



BUDGET SPEECH FOR 1957-58

SHRI C. ACHUTHA MENON

7th June, 1957

Sir,

Let me place on record the deep sense of gratification, which my colleagues on the Council of Ministers and myself feel in having had the rare privilege of presenting the first Budget of the Government of Kerala. While I do so I am not oblivious of the magnitude and complexity of the problems that face our State, nor of our present limitations. I am assured that in the great task of building up a State which has been secured for the people of Kerala as a result of long years of toil and struggle, we would have the unstinted co-operation of Parties and individuals both inside and outside this Assembly. This faith gives me confidence.

Kerala's problems of over-population and economic difficulties are widely known, yet it would not be inopportune to review them in the correct perspective. Kerala is the most densely populated part of India. The total population is 15000000 and the average density, nearly a thousand per square mile. In addition, the rate of population growth in Kerala is faster than in other States of the Indian Union—300000 per year. The principal means of livelihood, even today, is agriculture. Some 81 lakh of people depend on agricultural pursuits for their livelihood and the remaining 69 lakh on non-agricultural avocations. Even these figures are likely to mislead. For taking India as a whole, it is seen that nearly 70 per cent of the population live by agriculture and only the remaining 30 per cent have other means of livelihood. But when it is stated that the percentage of people in Kerala whose means of livelihood are non-agricultural pursuits is 46, it might, at first sight, be imagined that Kerala is more industrialised than other parts of India. Such a conclusion would be completely wrong. The reason for this misleading sets of figures may perhaps be the adoption of different standards in the compilation of statistics. Further, it must

be remembered that when one speaks of non-agricultural pursuits in Kerala, one includes several industries that are languishing, as, for example, the coir, cashew nut, handloom and fishing industries. The pressure on agricultural land in this State has reached its climax. Where agricultural land to be divided equally amongst the people, each individual would get only 30 cents. This is the lowest ratio in India. As for agricultural income, the annual figure here is a mere Rs. 120 per individual.

Density of population, scarcity of arable land and dearth of industries have contributed to unemployment, the most acute problem of Kerala. Excluding the disabled, the infirm and the school-going section of the population the number of persons above 15 years of age is 8000000. Of these 550000 are totally unemployed and 1650000 partially employed. If the period they are out of work is reckoned, this figure would be equivalent to 870000 totally unemployed. Thus it is seen that some 1420000 persons are faced with effective unemployment. On the basis of these figures, the present problem of unemployment is serious. It becomes all the more grave when we take into account the rate of increase in population in this State. As a result of the annual increase, by 3 lakh, in the population, it becomes necessary to find new jobs for some 160000 persons each year. Of these some 50000 persons may be left out as those engaged in domestic work. But when there is a 3 lakh increase in the population there are bound to be at least 50000 new families. Calculating on the basis of one person per family for domestic work, it would be seen that, as a consequence of the increase in population, new jobs have to be found for some 110000 persons every year. Thus to the present unemployed, numbering 1420000 should be added every year 110000 persons for whom jobs have to be secured. This is the serious problem that faces Kerala.

For finding a satisfactory solution to these complicated problems long and steady effort on the basis of a clearly conceived plan is essential. Intensive cultivation should be resorted to in order that each acre of land yields the maximum production. Cottage industries now in a disorganised and decadent state should be properly organised and made to afford proper means of livelihood for those who are engaged in such industries. The abundant natural resources of our State should be exploited for developing modern industries that would afford new employment opportunities for our people to whom agriculture and handicrafts cannot provide gainful occupation.

Only through a comprehensive plan on these lines can this problem of unemployment be tackled. A general idea of such a plan is contained in the election manifesto of the Party that has assumed the responsibility of Government. It is also outlined in the statement of policy announced by the Chief Minister immediately after the present Ministry assumed office. It is our responsibility and task to give concrete form to each and every item of the programme so outlined. The programme of this Government for each year to come will be part of such an integrated Plan. It may not be possible to show spectacular results immediately; yet this Government will strive, within the limits of the present circumstances, to forge ahead on the path we have indicated.

While the problems confronting Kerala are so complex, some particular aspects of these have become most acute, I am referring to the rise in prices and the food situation.

Taking the prices for January 1956 as the base figure (100) the following statement indicates the trend in wholesale prices of certain commodities:—

<i>Commodity</i>	<i>(Price) 1956 April</i>	<i>(Price) 1957 April</i>
Rice	113	130
Coconut oil	107	119
Pepper	99	70
Ginger	126	48
Coconut	99	116
Arecanut	245	221

The trend of retail prices is parallel. One peculiarity may be noted in the statement of wholesale prices; the prices of all commodities have not risen as a whole. On the other hand, prices of some agricultural products have fallen. The rise in price of coconuts cannot be deemed to be substantial. At the same time, the prices of essential commodities that affect the cost of living of the common man have risen abnormally. Let us compare the cost of living indices for the previous and current years in respect of some of the important towns of Kerala:

<i>Town</i>	<i>April 1956</i>	<i>April 1957</i>
Trivandrum	375	402
Quilon	352	411
Alleppey	370	409
Ernakulam	373	402
Trichur	349	396
*Kozhikode	*100	442

*For the period from July 1935 to June 1936

The price indices of foodstuffs have also followed nearly the same trend.

