

**BUDGET SPEECH FOR 1960-61****SHRI R. SANKAR***18th March, 1960*

Sir,

I deem it a great privilege to present to the House the Budget for 1960-61. It is a matter for gratification that in the recent elections, the electorate has given a clear and emphatic verdict reaffirming unequivocally its faith in democracy and the noble ideals enshrined in our Constitution. Now that conditions have returned to normal, let us direct our efforts towards building up a peaceful and prosperous Kerala. I hope that our differences in political ideologies and outlook will not obscure our common goal viz., the welfare of the State and the prosperity of the people and I would appeal to all the Hon'ble members to extend to the Government their hearty co-operation in our efforts to attain this goal.

2. The present Government assumed Office only on 22nd February 1960. Within the short time at our disposal, it has not been possible to make a comprehensive review of the finances of the State and lay down a programme of expenditure for the ensuing year which would fully reflect our policies and objectives. I therefore, propose to present to the House our preliminary programme of expenditure as embodied in the Budget laid before you. These proposals will be subjected to a more minute scrutiny later. The final picture which emerges out of such examination will be presented to the House at its next Session. Our Constitution, however, enjoins that no expenditure shall be incurred from 1st April onwards unless the Budget is voted and the Appropriation Act passed before that date. It has, therefore, become necessary for me to seek permission of the House to invoke the provision of Article 206 of the Constitution and to request the House to pass a Vote on Account for the first four months of the financial year 1960-61 to enable the Government to carry on the day-to-day administration of the State.

### A SHORT REVIEW OF THE BACKGROUND

3. Kerala is the smallest State in India; its area being only less than 15,000 sq. miles i.e., about 1.2 per cent of the total area of India. The present population of the State is computed at 156 lakhs. The density of population per sq. mile is, therefore, over a thousand, and if we take into account only the inhabited areas, the density is over 1,500 to the sq. mile. This State has perhaps the greatest density of population for any country in the world. One main feature of the population is that nearly 80 per cent of it is rural.

4. Our natural resources are, in a general sense, fairly large, but our mineral resources are small when compared to those of other States in India. We produce no coal, no iron and no mineral oils; but we have a very large number of rivers, which rise in the eastern mountains and flow rapidly to the Arabian sea, affording ample facilities for the production of electric power. If these are properly exploited it will more than compensate for the lack of mineral fuel. The availability of cheap power is a great incentive for the industrialisation of the State, which many experts consider is the only way to provide employment for the teeming millions. But, in the field of industry, we have made very little headway. The lack of mineral resources, particularly heavy metal ores, is considered to be a great handicap in this regard. But I should think that this cannot and should not stand in the way of rapid industrialisation of the State. Switzerland in Europe has very little of minerals but it is one of the most highly industrialised countries not only in Europe but in the whole world. We have cheap and intelligent labour. We have abundant power resources and we have a long coast line with ample harbour facilities, which make marine communication with the outside world easy. Our people are educated and will adapt themselves to a changing economy much more easily than the more conservative people elsewhere in India will do. But there is a great handicap in that our people are generally poor and capital formation is rather difficult in the State. While taking advantage of whatever possibilities exist in the State for capital formation and co-operative effort we have to look forward to the Central Government and enterprising industrialists outside this State to make investment in the industrial field. For this, one basic condition is the creation of a congenial climate of industrial peace. If the different sections of the people realise that the only way to improve the economic position of the people is to attract capital from outside, I think, the creation of this climate is not a difficult task. The starting of large-scale industries, however, is not likely to absorb a sufficiently large fraction of the very large number of the unemployed in

this State, both educated and uneducated. The amount to be invested in such industries is out of proportion to the employment potential they offer and in a State for which the greatest single problem is to find means for employment, along side big industries we have to plan and expand medium, small scale and cottage industries. This, however, is a long-term process and it is a matter of time to produce adequate results.

5. The intensification of agricultural production will also offer great opportunities of employment and that perhaps, in a comparatively lesser period. Our State has been chronically deficient in the production of rice, which is our staple food. Our present annual requirements of rice are roughly 16 lakhs tons. But we produce annually barely 9 lakh tons of rice in our State. The gap is filled up by importing between 7 to 8 lakh tons of rice costing roughly 40 crore of rupees every year. If we make ourselves self-sufficient in rice, this huge drain on our resources can be stopped and the money thus saved diverted for rapid industrialisation. Many people, however, think that it is not possible for us to become self-sufficient in the matter of food production. But I am of opinion that though the attainment of self-sufficiency is a rather difficult goal, with a determined effort, we can reach near self-sufficiency in the not distant future. If we examine the statistics of production of rice in the past few years, we will find that the yield per acre is steadily going up. It is today over 1000 lbs. per acre, whereas the average for the whole of India is just about three-fourth that quantity. Our average production also was about the Indian average only about 10 years ago. Our ryots have since taken to more modern methods of cultivation; they now use better implements for tilling; better seeds for sowing; larger quantities of manure, both organic and chemical and there are growing facilities for irrigation. But only a fraction of the land under paddy has shown this improvement in production. The bulk of the land still awaits intensified cultivation. If the State and the agriculturists in the State co-operate and make a determined drive, we will be able to produce 50 per cent more rice without enhancing the area of land under paddy. In my opinion, this can be achieved in the course of five years and during the Third Five Year Plan we should be able to achieve this objective.

6. Coconut is our most important money crop. Besides copra and oil, which form the basis for many industries, we produce coir from out of the husk of the coconut, which again is the basis of our biggest cottage industry and one of the biggest of the organised industries. India is deficient in coconuts and we are importing large quantities of copra and coconut oil from Ceylon. Kerala produces

the vast bulk of coconuts in India and there are great possibilities for increasing our production, so that we will be able to meet the entire demand for India. There is no plant which responds to manuring and irrigation so well, as coconut does; but very little attention is usually paid by our cultivators on increasing production from their coconut trees. This again is a field in which intense and conscious effort should be made to increase the crop. At present, coconut plantations are irrigated only in certain sandy areas like Shertallai, but it is worthwhile to irrigate the plantations in many other areas as well. Proper manuring is not done in most parts of the State. Organic and chemical manures are to be produced in larger quantities and applied to our coconut plantations. A system of State aid to the ryots in this regard is under contemplation.

7. Intensive cultivation of the wet lands and the dry lands in this State necessarily enhances the employment potential of agricultural labourers and to some extent even of the educated people. The additional labour required for intensive cultivation of not only paddy and coconut, but also of other crops, on the lines above indicated, will probably give employment to a larger number of people than industrial expansion is likely to do, and therefore, side by side with our efforts at introducing new industries and expanding existing ones, we should leave no stone unturned to see that agriculture is modernised and intensified.

8. I might make particular mention of another plantation also viz. rubber. It is well known that in the matter of production of rubber, Kerala has almost a monopoly. But still we are not able to meet the entire need of the rubber industry in India, which is steadily expanding and large quantities are still being imported every year. The present production of rubber in this State is over 30000 tons. It is expected that by the end of the Third Five Year Plan, raw-rubber requirements of India will rise to about 75,000 tons and if we plan in right earnest from now, we will be in a position to produce nearly as much rubber as India requires. The area under rubber at present is over two lakhs of acres. If a proper survey is conducted, it may be possible to find another three or four lakh acres of forest land suitable for rubber cultivation. This can be done without impairing the preservation of the minimum area of forests we should conserve for the benefit of the State. Planting and tending rubber in such a big area would give employment to very large numbers of people and, subsequently, also enhance our national wealth considerably. Government are earnestly considering the demarcation of proper land for rubber cultivation with a view to starting plantation activities without delay.

