



BUDGET SPEECH FOR 1972-73

SHRI K. T. GEORGE

25th February, 1972

Sir,

I rise to present the Budget Estimates for 1972-73 before this House.

This year that has just gone by is a memorable one in the annals of our country. We have been able to face with courage and confidence the greatest challenge that has ever threatened us since the attainment of Independence. The struggle for liberation of the people of Bangladesh and the subsequent developments in the sub continent, our involvement in this struggle and the ultimate victory that we won against Pakistan have all become great events of history. Our unshakable faith in our ideals and our sense of unity during this period of trial have won for us a unique place among the nations of the world. Natural calamities, damages inflicted by the war and shrinkage of foreign assistance were factors that threatened to shake the very foundations of our national economy. That we were able to keep up the tempo of developmental efforts, even in the midst of this crisis is due to the fact that as a result of two decades of planned economic development we have been able to strengthen the economic base.

2. We have to maintain the sense of unity that we displayed as a nation during the war. Defence efforts have to continue uninterrupted. We have to work untiringly and with dedication in order to overcome the trials and tribulations that lie ahead of us. The pace of development needs accelerating. Unemployment which has reached menacing proportions has to be contained before it gets out of control. In these circumstances, we are left with no alternative but to exploit our internal resources to the fullest measure and to utilize them most effectively.

3. Kerala has been in the grip of financial difficulties since the beginning of the Fourth Plan. The inadequacy of the award of the Fifth Finance Commission is a contributory factor for the financial difficulties of the State Government.

The scheme of special accommodation loans evolved by the Planning Commission and the Government of India to rectify the situation has helped to solve the problem only to a limited extent. The scheme is to cover temporarily the Non-Plan gap by means of loans. This has led to a situation in which interest charges on loans received to cover the gap tend to widen the gap further. While assessing the Non-Plan gap it would appear that the Planning Commission has not made a realistic appreciation of the needs of the State Government. According to its calculations, the State would have only a Non-Plan gap of Rs. 67 crore during the Fourth Plan period. But the actuals of 1969-70 and 1970-71 and the mid term appraisal made in August 1971 based on these actuals have revealed that the Non-Plan gap is much higher. We have been able to establish that the Non-plan gap of the State Government during the Fourth Plan period is Rs. 107 crore. But a clear understanding has yet to emerge in regard to the manner in which the Non-Plan gap should be covered.

4. The Plan outlay in the first two years of the Fourth Plan has exceeded the resources that could be raised. This is the position in the current year also. The total Plan deficit in the first three years is around Rs. 28 crore. The deficits in the Plan and Non-Plan account are reflected in the rising level of overdrafts of the State Government which have constituted a new and heavy liability on the State Government. The interest charges on overdrafts exceed a crore of rupees a year. Many other States are also in the same predicament. The problem of overdraft is engaging the serious and urgent attention of the Government of India and the Reserve Bank of India. I hope that the Central Government will tackle this problem with foresight and imagination and take the initiative in finding out lasting solutions. While dealing with this problem, the approach should be to make a realistic assessment of the financial position and liabilities of our State and the states similarly placed and evolve a practicable plan of action aimed at strengthening the financial base of the weaker states. If, on the other hand the problems of the State Government are not viewed with sympathy and understanding and a ban on overdrafts is imposed, it may lead the State to financial crisis which will be detrimental to the longer interests of the nation and will strike at the roots of national solidarity. The search for a solution to the problem of overdraft has, therefore, to be made, with due regard to these considerations.

5. One or two fact which serve as an index to the State's financial disabilities may be mentioned here. The Central assistance for the State's Fourth Plan has been fixed at Rs. 175 crore. But against this the State has to remit Rs. 129 crore by way of repayment of earlier loans and Rs. 63 crore by way of interest on Central loans

during this period. Though it is conceded in principle that loan finds have to be utilised only for productive purposes, the position in actual practice is far different. Investments that are made in the sectors of power, irrigation, etc., take considerable time to earn returns with the result that for repaying the loans or remitting the interest the State has to depend on its normal revenues. The present situation is that new loans have to be taken to repay the earlier loans.

6. The Sixth Finance Commission is likely to be appointed within a few months. This Commission has to be so equipped as to make a comprehensive study of the State's financial problems and make such recommendations as would contribute to a strengthening of the financial base of the State Governments. It is needless to state that operating within the same limited sphere in which the earlier Commissions were functioning, the Commission will not be able to view problems of the States in their proper perspective and make recommendations aimed at ensuring fiscal justice. Let me therefore take this occasion to appeal to the Government of India to consider these aspects seriously while deciding terms of reference to the Commission and selecting its members.

The Economic Scene

7. The performance of the agricultural sector in Kerala in 1970-71 was satisfactory. Rice production recorded an increase of 5.87 per cent during the year. Pepper production went up by 4 per cent. There was a marginal increase in the production of other crops except tapioca and bananas. In the case of bananas, there was a decline in production which was as high as 8.89 per cent.

8. The average yield of rice per hectare showed a significant increase compared with the previous year. The average productivity was 1484 kilograms per hectare in 1970-71 as against 1403 kilograms in 1969-70. The rise in productivity was particularly significant in the case of the punja crop. As against 1818 kilograms of rice per hectare in 1969-70, the productivity of the punja crop went up to 1960 kilograms. The area under high yielding and hybrid varieties registered an increase from 1.36 lakh hectares in 1969-70 to 1.59 lakh hectares in 1970-71. The total production of rice increased from 12.26 lakh tonnes in 1969-70 to 12.98 lakh tonnes in 1970-71. Efforts at mechanisation of agriculture continued. The Kerala Agro Industries Corporation distributed 320 tractors and 59 tillers among the agriculturists.

9. The food situation in the State was satisfactory. Including imports, the availability of rice in the State during 1971 was 19.15 lakh tonnes.

10. Fish production in Kerala increased from 3.85 lakh tonnes in 1969-70 to 3.93 lakh tonnes in 1970-71. Reckoned in terms of value, the increase was from Rs. 28.55 crore to Rs. 30.08 crore. Marine fish landings, accounted for about 97 per cent of the total catch. The value of fish and fish products exported during 1970-71 from the State was Rs. 27.57 crore.

11. Among plantation crops, coffee production recorded a significant increase of 9 per cent during the year. The production of rubber has been on the increase during the last two years; at the same time there has been a fall in the utilisation of rubber for industrial purposes. This has led to a decline in the price of rubber leading to hardship to rubber growers. The Government of India tried to remedy the situation by fixing the floor price of rubber and by purchase of rubber through the State Trading Corporation. Still, the year was on the whole unfavourable to the small rubber growers in Kerala.

