



BUDGET SPEECH FOR 1959-60

SHRI C. ACHUTHA MENON

6th March, 1959

Sir,

I rise to present the Budget for 1959-60.

Before going into the details of the budget, I shall make a general review of the economy of the State. So far as the seasons were concerned, last year was a normal one for us. That is to say, generally speaking, the seasonal conditions of Kerala were neither very much favourable nor very adverse. It is reported that the Makaram crop in our staple food crop viz., paddy, was quite good. It is also reported that production was above normal.

The price of rice was stable at the 1957 level till September 1958; but since then, the price soared high. The stoppage of the supply of rice by the Union Government for distribution through fair price shops and the consequent inability to distribute rice through these shops for a few weeks were circumstances that aggravated the rise in price. However, the fact remains that compared to other States, the price of rice in Kerala was never far higher than that in other States.

The following table shows the average wholesale price of rice in the principal markets in the four States of Andhra, Madras, Mysore and Kerala during the four months from September to December 1958:

<i>Name of place</i>	<i>Rice variety</i>	<i>Quantity</i>	<i>Average price in 1958 (in Rs.)</i>			
			<i>Sept.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
ANDHRA						
Nellore	First sort	82 2/7 lbs	21.81	22.00	22.75	25.00

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Kakinada	Akkulu	do.	19.38	19.50	21.00	..
Nizamabaad	do.	do.	19.03	19.20	19.61	17.48
MYSORE						
Coorg	Coarse	82 2/7 lbs	22.05	21.50	..	21.03
Nandagad	Inferior	do.	17.75	18.00	16.80	16.50
Shimoga	Big	do.	19.29	19.08	19.27	17.73
MADRAS						
Madras	Sirumani	do.	21.22	22.07	23.55	23.77
Tirunelveli	Raw	do.	..	20.00	23.80	26.33
Kumbakonam	Kattasamba	do.	..	22.16	22.82	22.66
KERALA						
Trivandrum	Good	do.	21.88	23.21	23.93	24.38
Changanacherry	Matta	do.	20.29	20.88	22.37	23.21
Ernakulam	Chompala	do.	22.38	23.29	23.65	23.78
Alleppey	do.	do.	22.22	23.54	23.97	24.06
Palghat	Matta	do.	21.25
Kozhikode	Tanjore	do.	23.02

Broadly speaking, last year was not very favourable to producers of commercial crops; but there was slight difference in the case of coconut, arecanut and rubber. It has to be specially remembered that these three cash crops are dependent on the internal market in India and not on the foreign market. The international market conditions can affect them only indirectly. Rubber production had increased in 1958 when compared to that of the preceding year. Figures are not yet available about the production of coconut and arecanut during the last two years. Import figures, however, show that the import of these commodities is on the decrease and that the requirements of India are being progressively met by local production. Surely, therefore, production of these commodities has increased. Since the price of rubber is fixed by the Union Government and as there was no revision of price after 1956, there is no

difference in the price of rubber. In spite of slight fluctuations there was a general upward trend in the price of arecanut. This tendency was more marked in the case of coconut. The price of coconut has increased by 80% during the period between the beginning of 1956 and the close of 1958.

Among the cash crops dependent on world markets, the price of cardamom alone remained stable.

The past few years were quite unfavourable to producers of pepper, ginger and lemongrass oil. The export and the price of pepper betrayed a downward trend after the boom that followed the Korean War. This continued in 1958 also. The slump in prices was temporarily arrested towards the middle of 1958. Consequently, though the volume of export in 1958 was less than that of 1957, the price of the commodity was higher in 1958. 2,54,340 cwts. of pepper worth Rs. 3.08 crore was exported from the Cochin Port in 1957, as against 2,69,670 cwts. of pepper valued at Rs.3.15 crore exported in 1958.

There was no decrease in the export of lemongrass oil; but its price is continuously falling. 12 bottles of lemongrass oil which fetched Rs.200 during the Korean War period were sold for Rs.100 in 1956 and Rs.65 in 1957. In 1958 the price fell to Rs. 50. The price of ginger was also decreasing steadily since 1956. It fell from Rs. 850 to Rs.200 per candy; but this fall was arrested towards the close of 1958. The average price for January 1959 was Rs.450 and for February, Rs. 500.

The price of tea experienced a fall this year in the world market. But this year India has exported much more tea than during 1957. However, the fall in the price of tea is something which adversely affects our economic well-being. It affects the State exchequer directly.

Now, let us take Industries. The State Department of Statistics has only just commenced the work of systematic collection of data relating to industrial production. So, as in the case of the agricultural sector, it is difficult to get accurate statistics in this sphere also. In certain cases we have to depend upon figures relating to export.

The price of coir and coir products continued to fall. The quantity and value of coir exported from Cochin in 1958 were less than those of 1957. As against 11.8 lakh of cwts. of coir worth Rs. 6.4 crore exported in 1957, only 11.1 lakh of cwts. of coir worth Rs. 5.1 crore were exported in 1958. It is a

matter of consolation, however, that the fall in the price of coir between 1957 and 1958 was not so rapid as that which occurred in respect of the same commodity between 1956 and 1957.

The export, in 1958, of Cashew kernel was, both in quantity and value more than that in 1957. 5.3 lakh cwts. of cashew kernel worth Rs.10.2 crores was exported during 1957, while the corresponding figures for 1958 were 5.7 lakh of cwts. and 10.7 crore of rupees. Though there was fall in price in respect of cashew there was considerable increase in the volume of export.

I wish to invite the attention of the House to a significant fact that brings into bold relief the industrial backwardness of Kerala. Two of the most important industries of Kerala are coir and cashew. We must not fail to realise that no reference about them is generally found in any all India publication dealing with Indian Industries. Barring these two, the other industries are not important enough to need special mention.

Another factor indirectly indicating industrial progress is also worth mentioning here. It is of significance that during 1958 more units of electricity were consumed for industrial purposes, than during many previous years.

During the first half of 1958, the prices of the income fetching commodities were low and the prices of consumer goods were comparatively fixed. Consequently there was no rise in the cost of living during this half year; but in the later half year things worsened. While the price of saleable produce remained more or less fixed, the cost of essential articles rose considerably. As a result, the cost of living increased. A slight relief was noticeable at the commencement of this year. It is, however, a danger signal that there was no easing of the situation even after the harvest season as expected. If the claim, that India produced 10 lakhs tons of rice additionally during last year be true, surely the price should have gone lower than what it is now; but it has not happened.

We are not collecting comprehensive statistics every year in respect of the employment position. The only annual figures available are those from the Employment Exchange. It is doubtful whether it is a correct reflection of the employment position. It may, yet, be useful to indicate certain general tendencies of the employment market. An analysis of the figures of the employment exchanges during 1958, made against the above background, reveals that there has been neither any appreciable progress nor a retrogression in this direction during the year under review.

The foregoing facts would make it clear that the economic position of Kerala in 1958 was not, on the whole, very rosy. But we have to remember certain things in this context. Firstly, it may not be correct to separate the economy of Kerala from the general economy of the Indian Union and subject it to an isolated study or examination. The economy of India is indivisible. There is no economy special to Kerala alone. We must, therefore, examine the economy of Kerala as a constituent unit of the Indian economy. Its peculiarities also can be considered only against that background. The fact is that the economic position of India itself was not very bright during last year. It has been made clear in the recent budget speech of the Union Finance Minister that though production has increased in certain industries on all India basis, production has decreased in many others. There is considerable shortfall in agricultural production. It has affected even the national income unfavourably. There is no improvement in per capita income. It is not possible, under the circumstances, for Kerala to have vastly better economy than this. Being more dependent on the export of raw materials than other States of the Union, the economy of Kerala is bound to be weaker. Kerala has been hit harder than others on account of the fall in the price of exports from this State caused by the lull in world-economy. Secondly, the economic difficulties of Kerala did not arise yesterday or the day before. They have been sufficiently long-standing. Any change in this state of affairs would be possible only as the result of a persistent long term endeavour.

Before concluding this portion, I wish to make special reference to certain things:

1. Realising the above mentioned chink in Kerala's armour of economy, we should plan our economic policies. Kerala is famous as the land producing in plenty, pepper, lemongrass oil, cardamom, coffee, tea and similar export produce other States also are under a misapprehension in this context. Certain responsible quarters of several States and even of the Centre hold the view that there is food deficit in Kerala because we are concentrating on profitable cash crops fetching good prices in the foreign market and that therefore the claim of Kerala for special treatment in the matter of foodgrains is untenable. This view has been openly expressed by some of them. We have to prove that there is no graver mistaken notion than this. We have to convince the people of other Indian States that the people of Kerala are not utilising even a cent of land suitable for growing food crops for cultivating other produce. What the cultivators of Kerala do is to raise crops in steep mountainsides under difficult conditions which others could

not even imagine. The people of Kerala know that it is not at all possible to grow paddy in lands used for cultivating rubber or lemongrass. This truth has yet to be impressed on the people of other States of India and the powers-that-be. Kerala would have received due consideration for her peculiarities, if a comprehensive All-India plan was envisaged, taking into account the special needs and the peculiar potentialities of every region and harmoniously combining them into an integrated whole. That certainly is the principle of scientific planning. But unfortunately, it has not been done so far. We must strongly press for the acceptance of this principle at least in the 3rd Plan.