9. The fishing industry in Kerala is still largely primitive and though we land in our coast nearly  $\frac{1}{4}$  of the fish landed in all India, we have not exploited this very rich avenue to any considerable extent. We have over a lakh of active fishermen who are adepts in their arts, but who for want of modern facilities are not able to make a decent living by their labours. There is probably no section of the population of the State whose living conditions are worse than those of the fishermen, who live along the sea coast. If the State could come forward with suitable help and guidance the fishermen will be able to tap the rich marine resources in fishing to the great advantage of themselves and the State as a whole. Power driven boats and improved nets have to be supplied to them on easy terms. Deep-sea fishing has to be introduced and modern methods of curing and preserving fish have to be introduced. Adequate marketing facilities are also to be provided. If we do this in a big way, we shall, perhaps be able to increase production manifold, so that more of this rich food can be made available to the people of this State and those in neighbouring States. And it will certainly improve the lot of the unhappy fisherman.

10. We have to view the Budget Estimates of the State in this background, but I must say that the Government have not had the time to make a detailed study of the possibilities of development in the State and to produce a Budget which will reflect their ideas and programmes.

#### ECONOMIC SITUATION

11. Before entering into the details of the Budget, I wish to review in outline the economic trends in the last year viz. 1959. A detailed review of the Economic condition of the State has been embodied in a separate volume, copies of which have been supplied to the Members. I shall, therefore, make only a very brief review of the salient trends manifested in the current year.

12. The economic conditions during the year have been better than those of the preceding years in some respects and worse in some others.

13. Total production of rice during the current year has been above that of 1958-59 by 43000 tons. Despite continued trend in increased production, the price situation for rice suffered a grave deterioration during the year. The price level of rice has been above that of 1958 all through 1959 excepting towards the very close of the year. This is in contrast to the situation in the rest of India, where the price of rice has been on the whole lower this year than during 1958. Abnormal price conditions in rice started already in June, 1958, when instead of

the price curve turning downwards according to the seasonal pattern, continued to rise until December 1958. Price per bag reached Rs.48 at this time in most centres. Prices fell sharply in January and February, 1959, but even after the fall, the general level remained high; but another price rise started in March that lasted until July. Price per bag surpassed Rs.50 this time at most centres. Since August, the price curve has been falling. In November and December, the prices were lower than during the same months of 1958.

14. It appears strange at first sight that price of rice in Kerala should be higher during 1959 than 1958 when just the opposite is true of the rest of India, especially as the local production of rice has increased and the arrival of rice on Government account as well as on private account by trains has also been greater in 1959 by more than a lakh tons. It appears that the abnormal price situation might have resulted not so much from any short supply compared to the previous years but due to the higher prices at which rice purchased by dealers from the external wholesale markets supplying Kerala. Thus, it seems that prices during 1959 have been higher in some Andhra wholesale markets than in 1958, even though the average all India price has been lower in 1959 than in 1958. The price situation for rice has naturally affected the cost of living in the State. The Working Class cost of living index has risen in all centres in the State in 1959 and has done so more sharply than in 1958. This is once more in contrast with the situation in the rest of India when the cost of living has risen relatively less than during 1958. The rise in the cost of living in most urban centres in Kerala is higher than even in the most important cities of India. The prices of a few essential commodities other than rice have also shown an increasing tendency. The prices of number of minor food products, e.g., tamarind, coriander, chillies, etc., have gone up very much during the year. The price of "mundu" has also gone up slightly.

15. The cash crops on the whole have known a very good year. The prices for most crops have risen higher than even reached before during the last three or four years. This has been to a large extent caused by a fall in export caused by fall in production or other reasons.

16. Pepper prices have reached the highest level since 1954. The average monthly price was Rs.1,077 per candy in November and Rs.1,229 per candy in

December. It continued to rise as the new year turned. Prices up to Rs.1,900 per candy were recorded. During the last few weeks, prices have been round about Rs.1,600 per candy.

17. A very similar trend is followed by ginger prices. From about Rs. 200 per candy in December 1958, they rose above Rs.500 per candy in December 1959. They reached even points beyond Rs.800 in January. Ever since then they are above Rs.500 per candy.

18. Lemongrass oil also marked a sensational recovery. Prices rose from Rs.50 per dozen bottles in December 1958 to Rs.150 per dozen bottles in December 1959. The prices have fallen to below Rs.130 per dozen bottles since February.

19. Cardamom prices remained stable at Rs. 5 per lb. over the greater part of the year but rose abruptly towards the close of the year. The prevailing price in recent weeks is over Rs.10 per lb.

20. Production of South Indian Tea was lower in 1959 than in 1958, though the level of production of North Indian tea was higher. Kerala's own production has also been slightly lower. These prices however, have held their ground. At the Cochin wholesale market price were above Rs. 2.5 per lb. this year whereas they were below Rs. 2 per lb. last year.

21. Even though prices of coffee in the World Market are falling and even though releases of coffee during 1959 were higher than in 1958, both for export and for internal consumption, there was no price fall in coffee.

22. Prices of coconut and coconut products have been rising over the last few years but in 1959 the rise stopped; the prices fluctuated widely as usual, but round a stable level.

23. Prices of arecanut at the Kozhikode market showed a declining trend all through the year.

24. The quantity of export of coir yarn and coir products has been falling steadily over the last few years. The falling trend of price however was averted early in 1959, but that of the falling off of export has continued unchanged.

25. The production of cashew nuts in India must have gone up very much in 1959, for even though the import of raw nuts declined significantly, the amount of kernel exported marked a substantial rise. The increased export has been

possible despite higher prices of kernels ruling this year, thanks to the entry of a number of new buyers like Japan, Iran, Switzerland, etc., in the market. The average import price of raw nuts has on the other hand showed a slight decline. Thus, it may be concluded that cashew producers have known a good year.

26. It is unfortunately not possible to have any reliable information as to the expansion of the different sectors of the economy that has taken place in 1959. It is only known that up to September 1959, the total number of factories has gone up by only about 100. During the course of 1958, the increase was almost 500. It is too early to say whether this is a merely statistical phenomenon or whether there has been really less of industrial growth in 1959 than in 1958. A very large number of rice mills was opened in 1958, but almost an equal number closed down in 1959. The textile industry has, however, been continuously expanding and it has continued to do so during 1959. Five new cashew factories and seven new coir factories have been registered. Other industries that have been expanded remarkably are saw mills and tyre retreading.

27. It is also not possible to have any clear picture of changes in the unemployment situation. An analysis of Employment Exchange figures suggests that there have been more employment opportunities during 1959 than during 1958. It is, however, to be remembered that Employment Exchange figures give a very partial picture of the real position.

28. In fine, we may say that the year has been on the whole a good one for the section of the population deriving income from agriculture including plantations, but a rather hard one for the non-agricultural population who have had to put up with high cost of living. Even if there has been some improvement in the employment situation, that must have been of a very slight nature. Industries on the other hand do not seem to have known much of an expansion.

29. I shall now briefly indicate the results of the financial transactions of the Year 1958-59 before dealing with the Revised Estimates for the current year and the Budget Estimates for the coming year.

#### **ACCOUNTS FOR 1958-59**

30. At the time of presentation of the budget for 1958-59, the total revenue anticipated was Rs. 34.51 crore which included a sum of Rs.89 lakh being the additional grant expected from the Government of India towards the

enhancement of the emoluments of low-paid employees and the yield from the new measures of taxation announced in the Budget Speech. The Revised Estimate for the year amounted to Rs. 35.52 crore, but the actual collections came only to Rs. 35.22 crore. Thus there was a shortfall of about 1 per cent from the Revised Estimate. Under the principal heads of revenue there was actually an increase of Rs. 78 lakh which was more than offset by shortfalls under grants from the Government of India for Plan Schemes and under some other items.

