



BUDGET SPEECH FOR 1975-76

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7th March, 1975

Sir,

1. I rise to present the Budget Estimates for the year 1975-76. This is the fifth budget this Government presents and the third that I submit to this House.

2. Presenting the budget estimates for the current year I had estimated that the fourth Plan expenditure would be Rs. 323 crore against the approved outlay of Rs. 258 crore. The accounts of 1973-74 that have since become available show that the expenditure was Rs. 346 crore. It is with extreme gratification that I present these accounts which indicate an excess of 34 per cent over the target. The highest rise was recorded in the power sector. Against the original estimate of Rs. 76 crore the actuals went up to Rs. 114 crore. Next in place would be water supply. The target was Rs. 12 crore while the actual outlay was about Rs. 30 crore. The outlay for roads and communications has doubled itself during this period. Against the target of Rs. 10.3 crore, the achievement was Rs. 20.7 crore. Expenditure on irrigation and anti-sea erosion works exceeded the respective targets by Rs.4 crore and Rs. 5 crore. In the sectors of co-operation and industries the investment was higher by Rs. 5 crore and Rs. 4 crore respectively. Educational schemes accounted for an increase of Rs. 11 crore. The financial targets for the Fourth Plan have been fully realised in all the other sectors barring fisheries and health.

3. This Plan effort was however a severe strain on the Governments finances, particularly in the context of the inadequate award of the Fifth Finance Commission and the inescapable non-plan commitments. It was, suggested that the State should raise Rs. 50 crore by way of additional resources for financing the Fourth Plan. Though the State Government did raise Rs. 47 crore only an amount of Rs. 39 crore was available for financing the Plan as the balance had to be set off against the loss of revenue consequent on the abolition of fees in Standards IX and X – a measure aimed at making secondary education free at all stages. The

contribution from the Life Insurance Corporation and the Reserve Bank for the State Plan came to Rs. 25 crore. The State Electricity Board secured Rs. 15.6 crore from the Life Insurance Corporation and Rs. 2.2 crore from other institutions. The Board raised Rs.33.3 crore from open market while Rs.2.5 crore was raised by the Road Transport Corporation from the same source. The State's resources together with central assistance of Rs. 178 crore amounted only to Rs. 296 crore. The gap of Rs. 50 crore was met by overdrafts from the Reserve Bank and ways and means advances from the Centre. Several Non-Plan commitments like increase in Dearness Allowance of Government Employees direct payment of salary to private college teachers and flood relief measures had to be taken up during this period; their impact was felt most severely in the last year of the Fourth Plan. The year 1973-74 consequently ended with a deficit of Rs. 30.8 crore.

4. This deficit was a drag on the State's finances at the time when the Government embarked on the implementation of a Rs. 79 crore Plan for the year 1974-75, against an outlay of Rs. 73.9 crore approved by the Planning Commission. Though the current year's budget estimates disclosed a surplus of Rs. 3.8 crore, provision had to be made for meeting the additional expenditure on the revision of salary of Government Employees. The revision of pay and Dearness allowance sanctioned by Government in April last, conferring on the employees very liberal benefits, resulted in an additional expenditure of Rs. 28 crore during the year. The benefits sanctioned to pensioners and contingent employees and the further revision of Dearness Allowance rates from January 1, 1975 led to another commitment of Rs. 4 crore. The post budget commitments were thus of the order of Rs. 32 crore.

5. I had mentioned in my last budget speech that the State Government would be approaching the Government of India for a ways and means advance to clear the outstanding deficit at the end of 1973-74. It was only by December last that there was some favourable response on the part of the Central Government to our request in this matter. During the early part of the current financial year the transactions of Government in the State treasuries had to be stopped for two days mainly on account of this carry forward deficit. The crisis was resolved by getting advance release of a part of our entitlements from the Centre.

6. The State Government was thus faced with a situation in which it had to find ways and means not only to cover the outstanding deficit at the end of the

previous year but also to meet the additional commitments for Rs. 32 crore taken up during the year. The only options open to Government were to reduce the Plan outlay, curtail Non-Plan expenditure severely and make an all out effort towards raising resources. Since the Government was determined to avoid a fall in the tempo of development even in a crisis, the first course of action could be adopted only with reservations; while curtailment of expenditure and resource mobilisation clearly had severe limitations.