The peculiarity to which I have referred is of immense importance in so far as the peasants of Kerala are concerned. Since he does not produce the food he needs, the agriculturist in Kerala has also to buy foodstuffs. The price of these foodstuffs and other commodities he needs in everyday life goes up, but the price of the agricultural products does not rise in a corresponding manner. To measure this phenomenon, economists have the "parity index" method. The proportion between the agriculturist's total income from farm produce and his total expenditure indicates the "parity index". This "parity index" which was 177 in 1953-54, fell to 150 in 1954-55 and 1955-56. For the year 1956-57 it was 156. These are the measure of the economic burden which the agriculturists of Kerala have had to bear on account of the fall of commodity prices on the one hand and the rise in price of essential goods on the other.

It has been calculated that the gross value of the agricultural produce raised annually in Kerala is Rs.180 crore. Of this Rs. 57.7 crore would be the total value of foodstuffs including paddy, tapioca and bananas. The balance of Rs.122.3 crore represents the value of the cash crops which the agriculturist raises every year. From this it would be clear how largely the prosperity of Kerala depends on our agricultural exports. It is, therefore, most essential that efforts are made to ensure reasonable prices for the agricultural products exported from this State. But since most of these export commodities such as pepper, cardamom, ginger, lemon grass and cashewnut are dependent on foreign markets and since foreign merchants have at their command greater economic resources than we have, it becomes very difficult to realize from them reasonable prices for our products. To aid our agriculturists in this matter Government propose to set-up a State Trading Corporation. A former Government

had planned a similar scheme, but they were not able to bring it into effect. Now when the present Government seeks to implement the scheme, we hope it will have the hearty support of all sections of this House.

What causes the greatest concern, both for the people and the Government, is the food problem. Even on an All India scale prices of foodstuffs have gone up enormously. The Union Minister for Food is reported to have stated that it is not the scarcity of food supplies but certain other factors that have caused this rise in prices. However, that may be, here it is scarcity of foodstuffs that is the main problem. Even on the basis of 12 oz. of rice per individual per day on an average—and this is quite inadequate—Kerala's total annual requirements are of the order of 14 lakh tons of rice. Of this, it is a mere 7 lakh tons that we produce here. That is to say, we produce just half of what we need. The deficit is made up by imports. Rice is imported, through the normal trade channels, from Tanjore, Andhra Pradesh and other areas. Although the exact figures for these imports have not been computed, it is reckoned that they would total some 20000 to 30000 tons per month. If it is possible to distribute through fair price shops the remaining requirements of 20000 to 25000 tons of rice, it would be possible, it is hoped, to relieve the prevailing food scarcity and regulate prices. It is on the basis of this reasoning that the decision has been taken to open fair price shops throughout the State at the rate of one shop per 500 families. It is a fact, however, that it has never yet been possible completely to control prices by means of fair price shops. On the other hand, it would also be wrong to say that fair price shops have not contributed to checking price spiralling. Barring wartime devices such as complete rationing and control, there do not seem to be more potent methods of price control than the system of fair price shops. What is required to be done, therefore, is to remedy the defects in this system and to make it more efficient. It is hoped that the decision to issue identity cards to each family and to organize People's Committees to supervise distribution of food grains through fair price shops will help towards the efficient and successful working of the system.

Government do not, however, believe that a solution of the problem is possible by these organisational arrangements alone. Fair price shops are intended to ensure the supply of rice at controlled rates for people in the low income groups who cannot afford to purchase rice from the open market at high prices. But very often it is not possible to supply sufficient rice to these shops to meet the demand. This is the crux of the problem. We asked for 120000 tons of rice for the months of June, July and August. What the Government of India have agreed to give is only 75000 tons. Government are trying to get more rice for distribution through fair price shops.

This Government have strongly represented to the Government of India the need to allot as much parboiled rice as is necessary for the State. Government are also trying to get rice through other sources, if the supply from the Government of India is not adequate. Government have resolved to get rice for the people at fair price, either by invoking the provisions of the anti-hoarding legislation recently enacted by Parliament or through other means.

May I avail myself of this opportunity, to make an appeal to the prominent foodgrain dealers of Kerala and the landed gentry producing more paddy than is necessary for them? Do not exploit the misery of the people as an opportunity for profiteering. Many of you often complain of the bitter criticism of the ordinary people levelled against commercial magnates and landholders as being unjust and baseless. If what you say is correct, here is the opportunity to prove it. Government appeal to you to sell to the public the foodgrains you have in your possession and thus enable the State to tide over this crisis.

Let me refer to another difficulty confronting our State during this Budget year. Numerous problems have arisen from the integration into one State of certain parts of Travancore-Cochin with Malabar and Kasargode. These problems have to be solved without delay. The unification of the Budget and the Five Year Plan are also part of the problem.

Five Year Plan

The Planning Commission had fixed the Plan outlay for Kerala at Rs. 87 crore even before this Government assumed office. It was also decided, at the discussions held with the Madras Government, to request the Centre to allot Rs. 2 crore more due to this Government on a division of the Plan outlays of Madras and Travancore-Cochin on population basis. But the Planning Commission rejected this request. This Government are convinced that the present outlay of Rs. 87 crore is not the adequate or equitable share of Kerala and would therefore impress again upon the Centre the need to enhance the State's Plan outlay.

The amount of Rs. 87 crores allotted to Kerala was divided in an unbalanced manner in respect of the various areas. Against Travancore-Cochin's Rs. 68 crores, the Malabar area received only Rs.19 crore. That was why some schemes intended for the Travancore-Cochin area (but not yet started) had to be shifted to Malabar to secure a balanced distribution.

Programme for 1957-58

In the interim Budget passed by Parliament a sum of Rs. 15.15 crores only was earmarked for the Central and State plan programmes for the year 1957-58. The Plan schemes were subsequently re-examined. It is proposed to allot Rs. 17.90 crore this year for the Plan schemes, both Central and State. This is Rs. 2.75 crore more than what was originally allotted. I do not propose to discuss the details of the various developmental programmes now.

