of Crime Branch and Telecommunication Wings. Taking into account the practical difficulties in supplying uniforms to the Policemen in time, Government have decided to give them uniform allowance. Compensation to the family of Policemen who die in accidents while on duty has been increased from Rs.15,000 to Rs.50,000.

115. All the posts reserved for scheduled caste-scheduled tribe communities have been filled up through special recruitment. Repairs and maintenance of Police Stations and Police Quarters were not being done in time for the last few years. Complaints are there that there are buildings whereon essential maintenance work has never been done even many years after their completion. Taking this into account, required amount is being provided for 1991-92 for undertaking repairs and maintenance of the existing buildings. After coming into power, the present Government have purchased 600 vehicles for the Police Department. Steps will be taken to replace the existing petrol jeeps by diesel jeeps and the old and worn out vehicle by new ones. In view of the success in expediting case enquiries evidenced by the use of motor cycles introduced in some Police Stations on experimental basis, Government proposes to give motor cycles to more Police Stations. Technical objections in regarding to the setting up of VHF net work, as part of modernising the communication set up, have been removed. It is expected that this set up can be made use of in 1991-92.

116. Activities of the Fire Force have been expanded considerably after coming into power of the present Government. Some new Fire Stations are proposed to be opened next year also. Some new installations required for fire fighting will be set up at Thiruvananthapuram Air Port consequent on it becoming an International Air Port. Steps will be taken to install modern fire fighting equipments at the Kozhikode Air Port also.

### **National Savings Scheme**

117. Our State could achieve considerable progress in mobilising funds under National Savings Scheme during the last four years. While net savings collection was only Rs. 80.46 crore during 1986-87, it rose to Rs. 117 crore in 1987-88, to Rs. 159 crore in 1988-89 and to Rs. 221 crore in 1989-90. During the current financial year it is expected to rise to Rs. 250 crore. But let me state regretfully that the policy of the central Government in the matter recent times is not helpful. Income tax exemption that was available to the 6<sup>th</sup> and 7<sup>th</sup> series of National Savings Certificate has not been allowed to the 8<sup>th</sup> series. At the same time massive exemption has been granted to Mutual Funds. In addition to this, the Central Government, through their interim Budget, have made drastic cut in the amount that may accrue to the States on this account. As a result, an important source of income of the State is being drained away.

118. The novel scheme called "Bachat Panchayat" started to reach the message of savings scheme to the rural masses and to attract their small savings in to national savings for people's welfare is worth special mention. The target is to get at last one



account from each family in Kerala during the next five years. Eight Panchayats and two Municipalities in the State have already been declared Bachat by enrolling all the families in National Savings Scheme.

119. A prize scheme for Bachat Panchayats/Municipalities will be introduced so as to encourage institutions of local administration in savings activities and to recognise those who attain good results. Prizes will be awarded to Panchayats, Municipalities and Corporation at the following rates.

Rs.50,000 or the average monthly collection in recurring deposits, whichever is less	to Bachat Panchayats
Rs.1 lakh or average monthly deposit collection, whichever is less	to Bachat Municipalities/Corporations

The price amount so received is to be sent exclusively for the development of area concerned.

120. Authorised agents play an important role in the National Savings Scheme. 5,000 Mahila Pradhans and 3000 SAS agents are now working in the State. Kerala is the State where the highest number of Mahila Pradhans are working. A Welfare Fund has been constituted by the State Government for the welfare of authorised National Savings agents.

### **Literacy**

121. Total Literacy Programme called “Akshra Keralam” is the development programme that is being implemented in Kerala with utmost mass participation. Aim of the programme is to make every illiterate below 60 years literate within one year. Accordingly, out of more than 19 lakh illiterate 16 lakh are attending the literacy classes. Within a few weeks the 1<sup>st</sup> phase of the task of turning them literate will be complete. Special literacy programme for Adivasies etc. will then be taken up.

122. About 2.75 lakh teachers, trainers and approximately the same number of volunteers are in the field. So, this programme which may cost Rs.30 crore in normal course is being carried out with less than Rs.8 crore from the public exchequer. This programme of low cost and high public interest is a model of developmental programme.