7. The Government acted with great determination and a high sense of financial discipline. By a series of measures aimed at improving revenue collections to the maximum possible extent, realising arrears of tax and other dues to Government, boosting small savings and enforcing certain restrictions in Non-Plan expenditure, the State Government was able to stabilise the ways and means position and bring down the deficit significantly. According to the revised estimates, this year's Plan expenditure is equal to the outlay approved by the Planning Commission. The year-end deficit anticipated now is only Rs. 24 crore. This means that the State Government has been able to raise enough resources and enforce the financial discipline required to bring down to Rs. 24 crore, the cumulative deficit of Rs. 63 crore consisting of last year's deficit of Rs. 31 crore and the post budget commitments of Rs. 32 crore.

8. Sir, it is because considerable anxiety was shown in this House and outside, about the financial position of the State Government during the current year that I chose to preface my budget speech with this brief review.

Economic Scene

9. The year that has just gone by was a very difficult one. The unprecedented rise in prices coupled with the scarcity of essential commodities has set in motion chain reactions in almost all the sectors of the national economy and has, besides making things difficult for the general public, led to a slackening of developmental activities. Thanks to the anti-inflationary measures and the severe and energetic steps taken against smuggling and violation of foreign exchange regulations, there have been signs of an improvement in the situation towards the end of 1974. Sustained and unceasing efforts have to continue in order to bring down prices and to step up the tempo of development.

10. Kerala being deficit in food the impact of inflation on the people of the State has been particularly severe. The working class consumer price index

showed an increase of 32 per cent during the year over and above a 21 per cent increase registered in the previous year. This spurt in the consumer price index was mainly due to the sharp rise in the price of food articles. The rise in the retail prices of articles of daily use made the year very difficult for the consumer. The average wholesale price index of agricultural commodities registered a rise of 31 per cent. This was obviously favourable to the agriculturists. The prices of plantation crops like coconut and rubber went up by 40 per cent.

11. Though on account of shortfall in rains and widespread pest attacks, the production of rice and coconut recorded a fall, the production of plantation crops went up significantly. Rubber production increased by 28 per cent, while cardamom production increased by 20 per cent. The production of pepper, Tea and Coffee increased by 12 per cent, 9 per cent and 4 per cent respectively.

12. The year 1974 witnessed a difficult situation on the food front. The fall in the production of rice within the State and the difficult situation at the national level were the worsening factors. But as the public distribution system functioned effectively the situation was kept under control. After the resumption of food imports by the Centre, larger quantities of food grains were made available to the public distribution system. Besides food grains, coarse varieties of cloth were distributed in larger quantities than in the previous years.

13. Fish production during 1973-74 was 4.7 lakh tonnes recording an increase of 12 per cent over the previous year. Marine products worth Rs. 58 crore were exported from the ports within the State during the year. The export of spices like, pepper, cardamom and ginger went up to Rs. 33 crore from Rs. 18 crore in the previous year. During the months of January to August 1974, cashew kernels valued at Rs. 62 crore were exported. The export of Coir products fetched Rs.17 crore. The value of the total exports from Kerala during 1973-74 may be roughly estimated at Rs. 300 crore.

14. A direct consequence of the increase in prices is that the Central and State Governments had to bear substantially large financial burdens during the year. In keeping with the rise in the cost of living index, Dearness Allowance of the Central Government Employees had to be revised six times in 1974. Following each increase, State Government employees also demanded similar increase. When the Central Government, the Banks, the Life Insurance Corporation and the Public Sector Undertakings both inside and outside the State are enhancing dearness allowance of their employees from time to time on the basis of price increases, it

will be impossible for the State Government however hard-pressed it be in matters of finance, to turn a deaf ear to their employees' demands. A national wage policy covering the entire public sector has to be evolved and implemented in order to remove the discontentment among the various categories of employees and avoid the frequent agitations resulting in national loss. It is hoped that the Central Government will take the initiative in this matter. If the formulation of a national wage policy would take time, it should at least be possible to reach a general understanding in the payment of Dearness Allowance in the public sector as a whole without further loss time.