12. Industrial production in 1971 was not satisfactory. The working of many of the industrial undertakings was affected by non-availability of raw materials like steel and cotton, and by other factors like labour trouble and shortage of working capital. Certain steps were taken to remedy the situation. Efforts were made to bestow greater attention on industrially backward districts and to attract Industries to those areas; a scheme of worker's participation in the management of Government owned companies was introduced. During 1970-71, 63 private companies and 4 public companies were registered. The working of Government-owned companies has not shown any significant improvement. In fact, most of them have been sustaining losses. The abnormal increase in the price of yarn and its scarcity have affected the handloom industry. The year was a very difficult period for cashew and coir industries also.

13. The average consumer price index number registered a nominal increase of three points and reached 854 in 1971. During the ten years from 1961 to 1971, the consumer price index number increased by 79 per cent in Kerala and 81 per cent in India as a whole.

14. There was a general increase in the retail price of rice in the open market, pulses and condiments. The price of sugar shot up towards the end of the year. But there was a fall in the price of coconut and its products.

15. The index number of wholesale prices declined by 9 per cent during the year. The fall was particularly significant in the case of oil seeds which comprises

mainly of coconut and spices like pepper, ginger and cardamom. The ban imposed on forward trading operations in coconut oil and the increased import of copra are the important reasons for this decline in the price of coconut.

16. During the year under review, prices received by the farmer declined considerably, while the index of prices paid which includes both domestic expenditure and farm cultivation costs moved up. This has placed the cultivators in a relatively disadvantageous position.

17. During the year 1971, there was an increase of nearly 21 per cent in the number of job seekers registered with the employment exchanges. On December 31, 1971, there were 3.57 lakh job seekers on the live registers. This is an indication of the extent of increase in unemployment. Educated unemployment has increased at a faster rate. During the last five years, the number of postgraduates on the live register increased five-fold. Large numbers of graduates in medicine, engineering and agriculture and veterinary sciences have also registered with the employment exchanges and are awaiting their chance. Employment in the organised private sector has been declining.

Accounts 1970-71

18. The year, 1970-71, opened with an overdraft of Rs. 6.56 crore with the Reserve Bank. The Plan outlay (actuals) for that year was Rs. 59.17 crore. But the resources that could be raised came to Rs. 46.48 crore only. This has led to a gap of Rs. 12.69 crore on Plan account. The gap in the Non-Plan sector has been fully covered by special accommodation loans from the Centre; besides, these loans have brought down the deficit in the Plan sector to Rs. 8.78 crore. The year ended with an overdraft of Rs.15.37 crore with the Reserve Bank.

REVISED ESTIMATE, 1971-72

19. The budgeted outlay for the Annual Plan for 1971-72 was Rs. 60.60 crore. But increases in the allocation for power and urban water supply were found inevitable. This fact was brought to the notice of the Planning Commission during the mid-term appraisal of the State's resources in August, 1971. The State Government representatives pointed out that the Plan outlay for the year would have to be raised to Rs. 69 crore. The receipts and disbursements of the State Government came under strict review at these discussions. It was suggested that expenditure should be curtailed to the minimum and maximum efforts taken to raise resources so that the gap could be kept down as low as possible. In pursuance of these discussions, certain steps have been taken to regulate expenditure. But the Plan

allocations in certain sectors had to be increased – Power (Rs. 3 crore), Roads (Rs. 0.5 crore), Education (Rs. 1.00 crore), Water Supply (Rs. 1.00 crore). The Revised Estimate of the Annual Plan is, therefore, placed at Rs. 65.15 crore.

20. Increases are anticipated under some of the State taxes like sales tax and state excise duties. But there will be a significant fall in the yield from tax on passengers and goods. Though necessary legislation has been promulgated to enable the collection of this tax, some bus operators have filed appeals against the collection of the tax and obtained stay orders from Courts.

21. The Revised Estimate records an increase of Rs. 6.57 crore in the expenditure on revenue account. Increases are mainly under interest charges, relief expenditure, pension charges and compensation to local bodies in lieu of vehicles tax.

22. Under loans and advances, the Revised Estimate includes a provision of Rs. 10 lakh by way of loan to Travancore Devaswom Board and Rs. 57 lakh as loans to District Consumer Co-operative Stores.

23. It is estimated that the transactions of the year will end with an overdraft of Rs. 33.53 crore with the Reserve Bank. Taking into account the cash in treasuries etc., the closing balance of the year will be (-) Rs. 32.93 crore.

BUDGET ESTIMATE 1972-73

24. The revenue for 1972-73 is estimated at Rs. 191.38 crore. The State's share of central taxes and duties is placed at Rs. 39.16 crore. State taxes are expected to yield Rs. 85.75 crore which represents an increase of Rs. 9.35 crore over the Revised Estimate for 1971-72. Sales tax alone is expected to contribute Rs. 45.40 crore, which is 10 per cent higher over the current year's level.

25. The exemption from land tax applicable to holdings below two acres has been taken away with effect from April 1, 1971 by a recent Ordinance promulgated by the Governor. This Ordinance has also rectified the inadequacy in the charging section of the Land Tax Act, thereby removing the present difficulties in the collection of land tax. It is, therefore, possible to proceed with the collection of land tax including arrears. For this reason, an increase of Rs. 1.75 crore is estimated in the yield from land tax during the coming year.

26. Government have decided not to introduce the proposed cess on lands and buildings. The tax on non-agricultural lands in urban areas announced in the previous budget for 1971-72 will be introduced from next year. An amount of Rs. 1 crore is expected from this measure.

27. By way of the State's share towards relief expenditure on Bangladesh refugees it is proposed to collect Rs. 60 lakh by certain measures and pass it on to the Government of India.

28. The yield from non-tax revenues is estimated at Rs. 29.98 crore. A major item is 'forest' which is expected to yield Rs. 10.75 crore. Interest receipts are placed at Rs. 5.62 crore.

29. The Budget Estimate take credit for an amount of Rs. 10.18 crore by way of Central grant for the State Plan and an amount of Rs. 5.95 crore as Central grant for Centrally sponsored schemes.

Expenditure (Non-Plan)

30. The Non-Plan expenditure on Revenue Account is estimated at Rs. 187.11 crore. This represents an increase of Rs. 19.19 crore over the Revised Estimate for the current year. The increase is most pronounced under certain special items. For implementing the central scheme for distribution of house sites to rural workers, a provision of Rs. 4 crore is additionally included. For the constitution of the Agriculturists Rehabilitation Fund under the provisions of the Kerala Land Reforms Act, an amount of Rs. 2 crore is provided. The budget also includes a provision of Rs. 3 crore towards increase in emoluments of Government employees sanctioned with effect from January 1, 1972. A provision of Rs. 1.5 crore is included towards payment of subsidy to Kerala State Electricity Board for loss on account of rural electrification. If these special items are excluded, the Budget Estimate represents only normal increase over the Revised Estimates.