The Budget Estimate of expenditure on revenue account for 1958-59 was Rs. 34.17 crore. The revised estimate, however, amounted to Rs. 35.81 crore thus showing an increase of Rs. 1.64 crore, mainly on account of the general revision of pay implemented from 1-4-1958, the revision of salaries of teachers and the implementation of the system of direct payment of salaries to the teachers of private schools. The actual expenditure came to Rs. 35.62 crore which was just Rs. 19 lakh less than the Revised Estimate.

Due to the variations explained above the year closed with a revenue deficit of Rs.40 lakhs as against the surplus of Rs.34 lakhs anticipated at the time of presentation of the budget.

#### **REVISED ESTIMATES FOR 1959-60**

31. The Revised Estimate of Revenue for the current year is expected to stand Rs. 39.53 crore, i.e. a crore of rupees over the Budget Estimate which was Rs. 38.53 crore including the yield of Rs. 6 lakh from the proposed levy of sales tax on toddy. The large variations between the Budget and Revised Estimates are briefly explained below:

Under share of Central Taxes, there is an increase of Rs.32 lakhs on the basis of the revised estimates received from the Government of India. Increased receipts are expected under State Excise Duties (Rs. 16 lakh), Taxes on Vehicles (Rs. 16 lakhs), Sales Tax (Rs. 94 lakh) and receipts from the Geological Department (Rs. 14 lakh). Credit has also been taken for an amount of Rs. 50 lakh towards arrears of Central assistance in respect of the Plan Schemes implemented during 1958-59. The above increases are offset by shortfalls under Land Revenue (Rs. 26 lakh), Irrigation, Navigation etc. (Rs. 6 lakh), Agriculture (Rs. 9 lakh), Industries and Supplies (Rs. 12 lakh) and Civil Works (Rs. 20 lakh). Against a net receipt of Rs.35 lakh originally estimated from the State Transport Undertaking, the Revised Estimate exhibits a net loss of Rs. 8 lakh.

32. The expenditure on Revenue Account is also expected to increase by Rs. 1.31 crore, i.e., from Rs. 39.25 crore to Rs. 40.56 crore. An increase of Rs. 62 lakh is anticipated under Interest on Debt and Other Obligations and Rs. 20 lakh under Interest on Irrigation Works (Commercial). Under Civil Administration, there is an increase of Rs. 38 lakh on account of the mid-term elections and other expenditure consequent on the political agitation. Again, there is an increase under Education to the extent of Rs. 65 lakh which is on account of the impact of the revision of pay of teachers and the introduction of direct payment of salary to Aided School Teachers. Additional sums of Rs. 8 lakh each have been provided under Superannuation Allowances and Pensions and Stationery and Printing. Schemes of Welfare of Harijans and Other Backward Classes have taken up additional allotments to the extent of Rs. 14 lakh. But shortfalls in expenditure are anticipated under Forest (Rs. 7 lakh), Medical (Rs. 32 lakh), Agriculture (Rs. 10 lakh), Industries (Rs. 10 lakh) and Community Development Projects and National Extension Service (Rs. 19 lakh).

33. It is expected that the current year would close with a revenue deficit of Rs.103 lakhs against the deficit of Rs. 72 lakh estimated in the budget (taking into account the yield from the levy of sales tax on toddy as announced in the then Finance Minister's Budget Speech). The Revised Estimate of Capital Expenditure outside the Revenue Account is Rs. 877 lakh as against Rs. 828 lakh budgeted for. Investment of a sum of Rs. 25 lakh in the Premier Tyres Ltd., has been included in the Revised Estimate. The receipts by way of sale of shares held in commercial concerns has indirectly led to the increase in the net expenditure under Capital. There are, however, shortfalls under Capital Outlay on Forests (Rs. 10 lakh), Irrigation Schemes (Rs. 8 lakh) and Capital Outlay on Other Works outside the Revenue Account (Rs. 6 lakh). Taking into account the transactions under the Debt heads the closing cash balance of the current year will be Rs. 105 lakh, as against the original estimate of Rs. 31 lakh.

### **BUDGET ESTIMATE FOR 1960-61**

#### **Revenue**

34. The total Revenue of this State for the year 1960-61 is estimated at Rs.42.95 crores, which shows an excess of Rs. 3.42 crore over the Revised Estimate for the current year. The main increase is under Sales Tax, the estimated revenue under the head for 1960-61 being Rs. 8 crore as against the revised

estimate of Rs. 7 crore for the current year, thus showing an increase of Rs.1 crore. There is also an increase of Rs. 25 lakh under State Excise Duties; Rs. 10 lakh under Stamps due to the unification of the rates of stamp duty in the Travancore-Cochin and Malabar areas; Rs. 20 lakh under Forest; and Rs. 9 lakh under Taxes on Vehicles. The State's share of Union taxes for 1960-61 is estimated at Rs. 4.74 crore against the Revised Estimate of Rs. 5.74 crore for the current year. The fall is due to the change in the method of taxation of companies made by the Union Government. As the change was implemented during the course of the current year, the loss to the State on this account is much larger in 1960-61 than in 1959-60. The Government of India have, however, agreed to compensate the loss sustained by the State Government, by grants under Article 282 of the Constitution, which will be credited to the head of account "XLIX—Grants-in-aid from Central Government". The Revised Estimate for 1959-60 of the grant mentioned above is Rs. 13 lakh and the Budget Estimate for 1960-61 Rs. 115 lakh. Taking these also into account the State's share of Union taxes for 1960-61 will be Rs. 5.89 crore as against Rs. 5.87 crore for the current financial year.

The Central grant-in-aid under Article 275(1) of the Constitution as awarded by the Finance Commission is Rs. 1.75 crore per annum. Besides this credit has also been taken in the budget for 1960-61 for Central grants to the extent of Rs. 7.96 crore, of which a sum of Rs. 5.63 crore is for Plan Schemes.

### **Tax Revenue**

35. The estimate of revenue is based on the existing level of taxation. In recent years, several measures of taxation have been introduced in this State. In spite of this the revenue has not kept pace with the growth of expenditure on revenue account. The most important factor contributing to the state of affairs is the strain on the revenues of the Government brought about by the Second Five Year Plan. The re-organisation of the State and the consequent apportionment of the public debt of Madras among its successor States, and the increase in the emoluments of Government Servants have also largely contributed to the difficult financial position of the State.

36. On an examination of our sources of revenue, it will be found that the existing sources, except perhaps sales tax and agricultural income tax, are inelastic. A major portion of our revenue from agricultural income tax is obtained from the tea estates. The price of tea is dependent on the world market. Due to

increase in wages and expenditure on ameliorative measures, the income of the tea estates is decreasing and we should expect a fall in the revenue from this source. As a result of the land policy, there is a tendency for the division of agricultural holdings which results in reduction of agricultural income tax. Thus, on the whole, we do not have much scope for any increase in revenue under this head.

37. Sales tax is now the largest single item of State revenue. The revenue under this head has been steadily going up. While in 1958-59 the actual revenue was Rs. 616.70 lakh, the Budget Estimate for 1960-61 is Rs. 800.00 lakh. The buoyancy of the revenue from sales tax is partly due to the expansion in the volume of money under circulation and the consequent larger turnover of business and partly due to the tightening of the measures of assessment and collection.