Revised Estimates 1974-75

15. According to the revised estimates for 1974-75, the revenue is placed at Rs. 281 crore which is higher than the budget estimates by Rs. 21 crore. An improvement of Rs. 2 crore under the State's share of central taxes and of Rs. 9 crore under state taxes is anticipated. The expenditure on revenue account was estimated at Rs. 260 crore in the budget. The revised estimate of expenditure is Rs. 282 crore. Under capital account the revised estimate is lower than the budget estimate by Rs. 5 crore.

16. A short-term loan of Rs. 10 crore was received during the year from the Government of India for providing short-term credit, seeds and fertilisers to cultivators. Arrangements have been made for disbursing them to the cultivators before March 31. The loan will have to be repaid to the Government of India in the coming year. The repayment liability of central loans this year is estimated at Rs.1 crore lower in the revised estimate. The budget had envisaged a surplus of Rs. 3.8 crore. According to the revised estimate the surplus will go up to Rs. 6.5 crore. The overdraft which the State Government had at the beginning of the year would consequently go down to Rs. 24 crore.

BUDGET ESTIMATES 1975-76

17. The revenue for 1975-76 is estimated at Rs. 295 crore. The State's share of Central taxes is Rs. 51 crore. State taxes are expected to yield Rs. 129 crore. The yield from non-tax revenues is estimated at Rs. 54 crore. Grants from the Centre are assumed at Rs. 10 crore for State Plan and Rs. 6 crore for Centrally Sponsored Schemes. The grant-in-aid under Article 275 of the Constitution is Rs. 43.5 crore.

18. The expenditure on revenue account is estimated at Rs. 316 crore of which Non-Plan expenditure accounts for Rs. 289 crore. This estimate does not provide for the amount required for payment of additional Dearness Allowance from April 1, 1975. The capital expenditure envisaged in the budget is Rs. 44.5 crore of which the Plan component is Rs. 41 crore.

ANNUAL PLAN

19. At the discussions with the Planning Commission held in January the outlay for Kerala's Annual Plan for 1975-76 was fixed at Rs. 90 crore. Sector-wise distribution has been made giving high priority to agriculture, irrigation, power and industries. The outlay for agricultural programmes Rs. 15 crore which is higher than the revised outlay for the current year by Rs. 3 crore. The outlays for the more important sectors are Rs. 21.3 crore for power, Rs. 11.2 crore for irrigation, Rs. 9 crore for industries, Rs. 7.6 crore for transport and communications, Rs. 5.4 crore for education, Rs. 7.3 crore for water supply, Rs. 2.5 crore for health and Rs. 3 crore for housing. Irrigation and industries account for an increase of Rs. 4 crore each over the current year's level. Under social services (education, health, housing, water supply, etc.) the increase in outlay is Rs. 4 crore. The total Plan outlay provided for in the budget is Rs. 90.5 crore which takes into account necessary increases in the allocations for school buildings, housing for harijans etc.

20. The Planning Commission has indicated that the Central assistance for the Plan will be kept at the current year's level of Rs. 35.7 crore. The State's resources are estimated at Rs. 46.2 crore. The Annual plan outlay has been determined on the basis that Rs.6 crores out of the current year's closing deficit will be covered by the resources raised for the Plan. Consequently the financing of a Plan of Rs. 90 crore would call for resources of the order of Rs. 96 crore. The Centre's contribution and the State's resources together amount to Rs. 82 crore. It has been suggested by the Planning Commission that the residual gap of Rs. 14 crore should be covered by additional resources mobilisation or other measures. Even out of the above Rs. 82 crore, Rs. 4 crore represent a part of the additional mobilisation efforts of the current year for which concrete steps have yet to be taken. As mentioned earlier, the increase in the dearness allowance of Government employees from April 1, 1975 would make a further inroad into the resources to the extent of Rs. 16.5 crore in the coming year.