### **General Administration**

123. Government have been able to maintain very good relations with State Government employees. We have tried to solve problems whenever they arose, in favour of employees, whether it involves financial commitment or not, in consultation with employees’ organisations. Our endeavour to check the contagion of corruption that has spread to public life and administration is continuing. The vigilance Department has been reorganised and arrangements have been made for the speedy disposal of cases. More posts have been created to revamp the working of the PSC in accordance with the recommendation of the high level committee. Timely disbursement of house loan to employee could never be done due to lack of adequate provision for the purpose. Applications upto 1988 alone could be considered this year. So I propose to include an additional amount of Rs. 6 crore in the Budget for the next year.

## **Rural Development**

124. With a view to the uplift of those who live below poverty line, schemes have been implemented to give them employment opportunities to the maximum, for giving houses to the homeless and for providing opportunities to carry on their traditional occupations. These schemes will continue. Special preference is being given to scheduled caste scheduled tribes and women under these schemes. During 1991-92, 185 lakh mandays will be provided under Jawahar Rosgar Yojana and assistance under Integrated Rural Development Programme will be given to about 60,000 families. In addition to this, different training programmes will be undertaken to provide self employment opportunities to 12,000 youths. Applied Nutrition Programme which is meant for women and children will be extended to one more district in 1991-92. In total, the programme will be implemented in 7 districts. Under this scheme, through 250 units, 3000 women will get employment. It is proposed to build 20,000 houses, 1000 KM of roads and 4000 latrines under various schemes.

## **Revenue Administration**

125. The recommendations of the Special Officer appointed to go into the question of making revenue administration more effective will be implemented with necessary modifications. In view of the fact that proper training is essential to increase efficiency of officers, steps have been taken to set up a State Revenue Training Institute with the assistance of Central Government. With the aim of modernising Revenue and Survey departments and proper up-keep of primary revenue records in the village officers, orders have been placed for the purchase of certain costly equipments worth Rs. 1.50 crore, with the financial assistance from Central Government. Steps will be taken for completing work on all remaining village officers with the assistance from HUDCO. In the taluk headquarters Revenue Towers will be constructed with the assistance from HUDCO.

126. A pilot project with Central assistance meant to give a copy of revenue record indicating the ownership of the land has been started. About two lakh pattas have been distributed since this Government came into power. Besides, action is going on vigorously for distributing pattas to those who were in possession of forest land before 1977; possession certificates are also being given. Besides, joint verification has been arranged wherever the same has not yet been done,

127. A draft Debt Relief Bill has already been prepared. A natural calamity relief fund has been constituted for the first time for alleviating distress and to compensate loss of property by earmarking Rs. 31 crore annually.

## **Registration.**

128. There is widespread complaint about non valuability of stamp paper of small denomination. As the printing of stamp paper is being done at Nasik, they are being contacted constantly. But they do not supply sufficient quantity of stamp papers of small denominations. Steps will be taken next year. To overcome this difficulty by printing and distributing stamp papers of small denominations.

129. Yet another reform under consideration in the field of registration is the introduction of standardised format for documents. A committee will be constituted to study the possibilities to adopt uniformity in regard to language and interpretation of words used in documents in various parts of the state. They will be asked to submit their report within six months.

### **Youth and unemployment**

130. It needs no mention that unemployment is the gravest problem facing our State. Through we constitute only 4% of the population of the country, more than 10% of the unemployed registered in the Employment Exchanges all over the country is in Kerala. Reasons for this phenomenon is that growth in our industrial and agricultural sectors does not keep pace with the great development we have achieved in educational field. There is no magic wand that can solve our unemployment problems. Speedy development of agriculture and industry alone can solve the problem.

131. It is due to this awareness that the Left democratic Government formulated a policy which lays emphasis on development in agricultural and industrial sector. I have already dealt in detail about the progress made in those sectors. But the increase in employment opportunities consequent on this was reserved for this portion of my speech; Though detailed statistics on the increase of employment opportunities in agriculture are not available, indications are that more employment opportunities are available there for the youth, contrary to the experiences in the past. During the last 3 ¾ years employment could be given to 152,000 persons in the small industries sector thanks to the small units set up there. It is to be remembered that the number of persons who could be given employment during 5 years from 1982 to 1987 was only 91,825. To rephrase it, while only 18,300 persons alone could be given employment per annum during the five years of the previous regime, we could give employment to 37,000 persons per annum during the 4 years of our rule in the small scale sector. Similarly, in sectors like large-medium industries, sericulture, khadi etc., also considerable employment opportunities have been generated.