31. The capital expenditure outside the revenue account is estimated at Rs. 4.16 crore. For loans and advances, a provision of Rs. 7.83 crore is included. Against this, a receipt of Rs. 7 crore is expected by way of recovery of loans and advances disbursed in earlier years.

Annual Plan

32. At the discussions with the Planning Commission the outlay for the annual Plan for 1972-73 has been fixed at Rs. 64 crore. Considering the outlays in the first three years and the tempo of expenditure achieved by now, the outlay proposed for the coming year is totally inadequate. But going by the availability of resources, it may not be possible to provide for a larger outlay. Central assistance in the coming year will be 3 per cent lower than in the current year. When the resources that could be raised by the State are also taken into consideration, the outlay

can only be Rs. 64 crore. It is on this basis that the Planning Commission has approved an outlay of Rs. 64 crore. The budgeted outlay is, however slightly higher, namely Rs. 64.26 crore. This includes a special provision of Rs. 25 lakh for school buildings.

33. The allocations for some of the more important sectors are given below:—

	(Rs. Crore)
Power	21.00
Agricultural Production	10.20
Major Irrigation Projects	5.50
Industries	4.80
Roads	2.00
Water Supply	6.80
Education	4.00
Housing	1.40
Health	2.10

Agriculture

34. The Main objective of agricultural programmes for 1972-73 would be the stepping up of food production by adopting high-yielding varieties and, implementing schemes of intensive cultivation. It is a matter of vital importance in the present context to bring down imports of food grains and attain self-sufficiency.

35. The *Ela* programme has been implemented in 40 *Elas* during the current year. This scheme has been received well by the farmers.

36. Proposals for starting three collective farms in the State are under consideration. This programme has been drawn up with the twin objectives of increasing the area under food and cash crops and providing employment opportunities for rural population. During 1972-73, three collective farms including the one at Illithode in the Ernakulam District will be organised. It is expected that the finances required for this scheme will be forthcoming from the Agricultural Refinance Corporation and Commercial Banks.

37. Government have also under consideration a proposal to bring 5000 acres under cashew cultivation and 10000 acres under cocoa in accordance with a phased programme. A significant feature of Government's activities in the field of agriculture during the coming year will be the greater emphasis placed on utilisation of institutional finance for agricultural schemes. Government propose to set up an authority for the development of Kuttanad region and final touches are being given to a comprehensive scheme which will change the very face of Kuttanad.

38. Government are taking all possible measures to ensure a fair price for agricultural products. Realising the difficulties of small growers of rubber, Government have already started with Central aid procurement of rubber from them through the agency of the State Cooperative Marketing Federation. It is worth-mentioning that the market price of rubber has gone up as a result of this procurement operation. The alarming decline in the price of coconut has been brought to the notice of the Government of India and efforts are being made to take appropriate corrective steps.

39. As the Hon'ble members are aware, the Kerala Agricultural University has started functioning in 1971. This University is being formally inaugurated tomorrow at Mannuthy, near Trichur by the State Governor. The Agricultural and Veterinary Colleges and the research institutions attached to them have been transferred to the control of the University. This University has been equipped to function in a purposeful and systematic manner and to give an effective lead to agricultural activities in the State by linking teaching with research.

Land Reforms

40. The implementation of the Land Reforms Act is being done with speed and expedition. Out of the 2.5 lakh applications for purchasing the Kudikidappu received so far, two-thirds have been disposed of. About 30 per cent of the applications received for purchase of landlords' right by tenants, have also been disposed off. In order to quicken the process of disposal of applications under both these categories, the number of Land Tribunals has been increased. However, applications for purchase of landlords' rights received so far constitute only a very small percentage of the total number of tenancies. Government have extended the date for filing of applications upto 31st December, 1972.

41. The Kudikidappukars' Benefit Fund with a corpus of Rs. one crore will be constituted during the current year itself. An amount of Rs. 2 crore is included in the budget for 1972-73 for the constitution of the Agriculturists' Rehabilitation Fund.

42. Government propose to accelerate the pace of implementation of the scheme of assignment of land to landless people. It is hoped that within the next one year, about 50000 acres of land could be distributed.

43. The decision to impose a ceiling on urban property will be implemented soon. Necessary legislation will be introduced by the Government of India. Taking into account the special features of Kerala, the State Government are considering whether it will not be more appropriate to introduce separate legislation by the State so that the measure could be implemented quickly and with a sense of urgency.

Animal Husbandry and Dairy Development

44. Government have under consideration proposals for the establishment of an intensive cattle development project, covering a compact area which comprises the Key Village Blocks of Trichur and Palghat districts. On the question of setting up an Egg Powder Factory, consultations have been made with the experts of the Government of India. During 1972-73, ten new Veterinary Dispensaries will be started. Considering the lack of employment opportunities of Veterinary graduates, it has been decided to appoint additional Veterinary Surgeons in the Department. A Crash Programme for the development of poultry is being formulated for implementation in all the districts.

45. The programmes in regard to dairy development include the expansion of the Trivandrum Milk Supply Scheme and the commissioning of a *new* Milk Supply Scheme at Alleppey. It is also proposed to set up dairy plants in the towns of Quilon, Trichur and Cannanore and preliminary steps in this regard are being taken.

Fisheries

46. The scheme for the development of fisheries with financial assistance from the Agricultural Refinance Corporation has already been started during 1970-71. It is proposed to extend the scheme to other selected areas after getting the approval of the A. R. C.

47. The fishermen are a section of people facing considerable hardships. To promote communication facilities in the areas inhabited by them, a provision of Rs. 25 lakh is included in the budget. Similarly, it is also proposed to provide medical institutions in the coastal areas which lack such facilities now.

48. Proposals are being drawn up for implementing schemes connected with deep-sea fishing with Central aid. The master plan for the comprehensive development of fisheries submitted by the State Government is still under the consideration of the Government of India and it is hoped that approval for this scheme which includes the development of a few fishing harbours as well, will be received in the near future.

Co-operation

49. It is a matter of common knowledge that the Co-operative Movement has been able to play a significant role in the sphere of agricultural production. In the matter of providing credit facilities, distribution of manure and marketing of agricultural produce, the services rendered by the Co-operative Societies have been invaluable. Urgent steps are being taken to revitalise weak and dormant societies. The share capital structure of credit societies is being strengthened with the funds received from the Reserve Bank. By the end of the current year, the number of societies with share capital exceeding Rs. 50000 will go up to a thousand. During 1970-71, a total amount of about Rs. 30 crore has been distributed as agricultural loans by the credit societies. It is hoped that by next year, the amount of credit will exceed Rs. 40 crore. Service Co-operatives are also being strengthened. The Kerala Co-operative Central Land Mortgage Bank has with the funds provided by the Agricultural Refinance Corporation undertaken many land development schemes. Seventeen schemes costing Rs. 6.38 crore are ready for implementation. It is hoped that next year more schemes of this type could be taken up.