I wish to place before the House some idea about the salient features of the Budget for the ensuing year.

Accounts for 1956-57

The accounts relating to the former Travancore-Cochin State had to be finalised by the end of October 1956, on account of the reorganisation of States. The expenditure for these seven months was Rs. 1,063.26 lakhs and the total receipts Rs. 1,095.10 lakh. The revenue surplus at the end of this period was Rs. 31.84 lakh. Capital expenditure outside the Revenue Account during this period was Rs. 343.01 lakh.

The Budget of the new Kerala State for the last five months of 1956-57 was passed by the Governor and ratified by Parliament under Section 77 of the States Reorganisation Act. According to the estimates for these five months, receipts amounted to Rs. 1,304.43 lakh and expenditure to Rs. 1,374.36 lakh. A sum of Rs. 823.27 lakh was proposed under capital programmes during this period. Since the accounts relating to this period have not been finalised, it is not possible to give the exact figures now.

Budget Estimates for 1957-58

Before entering into details, permit me to refer, to an important change effected in classification. During the past several years allotments for all Development Schemes including those under the Five Year Plan were shown under a Minor Head in the respective Major Heads of Account. In accordance with the revised instructions of the Comptroller and Auditor General, this practice has been abandoned in so far as it relates to development activities. But a separate volume about the Five Year Plan has been prepared and distributed along with the Memorandum explaining the deviations made from the Preliminary Budget.

Revenue Estimates

The total receipts of the State were estimated in the Preliminary Budget at Rs. 2,650.28 lakh. As a result of subsequent changes, this amount increased to Rs. 2,790.32 lakh. The important sources of revenue are the State's share of Central Excise Duties, Income Tax and Estate Duty; Rs. 310.63 lakhs, Agricultural Income Tax; Rs. 180.60 lakh, Land Revenue; Rs. 120.18 lakh, State Excise Duties; Rs. 215.88 lakh, Stamps; Rs. 116.23 lakh, Forest Revenue; Rs. 278.02 lakh, Sales Tax; Rs.431.20 lakh, Grants from the Centre; Rs. 446.94 lakh, State's share of the taxes newly imposed by the Centre; Rs.35 lakh and Miscellaneous items; Rs. 655.64 lakh.

Estimates of Expenditure

Let me state that Expenditure on revenue account of Rs.3,015.56 lakhs included in this Budget shows only a phase of the over-all expenditure. An amount of Rs. 852.41 lakhs is included in this Budget for capital expenditure. This is exclusive of the allotment that used to be set apart for Electricity Development Schemes. As the Kerala Electricity Board has taken over the Electricity Development Schemes, provision under this Head has been eliminated. The amount required for this has been included under the item "Loans and Advances by the State Government". The main items included under Capital expenditure are: Rs. 196.25 lakhs for irrigation; Rs. 108.13 lakh for industrial development; Rs. 310.13 lakh for Civil Works and Rs. 107.80 lakh for Water Supply and Drainage. A sum of Rs. 463.34 lakh has been allotted under the Head "Loans and Advances by the State Government". This is inclusive of the amount of Rs. 335.00 lakh proposed to be granted as loan to the Kerala Electricity Board.

The items under the Second Five Year Plan Schemes have been given priority in the formulation of this programme. Sums required for certain new schemes essential for the common weal have also been included in the programme of expenditure.

I now wish to refer to some of the salient features of this year's Budget. Let me first deal with the problem of food production. The long-range solution for the food problem is the stepping up of food production. Due attention has not been bestowed on this matter. The idea that a State with a 50% food deficit can never attain self-sufficiency in this field may be one of the reasons for this. It is high

time we discarded that idea. Even if we are unable to achieve self-sufficiency, it is possible to achieve a radical improvement in the food situation by stepping up food production. It is the feeling that India as a whole is rapidly progressing in the matter of food production and that it would be easy to get our entire requirements from outside that lulled us into self-satisfaction and complacency. Experience has taught us that this feeling is dangerous. Government have therefore decided to go ahead, giving top priority to food production schemes. Government propose to give agriculture and food production the utmost importance which they deserve now when the Second Five Year Plan for Kerala is being given its final shape. A substantial share of the allotment in the Second Five Year Plan under agricultural improvement is for major irrigation schemes. At the commencement of the Second Five Year Plan, Kerala had the following major irrigation projects:—

1. Neyyar – First Stage ; 2. Chalakkudy – First Stage ; 3. Peechi ; 4. Vazhani; 5. Malampuzha ; 6. Valayar ; and 7. Mangalam.

In addition to the above, four major projects were taken up last year.

1. Bhuthathankettu; 2. Neyyar – Second Stage; 3. Chalakkudy – Second Stage; and 4. Meenkara.

It has been decided to take up the Cheerakuzhi Scheme this year.

The benefits of these long-range schemes may not accrue immediately. It is therefore incumbent on us, even while we apply ourselves to the task of speedy completion of these schemes, to devote even more urgent attention to programmes for increased food production. Distribution of manure and better strains of seeds, implementation of minor irrigation schemes on a mass scale and improvement of agricultural methods are some of the planks of the above programme. A sum of Rs.72 lakh has been provided in the Budget for the distribution of manures. Agriculturists are now given phosphatic manure on the basis of a 25% subsidy borne in equal shares by the State and the Central Governments. But Government do realise that the arrangements for manure distribution are not satisfactory. There is substance in the complaints that the number of manure depots is not adequate and that manure in sufficient quantities is not stocked in these depots during the proper season. Government have also understood that draw-backs exist in the other programmes for improvement of agriculture. The basic defect seems to be the absence of sufficient liaison with the people. Measures will be taken to remedy these defects.

