



## **BUDGET SPEECH FOR 1963-64**

**SHRI R. SANKAR**

*4th March, 1963*

Sir,

It is once again my privilege to present the Budget Estimates of the coming year to the Assembly.

2. The year 1962 has been a crucial one in our history. It witnessed mighty and unscrupulous China violating our northern borders, absolutely unprovoked. During all the years of independence, we have been adopting a policy of peaceful co-existence and friendly relations with all other nations. We always moved in the best of terms with China as well. India had no reason to suspect any aggressive intentions on the part of China. Indians are by tradition and culture a peaceful nation. We devoted all our energies towards fighting poverty and squalor, ignorance and ill-health—towards building up a peaceful and prosperous India. Our achievements under the successive five year plans have been nothing short of phenomenal and have earned us the appreciation of friendly nations and the envy of certain rival neighbours. China appears to have seen in progressing India a rival to her ambition of Asian leadership and to have decided that she would not allow India to proceed unhampered with her peaceful development. True to her tradition of treachery she pretended to be friendly with us and the same time made careful preparations for a massive military attack on unsuspecting India. She chose her time and all of a sudden she marched a huge army across our frontiers in NEFA and actually occupied large areas of our sacred soil. This wanton attack administered a shock on India and our leaders called upon the nation to bestir themselves and get ready to meet and throw out the enemy. The response from all sections of patriotic Indians was marvellous. Differences based on language, religion and region which in the past had kept us apart were immediately buried and the nation rose like one man to rally round the Government to help in the defence efforts.

3. The enemy meanwhile staged a unilateral withdrawal. No one knows exactly why he did it. Evidently he wants us and the world to believe that the danger is over and thus lull us into a feeling of complacency. We should be fools to believe that the threat is no more. Reports of the intensive military preparations he is making across our borders in Tibet show that he is just biding his time. Let us be completely alive to the situation and alert. Our leaders today are engaged in the twin task of building up adequate military strength and at the same time going ahead with our developmental works which are the basis of our real strength. Selfless sacrifice, vigorous pooling of all kinds of resources and united action alone will give us success and ensure us political freedom and economic prosperity. We are facing a real crisis and the question is whether we have the courage, the patriotism, the foresight and the spirit of sacrifice to forget all petty differences and personal rivalries and rise equal to the demands of the situation. I feel confident that we will not fail in this hour of trial.

4. I am glad to say that our State did not lag behind others when the call of the nation came. We can well be proud of our record. In order to pool together the resources within the State and to mobilise them effectively for the defence efforts of the country, a State Defence Fund was constituted as part of the Prime Minister's Defence Fund. The collections to the Fund have now exceeded Rs.157 lakhs. Besides the contributions in cash, some gold has been collected, as also articles of amenities required for the jawans in forward areas like books, clothing, food-stuffs etc., which have been despatched to the front. A State Citizens' Council with 102 members has been constituted and is functioning through sub-committees, each sub-committee looking after one aspect of defence work.

5. Our State has perhaps taken the lead in rendering active support to the Army by sending out police units for replacement of Army units engaged in police duties in Nagaland. Six active companies and one Headquarter company of M.S.P. have thus been deputed. In the S.A.P. six active companies and one Headquarter company are kept ready for deputation at short notice. Recruitments have also been made in the place of the units of the M.S.P. already deputed and are being made in place of the S.A.P. units to be deputed. Thus the police force of the State is kept in a State of preparedness to meet any calls made upon it. Simultaneously the Home Guards have also been expanded as part of the scheme for strengthening internal defences, by raising 40 additional companies with a strength of 123 each. Nine additional companies of District Armed Reserve are also being raised for internal security purposes.

6. To co-ordinate Civil Defence, a Director of Civil Defence has been appointed. The main part of civil defence work consists in the training of volunteers and creating self-confidence in the minds of the people. He is accordingly put in charge of all civil defence schemes. Civilian rifle training schemes, civil defence volunteer corps, the Home Guards and the Fire Services. The Village Volunteer Force has been inaugurated recently. This organisation is to pursue a three-fold programme of action viz. increasing production, educating the villagers and safeguarding roads, railways, posts and telegraphs etc., in each village. A Defence Labour Bank is also set up at the Panchayat level and every able-bodied adult has to contribute a minimum of 12 days' labour in a year to the Bank. So far, 145000 young men and women have joined the Village Volunteer Force of whom 1500 are women. 94000 persons have offered to contribute to the Labour Bank.

7. The industries in Kerala can manufacture and supply several articles needed by the defence services. A Special Officer for defence production has been appointed in the Department of Industries and Commerce, to assess requirements and arrange supplies of such articles. At the instance of the Government of India a scheme for the training of 3000 driver mechanics to meet the requirements of the Army is being put through. The State Government has offered liberal concessions to the Doctors, Nurses and Engineers who opt for military service. In the matter of general enlistment to the Armed Forces also, the response from the State has been encouraging. So far, 55 Doctors, 45 Nurses and 47 Paramedical personnel have volunteered their services. 40 Engineers also have done so.

8. The defences of a country have to be built up on a strong agricultural and industrial base. Herein lies the importance of the Five Year Plans which we have adopted as the major instrument of economic progress. In the new situation that has arisen because of the threat to the country's integrity, the Plan must fulfil its purposes even more quickly and efficiently. The priorities in the Plan have to be re-arranged and adapted to meet the present requirements. Economies have to be effected in the less important schemes so that the outlay on the more important schemes can be increased.

9. The expenditure in the first year of the Third Plan, of which final figures are now available, has been quite satisfactory. In the State Sector, the achievement in financial terms exceeded the original estimate by Rs.138 lakh. Some of the achievements during the year 1961-62 are as follows:- 76000 acres were additionally irrigated, but on account of floods and other unfavourable factors, the production of rice actually recorded a fall. The targets for power

were fulfilled. 115 new centres were electrified and the number of consumers increased by 21,279 and the number of street lights installed by 4,880. In the co-operative sector, an amount of Rs. 8 crores was advanced as short and medium term agricultural loans and Rs. 18 lakh as long term loans. The number of school children additionally enrolled was 1.53 lakh in the Primary Schools and 37000 in the Secondary Schools.

10. The provision for State Plan Schemes in the current year's budget is Rs. 30.99 crore against which an expenditure of Rs.14.90 crores has been incurred till the end of December 1962. As usual, the progress of expenditure in the first part of the year is very tardy and the work gathers momentum only in the latter part when the favourable working season sets in. Though the budget estimate for the State Plan is Rs. 30.99 crore, it has been decided to try to limit the expenditure to Rs. 29 crore without, at the same time, drastically reducing the allocation for any of the important schemes. However, the expenditure may be a little higher. The revised estimate of Plan expenditure is accordingly placed at Rs. 29.59 crore. Some of the anticipated achievements during the current year are: increase in the production potential of rice by 1.04 lakh tons, extension of the irrigated area by a hundred thousand acres, electrification of 100 centres, connecting up of 17420 consumers, installation of 8370 street lights etc. The details of the progress achieved in the execution of the various Plan Schemes are given briefly in the report of Plan progress during the first nine months of the year circulated along with the budget documents.

### **ECONOMIC TRENDS IN 1962**

11. Agricultural production in the State has been increasing steadily during recent years. The average annual increase in gross agricultural production during the Second Plan period is estimated to have been about 2.64%. The corresponding figure for India as a whole is 3.95%. This difference between India and Kerala in the average annual increment of agricultural production does not mean that Kerala lags considerably behind India in this field. The difference in growth rate is, in fact, the result of the poor performance of the agricultural sector of the State during the concluding years of the Second Five Year Plan. For India as a whole the last year of the Second Plan witnessed a great leap in agricultural production.

12. The production of some of the important crops of the State increased at a higher rate than the average of 2.64%. The annual rate of increase in the case of rice, for example, was 4%. But, there was a considerable fall in the production of coconut in the year 1960-61. This was due to abnormal weather conditions. Of the agricultural crops of the State, coconut earns the highest value of output and a considerable fall in the production of coconut will affect the whole economy. Another disheartening feature is the fall in the average yield per acre of some important crops like pepper, ginger, turmeric, tapioca and sugarcane. We have not reached a stage when vagaries of nature can be overcome. Though there

has been an overall increase in the production of many of these crops for the last few years, the decline in the production per acre of these crops cannot be ignored. The present intensity of land utilisation and non-availability of additional cultivable land point to the imperative need for raising the per acre yield of land.

13. In 1961-62 rice production in the State suffered on account of unprecedented rainfall from May to August. During the current year, however, the position improved. Our first crop this year was fairly good and the second crop which has just been gathered or is being gathered is in many areas a bumper crop. This has resulted in a steep fall in the price of paddy and the producers in some places were alarmed. Government watched the situation and remained ready to step in if the fall in prices continued. But the position has since improved.