50. The working of the District Consumer Co-operative Stores has been far from satisfactory. The Committee set up by the Kerala State Co-operative Bank has gone into the working of these Stores and submitted proposals for revitalizing them. Government have considered the recommendations of this Committee and are taking appropriate corrective measures. During the current year, an amount of Rs. 57 lakh has been given as interest-free loans to seven District Consumer Stores and the State Federation together.

Irrigation

51. The budgeted outlay for major irrigation projects is Rs. 5.5 crore. The amounts provided for some of the important projects are Rs. 1.4 crore for Kuttiadi, Rs. 1.1 crore for Kallada, Rs. 80 lakh for Pazhassi and Rs. 75 lakh for Pamba. A provision of Rs. 1.2 crore is included for minor irrigation and Rs. 35 lakh for lift irrigation.

52. The investigation of Chimni-Mupli, Aralam, Vamanapuram, Kakkadavu Kuriarkutty and Edamalayar projects will be completed next year. The investigation of five new projects will also be taken up in the coming year.

Power

53. The tempo of development works in the Power Sector has reached new heights this year as compared to previous years. The Plan outlay for power schemes for 1972-73 is fixed at Rs. 21 crore, out of which the amount earmarked for the Idukki Project is Rs. 11 crore. In the construction of the Idukki Project, we have turned the corner and the work is progressing satisfactorily. If the present rate of progress is maintained, it will be possible to commission the project during 1974 itself. If all the concerned parties namely workers, engineers, contractors and leaders of the public extend their wholehearted co-operation there is no reason why the project could not be completed according to schedule.

54. The scheme for rural electrification is being pursued with vigour with the assistance of the Rural Electrification Corporation. During the current year, schemes costing Rs. 1.2 crore have been taken up in Cannanore district alone. For Malappuram district a similar set of schemes have been drawn up and are currently under the consideration of the Corporation. To ensure sustained progress for the rural electrification programme, the condition regarding the minimum guarantee has been waived. Special attention is being paid to bring the benefits of electricity to the lower strata of society particularly the Harijans. Accordingly, steps are taken to extend electricity lines to Harijan colonies in areas which have been electrified.

55. One of the complaints of the consumers is that they do not get the bills in time. The delay in preparing bills has also affected the revenues of the Board. It is, therefore, proposed to introduce a system of 'spot-billing' in urban areas.

56. As a commercial undertaking the Electricity Board cannot be expected to supply power at rates below production cost. But the Board may have to do so in pursuance of certain policy decisions taken by Government. As an example small scale industrialists have been offered certain concessions in the matter of power supply as an incentive to setting up new industries. Government propose to make good to the Board the loss involved in providing power at subsidized rates to such industrialists. Similarly, the Board sustains loss on account of the rural electrification

programme. Government propose to give compensation to the Board for this also. A provision of Rs. 1 .5 crore has been included in the budget for this purpose. This compensation will however be set off against the interest dues from the Board.

Industries

57. All possible efforts are being made for stepping up the production of companies owned by Government and those in which Government hold majority shares. Expansion programmes in respect of most of these concerns are being undertaken in order to make them more profitable. Special mention may be made of the expansion schemes relating to the production of cycle tyres and tubes in the Trivandrum Rubber Works Limited, Crockery Unit in the Kerala Ceramics, titanium dioxide in the Travancore Titanium Products, telephone cables in the Traco Cable Company and caustic soda/chlorine and sodium sulphate in the Travancore-Cochin Chemicals Ltd.

58. The Kerala State Industrial Development Corporation has during the current year invested more than a crore of rupees by way of loans and share capital in companies in the private sector. The Corporation has also received applications for financial assistance for a total amount of Rs. 93 lakh. It proposes to finance a project for the manufacture of automobile tyres and tubes. The Corporation has received letters of intent for the manufacture of certain electronic equipments and cigarettes.

59. Efforts are being continued to get Central Sector Projects established in the State. The news print factory will be started in the State during the current plan period itself. When this factory goes into production, it will have a capacity to manufacture 250 tonnes of news print per day initially and 600 tonnes ultimately.

60. Ten licences and twenty letters of intent have been issued by the Government of India for starting new projects and for expanding the existing units. The feasibility of setting up a tapioca processing unit at Malappuram is being studied.

61. A comprehensive export potential survey is being undertaken through the Indian Institute of Foreign Trade, New Delhi.

62. The Development areas established in the previous years are being increasingly utilised for setting up new industrial units. Some of the units like the Manikath Synthetic Fibers, Coromandal Marine Works and Periyar Chemicals have already started production.

63. Government have announced some important incentives to industrialists for setting up small scale industries in the State. These include financial assistance on liberalized terms, concessions in regard to stamp duty and sales tax, and supply of equipments and machinery on hire purchase terms.

64. The climate in the State is most favourable for technically educated persons, to organise themselves on co-operative lines and embark on small industrial ventures. The Engineering Technicians' Industrial Co-operative Society Limited has already taken up scooter projects at Trivandrum and Alleppey, a Foundry Unit at Ottappalam and a Boat Building Unit at Trikkakara. It is proposed to extend its area of operations and diversify its activities.

65. Government propose to set-up an Apex Society for Small Scale Industrial Co-operative Societies to help the primary co-operatives in securing essential raw materials and marketing their products.

66. The departmental organisation in the industrially backward districts of Trivandrum, Alleppey, Trichur, Malappuram and Cannannore has been revamped and special concessions have been offered for setting up industries in these districts.

67. Measures for the development of traditional industries are under way. Special efforts are being taken to enable the handloom industry to tide over its present crisis and to rehabilitate the cashew industry which is now on the verge of collapse.

68. It has been decided to organise handloom units on factory lines in certain areas. An additional expenditure of Rs. 12.5 lakh has been incurred in the current year by way of rebate on the sale of handloom goods. Strong representations have been made to the Government of India to regulate the price of yarn which has recorded abnormal increase in recent times. Government are also considering what measures could be taken in the matter of increasing the sale of handloom goods. Show rooms are being set-up in all the

district headquarters for which land and financial assistance for construction of buildings have already been advanced by the Government. The recommendations of the Handloom Advisory Committee are under active consideration of the State Government.

69. Measures have been taken to resuscitate the cashew industry which is facing a severe crisis. A lasting solution to the problems facing this industry cannot be found unless the Government get a commanding influence over this industry. It is for this reason that the Government have started a Cashew Corporation. Government expect generous support from the Cashew Development Corporation of India to this venture of the State Government. Twenty cashew factories have already been taken over. Government will be providing funds to the Corporation to take over a few more factories.

70. The Coir industry which employs the largest number of workers in the State is caught in a crisis of unprecedented dimensions. The entire industrial activity in this sector has come to a grinding halt. Government are taking necessary steps to put this industry on its feet. A scheme for the rehabilitation of the Coir Industry has been prepared and will be put through from the coming financial year onwards.