21. Vigorous efforts towards mopping up resources and extreme financial discipline are called for to ensure the realisation of the targets set in the Annual plan. A high level Committee set up by the Planning Board has undertaken several

studies in the field of additional resources mobilisation and submitted several recommendations. Another Committee currently examining the question of revising the rates of electricity tariff applicable to high tension consumers. A proposal for increasing electricity duty is under the active consideration of Government. It is a matter of extreme importance that the tax collection machinery is toned up and fully equipped to deal effectively with tax evasion and tax avoidance. The loop-holes in the relevant Acts and Rules have also to be plugged. A Committee under the Chairmanship of Prof. Gulati has undertaken studies in depth in the field of commodity taxation covering all these aspects and will be making recommendations for improving the efficiency of tax collection.

Budgeted Programmes

22. Since the programmes and activities relating to most of the developmental sectors have been covered by the Governor's address, I do not propose to deal with them at length here. I may, however, make a brief mention of some of them.

23. The more important of the agricultural programmes of the coming year are the extension of the Ela programme and the pest and disease surveillance units to new areas, the starting of a Coconut Corporation to initiate schemes regarding the production and marketing of coconut, increasing the production of T x D coconut seedlings, bringing another 30000 acres under cashewnut cultivation and stepping up the production of pulses. The energisation of 1500 pump sets and the construction of a Vital portions of Thannirmukkom Bund within days are matters of decisive importance in the field of agricultural production. During the coming year, irrigation facilities will be extended to 6000 hectares by minor irrigation programmes and to 12150 hectares by major irrigation schemes.

24. With the commissioning of the first unit of the Idukki Hydro-electric project in 1975, the generating capacity will go up by 60 per cent, from 2736 million units to 4576 million units. This mighty project will be a unique contribution to the development of the State's agro industrial economy. The completion of the Idukki arch dam, the second highest in Asia, during the current year and the attainment of partial storage level represent an important milestone in the field of power production. The budget provides for the works relating to Edamalayar Project and Idukki Stage III. For transmission and distribution an amount of Rs. 10 crore has been earmarked.

25. A comprehensive fishery development programme with the assistance of the A.R.C. will be implemented at Anchengo in Trivandrum District. A similar

scheme has been started at Vypeen in Ernakulam. An amount of Rs. 17 lakh has been spent this year for construction of houses to fishermen. Steps have been taken to revitalise the State Fisheries Corporation. Seven ice plants and two boat building yards under the Corporation have been taken over by the Fisheries Department.

26. The cement control restrictions together with the reduction in the Plan outlays have affected the programme of construction of office buildings. But road construction programme remains unaffected. A provision of Rs. 340 lakh has been made for construction of roads in the coming year and another amount of Rs. 50 lakh for Community Development Block roads. A few essential new road works have also been provided for, Separate provision is made to enhance the communication facilities in the industrial belt of Cochin, with adequate allocations for Pathalam bridge, Irumbanam-Kalamasserry road etc. A provision of Rs. 7 crore is made for maintenance of roads and Rs.1.9 crore for maintenance of buildings. The maintenance of village roads is attended to by the panchayats. The provision for grants to panchayats for maintenance of roads has been stepped up by Rs.15 lakh in the budget. Steps are underway for the formation of the Construction Corporation.

27. Measures have been initiated for improving the working of Road Transport Corporation. It has been possible to bring down its losses by revising fares from 1st October 1974 and through a comprehensive scheme of expenditure control and economy. The full effect of these measures will be realised only in the coming year. Since the contribution from the Railways has not been forthcoming this year, it has not been possible to purchase buses as originally scheduled. It is hoped that the contribution due from the Railways will be received without delay and that there will be no difficulty in financing the capital expenditure and the expansion programmes of the Corporation in the coming year.

28. Thirty-three letters of intent/licenses were received this year for starting industries. Projects like the Newsprint Factory, Precision Instruments Factory, Ship Building Yard and Indian Telephone Industries in the Central sector are making headway. Among the State sector projects the Steel Industrials Kerala Limited, and the Titanium Complex deserve special mention. These industrial enterprises will sustain a large number of ancillary units and thereby increase the employment potential significantly. The Steel Complex at Feroke, Excel Glasses at Alleppey and Eddy Current Controls at Chalakudy have started functioning. The

advents of the Kerala State Electronics Development Corporation has brought a new life in the industrial field and has placed Kerala in the forefront of modern technical and scientific progress. The starting of the Kerala Drugs and Pharmaceuticals under Government, auspices for the manufacture of drugs is another significant achievement. Larger allocations are made for Government industrial undertakings for their expansion programmes. The allocation for Travancore-Cochin Chemicals is Rs. 120 lakh, for Kerala State Electronics Development Corporation Rs. 155 lakh, for the Kerala State Industrial Enterprises (Holding Company) Rs. 75 lakh and for Kerala State Industrial Development Corporation Rs. 110 lakh.