14. It is well known that Kerala is deficient in the matter of food production. The steadily growing population of the State makes the position worse. The requirements of cereals for 1961 population of 169 lakh at the rate of 14 oz. per adult per day is 19.8 lakh tons. The production of cereals in the State in 1960-61 was only 10.62 lakh tons which indicates that there is a deficit of the order of 46%. The State's population grows by about 4 lakhs every year and the annual requirements of foodgrains increase by about 50000 tons.

15. Rice prices after reaching a record figure in 1961 showed a downward trend from the beginning of 1962, with fluctuations now and then. Towards the end of the year prices ruled much lower. While the all-India wholesale price indices of rice rose from 105 in 1961 to 109 in 1962 (base: 1952-53=100), those in Kerala dropped from 131 to 128 during the same period.

16. Retail prices of essential consumer articles like coconut oil, chillies, tapioca, firewood and cloth ruled higher; but sugar prices remained considerably lower in 1962 than in 1961.

17. The production of coffee, tea, yarn and cloth in 1961 showed improvement over the previous year. The increase in the output of yarn and cloth in 1961 over 1960 was of the order of 13% and 17% respectively. While coffee production rose by 35% the increase in the production of tea was only 4%.

18. The total factory employment in Kerala increased from 1.67 lakh in 1960 to 1.71 lakh in 1961. The number of factories increased from 2,102 in 1958 to 2574 in 1962. In 1962, 271 new factories were opened while 169 were closed down; the net increase in number was thus only 102 as against the net increase of 136 in the previous year. The most remarkable expansion was in the industries relating to bricks and tiles, woodworks and packing cases, and splints and veneers. Metal and metal based industries also maintained their growth. The industries that suffered a reduction in the number of factories in 1962 were textiles, coir and beedi. All other industries maintained their growth, though at a relatively slow rate.

19. The value of mineral output in Kerala in 1960 was Rs.1.8 crore as against the all-India figure of Rs.159 crore. Production in 1960 recorded a fall of 10% in Kerala as against a rise of 14% in India as a whole. 96% of the ilmenite production in India is contributed by Kerala. It is mainly used for export purposes. The severe competition from other producing countries has, however, resulted in a serious fall in the production of ilmenite in Kerala. For the last few years, both the production and export showed a steady decline. In 1962 (January-October) the production was 109385 tonnes as against 137331 tonnes in 1961 for the same period. Export during the same period also declined from 102779 tonnes to 75815 tonnes.

20. In the case of rutile an upward trend is noticed both in production and export. Production of monazite in 1962 was lower than in 1961, but the export showed distinct improvement. There was a decline in both the production and export of China clay in 1962 compared to the previous year.

21. The exports through the ports of Kerala have been steadily increasing from the year 1957-58. The value of both foreign and coastal exports which stood at Rs. 86.15 crore in 1957-58 mounted up to Rs.107.88 crore in 1960-61. The increase in the case of foreign exports over the period was, however, comparatively low. The following table shows the quantities and value of the different items of foreign exports in Kerala during 1960-61:—

| <i>Commodity</i>       | <i>Unit</i> | <i>Quantity</i> | <i>Value (Rs. in lakh)</i> |        |
|------------------------|-------------|-----------------|----------------------------|--------|
| Cardamom               | Tonnes      | 371.00          | 76.58                      |        |
| Cashew Kernel          | „           | 35340.50        | 1691.04                    |        |
| Cashew shell liquid    | „           | 5182.00         | 48.52                      |        |
| Coffee                 | „           | 6020.90         | 197.47                     |        |
| Coir and Coir products | „           |                 | 63765.20                   | 805.86 |
| Fish                   | „           | 5093.10         | 191.59                     |        |
| Ginger                 | „           | 5080.40         | 68.52                      |        |
| Lemongrass oil         | 1000 litres | 1144.67         | 200.76                     |        |
| Pepper                 | Tonnes      | 15533.00        | 682.46                     |        |
| Tea                    | „           | 36578.95        | 2062.96                    |        |
| Sundries               | „           | —               | 714.89                     |        |
|                        | Total       | —               | 6740.65                    |        |

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Trade statistics for 1961-62 have not become available. But the indications are that exports in 1961-62 would be higher than those in 1960-61. Marked increases in the exported quantities have been reported in the case of pepper, ginger, tea, cashew nuts, fish and coir. The upward trend continues in the current year also. Besides products exported to foreign countries, our cash crops exported to other parts of India, such as coconut and its products and rubber, have been generally fetching good prices. In fact prices of coconut and its products at the present moment are the highest in history.

22. Unemployment continues to be the most important of the socio-economic problems facing the State. A recent survey reveals that unemployment in the State is of the order of 9 lakh. About 14% of the labour force are without gainful employment. The Employment Exchanges in the State are doing valuable employment service activities. Employment Exchange data on placing and registrations in 1962 indicate that there was an improvement in the employment situation in 1962 compared to 1961. There was also a considerable rise in the number of employers using the Exchange for filling up vacancies. The increase in the number of placings is mainly attributable to the greater generation of employment in the private and public sectors. Plan Schemes which are being executed are yielding more and more employment opportunities. The following table shows the figures of placing, the average number of employers using Employment Exchanges and the number of registrations during the last three years:—

|  | <i>1960</i> | <i>1961</i> | <i>1962</i> |
|--|-------------|-------------|-------------|
| Number of placings                                 | 11631       | 14526       | 18822       |
| Average number of employers<br>using the Exchanges | 198         | 238         | 323         |
| Number of registrations                            | 105775      | 105885      | 151883      |

23. Though the cost of living indices in Kerala (base: 1939=100) followed an upward trend, the rate of increase during 1962 was less sharp when compared to the previous year. While the maximum rise in Kerala during 1961 was 11.04% it was only 5.71% in 1962. Moreover, not a single town in the State except Punalur (5.71% rise) outstripped the all-India rise of 5.51%. Unlike in 1961 the indices went up towards the end of the year, the maximum rise being observed in November in most centres. December saw a mild softening tendency, though in the majority of cases, indices remained higher than those in December 1961.

Punalur, followed by Trivandrum, witnessed the highest rise during the year. In Trivandrum the index rose from 478 in January to 500 in December, while in Punalur it rose from 490 in January to 506 in December touching a maximum of 514 in August. In Quilon it came down from 510 to 504 during the same period. In Ernakulam the index which was 490 in January reached a maximum of 505 in November but fell to 491 in December. In Alwaye and Trichur the indices rose from 483 and 493 to 487 and 496 respectively, while in Kozhikode the index rose from 509 in January to 514 in December after reaching the peak figure of 527 in November.

24. To sum up, the year 1962 was characterised by an appreciable expansion of industrial activities as indicated by the increase in the number of factories and employment. The year was not bad for the agriculturists also as cash crops like coconut fetched higher prices while the rising trend in the prices of consumer goods was checked. Rice prices not only does not increase but fell considerably throughout the State.

25. I now proceed to indicate the financial transactions of the preceding and the current years, before dealing with the budget estimates for the coming year.

#### **ACCOUNTS FOR 1961-62**

26. The year 1961-62 ended with a revenue deficit of Rs.6.41 crore. This records a worsening of over a crore of rupees from the position indicated in my budget speech in March 1961. The main reason for this deterioration is that the additional land tax and the tax on buildings, two of the new measures announced in my speech introducing the budget for the year 1961-62 did not yield any revenue at all during the year, because of the time taken for issuing rules, making assessments etc. The capital expenditure exceeded the budget estimate by about Rs.1 crore. Taking into account the transactions under Debt Heads also the cash balance position declined from ( ) 78 lakh to ( ) 404 lakh.

27. I may add that these large deficits on Revenue and Capital Accounts were inevitable and I had explained the reasons for this while presenting the budget estimates for 1961-62. The sudden stoppage of the Central assistance towards the interim relief sanctioned to the low paid employees and the impact of the committed expenditure on Second Plan Schemes were some of the more important factors that led to this deterioration in the finances of the Government in that year. The grant-in-aid from the Central Government and the State's share of Central taxes remained at the inadequately low level fixed under the award of the Second Finance Commission.

**REVISED ESTIMATES FOR 1962-63**

28. The revised estimate of revenue for the current year stands at Rs.66.89 crores against the budget estimate of Rs. 67.66 crore. The largest shortfall (Rs. 1.5 crore) is under grants from the Central Government for State Plan schemes. The total Central assistance for State Plan schemes for the year is Rs. 21.1 crore. At the time of the preparation of the budget no definite break-up of this amount between grant and loan was available. The budget estimates were framed on the basis of the assistance anticipated for individual schemes. When later the Government of India furnished the details of Central assistance, the amount of grant was found to be a much lower figure, and this is taken credit for in the revised estimate of revenue.