Public Works

71. The works on the National Highway have attained substantial progress. The bridges at Neendakara and Chalakkudy have already been opened to traffic. The bridge at Kurumali will be completed shortly.

72. During the last three years, there have been serious damages to the road system in the State, owing to heavy rains. Considerable amounts have had to be spent to undertake repair works. Central loans were available for such expenditure. During the current year, the expenditure on flood damage works exceeds a crore of rupees. For repairs to roads, buildings, etc., provision of Rs. 5.90 crore is included in the budget for 1972-73. The provision made for roads is Rs. 1.80 crore and for buildings Rs. 5.78 crore. A sum of Rs. 3 lakh is provided for the construction of Civil Stations in the newly formed Idukki District. A special feature of the budget is that earnest and conscious efforts have been made to discontinue the practice of budgeting for a very large number of new works with token provision. It is irrational to include works which

could not normally be expected to be taken up, owing to the constraints of finance. Government consider that the emphasis should be to complete the works in progress as quickly as possible.

74. Government are considering the question of entrusting the construction of Police quarters to the Housing Board. Similarly the construction of the N. G. O. quarters at Kozhikode will also be entrusted to the Housing Board. The Board will be able to secure finances from banks on the security of Government lands and take up the construction of buildings without much difficulty. Government will provide funds to the Board in due course to enable it to repay the loan and to meet the interest charges.

75. Recognizing the importance of reducing construction costs, Government have set-up a four member expert committee to study the various aspects of this problem and submit necessary recommendations. It is hoped that the recommendations of this Committee will pave the way for making the various housing schemes in the State especially those applicable to the lower income groups benefit larger numbers of people.

Education

76. A significant achievement in the field of University education is the starting of a federal type University at Cochin with emphasis on post-graduate studies and research. There is no doubt that the research activities of this University will make valuable contributions in the field of industrial development in the State.

77. The grants paid to private colleges have increased abnormally in recent years. While the expenditure in 1969-70 on this account was Rs. 82 lakh, the provision in the budget for 1972-73 is Rs. 325 lakh. This phenomenal increase is on account of the salary revision, starting of new courses and appointment of additional staff in the private colleges.

78. It is one of the long standing demands of the student community that the disparity in the rates of fees in the private colleges and Government colleges should be removed and that a unified fees structure should be evolved. Government consider that it is irrational and inconsistent with the present concept of social justice to levy fees at widely differing rates from students undergoing the same courses. The question will be examined in all its aspects and a unified fees structure will be introduced in all colleges with effect from the next academic year.

79. The expenditure on education has gone up steadily and constitutes a huge liability on the State Exchequer. It has been estimated that for every student in the primary school the State spends Rs. 83.56 a year, while for a student in the Secondary School an expenditure of Rs. 169.11 is incurred in a year. Out of every 1000 children entering the school in Standard I, only 84 pass out of the S. S. L. C. at the end of 10 years. Against this background it is necessary to reform the educational system in keeping with the changed needs of the day. Government propose to initiate measures to give a vocational bias to the curriculum of studies.

80. In the field of sports, our State has had several remarkable achievements to its credit in recent times. It is a matter of pride for us that in the national volleyball tournament held at Jamshedpur recently, our women had won the women's championship. In the National Athletic Meet held at Kottayam early this month, our boys and girls have come out with flying colours. It is necessary to encourage sports and pursue sports activities with greater vigour. Government are considering what steps should be taken in this matter. Government also propose to set-up a State Youth Welfare Board to develop the cultural, artistic and physical talents of the youth.

Health

81. The special efforts made by the Government in improving standards of health and medical attention have brought about many desirable changes in the working of this department. The number of medical institutions has been increased to the extent possible keeping in view the financial limitations of the State Government. But, the emphasis has been more in the matter of improving the standards of medical treatment than in setting up of new institutions. The target of one bed per thousand population has been achieved. The ratio of nurse to bed strength has been raised from 1:10 to 1:6. The additional nurses required according to the revised ratio will be appointed according to a phased programme. During the last two years there has been an increase of 200 nurses each. In the coming year another 200 nurses will be additionally appointed.

82. For the manufacture of medicines, a public sector project has been started. Government are taking necessary steps to avoid complaints of scarcity of medicines in the hospitals. This is a problem which cannot be fully

solved with the limited budget allocations. The provision for purchase of medicines is being increased by Rs. 35 lakh from the current year's level so that there will be a substantial improvement in the availability of medicines.

83. The facilities in the Medical College Hospitals of the State are being improved by stages. In the Trivandrum Medical College Hospital the Sri Chitira Tirunal Medical Centre will be commissioned next year. In the Kottayam Medical College, post-graduate courses in medicine and surgery will be started in the coming year. In the Medical College, Kozhikode post-graduate courses will be started in subjects like anatomy and forensic medicine.

84. The development of Ayurvedic and Homoeopathic systems of treatment is also receiving the attention of Government. Taking into account the importance of Ayurveda, Government have decided to start an Ayurveda University.

85. In the field of family planning we have made commendable progress and our State has set the model for the rest of the country. The success of this programme is mainly due to the realization on the part of the people and the departmental officers of the special importance of this programme to our State with its high density of population.

Water Supply

86. For urban water supply schemes loans totalling Rs. 5.73 crore are expected from the Life Insurance Corporation. The outlay provided in the budget for the schemes is Rs. 6.13 crore. It is a matter of gratification that the schemes have achieved remarkable progress in all the urban areas of the State. Considering the present pace of the works the target of completing the scheme by March, 1973 is not difficult of achievement. The benefit of the scheme will be extended to 71 Panchayats adjoining the urban areas.

87. A comprehensive plan for rural water supply has also been drawn up. It is expected that 50 per cent of the outlay will be financed by loans from the Life Insurance Corporation.

88. For the implementation of rural water supply schemes already taken up a provision of Rs. 50 lakh is included in the budget.

Housing

89. In the peculiar conditions obtaining in the State construction of dwelling houses is a matter of over-riding importance. It is quite obvious that the problem of housing cannot be solved with the limited allocations made in the

Five Year Plans. It is in recognition, of this fact that the State Government has formed a Housing Board. The formation of the Housing Board has raised high expectations. I am happy to state that the Board has, within the short time since its formation, drawn up several housing schemes and has been able to secure finances for implementing a few of them. The Board has received Rs. 31.26 lakh from the Housing and Urban Development Corporation. It has obtained an offer of a loan of Rs. 18 lakh from the Syndicate Bank for the construction of a multi-storeyed office building at Trivandrum. The Board has also been able to secure permission for floating a public loan of Rs. One crore during the current year. It is hoped that in the coming year, the Board will be able to enlist support from financial agencies and institutions in an increasing measure. The Board has prepared and submitted a number of draft schemes for financial assistance from institutional agencies.