29. A separate organisation has been formed under Small Industries Development Commissioner so as to devote better attention to small industries. Schemes aimed at the revitalisation and expansion of our traditional labour intensive industries like handloom, handicrafts and coir are under various stages of implementation.

30. Vigorous steps are being taken to survey and exploit the mineral resources of the State.

31. The State's programme of land reforms has entered the stage of energetic implementation. 147 Land Tribunals, 7 Municipal Land Tribunals, 7 Special Land Tribunals and 7 Deputy Collector Land Tribunals have come into operation from January 1975. Besides taking over excess land of over 22000 acres, it has been possible by now to dispose of nearly 3½ lakh of kudikidappukar petitions and about 6 lakh of cultivating tenants' petitions. The provision to make cash payments of purchase prices not exceeding Rs. 5,000 and the provision to dispose of joint petitions made by the tenant and the land lord are measures meant to provide relief to small land owners. In fact by now an amount of Rs. 1.8 crore has been disbursed as purchase price. Government also intend to amend the legal provisions in order to see that whenever the cultivating tenant remits the purchase price in a lump, the disbursement to the land owner is also made in a lump. It is hoped that with these measures and with the streamlining of the Land Reforms Department it should be possible to avoid delays and to achieve considerable progress in the implementation of this programme.

32. The programmes relating to the assignment of private forest lands are being pursued with sustained vigour. The formation of the Forest Development Corporation is the most significant event in the development of our forest wealth. Government propose to invest Rs. 25 lakh in the coming year in the Corporation. The additional funds required for its developmental activities will be secured from

financial institutions. A provision of Rs. 13 lakh is made in the budget for forest protection programmes. For improving tourist facilities in the Wild Life Sanctuary of the State there is a provision of Rs. 14 lakh.

33. It is proposed to start four new Government colleges next year one each in the districts of Cannanore, Kozhikode, Trichur and Trivandrum. A provision of Rs.10 lakh is made in the budget for this purpose. In commemoration of the International Women's Year the college in Cannanore will be a Women's College. The decision of Government to extend pension benefits to private college staff will be implemented in the coming year. During the current year 98 High Schools and 105 Upper Primary Schools have been started. Thirty five Lower Primary Schools have been sanctioned in educationally backward areas. A provision of Rs.1 crore is included in the budget of the coming year for construction of buildings for the newly opened schools as well as for renovation of existing school buildings.

34. For the successful completion of the One Lakh Housing scheme, a loan of Rs. 1.5 crore has been secured from the Life Insurance Corporation during the year. The budgets outlay for the various housing schemes implemented by Government in the coming year is Rs. 1crore. A provision of Rs. 15 lakh is made for providing house sites to the landless people in rural areas while another provision of Rs. 10 lakh is made for settlement of agricultural labourers in Government Poramboke Lands. Further, a scheme for providing substantial assistance to assignees of kayal lands to enable them to take up cultivation and construct houses will be formulated and implemented in the coming year.

35. For participation in the share capital of co-operatives, a contribution of Rs. 125 lakh is expected from the Reserve Bank next year also. During 1973-74 the co-operatives advanced short term and medium loans amounting to Rs. 45 crore. In the current year they are expected to disburse loans totalling Rs. 51 crore. The target for the coming year is to advance loans to the tune of Rs. 59 crore. Besides, the co-operative land mortgage banks will provide long-term loans for Rs. 6 crore in 1975-76. These figures reveal the magnitude of the contribution made by the co-operative movement in agricultural activities.

36. Considerable progress has been achieved in the modernisation of the police force. Among the more important activities of the current year may be mentioned the setting up of an economic offences wing, the extension of the reorganised pattern of crime branch to all districts, the introduction of a training programme aimed at imparting social awareness in police officers and the opening of a hospital at Trivandrum exclusively for the police force. House rent allowance of officers of and below the rank of Sub-Inspectors in the Police Department and in the Fire Force has been revised during the year. An amount of Rs. 60 lakh is provided for construction of police quarters in the coming year.