29. Under Agricultural Income Tax a fall of Rs.11 lakhs is anticipated on account of the fall in prices of arecanut, pepper, cardamom etc. Since the High Court has struck down the Kerala Land Tax Act, a shortfall is anticipated in the collections from land tax. The yield from plantation tax is estimated at Rs.25 lakhs only against the budget estimate of Rs.50 lakhs. Based on the very low collections made so far under tax on buildings, the revised estimate of this tax is fixed at Rs.5 lakhs against the budget estimate of Rs. 30 lakhs. Shortfalls are also anticipated in the receipts from the Government commercial concerns. The closing down of certain mineral concerns has resulted in a fall in revenue under mining receipts.

30. The above decreases are partly offset by increases under the State's share of Central taxes (Rs.73 lakh), State Excise duties (Rs.16 lakh), Sales tax (Rs. 40 lakh) and Stamps (Rs.15 lakh). An increase of Rs. 20 lakhs is also anticipated from the sale of text books. Consequent on the allocation of the liabilities under Territorial and Political Pensions and Privy Purses and Allowances of Indian Rulers between Madras and Kerala under the provisions of the States Reorganisation Act, we expect to get Rs.11 lakhs this year from the Government of Madras for the period 1st November, 1956 to 31st March, 1962 and this is taken credit for in the revised estimate of revenue.

31. The expenditure on Revenue account is expected to go down to Rs. 65.57 crores from the budget figure of Rs. 67.57 crore. With effect from 18th November, 1962 the Government discontinued the system of subsidising the sale of foodgrains. This accounts for a reduction of about Rs. 51 lakh in the revised estimate. Under some of the Plan schemes also there is considerable shortfall. For the mid-day feeding of school children, the food materials supplied

by the "CARE" are being utilised, and hence there is a saving of Rs.40 lakhs under grants for mid-day feeding. Shortfalls are also expected under the schemes relating to Agriculture and Fisheries. Increased provisions have, however, been made for payment of interest on loans from the Government of India, working expenses of the Transport Department, repairs of roads and buildings etc.

32. The revised estimate of capital expenditure outside the revenue account is Rs.13.86 crores, recording an increase of Rs. 56 lakh over the budget estimate. A sum of Rs.1 crore has been appropriated to the Contingency Fund, as the corpus of the Fund had to be raised to meet the urgent requirements caused by the Emergency. For roads and bridges, an increase of Rs.1 crore has been allowed over the budget estimate effecting, at the same time, a reduction of Rs.61 lakh in the estimate for buildings. Shortfalls are also anticipated under capital outlay on other works, and capital outlay on Ports. The amount of Rs. 36 lakh received from the Government of India by the sale of shares in the Indian Rare Earths is taken as reduction of expenditure under capital outlay on Industrial Development.

33. The net disbursement of loans and advances is expected to be higher than the budget estimates by Rs.1 crore. The main increases are under loans to the Kerala State Electricity Board (Rs. 70 lakh) and loans for Small Scale Industries (Rs.10 lakh). The revised estimate also provides for new items of loans like Rs.24 lakhs to the Sitaram Mills for closing its overdraft with the State Bank of India and Rs.15 lakh to the Kerala Water Transport Corporation. There are shortfalls under loans for agricultural schemes, for conversion of handlooms into power looms etc.

34. The transactions under other Debt Heads are expected to bring in a net receipt of Rs.24.56 crore as against the budget estimate of Rs.21.66 crore. During the current financial year, the Government of India gave a ways and means advance of Rs. 12.5 crore to help the State Government to clear the overdraft with the Reserve Bank. Out of this, an amount of Rs.9.5 crores will be repaid this year itself, and the balance of Rs.3 crores stands converted as a special loan to be repaid in instalments. Arrears of Plan assistance (loan) for the year 1961-62 totalling about Rs.1.6 crores have also been received during the current year. The limit of the ways and means advance from the Reserve Bank of India, which the State Government was availing of, has been enhanced by Rs.75 lakhs in the current financial year. The above improvements are, however, offset by certain other factors. Against the budgeted figure of Rs. 5 crore the State Government was able to raise a loan of Rs. 4 crores only from the open market. There is a shortfall of Rs. 39 lakh in the loans received from the Government of India

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towards Centrally sponsored schemes. The collections from Small Savings have not progressed to the extent anticipated at the time of the preparation of the budget. Consequently the State's share of Small Savings collections is estimated to be lower than the budget estimate by Rs.80 lakhs. The repayments of loans to the Government of India are expected to go up by about Rs.57 lakhs. The withdrawals from Personal Deposit Accounts and the funds of the village panchayats are much larger than have been anticipated in the budget estimates. The net effect of the transactions under Debt Heads is an improvement in the overall financial position to the extent of Rs.2.90 crores over the budget estimate.

35. As a result of the transactions mentioned above, the year 1962-63 is expected to close with a surplus cash balance of Rs.79 lakhs, as against a cash balance of minus of Rs.2.33 crores anticipated in the budget for the year.

### **BUDGET ESTIMATES 1963-64**

#### **Revenue**

36. The estimate of revenue for the year 1963-64 is Rs. 71.67 crore which records an increase of Rs.4.78 crores over the current year's revised estimate. The State's share of Central taxes is Rs.9.84 crore. An amount of Rs. 6.25 crores is taken credit for as grant-in-aid of the revenue under Article 275(1) of the Constitution. Under grants from the Government of India for Plan schemes, an amount of Rs.5.75 crores is taken credit for in the budget estimate. The yield from State taxes taken as a whole represents only a normal increase over the collections anticipated this year. The Government of India have introduced a Bill in Parliament for increasing the rate of tax on inter-State Sales. On this basis, the receipts from Central Sales Tax in our State will go up by Rs.80 lakhs. A Bill for revising the rates of stamp duty is under the consideration of this House. An amount of Rs.60 lakhs is taken credit for in the budget on account of the revision of stamp duties. Larger receipts are also anticipated from the Government commercial concerns.

#### **Expenditure**

37. The expenditure on revenue account for 1963-64 is estimated to be Rs. 70.87 crore against the current year's revised estimate of Rs. 65.57 crore. The estimate of expenditure on Capital Account is Rs.11.45 crores which is less by Rs. 2.41 crores than the expenditure anticipated this year. For disbursement of loans and advances an amount of Rs.9.38 crore (net) is provided in the budget.

38. For 1963-64, the Planning Commission has approved an outlay of Rs. 32.8 crore for the State Plan. This is exclusive of the Central share of Centrally sponsored schemes. The gross outlay provided in the budget for Plan schemes is Rs.36.80 crore of which Rs.3.93 crores represents the Central share of Centrally sponsored schemes. The State Plan outlay is therefore Rs.32.88 crores. The budget estimate thus actually exceeds the approved ceiling by Rs.8 lakhs. The coming year is in many respects crucial for the success of the Third Plan as a whole. In the new situation arising out of the national emergency we have to tackle the problems of defence and development in an integrated manner. The priorities in the Plan for 1963-64 have accordingly been rearranged and adapted to suit the changed needs. While in several directions efforts under the Plan have been strengthened, a number of activities, though important in themselves for a long term development but not productive of immediate results, have been assigned low priority in the present context. The outlay for some of the schemes of an unproductive nature has been reduced.

### **Power**

39. The outlay for Power for 1963-64 is Rs. 11.4 crore and this represents about 50 per cent increase over the current year's outlay. The expenditure incurred in the first year of the Third Plan was Rs.6.36 crores and the anticipated outlay in the current year is Rs.7.73 crores. Power development has rightly been given the highest priority among the Plan schemes. Our State has vast potentialities for the development of hydro-electric power which is the very base for industrial development.

40. The erection of the generating Plant at Panniar which commenced early in the year is making good progress. The stator of the damaged third unit at Neriamangalam was sent back for repairs to Switzerland. It has now been received back after repairs and it is expected that the third unit will be commissioned very soon. The approval of the Planning Commission has been received recently for the Idukki Project which is the largest power project in the State. The works on the Sholayar and the Sabarigiri Projects are continuing. The 110 KV double circuit line from Chalakkudy to Kozhikode has been completed. The 66 KV sub-station at Shoranur has been commissioned. The power transformers at Kozhikode sub-station have also been commissioned. The targets for rural electrification for the current year will be achieved. The maximum demand on the Power system has risen to 146 MW against 139 MW at the beginning of the year. Electricity generation during the current year is expected to be 719 million units. In view of the difficult storage position in the hydel

reservoirs it will not be possible to maintain the demand for power with the present generation; it has been therefore become necessary to impose a power cut of 40% from 1st February 1963 on industrial consumers.