In the Budget for 1956-57, a sum of Rs. 4.39 lakh was provided for medium irrigation schemes in Travancore-Cochin while the provision for Malabar for special minor irrigation schemes was Rs. 4.32 lakh. But during the year schemes costing Rs. 3.33 lakh alone were completed. In the Budget presented to Parliament an amount of Rs. 17.4 lakh was allotted for medium and minor irrigation schemes. Government have decided to effect an increase of Rs. 5 lakhs and raise the provision under this head to Rs. 22.4 lakh.

There is a fundamental cause which defeats all advice for improvement of agriculture by the use of better seeds and manure and prevent the attainment of the desired result in this sphere. It is the absence of a permanent right on the land for the actual tiller of the soil. So long as this disability continues and so long as the system exists under which the lion's share of the increased yield from his toil is snatched away by others in the form of rent etc., the agriculturist will not have the impetus for increased production. The realisation of this fact has made Government place emphasis on land reforms. In the food production programme of this Government, land reform policy is of paramount importance. The Planning Commission has also now accepted that the most effective means for stepping up agricultural production is reform of the system of land proprietorship and the strengthening of agricultural co-operatives. The Government would therefore take speedy steps for land reform. Another programme for increased food production is the proper distribution of Government lands. Government have already declared their policy of letting out to the small agriculturists and agricultural labour land from Revenue porambokes and forests that could be given for cultivation. Government hope that as a result of this, thousands of acres will be newly brought under cultivation and that a few lakh of paras of paddy and other foodstuffs will be additionally produced.

Kuttanad is an area with potentialities for a substantial contribution to the paddy output in Kerala. The previous Government had prepared a scheme for the development of agriculture in Kuttanad. When this scheme is completed 1.5 lakhs more tons of paddy can be produced. The Spillway, the first part of the scheme, is alone complete. Work on the Thanneermukkom Bund, the second stage of the scheme, has been held up on account of certain technical objections raised by the Cochin Harbour authorities. The objections have now been waived and permission has been accorded for proceeding with the scheme. Along with this the research work on the soil of Kuttanad has to be continued. It has been decided to open a research centre for the purpose.

Industries

Industrialisation is another programme for which this Government would give as much priority as for improvement of agriculture. A permanent solution for the severe unemployment problem of Kerala is possible only through industrialisation, but the existing Five Year Plans of Travancore-Cochin and Malabar are not seen to have been framed with this objective. Government are determined to accord to industrialisation the importance it deserves, at the time of the finalisation of the Plan frame, by redistribution or by enlargement of the Plan, if necessary. The starting of heavy industries in the public sector is the responsibility of the Centre. In that sector, among the industries to be started during this Plan period, Kerala has received nothing but a D.D.T. factory. We are sure that all people in the State, irrespective of Party affiliations, will agree with us when we express the view that in this matter the Centre did not do justice to Kerala. This Government would make strong representations to the Government of India that at least some of the heavy industries in the public sector should be started in Kerala. Government would present our case in the proper manner before the Committee appointed by the Central Government to select the site for the second ship-building yard in India.

It is not enough that we depend on one or two industries that we may be able to get from the public sector, for the industrialisation of Kerala. So also we shall not be solely dependent on cottage and small scale industries. We must nurture medium industries. Government intend to encourage private enterprise for this purpose. Government will shortly be announcing its industrial policy which would guarantee to private enterprise the necessary facilities for the running of industries at a reasonable profit, provided they agree to fair wages and other legitimate rights for labour. Moreover, Government will be prepared to help private enterprise by taking shares, if necessary, in industries started with private capital. A considerable sum has been provided for the purpose in the current year's Budget. It is expected that assistance from the Industrial Finance Corporation and the Industrial Investment and Credit Corporation will be available for such enterprises jointly started by Government and private entrepreneurs. Government hope to start eight or ten such industries during the year.

Immediate relief for the unemployed in Kerala cannot be given through mechanised industries alone. Special attention has, therefore, to be devoted to the protection and preservation of industries like coir, handloom and fisheries which give employment to a vast majority of the people of Kerala. Government's policy with

regard to these industries is to organise them on a co-operative basis. This has already been started in the coir and handloom industries in Travancore-Cochin and in the handloom industry in the Malabar area. Government are convinced that both in the organisation and in the working of these co-operatives there are many defects. These defects prevented the movement from becoming useful to the extent possible. Government would take steps to remedy these defects after convening a conference of all interests concerned with this industry. The Honourable Members must be aware of one such conference held to tackle the problems of the coir industry. Government are taking steps on the basis of the suggestion raised at that conference. This practice will be extended to the other industries also. Government's policy in this matter is to enable these co-operatives being brought under the absolute control of workers and the small-scale producers and to prevent their being transformed into tools for exploitation by the rich and the middlemen.

Necessary provision has been made in the Budget for the spinning mill proposed to be started at Cannanore on a co-operative basis and for the mill to be started in the Trivandrum District in the public sector.

Under the Second Five Year Plan it was envisaged that industrial estates should be started in each district and they have already been started in all districts except Kozhikode and Cannanore. It is proposed to start two industrial estates this year, one each at Kozhikode and Cannanore. To encourage industrial co-operatives of workers is the accepted policy of Government. The scheme has been found successful in one or two handloom factories in Cannanore. A sum of Rs.5 lakhs has been additionally provided in this year's Budget for expanding this programme. Under this Head Rs.10 lakh would be spent during the 1957-58 Budget year.