90. Government have formulated a scheme for the distribution of one lakh house-sites at the rate of 100 in a Panchayat under the Central scheme of providing house sites to landless workers in rural areas. The funds required for this will be forthcoming from the Government of India. A scheme for construction of houses in these plots is being formulated. This scheme which is proposed to be implemented with the active support of the public will be a bold step in tackling the problem of housing in the State.

Harijan Welfare

91. Necessary provision is made in the budget for Harijan Welfare and for other social welfare measures. Since the new programmes to be taken up in these fields have been indicated in the Governor's address to this House, it is not necessary for me to enumerate them here. Government will be doing their utmost in improving the social condition of the harijans by setting up colonies, constructing houses, providing educational facilities and employment opportunities. It is obvious that the proposed Harijan Development Corporation will have immense possibilities for accelerating the pace of amelioration of the Harijans.

92. It has come to the notice of Government that there is a growing tendency to occupy by illegal means the lands belonging to members of Scheduled Tribes. Government will be taking necessary steps to curb this tendency and restore such lands to the rightful owners.

93. There are complaints that the ten per cent reservation in public services allowed to Harijans is not being strictly followed. Along with taking necessary steps to enforce this rule, Government will also make sure that one per cent of the gazetted posts are filled up by Harijans. In short, Government will not be sparing in their efforts at implementing the schemes for the socio-economic betterment of the Harijans with vigour and determination.

Forest

94. Forest constitutes an important source of non-tax revenue. Moreover, it has got a unique role to play in the development and expansion of the State's economy. Though the private forests have under law been vested in Government, some private owners have obtained stay orders from Courts. For this reason, the process of nationalisation could not be completed. While taking over private forests and exploiting forest wealth, care will be taken to ensure that the forest based industries of the State get uninterrupted supply of raw materials.

95. The rubber plantation scheme for rehabilitation of repatriates from Ceylon is making considerable headway.

96. A special wing has been formed in the Forest Department recently to evaluate the forestry schemes and to attend to the vigilance work of the department. It will be the main responsibility of this wing to protect the forest wealth and find out the loopholes and flaws in the working of the department.

97. Government have decided to complete the steps for the formation of the Forest Industrial Plantation Corporation.

Lottery

98. Of late the income from lotteries is showing a downward trend. The scheme of lotteries will be re-designed to make it more attractive and the prize structure will be so revised as to be in consonance with the present social outlook. Accordingly instead of offering one or two fabulous prizes the aim will be to increase the number of prizes and beneficiaries. In the ensuing Vishu Bumper Lottery, it is proposed to have ten first prizes of Rs. 50,000 each.

Law & Order

99. The recent disturbances at Tellicherry have focused attention on the shortcomings of the existing departmental machinery for the maintenance of law and order. The question of re-organising the Police

Department and making it more efficient has, therefore, to be taken up with a sense of Agency. The budget allocations for the departmental activities have been fixed with due regard to this fact. An amount of Rs. 50 lakh is provided for strengthening the Police force and re-organising the Special Branch. It is also proposed to re-organise the Police Radio Unit and strengthen the intelligence Wing. One more police range will be sanctioned and the State will be divided into three Police ranges. Police Circles will be formed at Venjaramood, Kundara, Mararikulam, Mavelikkara, Piravom, Chelakkara and Puthukkad.

100. An amount of Rs. 60 lakh has been provided for Police Quarters. Moreover, steps are also in progress for entrusting police housing to the Housing Board.

101. Government propose to increase some of the allowances given for Policemen like House Rent Allowance, Travelling Allowance, Uniform Allowance and Day-off Allowance, as a measure of compensating more adequately the very arduous nature of their work.

102. It is proposed to provide vehicles to stations which do not have them according to a phased programme. An amount of Rs. 20 lakh is provided in the budget for purchasing fifty vehicles.

Concessions to Defence Personnel

103. It is an undisputed fact that our State has contributed its mite towards defence efforts. In protecting the honour of our motherland and fighting for its integrity we stand second to none. The deeds of heroism of our gallant jawans and officers in the Defence Services are a matter of legitimate pride for us.

104. Government have announced a series of rewards and concessions on a liberal scale to those who have displayed exceptional valour during the hostilities and to the families of those killed or wounded in action. Cash rewards are given to the recipients of gallantry decorations, belonging to the State as follows:—

For Param Vir Chakra	..	Rs. 15,000
For Maha Vir Chakra	..	Rs. 10,000
For Vir Chakra	..	Rs. 5,000
For Sena/Navikasena/Vayusena medals	..	Rs. 3,000
Those mentioned in despatches	..	Rs. 1,500

105. Immediate financial grant of Rs. 5,000 is given to the families of those killed in action, Rs. 1,000 to the families of those missing while in action and Rs. 500 to the families of those wounded in action. Scholarships will be given to one of the children of those killed in action to complete the course of study undergone at the time of their death and to all the children to study up to a degree course in Arts or Science Grants are also given for purchase of books. Concessions have also been offered to ex-servicemen for undertaking business or trade; reservation in appointments is also allowed. A State-level Citizens' Council and District Level Citizens' Councils have been set-up to look after the welfare of the jawans. Further a proposal for the formation of a Jawan's Welfare Board at the State level is under the consideration of the Government.

Funds from Financial Institutions

106. The constraints of internal resources act as an inhibiting factor on the developmental efforts in the public and private sectors of the State. We have, therefore, to depend on financial institutions like the Life Insurance Corporation, Banks, Agricultural Refinance Corporation etc. Systematic efforts in this direction have been made only very recently. Governments are now taking the initiative in affording technical advice for the formulation of schemes which would be eligible for assistance from financial agencies. Government have formed Corporations and Boards to pursue developmental activities in selected areas with financial assistance from institutions. The Housing Board, the Urban Development Financing Corporation and the Rural Development Board are examples. The formation of a few other bodies like Kuttanad Development Authority, Forest Industrial Plantation Corporation, Harijan Development Corporation is on the anvil.

107. The Kerala Industrial and Technical Consultancy Organisation which has started functioning a few days back is expected to accelerate the pace of development in the State. The importance of this organisation will be quite obvious from the very fact that it has been sponsored by the Industrial Development Bank of India, Industrial Finance Corporation of India, five nationalised banks (Union Bank, Canara Bank, Syndicate Bank, Indian Bank and Indian Overseas Bank), Kerala Government, Kerala Financial Corporation and Kerala State Industrial Development Corporation. One of its programmes will be to set-up a multi-services development centre, in each district to afford technical and financial assistance. This centre would bring together all the concerned financial agencies at one place and will prove to be of immense value to prospective industrialists. The

Consultancy Organisation will undertake all aspects of project work beginning from identification of project ideas and will assist actively the formulation, selection and supervision of projects besides providing technical and managerial assistance. This institution will also play an active role in creating an efficient management cadre and developing entrepreneurial skill. In short, the setting up of this organisation will be an important land mark in State's economic development. The State Government will be contributing its share towards the expenditure of this organisation.