41. The main programme for the ensuing year is the commissioning of Panniar station which will increase the installed capacity in the system by 30,000 KW. The erection of the generating plant at Sholayar is also expected to be started during the year. The construction of the Pamba-Pallom-Aluva 220 KV line and the inter-State link from Pamba to Madras border is proposed to be commenced during 1963-64. About 100 new distribution centres are proposed to be electrified and 18,890 new consumers connected up.

42. Because of the National Emergency, the commissioning of power plants as quickly as possible so as to meet demands of power for industrial expansion, especially industries contributing vitally to defence efforts, has become important. All steps are, accordingly, being taken to implement the power projects with the utmost expedition. Steps have also been taken to maintain the power system in operation at its peak capability. Measures have been initiated to protect and secure all installations against internal and external damages.

### **Industries**

43. Our efforts at industrialisation are making rapid headway. In the public sector the State owns 12 commercial concerns manufacturing a variety of goods from soap and vanaspati to cycle rims and stoneware pipes. The Spinning and Weaving Mill newly established at Balaramapuram as a State owned enterprise went into production in April 1962. At the instance of Government, an expert committee was constituted by the Kerala State Industrial Development Corporation to study the working of the Government-owned concerns and to suggest improvements. The scheme of reorganisation suggested by this Committee is being examined by Government.

44. The Czech-aided Precision Instruments Factory is being set up by the Government of India in Palghat District. The Government of India have decided to start a Machine Tools Factory also in the State. Steps are being taken for the selection of personnel for this factory. The establishment of a ship building yard at Cochin is under way; team of Japanese technicians recently visited the State and made a detailed on-the-spot study regarding the project. Preliminary steps for the setting up of a Heavy Transformer Factory at Angamaly with an authorised capital of Rs. 2.2 crores have already been taken. This project envisages the setting up of a public limited company in collaboration with

M/s. Hitachi Limited of Japan. The expansion programmes of the Government controlled private sector industries are being implemented as scheduled. The second stage of the expansion of the Fertilisers and Chemicals (Travancore) Limited was completed in December 1962. The costly wood-gasification process was thus given up in favour of oil gasification. Work on the third stage of expansion of the Fertilisers and Chemicals (Travancore) Limited, estimated to cost Rs.11 crore, has commenced. The Travancore-Cochin Chemicals and the Travancore Titanium Products in both of which Government hold the majority share are passing through a stage of expansion. Next year it is proposed to invest Rs.25 lakhs more in the latter company.

45. The Kerala State Industrial Development Corporation set up in July 1961 with the object of organising, stimulating and assisting industrial development in the State is making steady progress towards the attainment of its objectives. It has rendered assistance to a number of private industries by share participation, by underwriting share capital and grant of loans. Among the concerns which have received financial assistance from the Corporation may be mentioned the West India Steel Co. (P) Ltd., Calicut for the establishment of a steel re-rolling mill; Seshasayee Wire Ropes Ltd., Ernakulam, for the manufacture of wire ropes with the collaboration of a Japanese firm; Travancore Electro-Chemical Industries Ltd., Chingavanom, for its expansion programme; the United Electrical Industries Ltd., Quilon, for increasing production; Madras Spinners Ltd., Palghat, for the establishment of a Spinning Mill; and Kottayam Textiles Ltd., for the manufacture of cotton yarn. Similar assistance has also been given to Cominco Binani Zinc Ltd., Calcutta, for the establishment of a Zinc Smelting Project at Alwaye. The Corporation has also sponsored the formation of two public limited companies – the Packaging Paper Corporation Ltd., for the manufacture of packing paper utilising the hard jungle wood available in the forests and the Development Corporation Rubber Co. Ltd., for the establishment of another rubber tyre factory. Negotiations are also in progress in regard to the setting up of another steel re-rolling mill, a staple fibre plant, a project for China clay mining, a particle board plant, cashew shell oil products industry, a sheet glass manufacturing plant and a starch factory. The possibility of reviving the Vanchinad Matches and Industries Ltd., which has been lying closed for a few years has also been examined and the Corporation has decided to purchase the assets of the company if they are available at a reasonable price and to hand them over to the Forest Industries (Travancore) Limited for management on a lease basis. A licence for setting up a new spinning mill with 12,000 spindles in Alleppey District has

been obtained by the Kerala State Industrial Development Corporation. The Corporation is itself investigating the possibilities of establishing new industries on its own, like a welding electrode manufacturing unit and a marine diesel engine factory. Government proposes to invest an amount of Rs.40 lakhs in the Industrial Development Corporation next year in order to enable it to discharge its obligations effectively. The total investment in the Corporation will then be Rs.135 lakh.

46. Small Scale Industries which are comparatively more labour intensive have a very vital role to play in fostering the economic development of a State like Kerala. The Government is pursuing a dynamic policy in the matter of assisting the establishment of small industrial units. Factory accommodation on a subsidised rental basis is given to industrialists in the industrial estates. Under the scheme of village workshops, completely equipped workshops are put up in villages and handed over to interested parties on hire purchase basis. Twelve such village workshops have accordingly been set up. By disseminating technical know-how and imparting entrepreneurial skill, a congenial atmosphere is being created for vigorous sprouting up of small industrial units throughout the State. The Kerala State Small Industries Corporation provides raw materials required by the small scale industries as also marketing facilities for the finished products. For giving loans to small scale industries an amount of Rs.17.7 lakh is included in the next year's budget estimates. A provision of Rs.10 lakh is also made for the two Rural Industries Projects sanctioned in the Alleppey and Kozhikode Districts during the current year. The object of the scheme is to secure the intensive development of small industries in rural areas.

47. The coir industry which is very important to the State's economy in view of its large employment potential has to be developed in accordance with the changing needs of the consumer countries. Introduction of quality control and diversification of products are naturally engaging the attention of Government. It is proposed to establish a Model Coir Factory at Beypore for imparting training in the modern techniques of production. A provision of Rs.14.77 lakh is included in the budget for giving loans and grants to Coir Co-operatives.

48. The programmes of revitalisation of Weavers' Co-operative Societies engaged in the production of handloom cloth are being vigorously pursued. The finances made available by the Reserve Bank of India are being increasingly availed of by the Weavers' Co-operative Societies. A scheme for the award of prizes to Weavers' Co-operatives which produce quality goods has been put through as an incentive to produce artistic and quality goods. It is proposed to take steps to

promote the production of exportable varieties of handloom textiles. A token provision is made in the budget to implement this proposal. Necessary allocations are also made for the development of handicrafts and Khadi and Village Industries.

49. In fine, I may say that there is rapid all round progress towards the goal of industrialisation.

50. The House will remember that some time back the National Council of Applied Economic Research had been conducting a techno-economic survey of the State, with a view to assessing the State's industrial potential. The Council concluded its survey and submitted its report. An investment of the order of Rs.1,000 crores during the ten-year period 1961-71 is recommended by it in order to double the total income of the State. Government will be taking appropriate action on the report.

### **Agricultural Production**

51. Even though our performance in agricultural production can be favourably compared to the all-India standards, the fact that our State is highly deficit in food makes it imperative that we continue intensive efforts in this direction. For India as a whole, the planners have envisaged that the coming year should be one of vigorous efforts at stepping up agricultural production. The goal is not merely to cover up any shortfalls of the first two years of the Third Plan, but to fulfil the Third Plan targets as quickly as possible. In our State particularly, the success of the Plan depends on our achievements in the agricultural sector. We have not only to achieve the Plan targets but to overstep them by a sufficiently big margin in order to secure any stable economic progress.

52. The package programme already started in the Districts of Alleppey and Palghat will be extended to more blocks during 1963-64. A new scheme on the model of the package programme has been included for intensification of rice cultivation in selected blocks throughout the State. The Community Development programme is also being reoriented with stress laid on increasing agricultural production. A number of facilities are now available to our farmers – increased irrigation, improved seeds, effective manures and fertilisers, better implements, co-operative credit, assistance for plant protection and more efficient techniques of production. Short term loans are also given to cultivators.

53. The output of our cash crops, which have considerable export value, has also to be increased. Rubber whose potentialities for development are unlimited has naturally been given high priority in Government's programmes relating to cash crops. A company in the public sector, 'The Plantation Corporation of Kerala Limited' has been registered quite recently, with an authorised share capital of Rs.7.5 crore. Government proposes to invest Rs.50 lakhs in this company during 1963-64. The Government Rubber Plantations have been taken over by this company which will be in charge of the development and expansion schemes in this sector.