132. Yet another indicator is the number of the unemployed registered in employment exchanges. Their number rose to 2,704,874 in December 1986 from 2,086,056 in December 1982. That means an increase of 618,818 during a span of 4 years on an average 154,700 per annum. But, the rate of increase during the last three years from 1986 is much lower than this. Their number in December 1989 was 3,092,031 against 2,704,874 in December 1986 an increase of 387,157 during the period of three years, ie. on an average 129,000 per annum. In my opinion the reason for the fall in the rate of increase in employment opportunities being opened up in agricultural and industrial sectors. Therefore I think that the solution for this grave problem lies in the vigorous pursual of this policy. I would like to reiterate the firm commitment of the Government in this regard.

133. This does not mean that the Government is of the opinion that nothing more remains to be done in this direction. As you are aware, one of the first things that this Government did was to enhance the unemployment wages. But, the benefit of the

same could be enjoyed only by 10% of the youths registered in employment exchanges. I would like to make an announcement that would benefit all the unemployed in Kerala. P.S.C. application forms, hereafter will be supplied free of cost. This will result in loss of Rs.50 lakh to Government.

### **Eighth Plan**

134. Kerala's Eighth Plan submitted to the Planning Commission envisages an outlay of Rs. 4,275 crore. This shows an increase of 103% over the Seventh Plan. This outlay aims at 5.5% growth per annum in the income of State and 3.5% growth per annum in employment generation.

135. The draft plan has been formulated with emphasis on production sectors like agriculture, industries, etc. and infrastructure facilities like power and irrigation. While only 29% of the total outlay was provided for industry and power sectors in the Seventh Plan 37% has been provided for the Eighth Plan.

136. Though we enter the second year of the Eighth Plan, Planning Commission has not yet finalised the details of the Plan including the final outlay etc. Owing to the uncertainty prevailing for the few months it is not even known whether the centrally sponsored plans are continuing. Hence, many schemes intended for implementation had to be put off.

137. The outlay of the State's annual plan for 1991-92 has been fixed at Rs. 807 crore. This is an increase of 27.08% over the outlay fixed for 1990-91. This is also the highest increase that has ever been achieved in the State's history. The emphasis given to industries in draft Eighth Plan document reflects in this annual plan too. While 37% of the plan outlay was provided for industries in 1990-91 another 13% has been added to that sector in the plan for 1991-92.

### **Budget of the District Councils**

138. At the time of formation of District Councils in February the preparation of State Budget for 1991-92 was at an advanced stage. Hence, the Budget of the District Councils for 1991-92 has been prepared with the limited information available with the Finance Department.

139. Though orders in respect of the powers and responsibilities of the District Councils have been issued a final picture has not yet emerged regarding the actual transfer of institutions, buildings, schemes and employees. So, it has not been possible to include in this budget accurately the amounts to be set apart to each District Council on each item. The amount that has been provided for all the district councils is Rs. 363.98 crore. The amount set apart is Rs. 105.39 crore for non-plan grant, Rs. 253.72 crore as grant for plan expenditure and Rs. 4.87 crore towards loan for plan expenditure. It is for the Jawahar Rozgar Yojana that the highest amount is set apart- Rs. 72.30 crore. Staff expenses like salary and other allowances pertaining to the officers and institutions transferred to the District Councils have been taken into account only in respect of plan scheme. In non-plan account these expenditure for the time being will be met from the State Budget.

140. I admit that given the constraints mentioned above there may be some drawbacks in the District Council budget. I assure you that whenever these defects come to notice, necessary modification will be made. The Government have already constituted a Finance Commission for the District Councils. I set apart Rs. one lakh towards its expenditure.

### **Financial Position**

141. The Hon'ble Members would recollect that the Budget I had presented for the current year was a balanced one having neither deficit nor surplus. My intention was to keep myself within it and end this financial year with marginal surplus or deficit. However, since we had to incur some large unforeseen expenses it is estimated that the year may close with a deficit of Rs. 52.25 crore. The following are the items of expenditure that had to be incurred outside the budget.