Very often we talk about Kerala's part in securing foreign exchange for India. Kerala earns every year approximately Rs. 50 crore worth of foreign exchange. It is the common property of India. None of us sorry for that. Some of us are foolhardy enough to argue that this must be appropriated for Kerala alone. But I ask whether it would be provincial narrow mindedness or what of patriotism to argue that Kerala should necessarily get something in return of this? My view is definitely no. I would therefore press for special consideration for Kerala at least on two counts. One is in respect of the food problem. The Union Government must necessarily render active assistance in the matter of getting Kerala its requirements of rice. The other is to provide Kerala also an opportunity to participate in India's commonweal. The complaint that Kerala got no share in the industrial expansion brought about in the First and Second Five Year Plans of India is not confined to any single party in Kerala. It is a complaint of the entire populace. Kerala does not have even a single scheme under heavy industries in the public sector in which the Union Government have directly invested. The people of Kerala hope that a different approach will be perceptible at least in the Third Plan. In my view the people of Kerala would consider the issue of the Second ship-building yard as the touchstone of the Centre's earnestness in this line. May I avail myself of this opportunity to declare that every day of delay to announce that it would be located in Cochin, serves only to strengthen the misgivings of the people of Kerala.

Let alone the mammoth schemes implemented by the Centre with their direct investment. Kerala has not been likely to get even a single major industrial undertaking in the private sector also. When such things are pointed out the excesses put forward generally are that a particular industry is started in a particular State in consideration of the facilities available there and that things in the private sector are governed by the wishes of the private investor concerned.

These things have surely to be considered. Nobody disputes them, especially the one mentioned first, viz., the conveniences for starting the industry, the availability of raw materials and other conveniences; but invariable compliance with the whims of the private investor is not an indispensable criterion. Government must be prepared to suggest the location for the industry at the time of granting the license. A deliberate and conscious attempt to bring up the industrially backward areas to the level of other areas, is possible only this way. For instances, the finest clay in India is obtained in Kerala. But the Government of India, when granting the license to start a factory for making high tension electrical goods, do not stipulate where that factory should be located. Nor have they accepted the principle of such a stipulation. Consequently what the industrialist, who gets the license, does is to start the factory anywhere he likes and to take from Kerala the raw material he wants. This is a practice which pains the people of Kerala very much. What amenity is it that Kerala lacks for starting any such factory? Nothing. So there is no unfairness in suggesting at the time of the grant of license that such a factory should be located in Kerala. I was only mentioning an example. No particular concern is referred in this statement. I am raising a general principle. I believe this principle will be accepted by all the underdeveloped States of the Union. The reaction which the people of Assam had when the Government of India decided against the setting up of an oil refinery in Assam, an area which produced oil in abundance will be felt by the people of other State too under similar circumstances. Special care has to be taken in connection with the Third Five Year Plan to eliminate to the maximum extent regional imbalances and to provide adequate chances for all regions for the utmost development according to their genius. In short, the substance of what is urged is that so far as Kerala is concerned the Union Government and the Planning Commission should adopt an enabling policy under which such industries as related to rubber, bamboo, forests, mineral sands etc., should be located and developed here. Another industry worth mention is the manufacture of drugs. It was informed that three projects for drugs manufacture in the public sector were contemplated by the Centre to be started with Russian aid. It is the considered view of this Government that Kerala is most suited for locating the phytochemical plant amongst these. This fact has already been intimated to the Central Government.

I had in my first Budget Speech raised the question of starting a State Trading Corporation for the purpose of keeping at a stable level without grave fluctuation the prices of our important export commodities. I hope the House must be interested to know its development. Steps were taken even at the commencement of 1958 to start the State Trading Corporation as a private company with all the shares owned by the Kerala Government the memorandum and articles of association were prepared and registration was applied for. As the capital of the company exceeded Rs.5 lakh, the sanction of the Union Ministry of Finance was necessary for capital issue. Application was made for this also. At this stage, the Union Government raised certain doubts about the formation of this Corporation. A lot of correspondence ensued. Moreover with a view to dispelling doubts by direct contact I visited Shri Lal Bahadur Sastri, Union Minister for Commerce and Industry and held discussions with him. I shall summarise for the benefit of the House the stage at which things stand at present, as a result of all these. This Government have expressed their readiness to take such steps in conformity with the wishes of the Centre as they relate to the following issues:

- (1) A suggestion of the Union Government was that an alteration in the name itself was necessary to avoid the Kerala State Corporation becoming a rival organisation to the Union Trading Corporation. This Government have accepted the suggestion and agreed to change the name into Kerala Commercial Corporation;
- (2) It has also been agreed that two representatives either solely of the Union Government or of the Union Government and the Union Trading Corporation, will be taken on the Board of Directors of the Kerala Commercial Corporation;
- (3) It has been agreed that in case the Union Government so desire, shares of the Company can be made available to the Union Government too.

But besides all these the Central Government have asked for another very important proviso. It is a stipulation that the Kerala Commercial Corporation should not directly engage in foreign trade. Consultations with Government's legal

advisers has led this Government to understand that there is nothing in the constitution preventing a State Government from engaging itself in foreign trade. Any Citizen of India or any institution taking to foreign trade will have his or its activities restricted and regulated by the existing and future enactments of the Government of India in that direction. Under the constitution only such restrictions and controls apply to the State Government also. In the light of that this Government did not deem it proper to subject itself to any restriction beyond that. Government contemplated the very idea of starting such a Corporation only with a view to preventing the foreign companies knocking off the profit out of the export trade of Kerala, to get a fair share of the gain for the State and also to check the grave fluctuations in the price level of such commodities as a result of speculative trade. The acceptance of the present condition raised by the Union Government would render the above aims infructuous. If so, why organise a Corporation? I trust that the Union Government would kindly re-examine their stand at this juncture when the Indian National Congress has *inter alia* passed a resolution demanding the utilisation of State Trading also as one of the means to find resources for nation-building activities.

ACCOUNTS FOR 1957-58

According to the budget presented to the Assembly in June 1957, it was estimated that the year would close with a nominal revenue surplus of Rs. 7.33 lakh. But the accounts disclose that the year ended with a revenue deficit of Rs. 141.19 lakh. As against the estimated revenue of Rs. 3,022.89 lakh, the actual collection was only Rs. 2,824.63 lakh, disclosing a short-fall of Rs.198.26 lakh. There was a short-fall on the expenditure side also. Against the estimated expenditure of Rs. 3015.56 lakh, the actual expenditure was only Rs. 2965.82 lakh, leaving a short-fall of Rs. 49.74 lakh. The short-fall in revenue was mainly due to the following factors:

- (a) As the assessment of agricultural income-tax in the Malabar area could not be completed in time and since some modifications were made by the Select Committee in the rates of super-tax proposed to be levied, there was considerable short-fall viz., Rs.159 lakh under agricultural income-tax. The slump in the price of agricultural products like tea and pepper also adversely affected the receipts from this source.

- (b) About a crore of rupees was anticipated from the Kerala Electricity Board on account of interest on the loans given by the Government. But actually no amount on this account was received in the year 1957-58.
- (c) The revenue anticipated from Tax on Agricultural wealth was not realised, as the proposal was subsequently dropped.

The reductions mentioned above were partly offset by increased receipts from the State's share of Central taxes and grants-in-aid consequent on the award of the Second Finance Commission.

The fall in expenditure was mainly due to the fact that the provisions made for various Plan Schemes were not fully utilised during that year.

REVISED DRAFTS REGARDING EXPLANATION FOR VARIATION IN THE REVISED ESTIMATE FOR 1958-59

The Revised Estimate of revenue for the current year is expected to stand at Rs. 35.52 crore against the Budget Estimate of Rs. 34.51 crore including the yield from additional taxation and the increase in the Central assistance for enhancement of the emoluments of low paid employees, mentioned in my speech on the Budget for 1958-59. I shall now briefly explain the main reasons for the increase.

The special dearness allowance sanctioned to the low paid Government employees whose emoluments do not exceed Rs.100 p.m. was enhanced to Rs.12 p.m. from Rs. 7 p.m. with effect from 1-4-1958. Consequently there is an increase of Rs. 49.38 lakh under Central assistance towards increasing the emoluments of low paid employees. Under 'Forests' a rise in revenue to the extent of Rs. 38.80 lakh is expected in view of the larger volume of extraction and sale of timber. During this year Government have established check posts in the Sales Tax Department with a view to minimising evasion and leakages in the revenue under 'Sales Tax'. This step, together with the general increase in prices of consumer goods, has contributed to the increase about Rs.85.80 lakh under this item.