54. Representations have been received from cultivators irrigating paddy fields by pump sets provided at their own cost that the electricity charges to be paid by them are unduly burdensome. The Government consider that all possible encouragement should be given to paddy cultivators. It is therefore proposed to give subsidy in deserving cases not exceeding 25% of the cost of electrical energy. Necessary budget provision will be made in due course after finalising the rules for granting the subsidy.

### **Irrigation**

55. The irrigation potential of the State has to be fully exploited. In the case of irrigation projects, the schemes which are nearing completion have been given priority over the new schemes. All the spill-over projects are proposed to be completed as early as possible. The preliminary works on the new schemes Kallada, Pamba, Kuttiadi, Kanjirappuzha, Valapattanam and Chitturppuzha, have been started. The project reports have been submitted to the Central Water and Power Commission and their technical clearance is awaited. A total provision of about Rs. 1.8 crore is included in the budget for major irrigation and land improvement works. For medium, minor and lift irrigation works, the next year's allocation is Rs. 89 lakh.

56. Detailed hydrological data are absolutely essential in order to prepare economic designs for development works in the river valleys. It is therefore proposed to set up gauging stations for conducting a detailed study on the subject, and necessary provision is made in the budget for this purpose.

**Animal Husbandry & Dairying**

57. The current year's budget included provision for a cattle and dairy development project to be set-up with Swiss collaboration in the High Ranges. A preliminary survey of the possibilities of the project has been conducted by a Swiss Mission recently.

58. To increase milk production, cattle husbandry practices have to be improved. Two extension service units have been set up for this purpose—one at Trivandrum and the other at Calicut. The object is to provide extension service to cattle breeders, by persuading them to breed, feed and milk their cattle in a scientific manner. During 1963-64 another unit will be started at Ernakulam.

59. The Calicut Milk Supply Scheme will be commissioned early next year. Preliminary works relating to the Ernakulam Milk Supply Scheme, Palghat Milk Supply Scheme and Kottayam Milk Supply Scheme are also under way. The Ernakulam Milk Supply Scheme when completed will be the biggest in the State.

**Co-operation**

60. The Co-operative movement is steadily gaining around. There is remarkable progress in the coverage of area and of population. The number of societies under the control of the State Co-operative Department increased to 4664 while the membership rose to 19.15 lakhs on 30-6-1962. It has been recognised that the emergence of a strong co-operative sector between the public sector and the private sector is essential for a balanced economy.

61. In the matter of stepping up agricultural production, the co-operative movement can play a major role. By providing credit on easy terms and by extending marketing facilities, the movement virtually shields the small land holders and the landless agricultural labourers against the inclemencies of the economic weather. Through the large number of service co-operatives and farming co-operative societies established since the present Government came into power, the unorganised agricultural sector is enabled to stand on its feet, and participate in the economic re-construction of the country.

62. The emergency has thrown up new burdens on the co-operative movement. Holding the price line has acquired a greater importance and urgency in the present context. It is, therefore, proposed to establish a network of

consumer's co-operatives throughout the State as in the rest of the country. To begin with, nine wholesale stores—one in each district—and 180 primary stores will be organised. Government will be financing them by taking shares and giving loans and grants for construction of godowns, purchase of trucks, etc. A total provision of Rs. 31 lakh is made in the budget for this purpose.

### **Fisheries**

63. The year 1961-62 was a year of fish failure, but during the current year there have been comparatively good catches. Recognising the vital importance of fishing industry to the State's economy, the Government have taken all possible steps to improve the techniques of fishing. Training of fishermen in mechanised fishing is carried on in three centres. The number of mechanised boats issued to fishermen increased considerably during the current year. During the three years from 1960-61 to the current year the number of such boats issued were 14, 27 and 55 respectively. The programme for 1963-64 is for 90 boats. Conservation and planned exploitation of inland fisheries assume importance from the long-term point of view. It is proposed to stock the upper reaches of the rivers with quick growing species of fish. The major reservoirs in the State are also being stocked with fish. During the current year, about 9 lakh of carp fingerlings were got down from Orissa and stocked in reservoirs. A research scheme for taking up a culture of prawn with fish will also be started shortly. Among the programmes contemplated during 1963-64 are the commencement of the first stage of Vizhinjam fishing harbour and the works at the Mopla Bay and Azhikode. Works on the wharfs at Beypore and Baliapattanam will also be started soon. It is proposed to start a boat building yard, a fishermen's training centre and an ice plant at Cannanore with Norwegian aid. Welfare activities intended to afford relief to the fishermen are also given importance. The budget estimates for 1963-64 include provision not only for the continuance of the existing welfare schemes but for new works like the provision of community amenities.

### **Forests**

64. Our forests yield considerable revenue to the State Exchequer. Next year, we expect to get Rs. 5 crore from this source. A planned programme of re-afforestation is being carried out so as to conserve this valuable asset for the benefit of the future generations. During 1963-64 it is proposed to plant 7000 acres with teak, 3020 acres with softwood, 3500 acres with

eucalyptus, 50 acres with sandalwood, 225 acres with bamboo and 150 acres with wattle. Besides, 850 acres will be planted with quick growing species of trees.

### **Education**

65. The very high level of expenditure that the State Government has been incurring on education for the last several years has earned a reputation for the State of being the most literate among the States, and for the people of having the keenest social and political consciousness. In the field of education, greatest importance is given to the schooling of children of the age group 6-11. The additional enrolment in primary schools, in the current year is estimated to be of the order of 2.23 lakh. The benefit of noon-day feeding with the food materials supplied by "CARE" is being enjoyed by about 16 lakh of school children in our State for which we have to be grateful to CARE. 71 Lower Primary, 176 Upper Primary and 26 Secondary Schools were started by Government this year. In the private sector, 207 Upper Primary and 42 Secondary Schools were opened. Thirteen Secondary Schools having unmanageable strength have been bifurcated. In view of the present emergency and the consequent shift in emphasis to technical and physical training courses the programme of opening new Primary and Secondary Schools has to be staggered. An amount of Rs. 5 lakh is, however, included in the budget estimates for 1963-64 for opening new schools in places where there is absolute necessity. The total provision for primary education (including school buildings) comes to very nearly Rs. 14 crore and for secondary education a little above Rs. 4 crore.

66. Recognising the importance of pre-primary education, the Government has been making allocations for nursery schools. There are three nursery training schools intended to train up teachers for the somewhat difficult job of educating children of the age group 2-5. There are 22 nursery schools run by Government and 88 nursery schools conducted by private voluntary associations. Government have recently appointed a Committee to draw up an integrated syllabus for pre-school education.

67. In the field of University Education, Kerala has made much headway. Among the four southern States, Kerala is at the top in respect of the total number of science students and the ratio between science students and arts students. In March 1962 the number of students in the B.Sc. and M.Sc. classes was 15451 in Kerala, which is higher than the number of students in the same classes in any other southern State. The ratio between science and arts students is 3:1 in Kerala,

whereas in the other southern States it is roughly 3:2. This is a clear indication of a very desirable change in the attitude towards general education. Consciousness of the importance of scientific and technical education is slowly spreading. If this trend continues, the days are not far off when our state will be contributing more than its normal share to all-India pool of scientists and technologists.

68. The technical institutions in the State are gradually increasing. Four more Junior Technical Schools have been started during 1962-63. The new schemes budgeted for 1963-64 include starting of a degree course in Architecture in the Engineering College, Trivandrum, diploma courses in Cinematography and Printing in the Polytechnic, Trivandrum, diploma course in Food Technology in the Polytechnic, Kalamassery, and diploma courses in Metallurgy and Automobile Engineering in the Polytechnic, Calicut. The activities of all the institutions will be geared up so as to ensure increased turn-over of trained men having regard to the present requirements of the country. The intake of the Engineering Colleges will go up from 875 to 1000, of Polytechnics from 1918 to 1978 and of Junior Technical Schools from 1020 to 1080 during the coming year. It is proposed to reorganise commercial education on modern lines and a token provision is included in the budget estimates for this purpose.

69. Training of craftsmen has assumed great importance in the context of the present emergency. Provision is made for the establishment of Industrial Training Institutes at Quilon, Alleppey and Kottayam from 1-8-1963. The intake capacity of the various training institutes in the State will be raised from 388 to 1112 in 1963-64. The budget estimate for craftsmen training records an increase of nearly 200 per cent over the current year's revised estimate. Under the National Emergency Programme short-term training will be given to 3260 candidates and a provision of Rs. 10 lakh is made for this purpose in the next year's estimates.