- (1) State share in the capital of Konkan Railway Corporation Rs. 6.00 crore;
- (2) Loan given to KSRTC for certain urgent needs Rs. 10.50 crore;
- (3) District Council Elections Rs. 3.46 crore;
- (4) Towards day-to-day expenses of District Councils Rs. 1.14 crore;
- (5) Additional amount spent for maintenance work in the PWD as per Finance Commission Award and for other ordinary works Rs.12.71 crore;
- (6) State share towards maintenance work consequent on floods Rs. 4.50 crore;
- (7) Printing and distribution of new ration cards Rs. 1.16 crore;
- (8) Disbursement of pension arrears to fishermen, agricultural workers, handicapped etc., Rs. 9.22 crore;
- (9) Additional expenditure on medicines in hospitals Rs. 3.00 crore;
- (10) Increase in House loan amount to the employees Rs. 1.00 crore;
- (11) Starting of Higher Secondary Courses in 31 Schools Rs. 0.26 crore;
- (12) Setting up of Botanical Garden at Olavanna in Kozhikode District Rs. 0.86 crore.
- (13) Relief to Kuwait Returnees Rs. 0.10 crore;
- (14) Working Capital loan to Agro-Industries Corporation Rs. 0.50 crore.

142. Additional expenditure due to the above mentioned items not anticipated in the Budget will be around Rs. 54 crore. The deficit is due to these unexpected and unavoidable expenditures.

143. The budget which I present here for the next financial year envisages revenue receipt of Rs. 2690.36 crore and revenue expenditure of Rs. 3089.50 crore. Taking into account the net receipts under capital account, public account and opening deficit the Budget papers show that the financial year 1991-92 will end with a deficit of Rs. 154.07 crore. But this does not include the additional assistance promised from the Centre during the discussion our Chief Minister had with the deputy Chairman of the Planning Commission while deciding the annual plan. The following are the items to be included.

		Rs. in crore
Additional share of public loan	--	25
Central assistance for Ambedkar Villages	--	1
Central assistance to model Villages	--	10
Externally aided projects	--	46
Total	--	82

144. While deciding the plan outlay of Rs. 807 crore our calculation was that we could collect Rs. 50 crore additionally through National Savings Scheme. Actually this also has to be added to the above mentioned amount. However, I am not taking this into account because this important source of income for the State is being sealed by the interim budget presented by the Union Finance Minister.

145. When the receipts mentioned above are taken into account, simultaneously the commitment arising out of the announcement I made at different places of the Speech has also to be taken into account, These expenditures come to Rs. 13.48 crore. When additional revenue and expenditure are taken into account. These expenditures come to Rs. 13.48 crore. When additional revenue and expenditure are taken into account deficit at the close of the year will be Rs. 85.55 crore. I shall now explain how this deficit is going to be managed.

### **Motor vehicles Tax**

146. I propose to increase motor vehicles tax as follows:

1. Tax on private cars shall be increased by 50%.
2. Tax on all other vehicles other than two wheelers and three wheelers shall be increased by 25%.

The revised tax shall rounded to the nearest ten rupees.

I anticipate additional revenue of Rs. 15 crore from the above proposals.

### **Registration**

147. No revision has been made in the fees under registration since 1973. I propose the following changes:

1. Registration fees for partnership firm shall be increased from Rs.15 to Rs. 200;
2. Registration fees for effecting changes in partnership firms shall be increased from Rs. 5 to Rs. 50;
3. Copying charges from the register of firms shall be increased from 50 paise to Rs. 10 per hundred words or less;
4. Registration fees for societies shall be increased from Rs. 25 to Rs.100;
5. The existing stamp duty of Rs.200 will continue in the case of instruments of partnership for which the capital is Rs. 1000 or below. In all other cases relating to partnership I purpose to enhance the stamp duty to Rs. 1,000.

I anticipate additional revenue of Rs. 50 lakh.

### Building Tax

148. The Government levies a one time tax from the owners of new building on the basis of its capital value under the Kerala Building Tax Act, 1975. The basic exemption limit is Rs. 75,000. Above that limit tax at the rate of 1% to 10% is levied at different slabs. No change has been effected since 1975. It has been alleged that the assessment procedure leads to a lot of litigation, difficulties and corruption. To alleviate difficulties of the people and to avoid irregularities, I propose to introduce compounding in this area.

