



BUDGET SPEECH FOR 1979-80

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16th March, 1979

Sir,

I rise to present the Budget Estimates for the year 1979-80.

Before getting down to the details of the Budget Estimates, I propose to make a brief review of the present financial position of the State Government. Recently some of the honourable members of this house expressed concern about our financial position. Though I did not then attempt a detailed analysis reserving that for the occasion of the presentation of this budget— I had made it clear that contrary to the past experience our financial position, has been quite sound this year. To make the position a little more clear it is necessary to attempt a brief review of the financial administration of the State at least for the past five years.

Such an analysis is necessary and relevant on certain other counts also. This year is the fifth and the final year of operation of the Sixth Finance Commission award. This year would also have been the last year of the Fifth Five Year Plan, if the Central Government had not altered the tenure of that Plan. Though the Government of India and the Planning Commission consider that the Fifth Plan ended with 1977-78, the 'committed expenditure' on the Fifth Plan schemes is being reckoned as non-plan only from the next year onwards. The award of the Seventh Finance Commission will come into operation in the next financial year. For these reasons also, an assessment of the financial position of the State during the past five years is now relevant.

When the Fifth Year Plan was launched in 1974-75, Kerala had a deficit of Rs. 31 crore. This deficit was mainly due to the inadequacy of the award of the Fifth Finance Commission which was in force during the Fourth Plan period. The ways and means position was extremely precarious and over drafts from Reserve Bank of India persisted. Early in the year 1974-75 the Reserve Bank of India stopped payments in our account for two days. We had to obtain advance release of a part of our entitlements from the Centre to tide over the crisis.

Now the position is entirely different. According to the Revised Estimates for the current year, instead of a closing deficit, we expect a surplus cash balance of Rs. 4 crore. During 1978-79 we have not taken any overdraft from the Reserve Bank of India. Even the permissible ways and means advance was not utilised during the past few months. We could also invest a part of our surplus cash balance in Treasury bills.

This improvement in the financial position of the State was achieved not by effecting any substantial reduction in expenditure either under plan or other important areas. Kerala's Fifth Five Year Plan was originally designed for an amount of Rs. 563 crore. When we take into account the anticipated plan expenditure during the current year also, the actual plan expenditure of the same five year period (1974-79) will be around Rs. 680 crore, registering an improvement of about Rs. 120 crore. On the non-plan side we could absorb the steep increase in the cost of all services resulting from the high rate of inflation during the first two years of the Fifth Plan. But the major additional commitment undertaken by the Government during this period was the expenditure on staff. We implemented a pay revision without delay adopting the minimum pay of Rs. 196 accepted by the Government of India, on the recommendations of the Third Central Pay Commission. We also sanctioned all the subsequent instalments of Dearness Allowance according to the Central pattern. The total wage bill of the State Government which stood at around Rs. 135 crore at the beginning of the Fifth Plan, consequently stands at the level of Rs. 280 crore at the end of this year. This abnormal rise in the annual wage bill of the State Government involved an additional expenditure of about Rs. 450 crore during the five year period. Remarkable improvement in certain items of receipts like Sales tax, Agricultural Income-tax, Excise, Stamps and Registration, Forest revenues and receipts from Savings Bank etc., were the major factors contributing to the improvement in the financial position. A realistic assessment of the non-plan receipts and expenditure of the State Government by the Sixth Finance Commission, leaving some cushion to State Government to take care of such unforeseen items of expenditure, was another factor. Yet another major factor was the overall financial discipline maintained by the State Government. I should also mention here that the Government of India and the Planning Commission were also helpful to us during the Fifth Plan period. During the current year we would be getting a loan assistance of Rs. 15 crore to take care of the closing deficit at the end of March, 1978. However, it has to be clarified here that we have not received our legitimate claims in full from the Centre. We are also unhappy about a recent trend indicating a gradual encroachment by the Government of India into areas of activity—particularly avenues for resources mobilization—which should, under the

Constitution, be within the full control of State Governments. The amendments already made and those proposed to be introduced to the Central Sales Tax Act, the Constitutional amendments proposed to be introduced and the imposition of excise duty on electricity generation are examples. We have to stand united in opposing this tendency.

To summarise, the Five Year period commencing with 1974-75 and closing with the current year, saw a definite improvement in the financial position of the State Government. As a result of this, we could meet substantial additional expenditure on development schemes and on the revision of pay scales of employees. We have moved past the days of closing budgetary deficits and continuous overdrafts. This enabled us to incur unexpected and massive expenditure on relief operations necessitated this year by unprecedented floods, even without waiting for the release of assistance by the Centre. Improvement in revenue collections, avoidance of infructuous and unnecessary items of expenditure and the efforts made to secure reasonable central assistance are the main factors which contributed to this change.