38. Excise is another important item of revenue. During the last two years the Department was suffering a loss of revenue arising out of the award of negotiated contracts to the Toddy Tappers' Co-operatives. On a detailed examination of the question of giving the right to vend toddy in these shops to Tappers' Co-operative Societies without auction during 1960-61, Government have reached the conclusion that the system of settling toddy shops with Co-operatives on negotiated basis has failed. The primary justification for the measure which entails a large loss of revenue would be improvement of the lot of tappers. This has not been achieved. The working of the Co-operatives has been unsatisfactory in many respects. The system of settling toddy shops by negotiated contracts has, therefore, been given up. However, Government are anxious that some tangible benefits should accrue to the tappers, whether they are working for Co-operatives or for private contractors. The Government have accordingly decided to give some special concessions to well managed Co-operative Societies bidding toddy shops. Further, the payment of Minimum Wages to tappers including preparation charges, cost of accessories, transport charges, tree pattom and tree tax, bonus at prevailing rate and remuneration at double the ordinary rate on "Independence Day", "Republic Day" and "Onam Day" and grant of leave with wages subject to a minimum of 5 days have been made obligatory. The provisions of the Workmen's Compensation Act have also been made applicable to cases of accidents suffered by tappers.

### **Non-Tax Revenue**

39. As the field of State taxation is limited, it will be wise for the State to develop its non-tax revenues to the maximum extent.

40. Forests constitute one of our most important assets and bring in a substantial revenue to the State exchequer. The actual revenue realised from Forests in 1958-59 was Rs. 311.65 lakh. The Budget Estimate for 1959-60 is Rs. 323 lakh and it is expected that our forest revenue will rise to Rs. 345 lakh in 1960-61. Government are aware that it will be unwise to denude the forests by intensive exploitation. Steps are accordingly being taken for the re-forestation of available areas. There are vast grassy areas in the High Ranges. Attempts are being made for the afforestation of these areas with Eucalyptus and Wattle. Regeneration and opening of softwood plantations are also going on. During the Plan Period, 5520 acres have been re-generated with softwood and another 3700 acres are proposed to be planted during the year. There is a proposal for the opening of a Phyto-Chemical Factory in the State. A team of Russian Experts has visited the State for studying the possibilities of establishing the Factory in the State. If this proposal matures, as it is expected it would, the Forest Department will plant 600 acres per annum with some varieties of medicinal plants. The Department also proposes to start industrial processing of camphor from the plants cultivated in the forest areas.

41. The forest revenue is not derived entirely from timber. Recently, the Department has turned its attention to the cultivation of cashew in suitable forest lands. It is expected that the Forest Department will extend its cashew cultivation to another 1000 acres in the coming year. When the private forests are acquired and placed at the disposal of the Department an additional 10000 acres can also be planted with cashew. It is expected that cashew cultivation will gradually become an important source of revenue to the State.

42. Government also propose to expand the area under rubber cultivation on lands excluded from reserve forests. It is hoped that in course of time, this will yield substantial revenue.

43. The State Transport is another item of non-tax revenue. If late, it is observed that the net revenue from this source has a tendency to fall. Thus, the Revised Estimate for 1959-60 shows a loss of Rs. 7.66 lakh. This loss is partly due to the increase in the price of diesel oil and partly due to the increase in the salaries of the staff. It is rather disquieting that instead of bringing in a net revenue, the Department is heading towards a loss. This loss can be averted only by increasing the number of schedules run by the Department and thereby reducing

the over-heads and also by progressively nationalising the transport industry. A provision of Rs. 28 lakh is made in the next year's budget for increasing the number of schedules on existing routes and for extending the service to new routes. As a result of these measures, it is expected that the Department will show a net profit of Rs. 20.13 lakh in the coming year.

### **Expenditure**

44. Let me now turn to the expenditure side. The estimated expenditure on revenue account for the year 1960-61 is Rs. 44.94 crore. This would result in a deficit of Rs. 1.99 crore in the Budget Estimates for 1960-61.

The estimated expenditure on capital account for 1960-61 is Rs. 9.06 crore as compared to Rs. 8.77 crore in the Revised Estimate for 1959-60, thus showing an increase of Rs. 0.29 crore.

### **THE FIVE YEAR PLAN**

45. Before giving an account of the provisions made in the budget of the several Departments, I propose to make a brief review of the salient features of our activities under the Five Year Plan.

### **SECOND FIVE YEAR PLAN**

46. The year 1960-61 is the final year of the Second Five Year Plan. It will not, therefore, be out of place to give the House an idea of our actual performance as compared to the financial target set before us. The total outlay contemplated in the Second Five Year Plan of Kerala is Rs. 87 crore. Including the outlay on the schemes, which are sponsored by the Centre, the Plan Ceiling for the five year period 1956-61 is Rs. 94 crore. Against this, the expenditure incurred till the end of 1958-59 amounted to Rs. 45.51 crore. The provision in the current year's Budget for the Plan Schemes aggregates Rs. 22.02 crore, out of which the actual expenditure till the end of January, 1960 is reckoned to be Rs.12.24 crore. It is common knowledge that the flow of expenditure gets accelerated during the last quarter of every financial year as a result of the best working season we have then in this State and the momentum usually gained in the working of the administrative machinery. Hence the apparent lack of progress of Plan Schemes noticed during the first half of the current year is likely to be made up and it is anticipated that the entire amount provided in the Budget for the Plan Schemes will be expended. For the next financial year, the total Plan Outlay provided for is Rs. 26.71 crore. I shall give the details of the Schemes provided under the Plan later while dealing with the departments concerned.

During the course of the implementation of the Plan in Kerala, we have had to face many difficulties. The dislocation caused by the State's Re-organisation, the shortage of iron and steel and scarcity of foreign exchange are some of the obstacles which have stood in the way of the progress of the Plan. Considering the immensity of these problems in relation to the extent of our achievements, there is no reason to be pessimistic about the State's potentialities for Planned Development. On the other hand, I feel that with the experience gained in the implementation of the Second Five Year Plan, we may proceed with the formulation of a more ambitious Plan of development for the next quinquennium.

Already we have made some progress in drawing up proposals relating to the development schemes for the Third Five Year Plan. The Working Groups of officers constituted for the purpose have submitted their reports on the Schemes to be included in the Third Five Year Plan. Government now intend associating with advantage competent non-officials in the formulation of the schemes to be included in the Third Plan, and accordingly non-official Working Groups are proposed to be constituted for the purpose. Taking also into consideration the recommendations of these Non-official Working Groups, the Draft of the Third Five Year Plan for the State will soon be compiled, which will have to be processed again in consultation with the Planning Commission before it becomes a part of the Third Five Year Plan of the country. We propose to do everything possible to secure for the State her due share of the All India Plan Outlay in recognition of the special economic problems confronting the State, which are very well known to the House.

47. I shall now touch on the salient features of the activities of the several Departments contemplated in the Budget for 1960-61.

### **Food Supply**

48. I have already referred to the large deficit in the local production of rice. This deficit is made up by import to the extent possible. The entire quantity imported on Government account is utilised for distribution through fair price shops to persons in the low income group. The rate of issue in 1959 was generally one Edangali per cardholder per week; but during the lean months (June to September), the quantum was doubled. Besides, special issues were also made during the Onam week. The scheme of price stabilisation is being continued.

The consumer's price of rice issued from fair price shops ranges from 53 n.p. to 59 n.p. per Edangali, according to the distance of the locality from the Government Depot. In the coastal areas where Government depots function, e.g., Trivandrum City, the price is 53 n.p. per Edangali, while in the distant hilly areas like Peermade Taluk, it is 59 n.p. In other areas in the interior, the price is 56 n.p. on an average. It is considered necessary not only to effect a reduction in the existing consumer's price but also to bring about uniformity in the consumer's price throughout the State. The price of rice issued to the consumer from fair price shops is proposed to be reduced to 50 n.p. per Edangali throughout the State.