Formerly the subventions from the Central Road Fund used to be initially credited to a Deposit head and then adjusted as recovery under the expenditure head "50 - Civil Works", according to the actual expenditure incurred during the year. But the Comptroller and Auditor General of India has now instructed that the

subvention from the Central Road Fund should be shown as revenue under 'XXXIX – Civil Works'. This arrangement tends to increase both the Revenue and Expenditure on Revenue Account. The amount taken credit in the Revised Estimate on this account is Rs. 30.40 lakh. Hitherto the expenditure on the West Coast Road was being met by the Government of India direct. According to the latest decision of the Government of India the expenditure on the West Coast Road and the Central assistance therefore are to be shown in the State Budget. Accordingly credit has been taken in the Revised Estimate for Rs. 16.26 lakh on this account. Corresponding provision is shown on the expenditure side also. Under "XXVI Education", there is an increase of Rs. 67.20 lakh. This is mainly due to the increased revenue from the sale of text books, consequent on the nationalisation of text books. Formerly the Education Department itself was purchasing the paper required for the printing of text books. Now the Stationery Department is supplying the paper and realising the value from the Education (Text Books) Department. So, there is an increase of about Rs.10.00 lakhs under "XLV – Stationery and Printing" with consequent increase on the expenditure side also.

As against the above increases there is a fall of about Rs.75 lakh under 'Agricultural Income tax' which is mainly due to the fall in the price of tea and consequent decline of the income of the estate owners who form the bulk of the tax payers under Agricultural Income tax. The decision of the High Court of Kerala on certain writ petitions setting aside the assessments in the Malabar area in respect of the income for the period prior to the reorganisation of the States has also contributed to the fall to a certain extent.

The interest on the loans advanced to the Electricity Board was estimated in the Budget for the current year at Rs. 119.10 lakh, which is the amount due from the Board. But, since their resources position allows only the payment of a lesser amount after discharging other liabilities in accordance with the priorities prescribed in the Electricity Supply Act, the Revised Estimate has been reduced to Rs. 86.99 lakh. The value of the materials and equipments received under the T.C.A. Programme for the National Malaria and Filariasis Control and National Water Supply Schemes is taken as revenue under "XXVIII – Public Health". A short-fall to the extent of Rs.32.89 lakh is anticipated on this account. Small variations occur under other heads also.

The Revised Estimate of expenditure on Revenue Accounts is expected to be Rs. 35.81 crore as against the Budget Estimate of Rs. 34.17 crore which indicates an increase of Rs.1.64 crore. The increase is mainly on account of the general

revision of pay for which no provision was made in the budget because the Pay Revision Committee had not then submitted its report and it was premature to include any specific provision in the Budget. This fact was also mentioned in my speech on the budget for the current year. The revision of salary of teachers, the introduction of the system of direct payment of salaries to the teachers of private schools, the large expenditure incurred on the printing and supply of Text Books, and an additional provision of Rs.35 lakh under noon-feeding account for the large increase of expenditure under Education. A provision of Rs. 16.26 lakh has been included in the Revised Estimate under '50 – Civil Works' for the West Coast Road and Rs.30.40 lakh for Central Road Fund works in pursuance of the latest decisions referred to earlier. These factors account for the large increase of expenditure on Revenue Account.

ESTIMATE FOR 1959-60

It is anticipated that the receipts for 1959-60 will be Rs. 38.47 crore and the expenditure under revenue account Rs. 39.25 crore.

Our most important source of revenue is Sales Tax. The receipts on this account for the year 1959-60 are estimated at Rs. 6 crore. The State's share of Union Excise duties, exclusive of the share of the additional excise duty on mill cloth, sugar and tobacco will be of the order of Rs. 124.34 lakh. The share under the additional excise duty under reference is estimated at Rs. 117.08 lakh. Our share in income tax will be Rs. 286.18 lakh i.e., Rs. 10.27 lakh more than that of the current year. An amount of Rs. 162.67 lakh is anticipated under Agricultural Income tax. A revenue of Rs.174.88 lakh is expected under Motor Vehicles Tax due to the increase in the rate of taxation. The revenue from State Excise Duties is estimated at Rs. 216.88 lakh. A sum of Rs.175 lakh under Article 275(1) of the Constitution and other Central grants to the extent of Rs. 628 lakh are also expected.

THE FIVE YEAR PLAN

I shall now give the House a brief idea of our activities under the Second Five Year Plan and the preliminary work done in respect of the Third Five Year Plan.

SECOND FIVE YEAR PLAN

We are now on the eve of the Third year of the Second Five Year Plan. There has been steady progress in the implementation of the Plan in the past years and particularly in the current year and we have every reason to expect better performance in the coming year. Up to the end of December, 1958, Rs.10.20 crore were spent against the Budget Estimate of Rs.18.52 crore for 1958-59; while the expenditure for the corresponding period in 1957-58 was Rs .6.34 crore against the B.E. of Rs. 17.90 crore for that year. The expenditure for the month of January, 1959 alone is expected to be about Rs.1.80 crore. The Revised Estimate for the current year is Rs.18.55 crore. The B.E. for 1959-60 is Rs. 22.02 crore.

This Government as well as the Central Government have taken several administrative steps to eliminate delay in the implementation of Plan schemes. A procedure was laid down in the last quarter of 1957-58 for completing all preliminaries in respect of Plan schemes before 1st April 1958 and this has helped considerably the starting of new schemes from early in the year.

The Government of India have simplified the procedure for releasing their assistance towards the State Plan schemes in 1958-59. Hitherto the assistance was related to each scheme and so naturally depended on the expenditure incurred on each scheme. Such assistance was also given late in the year. Now Government of India have converted the schemes into Groups and the assistance is related to the total expenditure on each group. Moreover, three-fourth of the total assistance promised for the year was given in 9 monthly instalments as advances pending final adjustments. This procedure has considerably eased the Ways and Means position of the State.

A separate document showing the Plan programme for 1959-60 is being circulated along with the Budget. The District Plans will also be made available soon.

THIRD FIVE YEAR PLAN

Everybody will agree that Planning should necessarily be based not only on certain objectives but on statistical data. It was therefore felt that special economic studies and collection of essential statistical data should be undertaken

so that the formulation of the Third Five Year Plan will proceed in an integrated manner. Some preliminary arrangements have already been made for initiating studies in this regard. Government have been considering the question of opening a unit for economic research which should engage itself in a study of the Taxation proposals, the impact of the Socio-Economic policies on the country's economy, the effect of the development schemes on the standard of living of the different classes of people, the general economic trends in India and outside and other allied problems. A unit designated as the Bureau of Economic Studies has accordingly been opened in August last year with a Director as its head. The collection of statistical data and other special economic studies necessary for the formulation of the Third Five Year Plan have been entrusted to this Bureau.

In pursuance of the suggestions received from the Ministry of Food and Agriculture, Government of India regarding the setting up of teams and Working Groups to work out the basis of the State's Third Five Year Plan in the Food and Agriculture Sector, seven working Groups consisting of senior officers and technical experts have been constituted. A Co-ordinating Committee to review and help these Groups has also been set up. Proposals of the above Working Groups approved by the Co-ordinating Committee are under consideration of the Government.

At the instance of the Planning Commission, two Working Groups, one for Irrigation and the other for Power to study the possibilities of irrigation and Power Development in the State have also been formed. The reports of these working Groups are expected to reach the Government shortly.

A forward Planning Wing attached to the Planning and Development Department of the Secretariat has been formed to co-ordinate activities connected with the preparation of the Third Five Year Plan.

I shall review the achievements of the several departments in the past and their programmes for the future while dealing with individual departments later.

FOOD

The details regarding the food situation need not be repeated here as all the facts relevant thereto have already been stated on the floor of the House. Food subsidy will have to be continued during the ensuing year also. A sum of Rs.50 lakhs is included in the budget for this purpose.

AGRICULTURE, ANIMAL HUSBANDRY, ETC.

The production and distribution of better quality seeds and good manure, however, is important as irrigation. Government have during the current year bestowed their attention on this matter also.

Some 40 new strains of paddy suitable for different areas of the State have been evolved as a result of research work. But it would take some more time to complete organisational measures for the large-scale distribution of these seeds among the ryots. The opening of seed multiplication farms is, as you know, the important programme for the large scale production of good quality seeds. At present there are only 6 seed farms in the State besides the research stations. A new scheme has been approved according to which it will be possible to open 24 farms with an area of about 12.5 acres each in different parts of the State. Steps have been taken for the acquisition of the necessary land. It will be possible to open at least half a dozen farms by the next viruppu season. It is hoped that the remaining centres can be completed by the next mundakan crop season. What has been distributed so far is 11000 paras of the variety U.R.19 and 185 tons of all other varieties together.

With a view to intensifying further research on our main food crop, paddy, new research stations have been started during the current year. This scheme under the auspices of the Indian Council of Agricultural Research has its headquarters at Kayamkulam and sub-stations at Kottarakkara, Monkompuzha and Bharanikkavu. Another sub-station will be started for evolving special type of paddy seeds suitable for fields subjected to saline intrusion.

For the distribution of manure there are in the State 101 departmental depots, 155 departmental agency depots and 624 private agency depots. These depots together issued 28,000 tons of manure during the current year.