The following shall be the rates:

#### Residential Accommodation

(1) Area	(2) Panchayat  Rs.	(3) Spl.Gr. Panchayat/ Municipalities  Rs.	(4) Corporation  Rs.
Upto 75 Sq.M	Nil	Nil	Nil
Over 75 Sq.M. and upto 100 Sq.M	250	450	675
Over 100 Sq.M. and upto 150 Sq.M	500	900	1,350
Over 150 Sq.M. and upto 200 Sq.M	1,000	1,800	2,700
Over 200 Sq.M. and upto 250 Sq.M	2,000	3,600	5,400
Over 250 Sq.M	2,000 + Rs.400 per every addl. 10 Sq.M	3,600 + Rs.800 per every addl. 10 Sq.M	5,400 + Rs.1,000 per every addl. 10 Sq.M

#### Others

(1) Area	(2) Panchayat  Rs.	(3) Spl.Gr. Panchayat/ Municipalities  Rs.	(4) Corporation  Rs.
Upto 50 Sq.M	250	500	1,000
Above 50 Sq.M. and upto 75 Sq.M	500	1,000	2,000
Above 75 Sq.M. and upto 100 Sq.M	750	1,500	3,000
Above 100 Sq.M. and upto 150 Sq.M	1,500	3,000	6,000
Above 150 Sq.M. and upto 200 Sq.M	3,000	6,000	12,000
Above 200 Sq.M. and upto 250 Sq.M	6,000	12,000	18,000
Above 250 Sq.M	6,000 +	12,000 +	18,000 +

	Rs.600 per every addl. 10 Sq.M	Rs.1,200 per every addl. 10 Sq.M	Rs.1,500 per every addl. 10 Sq.M
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As a result of this compounding , officials will not have discretionary powers and the tax payers will get relief. It shall be stipulated that the local bodies shall insist on proof of remitting 25% of the tax due before giving approval for plan. Balance amount shall be remitted on one or more installments before the construction is completed. Local bodies shall ensure that full tax due has been paid before issuing the completion certificate. In the case of constructions for which plans have been approved prior to 1-4-1991 also this condition will be applicable. In the case of constructions completed prior to 1-4-1991, but of which assessment is not initiated or completed, the assesseees can opt for the view system. As a result of simplification of tax structure I anticipate additional revenue to the tune of Rs. 2 crore.

### **Sales Tax**

149. Sales Tax is the main source of State revenue. It accounts for more than 50% of the total revenue. When this Ministry assumed office, total revenue from sales tax was only Rs. 516 crore. It is expected that this year it would reach Rs. 900 crore.

150 Studies made by the institutions of national repute have landed Kerala's tax efforts during the last three or four years. Yet I feel that there are areas untapped and which could yield more income.

151. I now propose a series of legal and administrative measures with a view to curb tax evasion and increase revenue of the State.

#### **(i) Curbing of smuggling through Railways**

Railway authorities do not insist on sales tax documents while booking goods. This has made Railways an ideal mode of conveyance for smugglers. I propose to made carrying of goods without valid sales tax documents a cognizable offence. I estimate an additional revenue of Rs. 21 crore from this measure.

#### **(ii) A package for check posts**

Check posts are the gateways of Commerce. Sound administration of check posts is another area where this Government has always been paying attention. I propose an integrated package for the improvement of the checkpost administration.

(a) An improvement project for Walalayar checkpost, the most important checkpost in the State, will be implemented in two phases. The project would consist of wider parking area, more counters, integrated checkpost for departments etc. I am also happy to announce that when this project is completed, there will be 'green channel' for easy passage of passenger vehicles.

(b) As part of streamlining the checkposts, recommendations of the Gulati Committee will be implemented.



(c) The checkpoint declaration forms are to be collected and sent to officer for assessment purposes. But, unfortunately due to increased volume of traffic, only one third of such declarations find its way to the Sales Tax offices now. I propose to bring all the checkpoints under a computer network. The above package is expected to net Rs. 25 crore.