37. Top priority has been given for the welfare schemes of the Scheduled Castes and Scheduled Tribes who constitute about 10 per cent of our population. It is a fact that considerable improvement has been brought about in their socio-economic condition, as a result of the efforts made to secure for them the benefit of education and housing and opportunities for employment. The recently formed Development Corporation for Scheduled Castes and Scheduled Tribes has drawn up several beneficial schemes. Government have approved a scheme for the construction of 2200 houses at a cost of Rs. 5,000 each by availing loan assistance from HUDCO for the benefit of the weaker sections, the cost being recovered from the beneficiaries in 20 years. The outlay for the housing programmes directly undertaken by Government will be increased by Rs. 10 lakh in the coming year. It is proposed to construct 400 houses at a cost of Rs. 2,500 each next year.

38. A scheme for the integrated development of the tribals living in Attappady, North Waynad, South Wayanad and Quilon District has been prepared. It is expected that Central assistance will be forthcoming for this scheme involving an outlay of Rs. 17 crore. An officer of the rank of the Member, Board of Revenue has been appointed as Special Officer for Tribal Welfare. Welfare schemes relating to hill tribes will be implemented under his supervision. The Tribal Research and Training Centre at Calicut will be made an autonomous body and its sphere of activity enlarged.

39. As part of the scheme for Western Ghats Development, a dairy development scheme is being implemented in Idukki and Attappady.

40. The programme of expanding the facilities of treatment in district hospitals and taluk hospitals by increasing the number of beds and by introducing specialities has achieved commendable progress. As part of the employment programme 300 dispensaries have been started which is no small achievement. It was during the current year that a Research Institute for Homeopathy was first set up in the State and a Co-operative Pharmacy for manufacture of drugs. It is proposed to form a corporation for manufacture of Ayurvedic drugs. Ninety-eight Ayurvedic dispensaries have been opened as part of the employment programme.

41. A proposal for constituting a welfare fund aimed at the social and cultural advancement of the working classes is under the consideration of Government. The fund would be set up with contributions from employers and employees.

42. A scheme for providing financial assistance to disabled educated persons to enable them to take up some trade or profession will be drawn up and implemented.

43. Efforts to build up the film industry in the State will be continued. As a measure of encouragement it is proposed to give an award of Rs. 25,000 for films the shooting of which is fully done within the State itself.

44. Besides the programmes envisaged in the State Plan, Centrally Sponsored schemes involving an outlay of Rs. 10 crore will be implemented in the coming year. The allocations for the more important schemes are Rs. 82 lakh for fishing harbours, Rs. 80 lakh for minor ports, Rs. 75 lakh for Inland navigation, Rs. 32 lakh for small pox, T.B. and leprosy eradication programme and Rs. 20 lakh for Western Ghat Development Schemes. The allocations for family planning is Rs. 314 lakh while that for inter-state power links is Rs. 172 lakh. The entire outlay for Centrally Sponsored Schemes would be financed by the Centre. Depending on the allocations actually approved by the Government of India for these schemes, steps would be taken to modify the allocations.

45. The importance of the small savings scheme in additional resource mobilisation needs no emphasis. In the current year vigorous efforts and effective propaganda have been made towards harnessing small savings. The 'gana melas' organised at the district headquarters with the help of renowned musicians and artistes had given a great impetus to the small savings scheme. They have resulted in spreading the message of the scheme to all sections of the people. Though the current year's budget had assumed credit of Rs. 3.5 crore only as the State's share of small savings collections, the State has actually received Rs. 6.4 crore till now. The revised estimate anticipates a receipt of Rs. 7.5 crore. In the coming year Government expect Rs. 8 crore from this source. An effective organisation for conducting propaganda and pursuing sustained efforts to boost deposits has been set-up.

46. The Kerala Financial Enterprises has till now confined itself to the conduct of chitties and hire purchase business. It is proposed to expand the scope of its work so as to make it an effective organisation for mopping up deposits. As the beginning, sanction has been given to raise deposits under Government guarantee. With adequate public response this activity will provide the base for an all round expansion of the activities of the institution and make it highly serviceable to the public as well as to other organisations and institutions.