Since the production of chemical manures, especially ammonium sulphate, in India is inadequate and since adequate quantities are not imported, originally only 55% of the requirements was allotted. Later a little more was allotted. Still it is not adequate to meet the demand. So the Departments bestowed special attention on popularisation of chemical manures other than ammonium sulphate such as super phosphate and urea. In addition to this a 'Glyricidia Week' was observed with a view to impressing upon the people the importance of green manure and encouraging large scale cultivation of green manure plants. About one

crore and 20 lakh of plants were planted during the week. It may be estimated that at least 50% of them will survive. It is programmed to arrange for a 'green manure month' being observed this year and planting 2 crore of plants.

There is a plan to organise the agriculturists for the proper conservation of cattle dung, urine etc., for large scale compost production. Urban compost production is undertaken in 27 Municipalities in the State. Of the 3 lakh of rupees set apart for granting loans to Municipalities a total amount of Rs.2,80,000 has already been sanctioned to various Municipalities so far. The entire amount will be disbursed before the end of the current financial year.

Some 2553 samples have been tested in the soil testing laboratory started in the Agricultural College with the aid of the T.C.M. and advice has been given to the parties. This institution is not being utilised to its full capacity. It will be possible to test 20000 samples a year in this laboratory.

It is proposed to start a separate Soil Research Laboratory for Kuttanad next year. The purpose of the Laboratory will be to study the special problems of acid soils.

As I had stated in last year's Budget speech 500 demonstration plots have been organised for the popularisation of the Japanese method of paddy cultivation. The programme will be continued this year also. Instructions have been issued to revise the statistics relating to the acreage under Japanese method of cultivation. The Agricultural Department has been reporting all cases of cultivation using chemical fertilisers as Japanese method of cultivation. Hence very incorrect figures were received. Instructions have been issued to revise this and report about the area of land which is cultivated by adopting all features of the Japanese method of cultivation. It is estimated that a total of 3 lakh of acres of land has been brought under the actual Japanese method.

The availability of credit to the cultivator in proper time is highly essential for augmenting production. The facilities for this in our State are limited. In the Malabar area there is the Thakkavi system in existence. But it was not in existence in the Travancore-Cochin area. So, during the last year Government have evolved a scheme for giving manure on credit to agriculturists who could not get credit through co-operative societies. Since the amount was got sanctioned a little late and because of the procedural delays involved in the disbursement of loans the entire amount could not be utilised. Still Rs. 15 lakh

have been issued as loan under the scheme. Part of this amount of loans was disbursed through the State Co-operative Bank also. With the amount sanctioned from the Reserve Bank Rs. 104.06 lakh have been disbursed in this State this year as short term loans and medium term loans. According to the latest decision of the National Development Council there should be only co-operative agencies for the issue of agricultural loans. The resolution states that Thakkavi also should be issued through co-operative societies. If such distribution has to be beneficial to the agriculturists there should be actively functioning co-operative societies in each village. Next year, Government will be concentrating all possible efforts on the matter.

During the last one year Government have extended many special concessions to the cultivators of Kuttanad. Of the short-term loans mentioned above the major portion i.e., about Rs.10 lakh, was disbursed in Kuttanad. As regards pumping subsidy, the rate which was 25% of the pumping cost was raised to 50% in 1958-59. A scheme for giving long-term loans to cultivators for putting up permanent bunds has been drawn up by Government. So also another scheme for giving loans at the rate of Rs.125 per acre with a view to encouraging double crop cultivation has been approved. But there was a complaint that the major portion of such concession made available for the cultivators of Kuttanad go to large-scale cultivators and not the poor ryots. Following this complaint Government have constituted a Committee with the Joint Director of Agriculture as Chairman and the Punja Special Officer and Executive Engineer, Alleppey, as members to enquire and report to Government on the most effective way of extending concessions for cultivation in Kuttanad.

The raising of production in the agriculture is today an organisational problem above all other things. Our Department is now equipped with sufficient officers and scientific knowledge for rendering technical assistance in the matter of production. So far as the cultivators are concerned they are not averse to modern methods as in the past. The reason is that through practical experience many cultivators have realised the advantages of modern methods like the Japanese method of cultivation. Today there are in Kerala cultivators who produce up to 5000, 6000 and 8000 pounds of paddy per acre. In the Palghat taluk it is estimated the average production itself has gone up to 2000 pounds. At this juncture we should think of the steps by the lakh of ordinary cultivators as a whole instead of a few cultivators here and there, would take to modern agricultural practices. That is why I said that it is an organisational problem. The necessary

financial assistance can be availed of in the form of short-term loans from the Reserve Bank. But for that also we should have co-operative societies functioning on a sound basis. There also the problem is organisational. From all stand points it is clear that augmentation of production is possible in the agricultural sphere only by the organisation on a wide scale of agricultural co-operatives. So it will be on this programme that Government would concentrate their main attention.

In the last Budget speech I had stated that 50 collective farming societies would be organised to encourage cultivation on co-operative basis. A scheme was accordingly prepared and instructions given for the organisation of Societies. So far reports have been received only about 25 Societies having been organised. Even though under this scheme the cultivators need not surrender their ownership of land, it was insisted that all agricultural operations should be done jointly and the crops divided on the acreage basis. It appears that the majority among the cultivators of our villages are not prepared to go so far. So it is proposed to let the Societies which have been registered and those which will be registered hereafter by the agriculturists voluntarily to function and to give them all encouragement and at the same time Government propose to evolve a new pattern which would enable the lakh of cultivators being within the co-operative fold. It will be a pattern which requires a pledge for introducing modern agricultural practices in their lands and work collectively for the purpose and at the same time each can carry on agricultural activities in his own land according to his likes. You may call them Better Farming Societies. The details for such a scheme are being worked out.

Animal husbandry

The Programme for Animal Husbandry and Dairy Development are progressing satisfactorily. Last year 4 Veterinary Hospitals, 6 Veterinary dispensaries and 5 Key Village Schemes have been started as programmed. The shortage of skilled doctors and research workers has handicapped the programmes of the Animal Husbandry Department. But by 1959-60 the first batch of students will pass out of the Veterinary College and that would bring about slight improvement in the situation. With a view to remedying the shortage of stockmen, 120 candidates were taken for training during the year. Next year 5 Veterinary Hospitals and 6 Dispensaries and 2 Key Village Centres will be opened.

Difficulty is experienced in securing drugs for injection when epidemics attack the cattle. To remedy this, steps have already been taken to start a biological laboratory in the State. A scheme costing Rs. 4 lakh was originally prepared for the purpose. Since it was considered to be a little high, instructions have been issued to revise the scheme so as to limit the expenditure to Rs. 2 lakh. It is expected that it would be possible to start this in the Veterinary College next year.

The Co-operative Dairy Scheme in Trivandrum is progressing satisfactorily. Preliminary measures will be taken next year to start in Kozhikode a similar scheme though not on such large scale. A provision of Rs.1 lakh has been made in the Budget for the purpose.

Co-operation

The Kerala State Co-operative Bank had no District Units. The Central Co-operative Banks in Kozhikode and Thrissur served those areas. But in the Trivandrum area the State Bank functioned directly. This was a big handicap in the prompt discharge of business. During the current year, District Banks have been organised in Trivandrum, Quilon, Alleppey and Kottayam.

Eventhough the Trivandrum Credit Bank has been converted into the State Land Mortgage Bank, it has not yet started functioning. If the Bill before the Assembly is enacted, it will be possible for the Bank to float debentures and thus carry on business on an extensive scale.

I have dealt with coir, handloom and small scale industries co-operative societies separately. What requires special mention here is labour contract societies. Some 42 Labour Contract Co-operative Societies are functioning in N.E.S. Blocks. In respect of each work the society is given 5 per cent more than the estimated amount. With a view to enabling the societies to take up work 25% of the estimated amount is advanced to them through the State Co-operative bank. For this purpose Government have transferred Rs. 4 lakhs to the Co-operative Bank. It is estimated that the Labour Contract Societies have taken up work for Rs. 25 lakh during the current year.

During the current year, toddy shops in the Trichur, Alleppey and Shertallai were handed over to Tappers' Co-operative Societies without auctioning. In addition to this, co-operative societies have taken over and conducted toddy shops in Kottayam, Thodupuzha, Meenachil, Vaikom, Mukundapuram and other ranges by bidding in auctions. These societies were formed to have functioned very

successfully. They were more prompt than private contractors in duly remitting the *kist* to Government and giving reasonable wages to workers. It is proposed to hand over shops in more ranges to the Tappers' Societies. It has been planned to bring all the ranges under the scheme in the course of the next three years.

Steps are under way for organising an Apex Marketing Society in the State.

Fisheries

A comprehensive scheme to help the workers engaged in fishing to organise them on the co-operative basis, to emancipate them from the grip of the middlemen, to get the accessories they need and to find a profitable market for their catches, is under active consideration; but it is not a scheme which this Government can implement without financial aid. A pilot Project under this scheme is being implemented among the fishermen in Trivandrum District.