70. A comprehensive programme to bring all eligible male students of the Colleges and similar institutions within the N.C.C. organisation is being drawn up and put through. Accordingly, 82 companies of N.C.C. Rifles will have to be started and for this purpose there is a provision of Rs. 7.78 lakh in the next year's budget. In the meantime, the enrolment of cadets has proceeded apace and training of additional cadets has started this year itself. With a view to making the cadets interested in mechanical work, it is proposed to start two Hobby Centres next year,

one in the Engineering College, Trivandrum, and the other in the N.S.S. College of Engineering, Palghat. Refreshment allowance to cadets for parades which had been stopped for some time, has again been sanctioned. Today the premises of our colleges present the spectacle of the students getting trained to meet any challenge that the country may be called upon to accept.

71. Physical education is also being given increasing importance. In order to encourage talent in sports and to maintain physical efficiency, it is proposed to institute scholarships in schools and colleges for proficiency in sports and games from the academic year 1963-64. The awards will be determined on the basis of the achievements in athletics and field games at the inter-collegiate and inter-school competitions. There is also provision in the budget for the National Physical Efficiency Drive, a scheme intended to secure the improvement of physical efficiency of students.

72. The Rural Institute at Thavanoor will start functioning from the next academic year onwards. A Governing Body has been formed and the preliminary work is being done. A total provision of Rs. 8.4 lakh is included in the budget for acquisition of land, construction of buildings, purchase of furniture and equipments and to meet recurring expenses.

73. The allocations for orientation programmes and training courses for teachers have not been whittled down, notwithstanding the present need for enforcing strict economies in expenditure. This is in recognition of the value and importance of the efficiency of teachers on whom lies the responsibility of shaping the coming generation.

74. The Kerala University is now passing through a stage of expansion and modernisation. An area of about 340 acres is being acquired for the University in the suburban belt of Trivandrum. The University actually requires another 160 acres more and accordingly it is proposed to acquire this additional land also next year. Necessary provision is made in the budget to give increased grant to the University on this account.

75. There are a number of problems in the educational field awaiting solution. The inadequacy of accommodation in many of the schools, want of enough furniture, lack of proper facilities for physical culture, delay in providing in good time the proper number of teachers with the necessary qualifications, want of effective inspection of the teaching work in schools, the inordinate delay in the disposal of official business in the various offices, the complexity of the

issue of integration and the general lack of interest in teaching are some of the numerous problems in the department requiring solution. Government are earnestly trying to solve them with as much expedition as possible. It has, however, to be borne in mind that their effective solution requires changes both in the academic and administrative fields and would perhaps entail heavier burdens for the Government. Two other vexed problems have been fairly satisfactorily solved, one relating to the maintenance grant of the private schools and the other regarding a grant-in-aid code for private colleges. However, this has thrown additional burden on the Government.

76. We have been spending in recent years more than a third of our total annual revenue on Education, with the result that the State has very little money left to do as much as it should for tackling the burning problems of poverty and unemployment. And yet we are worried that standards have fallen to low levels and continue to fall as years pass. We do not get an adequate return for the enormous sums that we spend. It is high time we do something to stop the rot. Improvement of standards would necessary mean that overcrowding in the schools should be eliminated by the provision of much more space, far more teachers and greater volume and variety of teaching aids. Where is the money for all these? We have made education free up to the 8th Standard and cheap thereafter. This is indeed desirable. But when it has become almost impossible to find the resources to continue in this fashion except at the cost of every other constructive activity, I think it is time for us to do some rethinking. Should the State give free and cheap education to the children of the rich and the poor alike? Many people now think that those who can afford must agree to bear part of the burden. It shall certainly be the duty of the State to help that strata of society which is economically at the bottom.

### **Health**

77. Remarkable progress has been achieved in the control of communicable diseases. The incidence of epidemics like cholera, small-pox and plague has been considerably reduced. There have been no deaths due to plague reported in recent years. The most notable achievement was the successful completion of the first stage in the Malaria Eradication Programme in 13½ out of 14½ units in the State. Kerala is the first State to achieve so much progress in this field and it is expected that the remaining unit will also be covered before the end of this month. Another major activity in progress is the small-pox eradication programme. Mass vaccination in the districts of Cannanore, Kozhikode and

Palghat was started on 1st August, 1962. About 85% of the population in these districts have been covered by now. Next year the districts of Trichur, Ernakulam and Kottayam will be taken up for mass vaccination.

78. On the curative side, the people in our State enjoy comparatively better facilities than in other States. Shortage of doctors and nurses still continues to be the bottle-neck in the augmentation of the facilities of medical treatment. The number of registered medical practitioners in the State is, however, steadily increasing. From 808 in 1958 it has risen to 1451 in 1962—thus recording about 80 per cent increase over the period 1958-62.

79. To make adequate numbers of trained medical personnel available, the number of medical colleges has been increased. Sanction for the establishment of a fourth medical college at Alleppey in the private sector has been given. Post-graduate courses have been introduced in the Medical College, Trivandrum. Training of nurses, auxiliary nurses, compounders and public health nurses is being carried on, on an increasingly larger scale, with particular reference to the requirements of the present emergency. It is proposed to start training schools for nurses at the district hospitals at Trivandrum, Quilon, Trichur and Palghat during the coming year.

### **Water Supply**

80. Even though our State is not deficient in water supply, good drinking water is not available at all places. The problem is more acute in urban areas where there is a heavy concentration of population. The works relating to the Quilon Water Supply Scheme have been completed. Similarly the works relating to the Kottayam Water Supply Scheme have also been completed except for the installation of the purification plant and supply of water has already begun. The Trichur Water Supply Scheme and Palghat Water Supply Scheme have also been commissioned. Works on the Ernakulam-Mattancherry Water Supply Scheme are in progress. Investigation of the new schemes included in the Third Plan has been completed. Provision is made for the works relating to the Trivandrum and Kozhikode Water Supply (Augmentation) Schemes and the water supply schemes at Tellicherry, Cannanore, Vaikom, Kayamkulam, Shertallai, Badagara and Perumbavoor. The budget estimates also include provision for carrying out water supply schemes in rural areas.

**Public Works**

81. In view of the present emergency it has been decided to stagger the programme of construction of buildings. The provision made in the budget for buildings will be utilised only after the urgency of each item is reassessed. For roads and bridges there is a provision of Rs. 149 lakh in the next year's estimates. Besides, a sum of Rs. 45 lakh is included for west coast roads and Rs.8 lakh for roads of inter-State or economic importance. Almost the entire provision will be required for the works in progress. A sum of Rs. 10 lakhs is, however, earmarked for new emergent works which may have to be taken up in the course of the year.

**Welfare of Backward Classes**

82. Increased allocations are made for the socio-economic uplift of the Scheduled Tribes, Scheduled Castes and other backward classes. The largest item of expenditure is on scholarships, the provision for 1963-64 being about Rs. 82 lakh in the total estimate of Rs. 152 lakh for Harijan Welfare. The liberal scholarships enable the students belonging to these classes to pursue higher studies and ultimately to take their due place in society.

83. Among the next year's programmes is included construction of houses for Scheduled Castes particularly to those of them engaged in unclean occupations like scavenging. Promotion of inter-caste marriages, sinking of wells in areas inhabited by Scheduled Castes, giving interest-free loans for starting a trade, industry or profession and organisation of a multi-purpose Forest Co-operative Society for the benefit of Scheduled Tribes are also contemplated in the budget estimates.

**Other Welfare Measures**

84. In keeping with the policy of Government towards the weaker sections of the society, the budget for 1963-64 contemplates certain new ameliorative measures, besides the continuation of all the existing schemes. We are now spending Rs. 18 lakh for old-age pensions. The scheme for giving financial assistance to the physically disabled and handicapped persons will be implemented shortly. Among the new Plan schemes included in the budget is a scheme for the settlement of landless agricultural labourers in poramboke lands estimated to cost Rs.10 lakh.

**Fishermen's Relief Fund**

85. The fishermen of our State have a risky job to perform. In their efforts to procure valuable food materials from the sea, they are exposed to the vagaries of weather. As they are practically leading a hand-to-mouth existence, any death or disability of the bread-winner is bound to have tragic consequences on the unfortunate family of the victim. With the object of providing gratuitous relief in such cases, Government proposes to institute a Fishermen's Relief Fund by appropriation from revenue. An annual contribution of Rs. 50,000 will be made to the fund every year till the fund reaches Rs. 4 lakh. In cases of death or permanent disablement of fishermen occurring in the course of fishing, grants will be paid to the affected families, subject to a ceiling of Rs. 1,000 per family. The budget presented to the House contains only a provision of Rs. 25,000 for contribution to the Fund. This will be raised to Rs. 50,000.