At the commencement of my speech, dealing with the problems of Kerala, I had laid special emphasis on unemployment. This is a problem that does not lend itself to any easy solution. Government do not for a moment claim that they have succeeded in finding a solution to this problem. But Government do believe that the correct approach to this problem is incorporated in their policies and programmes and that with the implementation of these programmes it should be possible successfully to tackle the problem of unemployment. It has been possible to make a good beginning even in one year's programme. It is expected that the industries proposed to be started in the private sector with Government's encouragement and assistance would provide work for at least 10,000 people. This is not the only

employment possibility of the schemes. A considerable number of people would find employment in the shops and other establishments that are bound to grow up around such concerns.

Similarly, distribution of Government land is another programme for providing employment. Though it is not easy to give correct figures about the number likely to be absorbed, it is certain that thousands would get employment by the conversion of arid land into arable land. According to figures furnished by the Department of Statistics some 7½ lakh of acres of cultivable waste lands and other fallow lands are available, excluding forest lands. If this area can be brought under the plough, it would provide work for a few lakhs of people. The Public Works Schemes under the Second Five Year Plan also possess considerable employment potential. Recently Government decided to start work on the Alleppey-Sherthalai Canal Project as an emergency relief measure to alleviate the intense unemployment in that area.

When one talks of Kerala, the problem of the educated unemployed comes uppermost. Government are of opinion that as a long-range measure a thorough reorientation of the educational system is necessary to eliminate unemployment among the educated. Government have taken care to develop facilities for technical education as a preliminary to the aforesaid remedy. Increased provision has been made for the Polytechnic at Kozhikode and the Industrial School at Cannanore. The facilities available at Trichur and Trivandrum to impart instruction to 264 pupils through Craftsmen Training Centres are proposed to be expanded so as to accommodate 1,000 trainees in 1957-58. By 1959-60 training facilities would be available for 3,000 trainees.

To increase the income of the employed – especially of those who receive very low wages – is as important as increasing employment opportunities. Minimum Wages Acts have been enacted with this end in view. These Acts will be extended to the Malabar area also in respect of industries in which they are in force in the Travancore-Cochin area. Further, new industries will be brought under the scope of the Minimum Wages Act and minimum wages fixed during this year.

It was indicated in the Governor's Address that the possibilities of enhancing wages in industrial concerns under Government management would be explored. It was Government's view that wages could be enhanced without additional financial commitment, if defects in the management of factories were cured. A cursory investigation of the Government Ceramic Factory at Kundara has shown that Government were correct in their view. Steps are being taken to conduct such investigations in other factories and in Government-owned factories.

Industrial peace has an important role in the promotion of industry. Government are confident that the working classes, keenly interested in the prosperity of the State, would be prepared to maintain industrial peace provided employers on their part show their readiness to give the workers fair wages, due bonus and satisfactory working conditions. Government would therefore encourage mutual understanding between employers and employees. Government will always strive for amicable settlement of trade disputes between employers and employees without referring them to adjudication. Realising the working of Industrial Relations Committees to be helpful for the achievement of this objective, provision has been made in the Budget for developing this activity. Provision has also been made in the Budget for evolving a machinery for the more expeditious intervention of Government in trade disputes.

I shall now refer to the main programme of activities proposed to be undertaken under each Department during the current year. I intend only to touch upon most important items as fuller details will be given at the time of moving demands for grants.

Revenue

One of the important items under this Head is the allotment of cultivable forest lands and porambokes for cultivation.

It has been decided to constitute a separate District with Alleppey as its headquarters. It is a demand voiced unanimously by the people of that area irrespective of Party differences. Government are glad to concede the demand.

Education

The part to be played by a contended body of teachers in raising the standard of education needs no special emphasis. It is a long time since the primary school teachers have been demanding an increase of salary. It is also necessary to fix the pay scales of teachers in the Malabar and Travancore-Cochin areas on a uniform basis. Government have, therefore, decided to raise the pay scales of primary school teachers as shown below:

At present the scale of pay of Primary School teachers is Rs. 35-3-80 in the Travancore-Cochin area and Rs. 45-90 in the Malabar area. It is proposed to revise and unify the scale as Rs. 40-3-55-4-75-EB-5-120 with effect from 1-4-1957. More than 65,000 teachers will be benefited by this revision. It will be applicable to the teachers in Departmental schools and schools under local bodies and private managements. The Higher Trained Teachers in Malabar will be given the scale of

pay of Rs. 35-2-55 and Lower Trained Teachers Rs. 30-1-40. Most of the Higher Trained Teachers are now getting the scale of pay of Rs. 30-1-40. The Lower Trained Teachers are getting only a fixed pay of Rs. 20.

As in the case of the private school teachers in Malabar, it has been decided that the pay of private school teachers in the Travancore-Cochin area will also be disbursed direct by Government. This step, I am sure, will be of great advantage to the private school teachers. At the same time it is also proposed to introduce certain new rules regarding their appointment. This matter is dealt with in detail in the Bill proposed to be introduced by Government in the Assembly. According to the scheme evolved by the Government of Madras, the private primary school teachers of Malabar are entitled to the benefit of pension. As successor Government to the Government of Madras it is obligatory on our part to implement that scheme. In view of the need for unifying the systems in the Malabar and Travancore-Cochin areas, this scheme, with suitable modifications will be extended to Travancore-Cochin also.