Industries

Progress has been achieved during the last year in respect of the two spinning mills proposed to be started under the Second Five Year Plan. Orders have been placed for the entire machinery required for the Trivandrum Spinning Mill. Of these carding machines have arrived. So far as the construction of the building is concerned the basement work is over.

Orders for the Spinning Mill to be established at Cannanore have also been placed. It is expected that carding machines will be received before the end of March. Estimates for the factories and godowns have been finalised. Construction will commence shortly.

The owners of the Malabar Spinning Mill were thinking of closing down the Mill. It was a long time since it began to work only for one day a week. With a view to preventing the throwing out of employment of more than 700 workers Government have taken over the working of the factory through a court of law.

A scheme for starting a Cycle Rim Factory in the Trivandrum Rubber Factory is nearing completion. The construction of the building is also nearing completion. All the machineries have been received. They are being set-up. It is expected that production in the factory will commence in April 1959.

Land for the proposed Sand Lime Brick Factory has been acquired and orders have been placed for the machinery. But import licence has not been received. This factory was proposed to be started in the private sector. But since private industrialists have not come forward for investing capital, Government have taken the major shares and the concern is run as a Government company.

That State-owned Industries are not running efficiently and profitably was, as you are aware, a matter which had evolved public criticism. Moreover it is a matter which would discourage the industrialisation endeavours in the State. So during the last year Government had bestowed proper attention on the efficient running of all State-owned industries. This it can be said has resulted in certain achievements.

There was a scheme for the expansion of the Rubber Factory in Trivandrum and for modernising machineries. Four Cycle Tyre Presses and connected machineries have been purchased. Equipments for testing have also been purchased. Orders have been placed for a latex foaming machine. In addition to all these the agency system for the sale of the factory produces which was highly unprofitable has been changed.

The Punalur Plywood Industries is now a profitable concern. Steps have been taken to evolve a scheme for the production of commercial plywood in the factory.

Steps for raising the output of electrical porcelain in the Kerala Government Ceramics, Kundara have been initiated. It is proposed to use half the capacity of the factory kiln for this purpose. This will be more profitable than manufacture of cup and saucers. The old ceramic factory is running at a loss. On the basis of the recommendations of a Committee constituted for drawing up proposals for the re-organisation of the factory, Government have accorded sanction for a scheme for the manufacture of pipes and bricks. The daily production of china clay has gone up from 9 tons to 12 tons.

Steps have been taken for raising the annual production in the Kozhikode Soap Factory from 360 tons to 450 tons. There is a plan to raise it further to 600 tons.

The production in the Trivandrum Shark Liver Oil Factory has been re-organised. Difficulty for securing the requisite quantity of shark liver was experienced in the Kozhikode Shark Liver Factory. With a view to remedying this 9 new centres have been organised for the collection of the raw material.

The Hydrogenation Factory at Kozhikode started production last year. The products are in great demand in the market. The productive capacity of the factory is 15 tons of vanaspathy and 5 tons of purified oil per day. Only $\frac{2}{3}$ of it is being produced now. It may be re-called that this factory was closed down under the Madras Government after having spent Rs. 18 lakh.

Of the 27 production-cum-training centres proposed to be started during the Plan period 26 have already been started. They are in different parts of the State. Of these training is being given in smithery, leather works, furniture making, manufacture of cycle parts, locks, precision instruments, glass bangles, bell metal industry etc.

Besides this 87 centres have been opened on industrial basis. Of these 40 are in the Pilot Project.

It is clear that industrialisation of a State like Kerala is not going to achieve merely by relying on a few Government factories or the large scale industries likely to be started by a few industrialists in the private sector. Small scale industries utilising power which can be abundantly produced in our State should spring up in hundreds throughout the State. For that, private individuals, workers, small scale manufacturers and co-operative organisations should be equally encouraged. Two things necessary for the purpose are technical advice and finances. I do not wish to hide the fact that the State has certain disabilities on both these things. All that can be done is to do utmost to rectify it.

The institution which we have here for giving technical advice to small scale industrialists is the Small Industries Service Institute of the Government of India. So also there are the schemes published by the Government of India. But it has been found from actual practice that all these assistances are so very inadequate. There should be an expert organisation in the Department of Industries which will be competent to tender advice sought by any individual or institution from any part of the State for starting an industry. At present we do not have experts who are able to perform that function fully. Nevertheless the State Government have appointed for the purpose a standing committee including members who have gained practical experience in the working of industries. If any individual likes for a scheme relating to any industry this committee will consider it and give all possible advice. The activities of the committee will be further enlarged and made more effective when we get the services of more technical experts.

Another problem is that of financial aid for industrial development. The State Government are extending financial aid to small scale industries. At present this is done in two ways according to the State Aid to Industries Act and Small Scale Industries Scheme. Of these the rules under the former scheme are different for Malabar and Travancore-Cochin. With a view to removing the confusion caused by the existence of separate rules under schemes having the

same objective Government have decided to unify all the rules and including all the loans directly granted by Government under the same scheme. Even in this scheme it is proposed to effect certain decentralisation by disbursing amounts up to Rs. 5,000 in the District level through the District Industries Officer.

That the possibility for extending aid to industrial concerns organised on co-operative basis is very rare is another defect of the State Aid Scheme. Such societies should be concerned with industries having separate schemes such as coir, handloom etc. Or they will have to give security in the form of land, Government bonds etc. It orders no special mention that on this basis it will be difficult for the co-operative societies formed by workers and small scale producers to secure loans. With a view to remedying this difficulty it has been decided to approve a separate scheme for organising small scale industries on Co-operative basis and grant loans under the scheme. Rs. 5 lakh have been provided in the next year's Budget for the purpose.

During the current year altogether Rs.14½ lakh were allotted for granting loans to industrialists. This includes Rs. 10 lakh under State Aid to Industries Act, Rs. 2½ lakh under Small Scale Industries Scheme and Rs. 2 lakh under the controlled credit scheme. For this purpose amounts to the tune of Rs. 10 lakh, 5 lakh and 2 lakh respectively are set apart in the next year's Budget. But it is obvious that it will not be possible for the Government or the financing institutions under the auspices of Government by themselves to provide the entire capital necessary for the industrialisation of the State. If industrialisation on a wide scale has to be effected there should be a set-up for the collection of small savings of the common people and middle class people without being allowed to be wasted for unnecessary matters and for investing them in industrial enterprises. The machinery for this is banks and co-operative institutions. That we are not making any conscious effort for developing them in those lines. The Reserve Bank has been concerned only with utilising co-operative finance in the agricultural sector. The State Bank of India had so far conducted only a Pilot Project for assisting small scale industries. Moreover there is no arrangement in any of these schemes to attract the savings of the people of the respective areas to small scale industrial concerns in which they are interested. For doing that we should have a special type of co-operative organisation or institution registered under the Companies Act. I wish to point out that Government by themselves will not be able to do anything in the matter and that something will be possible only if the people voluntarily take the initiative.

Coir industry

The efforts made by this Government for securing further aid for the protection of the coir industry and their results were dealt with in last year's budget speech. The policy of Government is to bring the majority of the coir workers into the co-operative fold by utilising the enhanced financial assistance so secured. A revised scheme for granting the worker share capital and working capital as loan was drawn up during the last year and under that scheme Rs. 1,52,334 and Rs. 3,24,800 were given as share capital and working capital loans respectively to 77 societies. According to this new scheme about 27000 coir workers have newly enlisted themselves during the year as members of Co-operative societies. The direct production scheme which was tried in the Kandanssankadavu area has been found to be a success. During the last 11 months it has been possible under this scheme to provide employment without any break to about 2000 workers. This scheme has now been started in 12 societies in the Trivandrum District.

Alongside this Government have initiated measures for bringing about a change in the situation in which instead of actual workers, middlemen have captured many of the existing societies. Government had deputed an officer to enquire into this aspect. The report submitted by the officer after examining the activities and accounts of certain societies is with the Government. So also the Committee appointed by the Government of India to examine the working of these societies have submitted its report to that Government. It is hoped that it will be possible to effect the re-organisation of these societies on the basis of the above mentioned reports next year.

Government had decided to take over during the current year two coir factories under the scheme for the workers themselves running the factories on co-operative basis. Of these one has started functioning in Alleppey. The second will start functioning shortly. Altogether there are 516 factory workers in the two factories.

An amount of Rs. 35 lakh sanctioned by the Planning Commission is provided for this in the Budget.

Handloom Industry

The lack of working capital is one of the biggest problems facing the Handloom Societies. The Planning Commission had not permitted the direct payment of working capital by Government. The instruction was that it should be

secured through the Reserve Bank. But the Handloom societies were put to difficulties because steps for this were not finalised. A solution for this problem was found during the current year. The Societies are about to get working capital through the Bank.

It was found that if the working capital so secured should be sufficient to meet the requirements the share capital should be increased. A new scheme was evolved during the year with a view to raising the share capital and making payment by way of loan directly by Government to help the weavers in paying up the additional amount which they have to pay consequent on the raising of working capital.