It is also essential to increase the quantum of rice issued to persons in the low income group. The Government of India have agreed to give 130000 tons rice to the State for the year 1960. This quantity will hardly suffice for issue even at the rate of one Edangali per cardholder per week. Increased supplies are necessary. Representations will be made to the Government of India to enhance this quota to enable increased supply of rice through fair price shops. For next year, we have made necessary provision for the distribution of a quantity of 180000 tons of rice, through the fair price shops, at a uniform rate of 50 n.p. per Edangali. The total loss to the exchequer on this account is estimated at Rs. 107.56 lakh. This far exceeds the loss borne by the Government on this account in recent years. Thus, the amount spent on this account in 1957-58, 1958-59 and 1959-60 is Rs. 22.83 lakh, Rs. 58.21 lakh and Rs. 29.36 lakh (Revised Estimate) respectively. In taking the decision to shoulder this heavy burden, the Government were guided by the firm conviction that the welfare of the poorer sections of the community is the first charge on our resources.

### **Food Production**

49. I have just mentioned that a substantial amount has been provided in the next year's budget for food subsidy. This is, no doubt, a great strain on our resources. It is only out of our solicitude for the welfare of the poorer sections of the community that we have made this substantial provision. Our food deficit is large and if we commit ourselves to a policy of subsidising food, the burden might in future become unbearable. It would, therefore, be prudent to set before ourselves the task of stepping up our food production substantially within the course of the next few years.

It is not possible to increase the area under rice cultivation in the State to any large extent. Almost the whole of the land fit for cultivation has already been brought under the plough. Out of the land available for cultivation, a good portion is under cash crops. We cannot encroach upon these areas for rice cultivation because that would impair the prosperity of the State. There is also the fact that the area under cash crops is generally unfit for rice cultivation. The only possibility, therefore, is to resort to intensive cultivation.

The per acre production of rice in the State can be stepped up by providing irrigation facilities in a larger measure and supplying manures in larger quantities.

Government are determined to provide these facilities to the maximum extent possible.

### **Irrigation**

50. Accordingly, they propose to give top priority to the improvement of irrigation facilities. During the First and Second Five Year Plans, sixteen major schemes have been started in this State. Of these four projects (Peechi, Vazhani, Chalakudy I Stage and Thottappally Spillway) have been completed and benefits realised and the others are in various stages of progress. Benefits have started flowing from five of the schemes in progress (Malampuzha, Walayar, Mangalam, Chalakudy II Stage and Neyyar I Stage) and all the projects in progress are scheduled for completion early in the Third Plan. Along with the execution of the above schemes, investigations for further ones proposed for the Third Plan are also in progress. The important schemes proposed for the Third Plan under Major Irrigation include Valapattanam, Pamba, Kuttiadi and Kallada Schemes. There is no doubt that when all the lands within the command of these major irrigation projects begin to receive the water supply the production of rice will increase to a large extent.

Major irrigation projects alone will not be able to cater to the needs of all the paddy lands in the State. There are isolated areas here and there which will not be benefited by these major projects. These form a considerable portion of the lands under paddy cultivation in the State. For providing irrigation facilities to these lands, it is necessary to commission medium, minor and lift irrigation

projects. In fact, Government propose to attach special importance to this programme. For the next year, a provision of Rs. 90 lakh has been made for the execution of these works. This provision is in addition to the provision made in N.E.S. Blocks for increasing irrigation facilities.

### **Manuring**

51. Irrigation facilities alone will not achieve our end. Intensive manuring is a necessary complement. Compost has proved to be a cheap and efficacious manure. Compost production will, therefore, be encouraged by the Government. A provision of Rs. 1.58 lakh has been made in the Budget for the production of compost. The Municipalities and Panchayats will also be encouraged to produce compost manure. A provision of Rs. 1.37 lakh has been made in the budget for the grant of loans to the local bodies for the production of compost.

The application of chemical fertilisers like super phosphate, ammonium sulphate and urea will also be encouraged. The supply of phosphatic fertilisers will be subsidized by the Government. A provision of Rs. 4.98 lakh has been included in the budget for payment of subsidy.

### **Improved Cultivation**

52. The production of rice can also be stepped up by the use of improved seeds. Some varieties of improved seeds have been evolved by research in our departmental farms. The nucleus seed so produced is multiplied in departmental seed farms and supplied to registered growers. The seed produced by registered growers is purchased back by the Department and sold to cultivators. Provision has also been made in the Budget for the introduction and popularisation of improved agricultural implements. The Agriculture Department will also render assistance to the agriculturists in controlling plant pests and diseases.

53. The Agriculture Department has been carrying on research activities; but it is doubtful whether the propaganda carried on by the extension units has been sufficiently effective. Government consider that greater emphasis should be placed on actual demonstration of improved methods and are accordingly drawing up a new scheme in this behalf. This scheme envisages the cultivation of one acre

of private land in each Panchayat under the advice and supervision of the Agriculture Department. The land owner will cultivate the remaining portion of his land. The yield obtained will provide a basis for comparing the efficiency of the methods adopted by the two agencies. The ryot will be compensated for the loss, if any, arising from the cultivation done under the guidance of the Agriculture Department. It is hoped that this scheme will provide an opportunity to the Department to demonstrate the best methods of cultivation to all the ryots in the whole Panchayat area. The details of this scheme are being worked out and a token provision has been made for it in the Budget.

### **Fishery**

54. Fish is a valuable supplementary food for our people. We have a coast line of about 360 miles. With our long coast line there is unlimited scope for increasing the quantity of fish available both for internal consumption and export. It is also possible to rear fish in our inland reservoirs and tanks. The Fishery Department has a varied programme both for increasing the supply of fish and also for the amelioration of the socio-economic condition of the fishermen. The Budget makes a total provision of Rs. 51.15 lakh for the activities of the Fisheries Department.

### **Animal Husbandry**

55. The prosperity of the farmer depends, to a very large extent, on the cattle wealth of the country. The Animal Husbandry Department is making a concerted effort for the improvement of the quality of our cattle and also for the treatment and prevention of diseases. It is well known that the per capita consumption of milk in this State is deplorably low when compared to foreign countries and even other parts of India. It is hoped that by the scientific breeding and grading up of local cows with Sindhi and Kangayam bulls, and buffaloes with Murrah, and by enforcing artificial insemination, the supply of milk will be augmented in course of time. Poultry and poultry products form an important article of food. The department is attempting to improve the breed of the local poultry and encourage the public to take greater interest in the rearing of good varieties of poultry.

### **Power**

56. The power now generated is insufficient to meet our domestic needs as well as the needs of the industrial and agricultural consumers. The Capital budget for Electricity undertakings for 1959-60 was Rs. 400 lakh. The budget

provision was found inadequate to cope with the tempo of work and the provision has therefore been enhanced to Rs. 490 lakh, by sanctioning necessary Supplementary Grant.

The Plan schemes budgeted for are making steady progress. The erection of the 4th Generating Unit in Poringalkuthu Left Bank Scheme has been completed. The machine was tested in February 1960 and it is now in commercial operation. The Neriamangalam Project is nearing completion and is expected to be commissioned in the latter half of 1960. The tempo of work in Panniar has been intensified. Although the execution of the Sholayar and Pamba Schemes received a setback on account of the inter-State dispute and delay in clearance from the Government of India the works on these schemes are being pushed up. Orders for the purchase of the major items of plant and equipment for these Projects are being placed and there will be accelerated progress hereafter.

For the year 1960-61, the capital budget of the Board is of the order of Rs. 580 lakh. The main items included are Neriamangalam, Poringalkuthu, Pallivasal and Sengulam Spillover from First Five Year Plan, Panniar, Sholayar, Pamba, Investigation of river valley projects, Transmission, Distribution including Rural Electrification, Preliminary works of the Third Five Year Plan and Nationalisation of Electrical Undertakings.

For meeting the capital expenditure of Rs. 580 lakh required for 1960-61 the Government propose to grant a loan of Rs. 300 lakh to the Electricity Board. The balance will be made up by the Board from its own resources supplemented by the Board's own open market borrowings.