**(iii) Restructuring of Administration**

Ernakulam District accounts for more than half of the revenue from Sales Tax. This makes it necessary to adopt a different pattern of administration for the District, It is proposed to divide the administration in the district and place it under the control of two Deputy Commissioners. A new office Deputy Commissioner will be opened at Mattancherry.

Considering the volume of work Sub Divisional Inspecting Assistant Commissioner's offices will be opened at Irinjalakuda and Vadakara.

I propose to start two I.A.C. (Special) circles at Ernakulam and Kozhikode to assess the Plantation companies which account for more than 75% Agricultural Income-tax.

**(iv) Neethi Melas**

In order to combat arrears in appeals, I propose to hold Neethi melas with the consent of Hon'ble High Court. The recommendations of the Public Accounts Committee with regard to appeals will be implemented. I propose to revamp the Tribunals by posting an officer not below the rank of Additional District Judge as Vice Chairman of the Tribunals with a view to speedy disposal of appeals. Suitable amendments will be made in this regard

**(v) Concurrent Audit**

The reassessment of the sales tax cases after Accountant General's audit causes inconvenience to assessing officers and traders. In order to avoid this, I propose to introduce concurrent audit by Accountant General in Sales Tax and Agricultural Income Tax Department.

**(vi) Welfare Measures**

Apart from the administrative measures, I propose to introduce follow measures for the benefit of trading community.

(a) *Publicity*- To keep the traders abreast of the fast changing tax laws, rules, policies and ruling of the Courts a monthly tax journal would be launched soon. Press and electronic media will also be made use of for publicity. I earmark of Rs. 50 lakh for this purpose.

(b) *Trader's Benefit Fund* – Recent events in Mattancherry drive home the point that our traders should be protected against unforeseen events. I propose to implement a 'Traders' Benefit Fund' during the course of next financial year.

(c) *Grievance cells* – Grievance cells will be constituted in all districts to hear the grievances of the traders.

152. Here I have outlined a comprehensive package for streamlining the Sales Tax Department.

## **Sales Tax**

153. During the past four years this Government was implementing a well-thought out taxation policy. First of all let me codify the salient points of this taxation policy.

--Tax concessions which enable the entrepreneurs to recoup the entire investment: No other State in India, have such a system of tax concessions which is implemented on a statewide scale. Tax concessions equal to or more liberal than those, are only confined to very backward districts in some States.

--Resource mobilisation through reduction of tax rates: Tax proposals implemented after close scrutiny of price sensitivity behavior have enhanced our resource mobilisation efforts. For example, the reduction in rate of tax on beer effected last year netted an additional revenue of Rs. 1 crore. Such tax reduction with respect to forty and odd commodities helped us to earn more revenue.

--Simplification of processes to help trade: We have evidence that these measures helped the traders to concentrate on trade which has increased their turnover.

--Increasing the rates of tax of such goods which are not used by common people thereby increasing the investment in development activities.

I am glad that the resource mobilisation policy as defined above have helped out State's economy to survive even in these days of economic turmoil.

154. In last year's budget, I had proposed a package for giving a boost to the Industries sector. I am happy to say that this has given a new impetus in the small scale industries sector.

155. This time also let me start the tax proposals with the industrial sector.

156. The tax payable on the sale of goods which are purchased by all industrial units in the State including public sector undertakings for use in the manufacture of goods for sale will be reduced to 4%. This is for the promotion of industry and trade in Kerala. However, this concessions will not be available to petroleum products. An additional revenue of Rs. 2 crore expected. Inter State sales tax of all products of small scale industries will be taxed at 4%. By this, these units can effect inter-state sales without 'C' forms. Income of Rs.50 lakh is anticipated.

157. For many years the pillars of Kerala's economy were our traditional industries. This Government has shown its commitment to the thousands of labourers who depend upon these industries. I am presenting the following packages for the development of traditional industries:

(i) COIR is a very old traditional industry in Kerala. Coir and Coir products are already exempted from tax. But coconut fibre and rubber backed coir products are taxable at 2% and 4% now. Coconut fibre and rubberised coir other than fibre foam will be exempted from tax. Loss of Rs. 1 crore is anticipated. The Central Sales-tax on fibre foam will be reduced from 4% to 2%. Additional revenue of Rs. 25 lakh is expected due to increase in trade.