The problem which remains to be tackled urgently is the formation of an apex society for the Handloom Co-operative. Government are taking steps for the purpose. Rebate system for handloom might have to be continued. But I wish to point out certain difficulties experienced by the State Government in the present rebate system. Often the Central Handloom Board would fix the rate of rebate and announce it. If it is so announced the societies are not able to sell out goods unless that rebate is sanctioned. Naturally societies would sell at that price. The State Government is bound to make good the loss so sustained by the societies. But there is no surety that the Central Government would reimburse the entire amount. For example during the last year the maximum fixed by the Central Board towards all the Handloom schemes of the State was Rs. 10 lakh. But it is estimated that for meeting the expenses towards grant of rebate as per their directions would alone come to Rs. 15 lakh. The confusion and difficulty caused by this system should be rectified. Either this Government should get the entire amount necessary to meet the expenditure when a special rate of rebate is announced, or without announcing the rate separate allotments in lump-sum should be made for each State and the responsibility for fixing the rate should be left to the concerned governments. However, an amount of Rs.12 lakh has been set apart towards rebate for the next year.

Government are encouraging the system of taking over factories by handloom weavers. So far co-operative societies have been formed and steps taken for running eight factories.

Housing scheme for weavers has been implemented in the Neyyattinkara Pilot Project. Next year a housing colony for workers will be started in Balussery in Malabar also.

Khadi and village Industries

The activities of the Khadi and Village Industries Board were being vigorously pursued during the current year. The Board received a total sum of Rs.30,63,000 up to the period ending with February 1959. Of this the contribution by the State was only Rs.5,32,000. The balance was received from the Khadi and Village Industries Commission. A sum of Rs.22,36,000 has been spent till the aforesaid date. 221 Khadi and Village Industries Co-operative Societies were registered during 1958-59 as against the target of 49 societies fixed by the Commission. The State Board has so far disbursed grant-in-aid to 472 institutions.

One hundred and forty-four new societies will be registered during 1959-60. A sum of Rs. 42 lakh is expected to be received from the commission next year.

Labour Department

While the legitimate rights of workers were safeguarded the incidents at Munnar and Chandanathope were a great blow to the efforts of Government to maintain peace in the labour front. Of these the enquiry into the first incident has not ended. The report of the enquiry into the second incident has already been published. These and similar other incidents call for a new approach in dealing with law and order problems. That is why a high power committee has been instituted under Shri N. C. Chatterjee to revise the Police Code.

For maintaining peace in the labour front, Government have realised the need for certain substantial changes being effected in the law relating to the recognition of labour unions, their representative character and the rights and powers regarding settlement of disputes and collective bargaining. The Industrial Relations bill drafted with this purpose in view will soon be introduced in the Legislature. It is hoped that it would be possible to enact the Bill in 1959.

A scheme for granting gratuity to industrial workers has been discussed by the State Industrial Relations Board. Government proposed to draw up and implement a scheme on the basis of those discussions next year.

In 1958-59, minimum wages have been introduced in Tile Industry, cigar making and toddy tapping. Committees have been constituted for including handloom industry and banks in the schedule of the Act and fixing minimum wages.

A tripartite committee was constituted for the gradation of non-award Banks and fixation of pay of their employees. Government have introduced a scheme for giving financial aid to workers during pendency of adjudication cases.

Education

The policy of direct payment of salary to Private School Teachers has been implemented fully in 1958-59. This is a right which the teachers have been longing for, for a long time. It can be categorically stated that in no other State in India has the status of private school teachers been raised as in Kerala. It may be seen that remittance of the entire fee collection with the Government became an inevitable consequence of the system of direct payment.

The question of maintenance grant also arises along with it. Arrangements have been made for the payment of maintenance grant to private managements. An amount of Rs. 30 lakh has been provided for in the Budget for 1959-60.

The Education Bill received the assent of the President only very recently. On this occasion when the Bill is going to be implemented, I wish to state that Government would remember with gratitude the valuable services rendered by private agencies in the development of education. Further I wish to assure private managements that when rules are made under the Bill and the provisions are implemented the utmost efforts will be made to remove any reasonable apprehension that might arise in their minds.

The Kerala University are considering the establishment of a Central Research Institute for applied science with the assistance of the Grants Commission and the State Government. Preliminary steps have already been taken for the starting of an Institute of Oceanography. Post Graduate courses are also being started in the important colleges of the State.

This Government have submitted to the Government of India a scheme for the preparation of an Encyclopaedia in Malayalam. The intention of Government is that the Sahitya Academy should take up the supervision of the work. Organisational steps will be taken on receipt of the Central Government's sanction and aid.

Government have a proposal to establish a workshop for the manufacture of school equipment required for our educational institutions. It is estimated that it would be possible to manufacture and distribute equipment costing about Rs.8 lakh every year. A scheme for this purpose has been submitted to the Government of India.

In view of the unemployment in the State and realising fully the importance of technical skill in the development of our State, this Government has been from the very beginning bestowing attention on the extension of facilities for technical education. Two Engineering Colleges, one in the private sector and the other in public sector, were newly started last year. We have chances for getting two more Engineering Colleges in the private sector. But if the Central Government's grant has to be utilised private agencies should collect amounts as demanded under their terms. For giving the share promised by the State Government a provision of Rs. 4.5 lakh has been made in the Budget for 1959-60.

Government's intention is that in addition to colleges there should be at least one polytechnic in each District. In certain Districts there are more than one. Kottayam and Palghat are the Districts where there is none. There is the possibility of the Central Government directly starting a polytechnic in each of these two Districts.

Of the junior technical schools to be started under the Second Five Year Plan, construction work is progressing with a view to starting schools from the beginning of the next academic year.

In the beginning of the current year there were only three industrial training centres in the State – in Trivandrum, Cannanore and Chalakkudy. It has been decided to convert the Trade Schools in Chalakkudy and Dhanuvachapuram into industrial training centres and start a new one at Kozhikode in 1959-60.

In dealing with Education another programme which requires special mention is the noon-feeding of school children. It is essential that during the current year the expenditure would come to Rs. 53 lakh. This scheme which was in force only in the compulsory education areas of Travancore and in the Cochin areas has been extended to two Districts, Alleppey and Kozhikode, in 1957-58. This caused more expenditure than was expected. So under the present circumstances it is not possible to extend the scheme to other areas. Not only that but in the opinion of Government even in the areas where the scheme is in force instead of Government meeting the entire expenditure it should be possible to collect at least a portion of the expenditure from the public. For that purpose Government propose to constitute committees in the respective Districts under the chairmanship of the Collector and set up a fund. Attempt will also be made to secure further financial aid from the Government of India. The understanding is

that half the expenditure for noon-feeding would be met by the Centre. But this understanding is there only on paper. For during the Second Plan period only an amount of Rs. 40 lakh has been allotted by the Planning Commission for noon-feeding for this State. The Central aid would thus come to only half of the amount, i.e., Rs. 20 lakh which means Rs.4 lakhs per year. The Planning Commission's advice is that the additional expenditure should be met by us as non-plan expenditure. If that is so it is difficult to understand what is meant by saying that 50% of the expenditure would be met by the Centre. However, it has been decided to make a further representation to the Government of India in the matter.

Finally a word about the heavy expenditure for Education. In 1954-55 the per capita expenditure in India for Education was Rs.4.32 and in Kerala it must have been higher. In 1957-58 the per capita expenditure incurred by the Kerala State for education was Rs.6.64 and it rose to Rs.8 by 1958-59. Last year I had stated that one third of our Budget was spent on Education. Today it might have gone further. The pay revision of the primary and secondary school teachers alone involves an additional expenditure of Rs. 181 lakh. We have also started many new schools. In the course of the last three years we have already opened more schools than was provided for under the Second Five Year Plan – two or three times the target. By this time we have newly started 329 Primary Schools, 446 Middle Schools and 154 High Schools as against the target of 136 Primary Schools, 133 Middle Schools and 23 High Schools under the Second Five Year Plan. The number of teachers appointed during the last one year alone is surprisingly high. In 1958-59 no fewer than 519 teachers in the scale of Rs.80-165, 3014 teachers in the scale of Rs.40-120, 124 teachers in the scale of Rs.35-80 and 107 teachers in the scale of Rs.30-60 were appointed making the total of 3764.

I would emphasise the need to keep in mind the fact mentioned above in approaching demand for the further enhancement of the pay and allowances of teachers and teacher trainees. Not only that but these facts would also reveal the need for strict austerity and economy in the entire educational sphere. Government are considering by what all means this can be achieved without detriment to efficiency and without causing inconveniences to the people. References have been made in this House itself to the unnecessary expenditure caused by indiscriminate distribution of schools. Today there are more schools

than are necessary in certain areas while in certain other areas there are not as many schools as are necessary. This is mostly so in the Malabar area. Therefore Government propose to introduce a re-organisation in the Malabar area in the interest of a more reasonable distribution. It is proposed to do it without sending out any of the teachers now in service. Government hope that the co-operation needed for this would be forthcoming from all sections.