The period of one of the licensees in the State is expiring by December 1960 and in furtherance of the policy of nationalisation this licensee has been given notice of the Board's intention to take over the system on the expiry of the licence. The provision of Rs. 20 lakh made in the capital budget for nationalisation is mainly to meet the expenditure on this account.

### **Public Works**

57. I have already made mention of the Minor Irrigation Works proposed to be undertaken by the Public Works Department in the coming year. Now I turn to the activities of the Department in the field of construction of roads, bridges and buildings.

58. (i) *Roads and buildings.*—In the matter of roads and bridges Kerala as a whole is ahead of the other States in India. This position has in a way served as a bar in obtaining from the Planning Commission adequate Plan allocation under 'Communications'. For 1960-61 the Planning Commission has sanctioned a total amount of Rs. 100.00 lakh.

The following are the provisions included in the budget, for roads and bridges (both Plan and Non-Plan).

Roads and bridges now under construction (including village roads) — Rs. 156.25 lakh.

New roads and bridges (including village roads)—Rs.38.17 lakhs

Of the above provision, Rs. 57.89 lakh pertain to Road Works fully financed from Central Road Fund, Rs. 21.66 lakh to State Roads of Economic or inter-State Importance (a major portion of which is financed by the Government of India) and Rs. 30 lakh to West Coast Roads (fully financed by the Centre).

59. (2) *Buildings.*—In the budget for 1960-61 there is a provision of Rs.131.85 lakh for works in progress and Rs. 41.51 lakh for new works. Some of the important schemes for which provision is included are:—

	<i>(Rs. in lakhs)</i>
Construction of quarters for Government Servants ..	5.00
Improvements to Hospitals ..	10.91
T.B. Hospitals and Clinics ..	8.16
Leprosy Hospitals and Clinics ..	1.82
Medical Colleges and Ayurveda College ..	20.43
Engineering Colleges ..	15.29
Junior Technical Schools and Polytechnics ..	16.41

### **Industries**

60. The problem of the educated unemployed is one which has been giving constant head-ache to all the Governments of the State. The yearly out-turn of educated persons is far in excess of the few employment opportunities that are available with the result that year after year this problem becomes

more and more acute. Rapid industrialisation of the State, it is thought, is essential for the permanent solution for this problem. Unfortunately, during the past few years no new major industry had been established in our State. The present Government propose to pursue a definite policy of assisting the private sector to organise new industries in this State by giving them all facilities including participation in the share capital of the industries. One major industry, viz., the Premier Tyres (P) Ltd. which has already been registered in the private sector, with the share participation of the Government, is making very good progress. A provision of Rs. 25 lakh has been made in the next year's budget for further investment in that concern. Similarly, a private company or the manufacture of cables has also been registered and the State Government propose to take shares amounting to Rs. 10 lakh in that concern. Electric lamp industry is proposed to be started in the Private Sector and Government propose to encourage the move. The Government have made a provision of Rs. 2 lakh in this regard. Further with due regard to the above policy of the Government a provision of Rs. 15 lakh has been made, for share participation in new large and small industries to be started in the private sector. Preliminary steps are also under way for organising a Sugar Factory in the Co-operative Sector. The Co-operative Spinning Mill, Cannanore will be commissioned next year. For completing the works according to schedule, a provision of Rs. 2 lakh has been made in the Budget.

61. The fire accident in the Sitaram Spinning Mills, a few months back was a major disaster, which had thrown out of employment over 2000 labourers. The State Government are taking active steps to re-establish a spinning mill at Trichur. It is hoped that the new mill will be established soon and give employment to a large number of persons.

62. As regards the industries in the Public Sector, I am constrained to admit that all of them are not at present working on commercially sound lines. The Government propose to reorganise all the Government Industrial concerns so that they may be able to make a substantial contribution to the State revenues. The Cycle Rim Factory has already gone into production. The expansion programme of the Travancore Rubber Factory will also make steady progress next year. The Cotton Spinning Mill at Trivandrum is expected to be commissioned during the next year, which will give employment to a large number of persons. Provision for this purpose has also been included in the Budget. This Government are now engaged in the study of the possibilities of starting more industries in the Public Sector.

63. The development of major industries by itself cannot solve the acute unemployment problem prevalent in this State. There is ample scope for the development of small scale industries, especially as we have no scarcity of raw materials and skilled labour. The construction of the Industrial Estates in the various parts of the State was with the specific object of developing small scale industries, but so far the facilities provided in such Estates have not been fully utilised. Organisation of small scale industries on co-operative basis will be vigorously pursued by this Government by giving such Industrial Co-operative assistance by way of loan and technical personnel. I hope that before long our Industrial Estates will set an example of organised industrial development of particular areas.

64. The assistance available from the Cess Fund for the Development of Handloom Industry will be fully utilised by this Government for ameliorating the condition of the handloom weavers in this State. Government propose to bring all handloom weavers within the co-operative fold and they will be given all assistance for improving the quality of the handloom products and for marketing the finished products.

65. Due to lack of encouragement the latent talents of the artisans in our villages have not found full expression in productive activity. This Government propose to organise them also on co-operative lines and give them raw materials, tools and marketing facilities, so that they will have continuous work and improved standard of living. Marketing facilities for the display and quick disposal of the small scale and handicrafts products will be improved. As the Members are aware, there is a statutory body viz., the Kerala Khadi & Village Industries Board in this State for the organisation and development of the Khadi & Village Industries. The Board gets assistance direct from the Central Khadi Commission for implementing the various schemes in the State. The State Government also give the Board grants to cover the administrative expenses. The next year's provision in this regard is Rs. 4.24 lakh.

66. The Coir Development Schemes formulated in the Second Five Year Plan aim at the improvement of the living conditions of the labourers engaged in that industry by giving them regular employment, regular supply of the required raw materials and ensuring a better market for their products through the Co-operatives organised by and for them. Though large amounts have been spent during the past years under the above scheme, it is doubtful whether the desired objects have

been achieved. An enquiry into the working of the existing Coir Co-operative Societies is already under way. The defects in the working of the existing Coir Co-operative Societies will be rectified and they will be reorganised so as to achieve the desired objects. Specific provision for the Coir Development programmes has been made in the next year's Budget.

### **Education**

67. The expenditure on Education is more than one third of the total expenditure on Revenue Account. The budget for 1960-61 provides for an additional amount of Rs.163 lakh under '37 Education' over the current year's Budget Estimate. This increase has been necessitated by the cumulative effect of the revision of pay of teachers, the direct payment of salary to aided school teachers and the taking over of the schools of the Malabar District Board by Government. In spite of the fact that the rate of the normal increase in expenditure under the existing activities does not give scope for taking up new activities or even enlarging the existing ones, we have provided larger amounts for Professional Colleges, Special Schools and Technical Schools, considering their special importance and value to our State.

The per capita expenditure on education (excluding the expenditure on Medical, Agricultural, Veterinary and other Colleges and institutions provided under other major heads) on the basis of the Budget Estimates for 1960-61 will be Rs.10.11. The very large expenditure incurred on education has paid its dividends. It is widely recognised that Kerala takes the pride of place in the matter of literacy and education. As our Prime Minister has more than once emphasized, it is the quality of the human material – the man and his mental equipments – that counts for the progress and prosperity of a nation. On the children of today depends our future; and the shape of things to come is dependent on their proper upbringing and education and I need not stress that it is suicidal to neglect the field of education.

68. At present sufficient facilities are not available for the education of children of pre-primary age group. There are only a few nursery schools, some of them run by philanthropic associations depending on the subscriptions raised from the public. They are languishing for want of proper encouragement. Recognising the fact that an ideal system of education should start with 'Pre-School Education' the Government propose to encourage Nursery Schools and accordingly in the budget for 1960-61 larger provision is made for aid to Nursery Schools.