**Pensions to widows**

86. The widows are another suffering section of the community. It may not be possible to settle all poor widows in the Destitute Homes set up by the Government. Widows having dependent children may not be able to make use of this facility. It is, therefore, proposed to institute a scheme of giving pensions to destitute widows. The details of the scheme are being worked out. It is estimated that the expenditure for 1963-64 will be Rs. 5 lakh. But only a provision of Rs. 2 lakh has been made in the budget for this purpose. This will be increased to Rs. 5 lakh during the course of the year.

**Increased Grants to Orphanages**

87. The grants now paid to orphanages at Rs. 8 per inmate are found to be inadequate and it is proposed to enhance the per capita rate of grant from Rs. 8 to Rs. 10 per mensem. An additional amount of Rs. 2 lakh is included for this purpose in the budget.

**Financial Assistance to T.B. Patients**

88. One of the major problems in the field of health is the effective control of tuberculosis. The existing sanatoria and clinics in our State are not adequate to take care of all persons who are affected by this dreadful disease. In fact there are thousands of patients who queue up for admission to the T.B. Hospitals. Proper dieting which is absolutely essential for treatment is often

beyond the means of the patients. It is, therefore, proposed to accord financial assistance to the T.B. patients in deserving cases. Detailed rules in the matter will be framed and issued shortly. The expenditure estimated on this account is Rs. 5 lakh for 1963-64. A provision of Rs. 2 lakh alone has, however, been made in the budget estimates. An additional provision of Rs. 3 lakh will be made in the course of the year.

### **Loans for Higher Technical Education**

89. The rising cost of education particularly due to increased boarding charges and higher cost of text books etc., is a factor that dissuades the people in the lower income groups from securing for their children the benefits of higher education. Quite recently there has been a remarkable increase in the number of scholarships, but scholarships being outright grants will be necessarily limited in coverage. Government therefore proposes to formulate a scheme for the grant of interest-free loans to deserving students for pursuing higher technical and post-graduate education. The estimate of expenditure is Rs. 5 lakh for 1963-64. Only a provision of Rs. 1 lakh has, however, been made in the budget for this purpose. An additional provision of Rs.4 lakh will be made in the course of the year.

### **Economy Measures**

90. In the context of the national emergency the need for ensuring maximum economy in expenditure has become imperative. The following principles have accordingly been laid down by the Government:—

(a) No new posts will be created, even when there is budget provision, except where it is directly connected with the present emergency or internal security or with those Plan schemes which have been assigned a high priority as a result of the re-phasing of the Plan. Appointment of staff will however be allowed where it is necessary for intensifying the collection of Government dues or where the staff is indispensable in public interest.

(b) Existing vacancies will be left unfilled wherever possible.

(c) Surplus man-power that may be released as a result of re-phasing/staggering of the Plan programmes will be utilised in other essential sectors.

(d) Instructions have been issued to officers to restrict tours. The object is to keep down expenditure by about 20 per cent.

(e) Under contingencies and other charges no fresh financial commitment will be entered into in respect of furniture, printing and stationery, typewriters, office equipments, machinery etc., except where any of these items is indispensable.

(f) As a rule, construction of new buildings except under Plan schemes will not be taken up. Even for buildings under Plan schemes, the necessity will be reviewed carefully. An exception is, however, made in the case of Police buildings.

(g) Expenditure on land acquisition will be kept to the bare minimum possible.

(h) No staff cars, vans, jeeps or lorries will be purchased except for the State Transport Department and the Police Department.

91. These instructions have been broadly kept in view while fixing the budget estimates for 1963-64. But for economies on the above items, the revenue surplus for 1963-64 would have been much less and the capital expenditure considerably higher.

#### **WAYS AND MEANS**

92. As mentioned earlier, the estimate of revenue for the coming year is Rs.71.67 crore while the expenditure comes to Rs. 70.87 crore. There is thus a surplus of Rs. 80 lakh on revenue account. I may repeat here that this surplus is partly the result of the overall economy in expenditure brought about by the various measures taken by Government since the declaration of the Emergency. For the programmes of expenditure on capital account and for the disbursement of loans and advances as budgeted for, an amount of Rs. 20.83 crore is required. Against this we hope to get Rs. 16.08 crore from the Government of India as loan assistance towards Plan schemes and another amount of Rs. 1.5 crore as our share of small savings collections. From the Life Insurance Corporation we expect to receive Rs. 34 lakh in all for the various housing and other schemes. An amount of Rs. 35 lakh is anticipated from the Agricultural Credit (Long Term Operations) Fund of the Reserve Bank of India. The National Co-operative Development and Warehousing Board will be giving a loan of Rs. 14 lakh for schemes in the co-operative sector. The Government of India has decided to centralise open market borrowings in 1963-64. An amount of Rs. 4 crore is taken credit for from this source as intimated by the Government of India. In the coming year the State Government has to repay a public loan of Rs.3.26 crore. We have also to pay the Government of Madras a net amount of Rs. 62 lakh towards the redemption of open market loans.

93. The ways and means position according to Financial Statement presented to the House is as follows:-

|  | <i>(Rs. in crore)</i> |
|--|-----------------------|
| Opening Cash Balance                             | : (+) 0.79            |
| Surplus on Revenue Account                       | : (+) 0.80            |
| Capital Expenditure                              | : (-) 11.45           |
| Loans and Advances by the State Government (Net) | : (-) 9.38            |
| Net Accretions under other Debt Heads            | : (+) 14.69           |
| Closing Cash Balance                             | : (-) 4.55            |

The additional provision to be made for the welfare measures just mentioned by me will reduce the revenue surplus to Rs. 74 lakh, and the cash balance to minus Rs. 4.65 crore.

#### **ADDITIONAL TAXATION MEASURES**

94. The above deficit in cash balance has to be covered and it has to be ensured that the Government has a comfortable ways and means position at all times. Ever since the reorganisation of States, the Government has been facing considerable ways and means difficulties and running into deficits. We have also been overdrawing our account with the Reserve Bank off and on.

It has to be remembered that the new State of Kerala had to take over from Madras a net public debt liability of more than Rs. 14 crore. The low level of Central assistance for the Second Plan, and the inadequate grant-in-aid available under the award of the Second Finance Commission were the other contributory factors to the financial difficulties of the previous years. Now that we are getting a fairer deal from the Government of India in the matter of Central assistance it has become our responsibility to set our house in order. The overall gap anticipated in the transactions of the coming year has therefore necessarily to be bridged. Further, we stand committed to raising a total amount of Rs. 23 crore by way of additional taxation during the Third Plan period.

95. The Government therefore proposes to introduce the following measures of additional taxation during the coming year.

**Electricity Duty**

96. At present we are getting only a small amount by way of electricity duty, as the duty is confined to licensees and bulk consumers. Other States levy the duty on all classes of consumers and so get substantial amounts from this source. The Taxation Enquiry Commission was also in favour of levying electricity duty on all classes of consumers. It is, therefore, proposed to levy electricity duty at the rate of 20% of the tariff on consumers of high tension energy and 10% of the tariff on all other classes of consumers. The duty now paid by the bulk consumers will be enhanced to the above extent. Street lighting will be exempt from this levy. In the case of the licensees, the new duty imposed on consumers will be in addition to the existing levy which will be met by them. It is estimated that an amount of Rs. 30 lakh will be realised from the above measure.

**Entertainment Tax**

97. It is proposed to levy an additional tax on entertainment at the rate of 10 n.p. on every ticket not exceeding one rupee inclusive of the entertainment tax and 20 n. p. on tickets exceeding one rupee. A surcharge of 25% will also be levied on show-tax. The local authorities will be authorised to collect the tax and pass it on to Government after retaining 2% towards collection charges. An additional revenue of Rs.30 lakhs is estimated from this levy.

**School and College Fees**

98. The mounting expenditure on education is imposing a heavy burden on the exchequer. The cost of providing educational services has risen several times in recent years owing to the salary revision of teaching staff, high cost of construction of buildings etc. But there has not been any increase in the fee realised from students. On the other hand, school fees have been progressively abolished and at present fees are not levied upto Standard VIII. At a time when all possible sources of augmenting revenue have to be tapped, Government can ill afford to let this source of income dry up. At the same time, care has to be taken to ensure that the levy of fee should not have a retarding effect on the spread of education.