Economy is proposed to be introduced in the construction of school buildings. When Kerala as a whole is taken into account a good percentage of the primary schools is in a dilapidated and dangerous condition. The renovation of all these buildings according to the P.W.D. estimate would involve crores of rupees. But it would be possible to construct strong and neat buildings at very low cost. Instructions have been issued to the P.W. Department to prepare new plans for the purpose. Even such buildings are proposed to be constructed with the co-operation of the people of the respective areas. Government expect that the local people would come forward to meet a share of the expenditure in the form of money, materials or labour.

Community Development

At present there are 69 Blocks in Kerala. Eight new blocks will be opened in 1959-60. Government of India had effected certain changes in the pattern of financing block during the current year. Accordingly the period of a block will be 10 years and the amount allotted Rs. 17 lakh, 2.40 lakh per year for the first five years and one lakh each for the next five years.

In my last year's Budget speech I had mentioned about framing a new model budget for the blocks to suit the conditions of the State. A new schematic budget was accordingly drawn up and implemented with the approval of the consultative committee. I am glad to learn that the experiment has been a success. Allotments for irrigation etc., used to be left unutilised. But during the current year considerable portions of such allotments have been spent in many blocks. Another item which deserves attention next year is industries. In the new schematic budget allotment for industries has been enhanced. It does not appear to have been spent substantially. I hope that this will engage the attention of the blocks next year and thus it would be possible at least to a small measure to utilise the N.E.S. blocks for rural industrialisation.

The Local Development Scheme, which is a central scheme, is proposed to be stopped from 1-4-1959. But an amount of Rs.10 lakhs has been set apart for 1959-60 for completing the schemes which remain to be completed. Eventhough all other L.D. works would be stopped the scheme according to the order of the Government of India, would be continued for rural water supply alone.

Medical and public Health

The amount set apart under this head in the current Budget was Rs. 414.62 lakh. This has been raised to Rs. 456.91 lakh for the ensuing year. A comprehensive scheme for the expansion of the major hospitals has been taken up under the Five Year Plan. Works in this respect is progressing in 30 Hospitals. Next year 10 Allopathic Dispensaries, 14 Ayurvedic Dispensaries and 5 Taluk Ayurvedic hospitals will be newly opened.

A comprehensive scheme for leprosy control was formulated by the State Government and submitted to the Government of India. It has received the approval of the Government of India. Activities according to this new scheme will be started next year. Work for the construction of leprosy clinics and hospitals has been started in Chirayinkil, Pulayanarkotta, Haripad, Kayamkulam, Koratty, Edappal and Valapattanam.

The major Sanatorium at Pulayanarkotta, Mulankunnathukavu and Pariyaram alone would not be sufficient to control tuberculosis which is the most felt disease in our State. It is, therefore, proposed to provide facilities for treatment locally by opening T.B. clinics in taluk hospitals. Accordingly clinics are being constructed in Adoor and Kottarakkara. Next year clinics will be constructed at Karuvatta, Moovattupuzha and Chengannore.

Besides the National Malaria Control Units nine Health Education Units were also started during the last year. This Government is pursuing with vigour the family planning programme. Facilities have been provided in 20 major hospitals of the State for birth control operation. Those who wish to undergo the operation, if they are Government servants are granted special casual leave and a small amount for treatment. More and more people are availing of these facilities.

The Employees State Insurance Scheme has been extended to Trivandrum with effect from 30-8-1958. Orders have been issued to extend it to Kozhikode also. The question of extending the benefit of insurance to the family of the insured is under consideration. So far 34,000 persons have come under the scheme. It is proposed to extend the scheme to all areas where more than 1500

workers live together. It has been decided to construct under the scheme a T.B. Annexe each at Pulayanarkotta and Mulankunnathukavu and also four other permanent dispensaries.

Some delay in certain urban water supply schemes have been occasioned by the difficulty in importing certain equipments. Otherwise the Kottayam Water Supply Scheme would have been completed in 1958-59 itself. It would be possible to distribute water through street fountains in Trichur next month. Rural water supply programmes have been completed in Haripad, Monkompuzha, Oachira, Valiyazheekal, Padanilam, Kottayi and Erimayur. This year 20 new tube wells were constructed. All were successful. The programme would be vigorously pursued next year also.

Harijan welfare Activities

Providing of houses is a vitally important affair, so far as the Harijans are concerned. Besides reserving 25% of the poramboke lands set apart for distribution to the landless, Government land has been given for setting up colonies for Harijans on modern lines. During the current year, 800 acres in Panathadi, 400 acres in Koothali, 200 acres in Achencoil and 100 acres in Palode were made available for locating such colonies. In addition to the above land worth Rs. 3½ lakh has been acquired for providing housing facilities to Harijans.

Special care has been bestowed to see that tiled houses according to modern patterns were built and given to Harijans and scheduled tribes. Just as 1,000 such houses were built and given last year. Work on another 1,000 similar houses is in progress and would be complete during the current financial year.

In the matter of education also, special concessions have been granted in addition to those that existed. The concessions regarding examination fee and cost of books were extended to students (Scheduled castes and scheduled tribes) who failed in the examination even for a second time. The monetary aid given to the Harijan students of Standard V was enhanced from Rs. 4 to Rs. 15.

Encouragement through co-operative societies is being given for relieving unemployment and for improving economic stability. Thus during the current year more than a lakh of rupees has been given as grant to twenty and odd Harijan Co-operative Societies.

Government have paid sufficient attention in the matter of promoting cottage industries also among scheduled castes and tribes. Twelve Training Centres opened during the current year, to impart instruction in bee-keeping, poultry, weaving, rattan work etc. Each Centre has twenty-eight stipendaries getting a monthly stipend of Rs. 25 per head.

Special attention has been bestowed on providing hostel facilities for Harijan students. In every College Hostel 25% of the seats is reserved for Harijan students. In Trivandrum the construction of a cosmopolitan hostel has been completed. The work of the Ernakulam cosmopolitan hostel is progressing with maximum speed and it will be almost completed in the current financial year itself. So also preliminary work for the construction of the proposed hostel in Cannanore has started. As in the previous year 11 hostels were being constructed in Malabar this year also in view of the backwardness of that area.

This year Government have accepted a programme which would enable the Harijan masses directly to participate in the all round welfare activities for the Harijans and thereby serve for their progress and prosperity. As a result of this a new awakening may be noticed everywhere. This year all public works including the provision of wells, construction of roads and building etc., are undertaken through Harijan Co-operative Societies. There is provision for advancing 25 per cent of the amount to Societies which take up such work. Such Societies have to offer 'Sramadan' to the extent of 15% of the work. As a result of this it has been possible to finish work within the scheduled time, divert the profit which goes to the contractor and make it available for bettering the economic conditions of the Harijans. The Harijans are also able directly to participate in Harijan welfare activities. In this manner works to the tune of about Rs.8 lakhs are being undertaken now by Harijan Co-operative Societies. This has opened up a new chapter in the history of Harijan uplift activities.

Irrigation and Power

The demand for Electricity in the State was 62,000 K.W. towards the close of the First Five Year Plan period. It has risen today to 89,000 K.W. As against this, we have an installed capacity of 1,09,500 K.W. The need for electric power in the State is progressively on the increase. It is estimated that the demand would be for 2,00,000 K.W. by 1960-61. Under these circumstances it need scarcely be stressed how important the expeditious completion of our hydro-electric projects has become. The Panniar Project capable of producing 30,000

K.W., the Sholayar Project capable of producing 54,000 K.W. and the first stage of the Pamba hydro electric project have all to be completed during the Second Five Year Plan period itself. The difficulty in obtaining foreign exchange in respect of the Panniar Project and the dispute with the Madras Government in respect of the Sholayar Project have occasioned some delay in the commencement of work in these projects. Since the foreign exchange necessary for the Panniar Project has already been sanctioned and as an agreement has been reached in relation to the Sholayar Project, it can confidently be hoped that henceforward there would be expeditious progress with regard to these schemes.

Madras State now supplies the power necessary for the Malabar region. But work has already been started on the transmission scheme to link the power distribution of Malabar with our own grid system. This would involve an expenditure of Rs. 216.80 lakh.

Two hundred and ninety-two distribution centres were newly started last year. 22,805 new connections have been given. 10,938 street lights have been installed. During next year 268 distribution centres will be commissioned, 22,504 new connections will be given and 11,083 street lights will be installed.

An Electricity week was celebrated during this year with a view to extend the advantages of electricity to the rural areas of the State. Government promised to extend, irrespective of loss, electricity to any village, the people of which came forward to help such extension by concrete offer of 'Sramadan'. Thanks to this arrangement, it has been possible to extend electric connection to several villages. Electricity has reached nearly 1450 of the 4752 villages of Kerala.

Kerala has 16 major irrigation schemes including the eight schemes started during the First Five Year Plan period, but not completed yet. It is estimated that 4.5 lakhs of acres will be irrigated when all the schemes are completed. It will be possible to irrigate 2.25 lakhs of acres of land at the end of the second plan period. All our major irrigation projects are only medium projects judged by the standards of the Union Government.