(ii) **BAMBOO** industry is the livelihood for thousands of families in Kerala including Scheduled Tribes and Scheduled Castes. I propose to reduce the rate of tax on Bamboo ply manufactured by the Kerala State Bamboo Corporation from 10% to 1%.

The sale of bamboo by the Corporation to Co-operative Societies and workers and the sale of Bamboo products by the Societies and workers to the Bamboo Corporation is proposed to be exempted from tax. By these measures a revenue loss of Rs. 10 lakh is expected.

(iii) **OIL** cursing is a prominent industry in Kerala for a long period, Now it is facing a crisis. Many oil mills are either not functioning or only partially functioning. In order to contain the oil milling industry in Kerala I propose to make suitable changes in the existing tax structure.

(a) At present the rate of tax on coconut oil sold inside the State is 5%. I propose to reduce it to 2%. The same rate will be applicable to coconut oil cake also.

(b) The rate of tax on copra crushed inside the State is 2%. I propose to reduce it to 1%

(c) Central Sales-tax on inter-state sale of coconut oil and coconut oil cake will also be fixed at 2%. I propose to exempt the oil millers from payment of additional sales tax and surcharge on the copra crushed and oil and cake produced. By these changes the total tax incidence on the oil miller will be reduced from 3.99% to 3%.

(d) The inter-state sale of copra will be taxed at 4% in lieu of the present purchase tax levy.

(e) These tax measures will be made applicable for all the new and old mills. There will not be any difference in the revenue.

(iv) *Match Industries* : To promote this industry manufactures of handmade matches having a turnover upto Rs.2 lakh in a year will be exempted from tax for a period of three years. A revenue loss of Rs.20 lakh is anticipated.

(v) *Pappad* : In order to promote Pappad manufacturing which is done as a cottage industry, I propose to exempt it from sales-tax, Pappad is taxable at 5%. Rs. 5 lakh loss is anticipated.

(vi) *Curry Powder* is now taxable at 5% multipoint. To promote this industry in this State I propose to restrict the levy of tax at 5% single point. Rs.10 lakh of revenue is anticipated.

158. I propose to reduce the rate of tax of cumin seed and fenugreek from 8% to 5%. Rs. 5 lakh of revenue loss is anticipated.

159. In order to help the biscuit manufactures in Kerala who face stiff competition from Multi-nationals and to encourage the industry, I propose to reduce the tax on biscuit manufactured within the State from 8% to 5% for a period of three years. No loss or gain is expected.

160. To promote ready made garment industry which provide ample employment opportunities for women, I propose to exempt ready made garments, brassieres and hosiery units having annual turnover of less than Rs.10 lakh from sales-tax, for a period of three years. Central Sales tax on these items is proposed to be limited to 4%.

161. For generating the employment avenues in this sector, those manufacturing units which export not less than 50% of their products outside India will

be exempted from tax on their entire turnover irrespective of any turnover limit for a period of three years. Loss of Rs. 20 lakh is anticipated.

162. Rate of tax of monobloc pump sets manufactured by Co-operative societies in this State will be reduced from 10% to 1% for a period of three years and that manufactured by other units, the rate of tax of tax will be reduced to 4% for a period of 3 years.

163. I also propose to reduce the rate of tax on composite diesel generator sets assembled in Kerala from 10% to 1% for a period of 3 years. Rs 40 lakh of additional revenue is anticipated from these measures.

164. I propose to reduce the rate of tax on building materials as follows:-

(a) The rate of tax of mosaic tiles, mosaic chips, cudappah stones, cudappah slabs, other decorative slabs and stones will be reduced from 15% to 10%

(b) The rate of tax of glazed tiles, marble tiles, marble chips, marble slabs will be reduced from 20% to 8%. The rate of tax of granite slabs and tiles will be reduced from 15% to 5%. The tax on inter-State sales of granite slabs and tiles will be reduced to 2%.

(c) G.I. pipes will be included in the Second Schedule of the Sales-tax Act and taxed at 4%.

Additional revenue of Rs.1.50 crore is anticipated from the above measures.

165. I propose to exempt the following life saving drugs namely all types of vaccines, sera, toxoid, antitoxins, insulin injection and whole human blood and blood products (injections) from sales-tax. Loss of Rs 60 lakh is anticipated.