The shift system exists in the Travancore area and in the basic schools in the Cochin area. According to this scheme a teacher has to teach 110 students per day. There is no doubt that this will result in a lowering of standard. The public and the teachers have, therefore, been demanding that this system should be scrapped. The limitations of finance have till now been standing in the way of conceding the demand. Government have, however, decided to give up the shift system on the basis of a phased programme.

Government have been receiving innumerable representations to the effect that the entire responsibility for primary education should be that of Government. Even though the responsibility for payment of teachers is at present entirely that of Government, they do not have full control over the schools. This has given room for much confusion. The necessary powers for Government to remedy this State of affairs have been provided for in the Education Bill. Accordingly provision has also been made in the Budget to take over schools wherever necessary.

Allotment for giving mid-day meals to poor children in primary schools has been raised. It is proposed to extend the scheme to the Malabar area also.

In view of the backwardness of Malabar in the matter of education, most of the High Schools newly sanctioned to be opened are in that area. Out of 85 new High Schools, 55 are in Malabar. It has also been decided to start a Training College in the Cannanore District, a Physical Training College in Kozhikode and an Arts College in Kasargode.

All concessions granted to students in the Travancore-Cochin area will be extended to Malabar also. Education has been made free up to the upper primary stage. In addition to the concessions granted to the Scheduled Caste students and children of N.G.O.s, Government desire to grant fee concession to poor students belonging to all communities in high school classes. It has been decided to grant concession to children of parents with an annual income below Rs.1,200. In the current academic year this concession will be granted to such students studying in the Fourth Form.

It is proposed to start a "Sangeetha Nataka Akadami" in Kerala and to have the "Kerala Kalamandalam" as an institution functioning under the Akadami. A provision of Rs.50,000 has been made for the purpose. Government have also decided to enhance the grant for the "Kerala Sahitya Akadami".

Public Health

The programme under the Second Five Year Plan is to open 50 new dispensaries in Kerala. Of these ten dispensaries will be opened this year. The Medical College, Kozhikode will start functioning this year itself. The Government Hospital in Palghat will be raised to the status of a District Headquarters Hospital. Another Headquarters Hospital will be started in the Cannanore District. In several other hospitals additional facilities will be provided. Government have decided to take over the T.B. Sanatorium at Pariyaram from the Malabar Tuberculosis Relief Society. Provision has been made for installing the necessary equipments for Cobalt-60 Therapy in the Medical College Hospital, Trivandrum. An amount of Rs. 1,91,000 has been set apart for improving facilities in the leprosy hospitals at Koratty and Noornad. A leprosy treatment centre will be opened in Ponnani also.

In the field of public health activities, provision of drinking water to the people will be given top priority. Pure drinking water is not available in many of the coastal areas of Kerala. There is water scarcity in some of the interior regions also. It has been decided to evolve a comprehensive Statewide scheme to relieve water scarcity. During the current year an amount of Rs. 14,81,000 has been set apart for the purpose.

Forests

Forests form the most important national wealth of Kerala. As such it is the duty of Government to protect forests. But since a large part of the forests in Malabar are under private ownership, the State loses considerable revenue and further it is not possible to utilise this forest wealth for the prosperity of the State. Government have, therefore, decided to nationalise private forests. A provision of Rs. 20 lakh has been made for the purpose in the current year's Budget.

The future of the Chalakudy-Parambikulam Tramway has been kept in a nebulous state since the integration of Travancore and Cochin, causing serious hardship to the Tramway workers and others. It was difficult to run the Tramway profitably. Government have now taken a decision in the matter to reconstruct and work the Tramway.

Advancement of Backward Communities

A provision of Rs.52.65 lakhs has been made in the Budget for the various programmes under this Head. An additional amount of Rs.15.48 lakh has been earmarked for education, removal of untouchability, renovation of houses and other schemes.

All concessions granted to the Backward Class Communities in Travancore-Cochin have been extended to Malabar also.

In the past converts from Hinduism were denied the concessions granted to Scheduled Castes. There has been for long time strong agitation against this practice. Government have decided to extend the concessions to converts also. On that basis the provision towards concession for Backward Classes has been raised.

According to the Housing Scheme for backward classes 1933 houses will be constructed in various parts of the State. Under the scheme for acquiring lands for the Harijans of Malabar to put up houses, land necessary for 200 houses will be provided by acquisition this year.

Local Self Government

It has already been stated in the Policy Statement that Government's programme would be to widen the powers of local bodies and augment their sources of income. A Bill has, accordingly, been drafted for organising Panchayats on a uniform basis throughout Kerala. An amount of Rs.10 lakh has been set apart for minor irrigation under Panchayats, Rs.6 lakh for roads and Rs.5 lakh for road maintenance. The amount earmarked for local development works has been raised from Rs.15 lakh to Rs.30 lakh. It is seen that the people are taking maximum advantage under this scheme. In 1956-57 no less than 440 items of work were undertaken under this programme.

Government have taken over the important Roads, Hospitals and Rest Houses under the Malabar District Board. This would be of considerable relief to the District Board. In view of the difficulty experienced at present in making prompt payments

every month to the Elementary School Teachers under the Board, Government have decided to give a monthly grant of Rs.3.5 lakh to the District Board Elementary Education Fund.

Public Works

In the State Budget presented before the Parliament Rs. 93.36 lakh and Rs.52.49 lakh were provided for roads and bridges respectively. In the present Budget these have been raised by Rs.10 lakh and Rs.6 lakh respectively. Travancore-Cochin stands foremost among the Indian States in regard to road development. Travancore-Cochin has 1.26 miles of road per square mile of occupied area while the All India average is only 0.25 mile per square mile. But in Malabar the situation is entirely different from that in the Travancore-Cochin area. Comparatively more roads are required for Malabar. Government will bear this in mind in planning road development.