47. It is in the face of severe resources constraints that allocations have been made for the various Plan programmes. If the expectations raised by these

programmes have to be fulfilled, there should be an efficient administration and a contented and dedicated civil service. This Government has ever been prepared to consider the problems of government employees in all seriousness and to adopt just and fair solutions. Government have even gone beyond their means while taking decisions regarding dearness allowance in the recent past. The following table illustrates the extent to which the emoluments of government employees, particularly those of the lower income groups have gone up since this Government have assumed office.

<i>The lowest minimum pay plus dearness allowances as on</i>			
	<i>October 4, 1970</i>	<i>April 1, 1975</i>	Increase
Class IV Employee	Rs. 141	Rs. 267	89%
Police Constable	Rs. 151	Rs. 286	89%
L. D. Clerk	Rs. 175	Rs. 313	79%
Primary School Teacher (Second Grade)	Rs. 180	Rs. 320	78%

Our employees are getting higher emoluments than those prevailing in some of the financially better neighbouring States. It has to be borne in mind that the burden of increases in pay and dearness allowance falls on the tax payer. And the Government employees do have the responsibility of providing better and more efficient service to the public. Are they addressing themselves to this task to the best of their ability ? This is a question they should ask themselves. Wherever the public comes into contact with the Government, the efficiency and the sense of dedication of the Government employees should be evident. I may remind them that the moral support and justification for their demands derive from their earnestness and dedication in serving the public. In my last budget speech I had observed that while giving encouragement and incentives for efficiency and meritorious service, any neglect of duty on the part of the employees will be most seriously viewed and met with stern action. This is a matter of importance worth repeating here.

WAYS AND MEANS

48. The Budget Estimates presented to this House disclose a deficit of Rs. 21 crore on revenue account. If the expenditure on grant of additional dearness allowance from the coming month is taken into account, the deficit would be Rs. 37.5 crore. Capital expenditure

and loans and advances (net) amount to Rs. 40.3 crore. The repayment liability of Central loans is Rs. 40.4 crore; Loans from the Centre are estimated at Rs. 25 crore for the State Plan; Rs. 4.2 crore for centrally sponsored schemes and Rs. 8 crore by way of the State's share of small savings. Out of the year-end deficit of Rs. 24 crore of the current year, Rs. 6 crore has to be absorbed by State Government in the coming year. It is hoped that the balance of Rs. 18 crore would be covered by special ways and means accommodation from the Centre. For water supply and housing schemes an amount of Rs. 6 crore is anticipated from the Life Insurance Corporation; while for investment in the co-operative sector an amount of Rs. 1.2 crore is expected from the Reserve Bank. An open market loan of Rs.9 crore will be floated in the coming year. The net deposits under provident fund and savings bank are estimated at Rs. 12.5 crore. The transactions under deposits and remittances will yield a surplus of Rs. 13.3 crore.

49. The financial position as envisaged in the Budget Estimates for 1975-76 can be summarised as follows:—

	<i>(Rs. crore)</i>
Revenue deficit	(-) 37.5
Capital expenditure	(-) 44.5
Loans and Advances (net)(+)	4.2
Debt and deposits	(+) 65.6
Overall deficit	(-) 12.2
Opening balance	(-) 24.3
Closing balance	(-) 36.5

50. Since the finalisation of the budget estimates the Government of India have announced certain measures of additional resource mobilisation as a result of which the State's share of central taxes would go up by Rs. 2 crore. The increase in the rate of central sales tax from 3 per cent to 4 per cent would fetch Rs. 1.8 crore. Further, the ceiling prescribed in the rate of sale tax on goods on inter-state importance specified in the second schedule of the Sales Tax Act is being raised to 4 per cent. The State would get an additional amount of Rs. one crore if the present rates are brought to this level. There is a proposal under consideration for re-structuring the motor vehicle taxation and the tax on goods and passengers. This is likely to yield an additional revenue of Rs. one crore. Further, measures of additional resource mobilisation fetching Rs. 4 crore which are included in the current year's programme have yet to be implemented. If the effect of all these is taken into account the year-end deficit of 1975-76 will go down to Rs. 26.7 crore.