An important and distinguishing feature of the current year is the programme chalked out for implementing minor irrigation schemes. Last time, I had stressed the importance of the need for concentrating greater attention than before on the minor irrigation schemes capable of producing speedy results in the matter of stepping up food production. Certain steps aimed at the simplification of procedure and the promotion of popular initiative were taken. These have

helped to give a fillip to organised endeavour and to inspire them for greater effort. It is with great pleasure that I record the fact that during the minor irrigation week young men and women in their thousands willingly contributed their bodily labour. Another happy characteristic of this organised effort was that a considerable percentage of the Police force of the State, hitherto considered solely as a body to harass the people co-operated whole-heartedly with the people. My experience of this week leads me to believe that the Government should seriously consider the question of organising a permanent Land Army for utilisation in the field of national reconstruction.

The State would receive free labour worth about Rs. 10 lakh when all the schemes, included in that category in which Sramadan has to be obtained to the extent of 25% in schemes having earth work alone and from 5 to 10 per cent in schemes having masonry and rubble work are completed.

A sum of Rs. 293.19 lakh was allotted for all irrigation schemes together. The amalgamation of the irrigation wing of the Department of Local Bodies with this Department brought in another sum of Rs. 8 lakh. Besides these, the Department also obtained a sum of Rs. 14.35 lakh allotted for irrigation schemes in the N.E.S. Blocks. The aggregate amount for irrigation thus comes to Rs.315.54 lakhs, this year. A sum of Rs. 303 lakh is budgeted for this purpose for the ensuing year.

Forests

A sum less than Rs. one lakh alone is likely to be spent during the year out of the provision of Rs.19 lakhs made in the budget for the purchase of private forests in Malabar. In consonance with the recommendations of the Committee constituted to advise Government in the matter of the purchase of private forests, Government were prepared to purchase the forests belonging to the Kottiyoor Devaswom, the Nilambur Kovilakam and the Puzhakkalidom. But the Nilambur Kovilakam did not agree to sell their forest on the terms suggested by the Committee. Since the properties of Puzhakkalidom were with the Court Receivers the transaction with them also could not be finalised. So purchase of the Kottiyoor Devaswom forest only was feasible this year.

In my budget speech last year I had referred to a scheme for the planting of rubber in the minor forests after removal of tree growth. A nursery 3½ acres in area was started for the purpose last year itself. Rubber seedlings will be planted this year in 350 acres in Kodumon Reserve whence the trees have been felled and

ground prepared. The idea is to convert the entire 8000 acre Kodumon Reserve into a Rubber Plantation within the next ten years. Representations are being received by Government from numerous quarters for starting rubber planting in other places also. Government are on the lookout for the services of an expert who has adequate experience of such large scale rubber cultivation. When the services of such an expert becomes available, Government intend to drawing up a comprehensive scheme to plant rubber in an area of about 25,000 acres of land. The capital expenditure for such a scheme can be obtained from the sale of timber that will have to be cut and removed from the area.

Roads and Bridges

The amount provided for roads and minor bridges under the Second Five Year Plan was Rs. 214.63 lakh and of this a sum of Rs. 125.60 lakh was spent by the end of 1957-58. The total provision for 1958-59 came to Rs. 54,18,200. The entire amount is expected to be spent during the current year. Work under road-constructions is thus moving at a pace faster than what was envisaged under the Five Year Plan. Consequently the allotment for the last two years of the Plan period has become very limited. According to the sanctions accorded by the Planning Commission the total amount expendable in 1959-60 is only Rs. 100 lakh. It has therefore been decided to concentrate attention on completing the works started. A few new works will be taken up in the Malabar region alone.

The programme of work on bridges included in the Second Five Year Plan, especially those in the Malabar area is not as commendable as it should be. Altogether 46 bridges have to be built in the Malabar area during the Plan period. Work on eight of them is in progress now. Work on 12 more would be started next year. During the ensuing year 10 major bridges in Kerala will be completed. Construction of 33 major bridges is under way.

WAYS AND MEANS

The budget estimates now presented to the House show a revenue deficit of Rs. 77.77 lakh. Funds have also to be found for the capital expenditure of Rs. 828.16 lakh and for loans and advances by the State Government amounting to Rs. 439.49 lakh (net). Against this, there is an opening balance of Rs. 27.59 lakh and a net accretion of Rs. 1342.98 lakh under Debt Heads (excluding loans and advances by the State Government). The surplus under Debt Heads includes a sum

of Rs.400 lakhs proposed to be borrowed from the open market next year, a sum of Rs.200 lakhs being the State's share of the proceeds of the Small Savings Scheme and a sum of Rs.100 lakhs from sale of securities. Credit has also been taken for loans from the Central Government aggregating Rs. 713.12 lakh (net). A net increase of floating debt to the extent of Rs.110 lakhs is also anticipated. The Ways and Means position according to the financial statement presented to the House can be summarised as follows:—

		<i>(Rs. in lakh)</i>
Opening Cash Balance	..	27.59
Revenue Deficit	..	77.77
Capital Expenditure	..	828.16
Loans and Advances by the State Government (Net Expenditure)	..	439.49
Net accretions under other Debt Heads	..	1342.98
Closing Cash Balance	..	25.15

TAXATION

During the last two years the State Government have introduced several measures of taxation to increase the resources of the State. A sum of Rs.221 lakhs is estimated to have been realised on this account during 1957-58. Certain measures of taxation were introduced in the current year as well. *Out of these the enhancement of Sales-tax on timber was subsequently dropped. Legislation for enhancing the levy of tax on urban lands is yet to be passed.* The remaining measures of taxation – viz., enhancement of the rate of taxes on diesel oil, enhancement of electricity duty, raising the transport fare — have all been introduced. A sum of Rs.37 lakhs is estimated as additional revenue out of these.

It is regretful to note that these additional receipts have almost completely been utilised towards expenses in connection with the revision of salaries of Government servants without spending any appreciable amount towards national reconstruction programme. I have my own doubt whether this is a correct policy. The correct policy is to invest more amount on agricultural and industrial measures which contribute to enhance the wealth of the State and to reduce the expenditure

on other items as far as possible. If this Government had to incur an additional expenditure of approximately Rs. 3 crore for enhancing the salary of Government officers including teachers, it reveals only the anxiety of this Government to better the conditions of the low paid employees. These officers and the public must also realise that Government have done the utmost that they can in the matter. I therefore wish to emphasise that the Government will not be in a position to consider any revision of pay in the near future.

Government do not wish to introduce any fresh measures of taxation next year. Sale of toddy is now exempted from the purview of sales-tax. Government wish to lift this exemption. A sum of Rs. 6 lakh is estimated as receipts on this score.

During the ensuing year, Government wish to concentrate on the effective collection of the existing items of revenues and the arrears accrued till now rather than introducing any fresh taxation proposal. The arrears of revenue pending collection under various items aggregate to approximately Rs. 3.77 crore. This is the accumulated arrears of several years. It is seen that a position of this has to be written off the accounts when coercive steps are taken for the realisation of the arrears. A portion of these arrears is being remitted in monthly instalments. A sum of about Rs.70 lakhs has been realised out of the arrears during the period from 1st April to 31st December, 1958 as a result of coercive steps taken for their recovery. Amounts written off the accounts as non-recoverable and remitted during this period aggregate to Rs.26.43 lakhs. Thus the balance now remaining is Rs.2.81 crores. It is hoped that there will be further improvement next year.

I had referred to the cardamom encroachment in the last Budget Speech. The revenue anticipated out of it has not been realised. This is because the survey was not finalised on account of the delay in the appointment of survey staff. We can anticipate a substantial receipt out of this during 1959-60.

While trying to increase the receipts, it is necessary or even more important to see that avoidable expenditure is reduced. I have stressed this point in the last Budget Speech. But I feel that the efforts to reduce expenditure have not been successfully as they ought to be. Government will be implementing the suggestion of the Administrative Reforms Committee in this matter during the ensuing year.

Another policy which Government wish to introduce in the matter of reducing expenditure is in respect of building construction. This has come up from discussion in the National Development Council and has been brought to the notice of the State Government with special interest by our Prime Minister. The mode of our building construction is not suitable for a poor country like ours. Government have proposed a scheme for the construction of suitable buildings at lesser cost in consultation with the engineering experts of the State. New type designs in accordance with this are being proposed. Government buildings will be constructed according to this pattern from the next financial year. Consequently a reduction of 15% in the cost of construction is anticipated.

Another proposal for reducing expenditure is the introduction of compulsory national service. It is understood that the Central Government itself has begun to consider this. In respect of youngsters coming out with University Degrees it is not their parents alone but the entire population of the State that bears a portion of the cost. Hence there is nothing wrong in insisting upon them for service to the State for a year or two. There may not be any immediate saving by adopting this principle. But if this is viewed in the light of the Third Five Year Plan it could be seen that it has got immense possibilities. Government wish to start certain programmes based on this principle during the next year.

Before concluding my speech I wish to express my heartfelt gratitude to the tireless and patient service rendered by Sri. P. S. Padmanabhan, Finance Secretary, and the staff of the Finance Department in preparing the Budget and also to express my thanks to the Superintendent and workers of the Government Press who have toiled hard in printing it.