166. Now, let me present certain tax proposals which will not affect the common man.

167. The rate of tax on foreign made foreign liquor other than Beer and Wine will be enhanced from 60% to 75%. Rs. 50 lakh additional revenue is expected.

168. Cochin Refineries Ltd. is distributing petroleum products through Indian Oil Corporation. But to avoid the turn over tax collected by the State, this method is changed and direct trading is ordered by the Central Government. To make good the loss on this, turnover tax on petroleum companies will be enhanced from 1 ½ % to 3%.

169. Scale of cattle feed by the milk producers' co-operative societies to its members and that manufactured and sold by the units of Kerala Livestock Development Board Ltd. will be exempted from sales-tax. Paddy straw will also be exempted from sales-tax. Loss of revenue to the tune of Rs. 1 crore is anticipated.

170. In order to ensure that the tax concessions allowed to Naval and Military Canteens are available only to actual beneficiaries, that is serving soldiers and ex-servicemen, I propose that such concessions will be made applicable only to goods directly sold by the Naval and Military Canteens to them. Rs. 1 crore is expected as additional revenue.

171. The method of simplified assessment announced by me in the last Budget will be extended to all dealers other than hill produce dealers whose total turnover does not exceed Rs. 5 lakh. Dealers who are not liable to pay any tax will also be made eligible for this concession.

172. The tax on works contract which was introduced in 1984 could not be implemented due to the pendency of cases in various Courts. Necessary changes will be made by amending the IV Schedule of the Kerala General Sales-tax Act on the basis of the decision of the Supreme Court. Additional revenue of Rs. 4 crore is anticipated.

173. The Kerala High Court has struck down Section 59A of the Kerala General Sales Tax Act. Consequent on this, necessary changes have to be made in the said Act. For this, I propose to amend Section 58 of the Act to enable to fix the tax rate not exceeding 20% and also to empower the Board of Revenue to issue clarifications on tax rate on specific items in the light of the High Court Judgment.

### **Agricultural Income Tax**

174. The Agricultural Income-tax Bill is before the House, I hope to implement it in the next financial year. In the light of this, I anticipate an additional revenue of Rs. 15 cores.

175. The above mentioned proposals are expected to yield Rs. 85.55 crore additionally and hence there will not be any deficit. As in the previous year I present a balanced budget.

176. The details are given below:

	(Rs, in Crore)	
	<i>Revised Estimate</i> 1990-91	<i>Budget Estimate</i> 1991-92
Revenue Receipts	2503.53	2690.36
Revenue Expenditure	2824.80	3089.50
Deficit	(-)321.27	(-)399.14
Capital Receipt	1671.67	1443.02
Capital Expenditure	1645.91	1407.63
Surplus	25.76	35.39
Public Accounts Net	313.02	261.93
Overall Surplus/Deficit	17.51	(-)101.82
Carry over deficit	(-)69.76	(-)52.25
Cumulative Deficit	(-)52.25	(-)154.07
Net Yield from ARM (1991-92 measure)	--	85.55
Additional receipts towards Plan	--	82.00
Expenditure on additional measures announced including loss of revenue	--	13.48
Net Surplus/Deficit	(-)52.25	Nil

177. This is the Fifth Budget of this Government. And the last one.

178. Sir, we undertook this journey with coffers empty and with a haversack of debt. Rubbing our shoulders, the people of Kerala stood with us. We could therefore

achieve many things. They gave us strength to aspire many more things. They gave us strength to aspire many more things.

179. Sir, last year I stood here with a song of tomorrow. The Gulf War, which uprooted many families and reduced thousands of Malayalees to refugees, genocides in North India in the name of caste and religion, frequent changes in Government at the centre : all these did not mute my song of to-morrow. For the people of Kerala's surge of affection and their souls' warmth for us were always there in abundance. I bow my head before them.

180. Standing shoulder to shoulder with the people, we shall leap to many more horizons. Like the soul-stirring song of Edasseri's labourers:

Let us bury our woes,  
And let us leap to strength  
And let us leap to strength  
Breaking all the barriers.

181. With these hopes, I present the Budget Estimates and Proposals for the Year 1991-92 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 1991-92.

Thank You.

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