108. The quasi-Government institutions of the State have certain limitations in the matter of securing finances from the open market. Only with the prior approval of the Reserve Bank and the Government of India could they float debentures. To secure such concurrence is not an easy proposition. Often the tendency is to determine the needs of each institution with reference to the amounts raised in the previous years. On applying such considerations the institutions in our State naturally fall behind. The Kerala Financial Corporation, the Urban Development Financial Corporation, the Industrial Development Corporation and the Housing Board together have been able to raise about Rs. 4 crore only from the open market during the current year. To avoid a repetition of this unsatisfactory state of affairs, the State Government have sufficiently in advance informed the Government of India that these institutions would require finances of the order of Rs. 19 crore, during the coming year. It is expected that this question will be discussed by the Government of India with the Reserve Bank. I hope that the Central Government and the Reserve Bank of India will take a sympathetic view of this matter so that the institutions in this State would get their due share of funds from the open market.

Employment Schemes

109. Efforts at developing the economy of the State will attain success only if schemes for providing employment are taken up and implemented with the highest priority. The report of the Committee set-up by the Kerala Government on the subject of unemployment was sent to the Government of India and preliminary discussions based on the report were also held with the Planning Commission. On the basis of these discussions, a few schemes were selected for implementation in the coming two years. The total investment contemplated in the two year period is Rs. 85 crore and for 1972-73 Rs. 44 crore. Out of the proposed outlay of Rs. 44 crore for 1972-73 Rs. 23 crore is expected from financial agencies and Rs. 16 crore from the Government of India.

110. In view of the increased commitments of the Government of India in the wake of the refugee problem and the war, it may not perhaps be possible for the Government of India to provide finances for these schemes at the anticipated level. Some of the schemes are in accordance with the patterns accepted by the Planning Commission and clearance for such schemes can be assumed with some certainty. Provision for the implementation of such schemes is included in the budget as shown below:

	<i>(Rs. in lakh)</i>
(i) Soil Conservation in Harijan areas and tribal blocks	3
(ii) Engineers' Co-operatives	60
(iii) Functional Industrial Estates	90
(iv) Scheme for postgraduates	50
(v) Abolition of shift system in primary schools	100
Total	<u>303</u>

Against this outlay, an amount of Rs. 2 crore is expected as grant and Rs. 30 lakh as loan from the Centre. The State has to provide the balance amount of Rs. 73 lakh.

111. During the current year, certain employment schemes suggested by the Government of India are already in the process of implementation. One of them is the crash programme for rural employment introduced through the Community Development Blocks. An amount of about Rs. 1.5 crore has been sanctioned by the Government of India for this scheme. It is proposed to continue this programme next year also with Central aid. Another scheme has been implemented in the field of primary education. 960 primary school teachers were additionally appointed in the current year. It is hoped that the number of teachers under this scheme could be substantially increased in the coming year.

112. Though there is provision in the budget only for the above schemes, there is every possibility of getting clearance for a few other schemes submitted by the State Government. The "Bhagavathi Committee" set-up by the Central Government to study the problem of unemployment has submitted its report only a few days back. The report is now under the consideration, of the Planning Commission.

A full picture of the central assistance that would be available to the State for its employment schemes will emerge only after the matter is discussed with the Government of India. All the schemes which will be ultimately cleared by the Planning Commission will be implemented without delay. Necessary supplementary budget proposals will be brought forward in due course for implementing such schemes.

113. Government propose to conduct a natural resources survey in the State so as to afford employment to technically educated persons.

Planning Board

114. Advance action for preparing the draft of the Fifth Five Year Plan has to be initiated. In this context an evaluation of the developmental efforts so far made and their impact on the various sectors of the economy has to be undertaken. An assessment of the investments necessary in the next Plan period has also to be done. Studies will have to be made to locate new areas of resources mobilisation. Taking all these into consideration, the State Government has decided to form a Planning Board. It is needless to mention that the Board will give proper guidance and direction both in the formulation of schemes and in their implementation.

WAYS AND MEANS

115. The budget estimates presented before the House disclose a deficit of Rs. 18.59 crore on revenue account. The expenditure on capital account and loans and advances (net) is estimated at Rs. 40.99 crore. The provision made for repayment of Central loans is Rs. 27.39 crore. An open market loan for Rs. 4.10 crore has to be discharged. The repayment liability under other loans is Rs. 60 lakh.

116. An amount of Rs. 28.40 crore is taken credit for as loans from the Centre for Plan and non-Plan schemes. The State's share of Small Savings collections is estimated at Rs. 2.5 crore. Loans from the Life Insurance Corporation for the State Plan Schemes are assumed at Rs. 6.63 crore. An amount of Rs. 1 crore is expected from the Reserve Bank for strengthening the capital base of co-operatives. Credit is taken for an open market loan of Rs. 8.25 crore. The net accumulations under unfunded debt are taken at Rs. 7.98 crore, while the transactions under deposit and remittance heads bring in Rs. 6.04 crore. The

corpus of the Contingency Fund is being enhanced from Rs. 1.5 crore to Rs. 3 crore. The capital account provides for an outflow of Rs. 1.5 crore the corresponding credit being taken under Contingency Fund.

117. The Planning Commission has suggested that 15 per cent of the outstanding overdraft at the end of the current financial year should be repaid. A provision of Rs. 5.03 crore is accordingly included in the budget for this purpose. Against this, a special open market loan for Rs. 4.40 crore will be raised. The budget also takes credit for a special accommodation loan of Rs. 15 crore. The financial position that emerges from the above transactions can be summarised as below:

	<i>(Rs. in crore)</i>
Revenue Deficit	-18.56
Capital Expenditure	-30.18
Loans and Advances (Net)	-12.31
Debt and Deposits	+44.58
Overall Deficit	-16.50
Opening Cash Balance	-32.93
Closing Cash Balance	-49.43

It may be seen from the above figures that the deficit for the year 1972-73 is Rs. 16.50 crore.

Additional Resources Mobilisation

118. For implementing the Annual Plan of Rs. 64.26 crore, the located resources according to the budget estimates come to Rs. 57.85 crore only. Moreover, for implementing the employment schemes, the State has to find funds to the extent of Rs. 73 lakh. Besides, the State has also to contribute to the financing of Employment Schemes which are pending the clearance of, the Planning Commission. In these circumstances, it has become necessary to raise additional resources.

119. Government propose to introduce the following measures in the coming year:

(i) *Sales tax*

The rate of general sales-tax will be increased from 3 per cent to 3.5 per cent. It may be mentioned that in the neighbouring State of Tamil Nadu, such a measure has already been adopted during the current financial year. An additional revenue of Rs. 3 crore is estimated by this increase.