The question of putting a stop to the unnecessary expenditure and waste in Public Works is under consideration of Government. Government propose to organise Labour Co-operatives to carry out public work.

State Transport

The programme under the Second Five Year Plan for the State Transport Department contemplated only the improvement of existing services during the first three years. Taking over of new routes was proposed only for the subsequent period. Government have revised this programme. Express services have been started from Trichur to Cannanore *via* Shoranur and Palghat. This expansion programme has to be pursued further. In the Budget presented before Parliament, only a provision of Rs. 14 lakh was made for capital expenditure. This has been raised to Rs. 40 lakh. This would enable the replacing of 90 old buses with new buses and the extension of the service to more routes in Malabar.

Community Development

According to accepted programme the entire State will be covered by N.E.S. Blocks by the end of the Second Five Year Plan period. The State of Kerala has been delimited into 142 Blocks. The number of Blocks in the State at the end of 1956-57 was 46 including 26 N.E.S. Blocks, 7 Community Projects and 13 post-intensive Blocks. The programme for 1957-58 is to start 20 new N.E.S. Blocks and convert 6 of the existing Blocks into Community Development Blocks. Thus by the end of 1957-58 there will be 66 Blocks in Kerala. In other words, 50 per cent of

the area of the State will be covered by the Community Development Programme by that time. In dealing with Community Development Projects, one thing deserves special mention. There have been criticisms and allegations that there is unnecessary waste in the Community Projects, that staff is superfluous and that project activities are mostly unnecessary duplication of activities of the permanent Departments. In addition, there is the criticism that Project activities have not been patterned to suit the special conditions obtaining in this State. The Honourable Members, I am sure, are aware of the views publicly expressed by the Central Minister for Community Projects, Shri S. K. Dey himself. Government are of the view that these criticisms are in substance correct. Steps for eliminating waste and duplication in Community Projects and for remodelling them to suit the special conditions in the State are under the consideration of Government. An early decision will be taken in the matter.

Let me now refer to the question of revision of pay. The previous Government had decided to introduce revision and unification of pay scales. The present Government, soon after assuming office, stayed the revision because it was found that there was much discontent among many sections, especially officers of lower ranks. It was not possible till now to take any further step in the matter. The question of revision of pay scales being one which has to be decided after a careful examination of all details, Government propose to place the entire question of pay revision before a Committee. I hope it will be possible to announce the personnel of the Committee before the close of this Session of the Assembly. Let me, however, avail of this opportunity to make clear Government's policy relating to pay revision. In view of the limited financial resources of the State, it is very difficult to increase further the expenditure towards officers' salaries. Moreover, we are in a period of time when it is stated that our Government want the establishment of a Socialistic pattern of Society and have accordingly, undertaken to eliminate, as far as possible, inequalities and incongruities in all spheres. On the basis of these considerations Government have decided to fix an upper limit of Rs.1,000 for salaries of officers in State Service. A little higher pay in respect of posts demanding special technical skill etc., is not entirely ruled out. At any rate, Government propose to make the general rule universally applicable.

Government consider that a different approach is necessary in respect of officers of the lower ranks for the reason that the pay received by most of them is insufficient to maintain their families. That is the reason why Government have already decided to grant certain concessions, though on a small scale, to certain

sections. The case of primary school teachers has already been referred to: More than 75000 teachers will be benefited by the measures proposed. The pay of Village Officers in Malabar, numbering more than 2000 has already been raised. So also about 3,705 work Establishment Employees have been benefited by the revision in their salaries. It has also been decided to raise the pay of hospital nurses to the level of pay of similar employees in Madras. It has also been decided to grant P.T.A. on a small scale to Village Officers throughout Kerala and raise the allowances granted to the Police. It may thus be seen that Government are approaching the question of pay revision with social justice as the main criterion. Even though it may not be possible immediately to raise the pay scales of all officers at one stroke it is hoped that they would realise the limitations of Government and extend them full co-operation with the conviction that Government would, according to their resources, redress their disabilities.

WAYS AND MEANS

I shall now briefly refer to the Ways and Means position indicating how it is proposed to find the resources for the large expenditure programme already detailed. In the preliminary budget, the year was expected to open with a cash balance of Rs.180 lakh. But the actual opening balance on 1-4-1957 was only Rs. 102 lakh. On the basis of this actual opening balance the Ways and Means position according to the revised budget will be as follows:—

	(Rs. in lakh)
(a) Opening balance	(+ 102.23
(b) Revenue Deficit	(–) 225.23
(c) Capital Expenditure	(–) 852.41
(d) Net receipts under the Debt Heads and Contingency Fund	(+ 863.69
Closing Cash balance	(–) 111.72

Thus the budget proposals placed before the House indicate a minus closing balance of Rs. 111.72 lakh. Besides, we require about Rs. 120 lakh as working cash balance. Accordingly, the total deficit in our resources will be about Rs. 232 lakh.

The problem of bridging this wide gap is a challenge which we have to face boldly. The only method that can be adopted in this regard is to find the amount by

imposing additional taxation. In approaching this problem, we have to remember that the burden of taxation on the lower sections of the society is already heavy and that it will not be possible to impose additional burdens on them. I have, therefore, taken care to see that the incidence of the new taxation proposals falls on the higher strata of society which can stand the strain.

Another aspect which we have to remember in this connection is that with the reorganisation of the States, there is the need for the unification of rates of taxation obtaining in the component parts. We accordingly propose to make the necessary adjustments to unify the rates of taxes which prevail in the Travancore-Cochin area and in Malabar.