As a further step in the implementation of the Directive Principles embodied in the Constitution regarding free and compulsory education for all children upto the age of 14 years, it is proposed to extend the policy of the total remission of fees to Standard VIII also, as already announced by the Governor.

69. Recognising the growing importance of Hindi in the national sphere, provision has been made for the establishment of a Hindi Teachers' Training College. Provision has also been made for the expansion of the National Cadet Corps and Auxiliary Cadet Corps and thereby improve the facilities for the physical training of our students. In view of the present day importance of aviation it has been decided to open an Air Wing of the National Cadet Corps and thus instill in the younger generation an abiding interest and enthusiasm in aviation.

70. In a State like ours where the vast majority of the school children come from poor families, noon-feeding in schools is of vital necessity. The scheme of noon-feeding which is in force now was introduced at first in the compulsory Primary Education area of Travancore and the whole of Cochin area and later on extended to the Alleppey and Kozhikode Districts. The period of feeding in some areas was restricted to 4½ months and the Government meet 80 per cent of the cost, the balance being contributed by the local public. There are also restrictions in the selection of pupils. It is felt that the scheme on the whole is not working satisfactorily and is in need of urgent re-orientation. Recognising the vital importance of this service, a larger provision has been made in the next year's budget than before; but that is not enough. Our aim is to make noon-feeding universal. It is therefore proposed to raise a separate fund for this purpose. Details of a scheme are being worked out and will be announced later. I hope that the enlightened public of our State will encourage such a step by generous contributions to the fund.

71. I may also point out that the needs of certain localities where there are not adequate facilities for education at the primary and secondary stages, have also been kept in mind while framing the Budget Estimates for 1960-61. Though this problem can be solved to some extent by a reallocation of the existing facilities between the various localities, the Government do not propose to wait till that is done. On the other hand the policy of opening schools in places where they are absolutely necessary will be followed consistent with the financial resources of the State.

72. I now turn to another important aspect of education. In a State where the problem of unemployment and under-employment is acute, the importance of technical education and training of craftsmen cannot be over-emphasized. I have already mentioned at the outset that larger allotments have been made for technical education. It is proposed to start a new Engineering College at Palghat next year and a provision of Rs. 3 lakh has been made for this purpose. A sum of Rs. 18 lakh has been made for Junior Technical Schools. Provision has also been made for starting a new Polytechnic at Kottayam. Thus every effort is being made to give a technical bias to education and thus to train up our young men and enable them to become useful and effective partners in the big scheme of reconstruction that is taking place in India today.

73. Collegiate Education also has been given due importance. Amounts have been earmarked for the introduction of new syllabus for the M.Sc. course in the University College, Trivandrum, for the conduct of post-graduate courses in the Government Victoria College, Palghat and the Government Brennen College, Tellicherry and for the starting of M.L. course in the Law College, Ernakulam. Government are giving a grant to the Kerala University and an amount of Rs.17 lakh has been provided for that purpose in the next year's Budget Estimate. Of this amount, Rs. 5 lakh are intended to meet the additional cost on account of the revision of salary of the teaching staff of the private colleges.

74. Before leaving the subject of Education I should draw the attention of the Hon'ble Members to another aspect of the results achieved in the field of education. Every year, we are producing tens of thousands of School Leaving Certificate holders and thousands of ordinary graduates. Very few of them get any employment opportunities and they go only to swell the already formidable army of discontented educated unemployed. And this we do by expending over a third of the State revenues, with the result that very little of the revenues is available for other important development activities. The burden on the State consequent on its obligation to maintain the educational institutions has somehow to be lightened if we should be in a position to apply our resources in an ample measure to the betterment of the economic condition of the people. Government are now considering how this can be done without in any way impairing the facilities for education now being provided.

**Medical Relief and Public Health***Medical*

75. During the course of the First and Second Five Year Plans, the State has made rapid strides in the provision of medical facilities. The starting of Medical Colleges at Trivandrum and Kozhikode with the attached hospital facilities is a major achievement. The medical facilities available in the District Hospitals and Dispensaries all over the State have been improved. Several new hospitals and dispensaries have been opened. In spite of these, there are complaints that the medical facilities provided are not adequate. With the limited resources at our disposal, it will not be possible to satisfy fully all the needs of the public. However, Government are convinced that the public will not be able to reap the full benefits of the existing medical facilities unless adequate medicines and equipments are supplied to the hospitals and dispensaries. A provision of Rs. 50.55 lakh has been made in the next year's Budget for the supply of medicines and equipment which is far in excess of the provisions made in recent years. Provision has also been made in the next year's budget for the supply of X-ray Diagnostic Unit for the District Hospital at Cannanore. The Budget also contains provision for the opening of additional dispensaries at several places under the Employees' State Insurance Scheme. Funds have also been provided for the purchase of Ambulance Vans for some of the District Hospitals, for providing additional amenities in some of the T.B. and Leprosy Hospitals and for the installation of Cobalt-60 Therapy Unit in the Medical College, Trivandrum. Additional staff will also be appointed in the various medical institutions. The Ayurvedic and Homoeopathic systems of treatment will also receive due encouragement. A provision of Rs.1.52 lakh has been made in the next year's Budget for the starting of a Homoeopathic Hospital attached to the Athurashram Homoeo College.

*Public Health*

76. The State is almost free from the dreadful diseases, plague and cholera. But small-pox has not been fully conquered. The Government of India have proposed to launch with the least possible delay, a Small-pox Eradication Programme with the objective of successfully vaccinating the entire population within a period of three years. To achieve this objective, the Central Government have decided that Pilot Projects may be started in one District of each State in India during 1960-61 as part of the proposed intensive vaccination programme

during the Third Five Year Plan. This scheme will be gradually extended to other Districts as well. The entire expenditure on this account is to be met by the Central Government. The Pilot Projects are to commence on the 1<sup>st</sup> April, 1960 throughout India. For Kerala a sum of Rs. 2 lakh has been allotted for this purpose. In consultation with the Centre, we have chosen Kozhikode District for starting this intensive campaign of small-pox eradication in the first instance, because that District stands foremost in the incidence of small-pox in Kerala. The State Government need only co-operate with the Central Government and get the work done through the staff appointed by us under proper supervision.

77. The scourge of malaria is still continuing. A determined fight against this disease is going on and larger provision has been made in the Budget for the coming year for the control of the disease. While actual expenditure on malaria control in 1958-59 was only Rs. 11.65 lakh and the Budget provision for the current year was Rs. 25.30 lakh, the provision for the coming year has reached the record figure of Rs. 49.57 lakh. It is hoped that before long, we will be able to eradicate this disease from our State completely. Another disease against which the Public Health Department is fighting is filaria. A provision of Rs. 19.56 lakh has been made in the next year's budget for filaria control measures. The provision made in the current year's Budget for the activities of the Public Health Department under the Second Five Year Plan is Rs. 83.46 lakh. Against this, a provision of Rs. 107.18 lakh has been made in the Budget for the coming year.

#### *Public Health Engineering*

78. Water supply in urban as well as rural areas is an important item of work of the Public Health Engineering Department. The need for the supply of protected water has become all the more imperative in view of the growing population, especially in the urban areas of the State. Schemes for the supply of water to the major towns of the State are already under way. Water supply systems to benefit the towns of Kottayam, Trichur, Ernakulam, Palghat and Ottappalam, included in the Second Five Year Plan are nearing completion. The investigation of the water supply schemes in the Malabar area covering the towns of Cannanore, Tellicherry, Shoranur, Perinthalmanna, Manjeri, etc., has been taken up and is making good progress. The practical difficulties in the laying of pipes from Sasthamkotta have delayed the completion of the Quilon Water Supply Scheme according to schedule in order; however, to meet the immediate requirements of the town, two tube wells are proposed to be constructed next year

from which water will be supplied to the town. Under Plan Outlay, a total provision of Rs. 52.40 lakh has been made in the Budget for Urban Water Supply Schemes included in the Central Sector and Rs. 10.15 lakh for the Schemes in the State Sector. Besides, Rs. 12.04 lakh has been provided for water supply schemes in rural areas.