By the amendment of the sales-tax law introduced with effect from April 1, 1970, it has become possible to levy sales-tax on petroleum products purchased by the Indian Oil Company and other companies from the Cochin Refineries and transferred to their depots and branches outside the State for purpose of sale. Taking into account the representations made by the oil companies, the rate of purchase tax leviable in the case of petroleum products transferred to depots outside the State has been fixed at 3 per cent. As a result of this measure, the State Government will get an additional revenue of Rs. 1.5 crore. This is one of the measures of additional resources mobilisation intended for financing the Plan.

(ii) *Irrigation Cess*

Though there are four lakh hectares of irrigated lands in the State, the yield from irrigation cess is quite insignificant. The main difficulty in collecting the cess is the absence of a unified law applicable throughout the State. Government propose to take measures to rectify this situation and levy irrigation cess in a systematic manner. It is proposed to levy irrigation cess at a uniform rate of Rs. 25 per hectare. While doing so, care will be taken to ensure that the cess is levied only in areas which derive benefit from irrigation. The yield expected from this measure is Rs. one crore a year.

(iii) *Electricity tariff*

It is proposed to revise the rates of electricity tariff. The details of this revision will be carefully worked out. It is a fact that the agricultural tariff in the State is much lower than that in many of the other States. The proposed revision of electricity tariff is expected to increase the revenues of the Board substantially and make available larger resources for the financing of the Board's Annual Plan.

(iv) Rural Debentures

Government consider that the scheme of rural debentures should be introduced as an experimental measure for raising resources from the rural areas. Schemes of local interest in sectors like minor irrigation, housing and water supply should be formulated in such a manner as to generate sufficient local enthusiasm so that the funds required for their implementation would be contributed by the local people. This will help to relieve the pressure on the State's finances. Government propose to raise a fairly reasonable amount by floating rural debentures in the coming year and thus stimulate developmental activities.

120. It has been recognised that income tax should be levied on the combined base of agricultural and non-agricultural incomes. The Chief Ministers' Conference held last October discussed this question. Following these discussions, the Government of India have set-up a Committee under the Chairmanship of Dr. K. N. Raj to study all aspects of this matter and make appropriate recommendations. I hope that the recommendations of this Committee and the measures that would follow would facilitate the strengthening of the States' finances to some extent.

121. Taking into account the yield of Rs. 5.5 crore from the additional measures enumerated above, Government expect that the deficit for 1972-73 will come down to Rs.11 crore.

Pensions

122. Government consider that some relief is called for to certain sections of the community, though the financial position of the State is not favourable for taking up any substantial additional commitments. Government propose to raise the rate of old age pension from Rs. 20 to Rs. 25 per mensem. Similarly the minimum service pension will be enhanced from Rs. 45 to Rs. 50 p.m. An additional expenditure of Rs. 40 lakh is estimated by these measures in a year.

123. The scheme of giving pensions to political sufferers at Rs. 50 p.m. has already been implemented with effect from April 1, 1971. An expenditure of Rs. 17 lakh is estimated on this account in the coming year.

Allowances to former princes etc.

124. The abolition of the privy purses and special privileges of the former rulers and princes under the Constitution (Twenty-sixth Amendment) Act is one of the most progressive social reforms which have been introduced by the Government of India. It will not be in tune with the present concept of social justice to continue the legacies of the '*ancient regime*' long after the termination of the rule by the Princely Order. 'Here I am referring to the allowances and other concessions conferred by Princes and rulers decades and centuries back under entirely different circumstances. During the transition from feudalism to Princely Rule in the old Travancore and Cochin States the rights and privileges of several feudal chiefs and landlords were taken away and the then rulers compensated them by giving certain allowances from the State coffers. In the Malabar area, the East India Company sanctioned recurring payments in the nature of pensions on various chieftains and rajahs more or less under similar circumstances'. The concessions given by the political suzerains in those days are being enjoyed by their successors even now. In some cases, the allowances are "ex-gratia" payments. The State is now spending Rs. 4.4 lakh for the grant of these allowances and pensions. They are paid at widely varying rates. The Raja of Kozhikode gets a very high amount of Rs. 69,700 a year.

125. Though the privy purses of the former rulers have been abolished, the question of continuance of the allowances to the members of their families has yet to be settled. The members of the Travancore Royal family are now getting in all Rs. 3.77 lakh in a year. Out of this, the Elaya Raja gets Rs. 1.26 lakh and Sethu Lekshmi Bhai and Sethu Parvathi Bhai get Rs. 50,000 each a year. The Cochin royal family is in receipt of a total allowance' of Rs. 14 lakh. The Second Prince gets Rs. 30,000 and the Third Prince Rs. 12,000 a year. The lowest allowance paid to a member of that family is Rs. 2,400 a year.

126. There is no justification whatsoever in continuing the above allowances and pensions. Government therefore propose to discontinue them. The question of affording any relief in hard cases will, however be considered in due course.

127. The budget has been framed against the background of severe resources constraints. The State Government's deficit is steadily increasing year after year, in view of the widening disparity between the expenditure and the resources that could be raised. Along with appropriate steps to bring down this

deficit, long term measures aimed at improving the financial position of the State Government have to be undertaken. If we succeed in securing Central assistance for covering the gap in the non-Plan sector fully our financial difficulties during the current Plan period will be solved to a large extent. The State Government on their part have also to initiate a series of measures with a sense of urgency to improve the financial position. Action has already been started for curtailing administrative expenditure and for collecting arrears of revenues and other dues. In the ultimate analysis, the State's budgetary imbalance can be rectified only with the sustained development of the State's economy for which developmental activities have to be pursued with vigour in the key sectors. A comprehensive plan of action has to be drawn up and put into effect with a view to raising internal resources to the maximum extent, securing Central assistance in an increasing measure and obtaining funds from financial institutions.

128. An earnest attempt has been made to ensure that the budget reflects the socialistic objectives of our national policy. It is in this broad perspective that the various schemes included in the budget for quickening the pace of implementation of land reforms, providing housing facilities to the landless, safeguarding the interests of the weaker sections of the society, abolishing the vestiges of feudalism and princely rule, making education employment-oriented, giving priority to development of relatively backward areas, resuscitating labour intensive industries, providing greater employment opportunities etc. are to be viewed and evaluated.

129. The wholehearted co-operation of the entire people of the State is necessary for these programmes to succeed in full measure. The Officers have also to cooperate in Government's efforts at avoiding administrative delays combating the evils of redtapism and regulating administrative' action with a view to giving it a socialistic content. With an earnest appeal to all sections of the people to contribute their mite in solving the vexed problems facing the State, I present the budget estimates for the acceptance of this House.