51. Government does not propose to bring forward any further measures of additional resource mobilisation at this stage. In the coming year this Government will be completing its full term of office and it will not be quite proper for it to sponsor new measures which might inhibit the policies and the style of functioning of the Government that would assume office after the election. But Government will ensure that the deficit does not make any adverse impact on the implementation of the programmes in the priority sectors.

52. Sir, let me conclude, Despite severe resources constraints this Government has successfully implemented the Fourth Plan and laid a firm base for the Fifth Plan. It is certainly gratifying that the Government could exceed the fourth Plan outlay by one-third even as they were confronted with an inadequate award of the fifth Finance Commission on the one hand, and the growing inescapable items on Non-Plan expenditure on the other. Floods and crop failures, stagnation and crisis in certain sectors of agriculture and industry, rising prices and consequent difficulties felt by fixed income groups scarcity of good grains and other essential commodities and growing unemployment were some of the challenges that had to be faced during this period. Efforts were made to tide over these situations with determination and unwavering faith, in the face of heavy odds and these efforts have succeeded in a large measure. The main factor that contributed to this achievement is the stability of the administration. The tempo of development in all sectors of the economy has been accelerated. Perhaps the most noteworthy achievement is the formation of developmental agencies to harness resources from financial institutions and the banking sector thereby avoiding exclusive dependence on the State's resources and Central assistance. The Urban Development Finance Corporation, the Housing Board, the Development Corporation for Scheduled Castes and Scheduled Tribes, the Rural Development Board and the Forest Development Corporation are a few such developmental agencies. The formation of a Coconut Corporation and a Construction Corporation is under way. Another development that deserves mention is the provision of facilities for water supply in all urban areas, with assistance from the Life Insurance Corporation. The scheme of water supply is being extended by stages in the rural areas. Significant progress has been achieved in the fields of health and education. Centres for advanced studies have been started for research in science and technology. The formation of the Shipping Corporation has broken fresh ground in economic development. Our State has been the pioneer in the implementation of land reforms. It is a matter of pride that we have been able to make history by nationalising private forests without any compensation. The

activities in the fields of power and irrigation have provided a solid base for the growth of the agricultural and the industrial sectors. The extension of communication facilities to the far corners of the State is another significant achievement. The Government's indebtedness to all those who have participated in the State's development activities and have extended support and co-operation knows no bounds. The construction of a 300 metre chira in Thanneermukkom bund within days—an endeavour in which officials and non-officials have participated is an epoch making event—the promise of a bright future.

53. Sir, this is the first time after the formation of Kerala State that a Government holds the reins of office for the full term of five years. This period has witnessed the tempo of implementation of a Five Year Plan gathering momentum in its last three-and-a-half years and the emergence and inauguration of the next Five Year Plan. I have given a bird's eye view of the achievements of this Government. It is an accepted principle of the democratic system that once a Government gets elected to power it has the constitutional and moral right of running the administration for its full term. The opposition has every right to criticise strongly the activities of the Government. It can also try to vote out the Government through non-confidence motions in the legislature. But it will be the very negation of democratic principles and the death knell to the spirit of democracy if the opposition fights the Government in season and out of season, starts agitations even for relatively unimportant causes and misuses the floor of the legislature. Unfortunately this has been the style of functioning of the opposition parties, particularly in recent times. If it is recognised that the opposition's right to oppose can be expressed in these forms and methods it will make the running of an efficient and orderly administration well nigh impossible and the casualty will be the State's economic development. The steps taken by the opposition with a view to paralysing the very functioning of this House certainly do not indicate their faith in the democratic way of life. On the other hand they may be taken as the expression of fascist tendencies or a manifestation of political disillusionment. The enlightened citizens of Kerala have cast their votes for a stable Government wedded to the realisation of well defined objectives. It is a matter of historic importance that this Government has been able to overcome severe financial difficulties, survive all politically motivated agitations and rise to the expectations of the people. This has become possible because of the people's political enlightenment and their unreserved support. It is, therefore, with a sense of fulfilment that I submit the budget estimates for 1975-76 for the approval of this House.