The installation of proper drainage systems for Trivandrum, Ernakulam and Mattancherry is also in progress and Rs. 12.80 lakh has been provided in the Budget for the purpose.

### **Advancement of Backward Communities**

79. The Government intend to bestow their special attention on the advancement of the backward communities, especially the Scheduled Castes and Scheduled Tribes. The programme under this item aims at the educational, economic and social development of the backward classes. Facilities such as payment of lump sum grants, stipends and supply of text books to students, grant of land for cultivation and house site, provision for houses, wells, common buildings and burial grounds, organisation of co-operative societies, starting of industrial centres, model villages and cosmopolitan hostels are some of the important measures for which provision has been included in the budget.

In the current year, the provision made under 'Plan' for the welfare of the Backward Classes was Rs. 79.12 lakh. This has been raised to Rs. 94.65 lakh in the Budget for the next year.

The provision includes—

Rs. 2.29 lakh for rendering medical aid to the Scheduled Castes and Scheduled Tribes;

Rs. 41.87 lakh for giving educational concessions to Scheduled Castes, Tribes and Other Backward Communities;

Rs. 10.61 lakh for Land, Settlement including housing and buildings for Scheduled Castes and Tribes;

Rs. 2.13 lakh for eradicating untouchability; and

Rs. 13.53 lakh for organising Model Welfare Centres.

Besides the above, there is provision in the budget to the extent of Rs. 22.00 lakh for Non-Plan Welfare Schemes of the Backward Classes.

It is the intention of Government to see that every pie spent under these Welfare Schemes reaches the actual beneficiaries and none else.

**Co-operation**

80. Some classes of Co-operative Societies have not been functioning properly. For some years now proper audit and supervision of the work of Societies have not been systematically done. Government propose to cure these defects so as to take this great movement out of the disrepute which unfortunately it has acquired in recent times as a result of some unsocial elements getting control of some of our societies.

81. *Loans and Grants to Co-operative Societies.*—The provision made for 1960-61 includes Rs. 5.84 lakh for giving grants to the various Co-operative Societies and Unions and Rs. 39.40 lakh for giving loans to the Societies for Lift Irrigation, Industries (Small Scale Industries), Handloom, Housing, Colonisation etc.

82. *Dairy Development.*—There is a provision of Rs. 3.72 lakh in the budget for the scheme. The Trivandrum Dairy Development Scheme is proposed to be put through early next year. The budget contains a provision of Rs. 2.15 lakh for the implementation of the scheme. A similar scheme is proposed to be started at Calicut for which there is a provision of Rs. 1.57 lakh in the budget.

83. *Survey of Bacteriological Quality of Milk Supply.*—It is proposed to start a scheme for the survey of bacteriological quality of milk supply at Trivandrum. The object of the scheme is to collect systematic data regarding the chemical and bacteriological quality of fluid milk in Trivandrum. The result of the survey scheme will contribute to the successful working of not only the Trivandrum Milk Scheme but also of the other dairy projects proposed to be undertaken by the State.

**Community Development**

84. Community Development Programme is an integral part of the National Plan intended to transform the social and economic life of the rural people.

It is proposed to cover the entire country with N.E.S. Blocks by October, 1963. The State of Kerala would also be covered likewise. The State has been delimited into 142 Blocks. At the end of 1959-60, there will be 87 Blocks comprising 59 Stage I Blocks, 18 Stage II Blocks and 10 Pre-Extension Blocks. During 1960-61, Pulikeyzh, Taliparamba, Manjeswar, Chittur, Trivandrum Rural and Uzhavoor will be converted into Stage II Blocks. Seven Pre-Extension Blocks are to be started in April 1960 and another seven in October, 1960. The provision

required for this is Rs. 1,97,400. It is also proposed to start ten Stage I Blocks during the year for which a sum of Rs. 15,16,000 is included in the Budget. They are Chittumala, Erattupettah, Koovappady, Thodannur, Malappuram, Chavakkad, Vaikom, Vypeen, Thanur and Koduvally.

85. Measures for more effective participation by the people in the development activities are being taken. The basic unit of our democracy, the Panchayat, is being provided with increasing resources and functions under the scheme of Panchayat Raj. This scheme will begin to function effectively in 20 Blocks from 1-4-1960. A provision of Rs. 43.80 lakh has been made in the Budget for payment of decentralisation grants to the Panchayats.

86. In the last few years, several miles of road have been constructed by the Community Development Projects and N.E.S. Blocks. Those roads after construction are handed over to the Panchayats.

Provision of Rs. 10 lakh has been made for the payment of grants to the Panchayats for maintaining these village roads.

#### **Local Development Works**

87. This is a Plan Scheme worked under the Central Sector of the Five Year Plan Programme to meet the local needs especially of villages, under roads, bridges, Public Health, etc. The scheme is financed in the ratio of 1:3:2 by the State Government, the Government of India and the beneficiaries. As the Government of India decided to discontinue the Scheme with effect from 1959-60, provision required for completing the Schemes already in progress alone was made in the current year. But the Central Government later reviewed the position and decided to continue the Scheme with a limited scope. Under the modified Scheme, Local Development Works will take in only drinking water supply schemes in individual villages, village roads linking them to the nearest main road or railway station and village schools. A provision of Rs. 16.87 lakh is included for Local Development Works in 1960-61.

#### **WAYS AND MEANS**

88. As I have mentioned earlier, the budget estimates now presented to the House show a deficit of Rs. 1.99 crore on revenue account. It is not now proposed to cover this deficit by any new measures of taxation. The Capital Expenditure outside the Revenue Account stands at Rs. 9.06 crore. Provision has also been made for a net expenditure of Rs. 4.48 crore under loans and advances.

With a view to finding resources to meet the above expenditure, credit has been taken for Rs. 4.40 crore, being the anticipated proceeds of an open market loan proposed to be raised next year; Rs. 1.50 crore on account of the State's share of the National Savings collections; and Rs. 7.41 crore (net) as loans from the Government of India, which are mainly intended for the implementation of the Five Year Plan Schemes. Transactions under other debt, deposit and remittance heads are expected to bring in Rs. 1.72 crore.

Taking all these into account the ways and means position according to the Financial Statement presented to the House can be summarised as follows:—

		<i>(Rs. in crores)</i>
Opening Cash Balance	..	1.05
Revenue Deficit	..	1.99
Capital Expenditure	..	9.06
Loans and Advances by the State Government (Net Expenditure)	..	4.48
Net Accretions under other Debt Heads	..	15.03
Closing Cash Balance	..	0.55

### **CONCLUSION**

89. Within the time at my disposal, I could give to the House only a brief account of the development activities proposed to be undertaken in the coming year against the background of our financial position. Members would have particularly noticed that larger provisions have been made in the next year's Budget for development activities. I am deeply conscious of the fact that these provisions are inadequate for ensuring the welfare of the different sections of the Community to the extent we would desire; but the availability of resources is a formidable limitation. It is hoped that with the completion of the various irrigation, power and industrial projects now under execution, the overall economy of the State will improve and bring in larger returns to the public exchequer. I should like to say that while there is no occasion for being complacent, it is my firm conviction that we can look forward to the future with hope and confidence.

90. The work of finalising the Budget had to be taken up immediately on our assumption of charge and completed within a very short time. This has been made possible by the hard work and unstinted co-operation of Shri P. S. Padmanabhan, Finance Secretary and the officers and the staff working under him. I thank them for this. Thanks are also due to the Superintendent and the staff of the Government Press who toiled hard to finish the printing.

JAI HIND