Land Tax

1. Unification of Rates of Land tax

In the Travancore-Cochin area, the system of taxation on land is the levy of basic tax at the rate of 3 Paise per cent. The system prevailing in Malabar is to levy the tax based on the classification of land. It is proposed to change the system now prevailing in Malabar and to extend Basic Tax to that area also. With the introduction of decimal coinage, it has become necessary to express the tax in terms of Naye Paise. Accordingly, Basic Tax at the rate of 2 N.P.s per cent of land will be imposed throughout the State.

Along with this unification of the Basic Tax, it has been decided to abolish the surcharge on Land Revenue imposed by the 'Madras Land Revenue Surcharge Act, 1954' and the 'Madras Land Revenue Additional Surcharge Act, 1955'.

Besides the Basic Tax, the Agricultural Income Tax that is in force in the Travancore-Cochin area will be extended to Malabar at the existing rates. At the same time the 'Madras Plantation Agricultural Income Tax Act' that is in force in Malabar will be repealed.

The combined effect of all the proposals mentioned above is an increase in revenue of Rs. 98.61 lakh.

2. Enhanced rates of Super tax on Agricultural Income of Compaines

This super tax will be on a graduated scale rising from one anna on incomes exceeding Rs.25,000 to 4 annas on incomes exceeding Rs. 10 lakh. An additional revenue of Rs.65 lakh is expected from this measure.

3. *Tax on Agricultural Wealth*

The Honourable Members are aware that the Government of India have brought forward legislation to impose tax on non-agricultural wealth. There is no reason why agricultural wealth in the State list should escape from this taxation; it is proposed to impose a tax on the agricultural wealth in this State at the same rates as those fixed by the Government of India for non-agricultural wealth. A revenue of Rs. 16 lakh is expected from this.

4. *Vehicle tax*

At present, the rate of Motor Vehicles Tax for buses is Rs. 30 per seat in Malabar. The rate in the Travancore-Cochin area is only Rs. 25 per seat. The rate will be fixed at Rs. 25 per seat for the whole of Kerala. This involves a loss of revenue of Rs.2 lakhs. Simultaneously, however, the tax on passengers and goods according to the Madras Taxation of Passengers and Goods Act now levied in Malabar and which does not exist in the Travancore-Cochin area will be extended to the Travancore-Cochin area also. A sum of Rs. 22 lakh is expected from this.

5. *Surcharge for Purposes of Education*

Education has been placing the biggest draft on the State Exchequer. The expenditure of the Education Department is mounting from year to year. It is, therefore, necessary to raise new resources for purposes of meeting at least a portion of that expenditure. With this end in view, the following measures will be implemented:—

- (a) Surcharge at 5% on Agricultural Income Tax and super tax. This is expected to yield Rs. 17.25 lakh.
- (b) Surcharge at 2½% on sales tax on assesseees having a turnover of Rs.30,000 and above. This will bring in Rs. 5.51 lakh.
- (c) Surcharge at 5% on profession tax on incomes of Rs. 250 and above. This will yield Rs.0. 16 lakh.

With the introduction of the above measures, the educational cess now collected in Malabar (at 3 annas in the rupee on Land Tax) will be abolished. The net result will be an additional revenue of Rs. 12.96 lakh.

6. *An additional Revenue of Rs. 20 lakh is expected from the Unification of the Sales Tax Rates.*

The total additional revenue that can be expected from all the measures described above is Rs. 232.57 lakh. This will convert the revenue deficit of Rs. 225.24 lakhs into a surplus of Rs. 7.33 lakh. At this time when the Prime Minister is frowning on the State Governments for preparing deficit budgets in an irresponsible manner, we can legitimately be proud of being able to present a surplus budget, though with maximum difficulty.

The House will notice that these taxation proposals are so designed as to achieve the declared policy of the Government as far as possible, that is to enhance the taxes on the rich and not to throw any burden on the poorer sections of the society. The incidence of the new taxation proposals will fall mainly on those who derive large agricultural income. The big land-lords of Malabar who have not been paying any kind of tax on income can no more enjoy that privilege. Besides agricultural income tax, the rich will have to pay tax on wealth also. Those companies in the Travancore-Cochin area and Malabar who derive large agricultural income are obliged to pay Super tax at enhanced rates.

There has been persistent demand for a changeover from the multi-point system of Sales Tax to the single-point system. Accordingly it has been decided to impose single-point Sales Tax on as many items as possible, details of which will be made available to the Honourable Members when the legislation for the unification of the rates of Sales Tax is presented to the House. However, it has not been possible to abolish the multi-point system altogether, because, with the data now available with the Government, it is not possible to estimate the fall in revenue resulting from such a measure. All commodities having clear trade channels and having little scope for tax evasion have been brought under the single-point system. If this experiment succeeds, it may perhaps be possible to abandon the multi-point system altogether. Along with this, Government have also accepted the policy of exempting the daily necessities of life from the purview of Sales Tax. It was on this basis that food grains were exempted. The Government have decided to exempt dry fish and books also from Sales Tax.

Sir,

I am concluding. Government have tried their utmost to approach with a sense of reality the problems confronting the State and to find out proper solutions for these problems. I submit these proposals for helpful criticism and valuable suggestions of the House. Whatever be the party, whatever be the divergence of views, the fact remains that we are all participants in the great and noble task of re-construction of our dear motherland. Let me conclude with the fervent prayer that our discussion on the Budget will be a weighty contribution to that endeavour.