99. Considering all aspects, Government has decided to introduce tuition fee in Standards VI, VII and VIII at Rs. 24, Rs.36 and Rs.48 per annum respectively with effect from the next academic year. The rate of fee in Standards IX and X will continue to remain at Rs.48 per annum. In order to avoid hardships to the

students coming from the poorer families more liberal fee concessions than are at present allowed in Standards IX and X will be given in all the classes. Accordingly all students whose parents' income is below Rs. 900 per annum will be fully exempt from payment of tuition fee, while half fee concessions will be given in cases where the annual income of parents is between Rs. 900 and Rs. 1,200. A unified set of rules in the matter of fee concessions applicable to all parts of the State will be formulated soon. It is estimated that the concessions may take away fifty per cent of the total fee income.

100. In the Arts and Science Colleges, the admission fee for each course will be raised by Rs. 10 and the tuition fee by Rs. 16 per annum. In the Medical and Engineering Colleges, the tuition fee will be raised to Rs. 360 per annum against the present rates of Rs. 240 and Rs. 300 respectively. The fees in the Training Colleges, Law Colleges, Agriculture and Veterinary Colleges, Polytechnics etc. will also be revised on similar lines.

101. The additional income estimated on account of the levy of fees on the above lines will be Rs. 125 lakh a year.

#### **SALES TAX**

102. The rate of sales tax on selected commodities which are now taxed at a uniform rate of 7% in most of the States is proposed to be raised to 10% as suggested by the Government of India. The commodities falling within this group include motor vehicles, motor cycles and spare parts thereof, refrigerators, radios, wireless instruments, gramophones, cinematographic equipments, photographic and other cameras, clocks, timepieces and watches, iron and steel safes, arms including rifles, revolvers etc., cigarette cases and lighters, Dictaphones, sound transmitting equipment, typewriters, calculating and duplicating machines, binoculars and telescopes and opera glasses. The yield from this measure is estimated to be Rs. 20 lakh per annum.

103. The rate of general sales tax (multi-point) will also be enhanced from 2% to 3%. This will bring in an additional revenue of Rs.120 lakhs per annum.

#### **Motor Vehicles Tax**

104. The rates of motor vehicles tax levied in Kerala are considerably lower than those levied in the neighbouring State of Madras. In the Travancore-Cochin area a single levy of vehicle tax at a high rate is made while in Malabar the levy is in the form of motor vehicles tax at a reduced rate and in addition a tax under the

Tax on Passengers and Goods Act. The incidence of tax in both the areas is, however, the same. The present trend in all States is in favour of imposition of surcharge on passengers and goods under the Tax on Passengers and Goods Act, separate from the regular tax on vehicles. In fact, the Tax on Passengers and Goods Act has come to stay in other States over and above the Vehicles Taxation Act. The non-introduction of a similar Tax on Passengers and Goods Act in Kerala will cause considerable loss and hardship to the operators in Kerala, since for purposes of inter-State operation we have accepted the principle of single-point tax. If the present system is continued, an operator of our State permitted to operate in Madras will have to pay the higher rate of motor vehicles tax in our State, and at the same time pay the tax under the Tax on Passengers and Goods Act in Madras. But the operators of the State permitted to operate in Kerala will have to pay only the lower motor vehicles tax in their home States and need not pay any tax at all in Kerala as no levy under the Tax on Passengers and Goods Act is in force here. This will result in considerable loss of revenue to the State. The introduction of the tax on passengers and goods cannot therefore be put off any longer. The rates of tax have also to be stepped up to fall in line with those in other States in view of the need for raising additional resources.

105. Government therefore proposes to fix the tax on stage carriages at Rs. 35 per seat per quarter where the distance operated per day does not exceed 200 kilometres and at Rs. 40 where the distance exceeds 200 kilometres. The rate for standing capacity will be Rs.10. Surcharge under a Tax on Passengers and Goods Act to be enacted soon will also be levied, which will be compounded at a uniform rate of Rs. 25 per seating capacity per quarter. In respect of standing passengers, the surcharge under the Tax on Passengers and Goods Act will be compounded at one-third of the rate per seat.

106. The tax on goods vehicles will be fixed in the following manner on a progressive basis with due regard to the laden weight of the vehicles:—

| <i>Category</i>                         | <i>Wt. in Kg.</i> | <i>Rate of tax<br/>per quarter<br/>(Rs.)</i> |
|---|-------------------|--|
| a. Dot motor cycle trucks not exceeding | 300               | 33   |
| b. Other vehicles not exceeding         | 1000              | 67   |
| c. Between                              | 1000-1500         | 133  |
| d. „                                    | 1500-2000         | 160  |
| e. „                                    | 2000-3000         | 210  |
| f. „                                    | 3000-4000         | 270  |
| g. „                                    | 4000-5500         | 350  |
| h. „                                    | 5500-7000         | 450  |
| i. „                                    | 7000-9000         | 550  |
| j. „                                    | 9000-9500         | 600  |
| k. „                                    | 9500-10500        | 650  |
| l. Above                                | 10500             | 750  |

A surcharge under the Tax on Passengers and Goods Act will also be levied and this will be compounded at a uniform rate of Rs. 112.50 per quarter.

107. Even after the enhancement suggested above, the incidence of the tax on both stage carriages and goods vehicles will be slightly lower in Kerala, than in Madras.

108. The tax on motor cars and motor cycles will be increased as follows:—

| <i>Category</i>                                   | <i>Existing<br/>rate per<br/>quarter<br/>(Rs.)</i> | <i>Proposed<br/>rate per<br/>quarter<br/>(Rs.)</i> |
|---|--|--|
| <b>Motor Cars</b>                                 |  |  |
| <i>(i) Private</i>                                |  |  |
| Cars weighing not more than 15 cwts.<br>(unladen) | 21   | 30   |
| Cars weighing between 15 and 30 cwts.             | 30   | 40   |
| Cars weighing between 30 and 45 cwts.             | 39   | 50   |
| Cars weighing between 45 and 60 cwts.             | 48   | 60   |
| Cars weighing above 60 cwts.                      | 60   | 75   |
| <i>(ii) Taxi-Cabs</i>                             |  |  |
| Cabs carrying not more than 3 persons             | 30   | 40   |
| Other taxi-cabs                                   | 75   | 100  |
| <b>Motor Cycles</b>                               |  |  |
| Below 3½ H.P.—without side car                    | 9  | 12   |
| Below 3½ H.P.—with side car                       | 12   | 15   |
| Tricycles   | 12   | 15   |

109. The increase in revenue consequent on the revision of the rates of tax suggested above will be of the order of Rs. 120 lakh per annum.

### **BUS FARE**

110. The road transport industry in our State particularly in the private sector is not so organised and developed as in the neighbouring States. The cost of operation, repairs and replacement is heavier in our State due to the difficult lay-out of routes with a large number of gradients and curves. In other States the

private industry does not have to face such a severe competition with the public undertakings as in our State. More than all these is the fact that the fare prescribed in our State is considerably lower than that in most other States. The private transport industry is thus facing severe hardships. The State Transport Undertaking is not also able to contribute any appreciable amount to the State exchequer by earning good profits.

111. The Government therefore proposes to increase the rate of bus fare in both departmental and private services from 2.5 n.p. to 3 n.p. per kilometre. This will apply to both ordinary and city services. For Express and Fast Passenger services, increase in fares to the extent of 50 and 25 per cent respectively will be allowed. For services operated through the ghat roads an increase of 25 per cent will be allowed. The minimum fares will be fixed as 10 n.p. for City services, 20 n.p. for Ordinary services, 40 n.p. for Fast Passenger services and 50 n.p. for Express services.

112. The net increase in the receipts from the State Transport services on account of the above enhancement in the fare structure, after paying vehicles tax at the increased rates mentioned earlier, is estimated to be Rs. 40 lakh per annum.

113. The total yield from all the new measures of taxation mentioned by me comes to Rs. 4.85 crore. This will, besides fully covering the deficit, leave a small cash balance of Rs. 20 lakh at the end of the year. Even this cannot be considered to be sufficient for ensuring smooth ways and means operations. But I am confident that this will take the Government a long way towards achieving financial stability.

114. Before concluding my speech, I would request all of you here in this House, and through you the people of the State, to remember that the crucial times, we are living in, call for sacrifices of a higher order than we have been making till now. The threat to our national integrity at a time when we are steeped in the efforts at the re-building of our economy has added a new dimension to the task before us. Fortunately today there is a consciousness everywhere of the magnitude of this task. I appeal to all sections of the people not to fritter away their energies and resources in trivial matters but to employ them purposefully to meet the challenge of the day. Let us never for a moment forget the sacred pledge that we have taken recently to protect the honour and

freedom of our motherland. I have no doubt in my mind that the flood of re-awakened patriotism and sense of unity that has now burst upon us will carry us forward to greater heights of glorious achievements.

Sir,

I now commend the budget estimates for 1963-64 for the acceptance of the House.

JAI HIND