As you are aware, the report of the Seventh Finance Commission and the Orders of the Central Government thereon have been published. I am happy to say that this Commission has adopted an approach different from the earlier commissions in the area of federal fiscal transfers. The two main points we stressed before the Commission are: (i) the necessity to allow reasonable provisions for non-plan expenditure to a State where the level of 'social services' already reached is comparatively high, and (ii) to allow reasonable surplus on revenue account even to weaker States. These have been accepted by the Finance Commission to a large extent. For the first time the Finance Commission recognised the necessity for surplus on revenue account for States like Kerala. By and large, the Commission has also made a realistic assessment of the forecast of expenditure, keeping in view our huge commitments on social services. On the capital side the Commission has, for the first time, brought in the idea of write off of loans obtained from the Government of India and utilised for non-productive purposes. The Commission, after having made a detailed analysis of the debt position of the States and the purposes for which the loan funds were utilised by each State recommended a scheme of debt relief. That portion of the loan utilised for unproductive purposes has been recommended to be written off. The balance of the loans assessed to have been utilised for semi-productive and productive purposes is to be repaid in 30 annual instalments and 15 annual instalments respectively. The recommendations of the Commission would give us relief in repayment liability of, Central loans, during the Five Year period 1979-84 to the extent of Rs. 115 crore. 25% of the loans outstanding as on 31-3-1979,

excluding certain specified categories of loans will be written off in our case. The amount involved is, around Rs. 125 crore. The revenue surplus accruing to the State has been assessed as Rs. 235 crore during the Five Year period. For the first time the Commission has also recommended grant-in-aid for capital expenditure like Police Housing. While these are the welcome features in the award of the Commission I have to point out that there are certain unsatisfactory features also in the award. While giving a revenue surplus to backward States like Kerala, the Commission's recommendations lead to huge revenue surplus to some rich States. The variation in revenue surplus ranges between Rs. 87 crore and Rs. 3005 crore. In terms of percapita, the surplus ranges from Rs. 15 to Rs. 676. This defect in the scheme of devolution was highlighted by one of the Members of the Commission (Professor Raj Krishna) in his note of dissent. Another disappointing factor is that the Commission did not accept some of our commitments on the non-plan side viz. Pay Revision for employees, relief to unemployed youth and Prize Support Scheme. If provisions for these items are set-off, the revenue surplus assessed by the Commission would come down substantially. According to the Commission's assessment our standards of administration are comparatively better and hence, out of the amount recommended by the Commission for upgradation of standards of administration, we get only a small share. For these reasons the award of the Commission cannot be considered adequate or entirely satisfactory as far as Kerala is concerned.

As the members are aware though the Fifth Five Year Plan was terminated one year ahead of its normal period, the Government of India and the Planning Commission are yet to give final shape to the 'medium term plan' for the period 1978-83. The National Development Council met last month to finalise the question of distribution of Central assistance for States' Plan and the schemes which should come under the Centrally Sponsored Category and their outlay. The general consensus was that the outlay on Centrally Sponsored Scheme should be reduced to the minimum and that the savings effected by reducing the outlay on Centrally Sponsored Schemes should be made available to the States as additional central assistance for State plan. In the distribution of central assistance for State plan the Backward States generally put forward the argument that the wide disparity in the availability of revenue surplus among the States should be narrowed down and that a portion of the central assistance should be utilised to ensure that every State has revenue surplus, at least at the level of all States average. The final decision was to continue the Gadgil formula for distribution of central assistance to the States and to adopt a new formula of 'income adjusted total population' for the distribution of additional Rs. 2000 crore made available

to the States by pruning the outlay on centrally sponsored schemes. The Planning Commission will be holding further discussions with the State Governments to finalise the plan outlay for the period 1978-83. The State Government feel that a more bold and dynamic approach should have been adopted by the National Development Council for the distribution of central assistance for State plans, to move towards the national objective of corrective regional imbalance in economic development.

ECONOMIC SCENE

The general economic situation in the State reflected a fair degree of stability in 1978. The average increase in the consumer prices in the State was less than 3 per cent, compared to 4.4 per cent at the all India level. The public distribution system maintained by the State Government was helpful to a great extent in containing inflationary pressures in the State's economy. The wholesale prices of agricultural commodities in general, with the exception, of food grains exhibited an upward trend, which benefited our agriculturists, particularly non-food crop cultivators. The latest official estimates indicate that out of the total foreign remittance of Rs. 1800 crore to India during last year, Kerala accounted for as much as Rs. 400 crore. This is mainly from the Keralites who had secured employment in the Gulf countries; While it has helped to improve the living standards of quite a large number of families in various parts of the State, a good part of this money is being utilised for investment in real estate and houses. Consequently land values, even in rural areas, have shown a tendency to escalate substantially; Unless some effective steps are taken to mop up a part of such foreign remittances and use it for development purposes, it will add to inflationary pressures and affect the standard of living of the common people in the State. So the State Government formulated a proposal to establish an institution for mobilising a part of such remittances and guiding its investment in productive ventures. But the Central Government and the Reserve Bank have not yet cleared the project. The State Government is however trying to collect a portion of the money through small savings and other investment schemes. It is estimated that the per-capita income of the State registered an, increase of 6.5 per cent in 1976-77 over that of the previous year. While the share of the Primary sector in the State income decreased, that of the Secondary and tertiary sectors increased. A review of the district income figures shows that Ernakulam District tops the list and Idukki District occupies the lowest position. The per capita income for all India was Rs. 1081 on 1976-77 against Rs. 968 for Kerala. The per capita national income at constant prices (1960-61) increased from Rs. 307 to Rs. 366 in 1975-76 and corresponding state income figures were Rs. 259 and 291 respectively.

Thus against an increase of Rs. 59 recorded in per capita national income, increase in per capita state income was only Rs. 38. This would indicate that in real terms, we have not been able to reduce the income disparities which existed in 1960-61 between all India per capita income and State per capita income. There were 10.53 lakh unemployed persons in the State at the end of 1978, as per the live registers of the Employment Exchanges. Of these more than 50 per cent were having qualifications of S.S.L.C. and above. Employment in the organised public and private sectors recorded a declining rate of growth compared to the previous year. An unemployment relief scheme was introduced by the State in July 1978, with the objective of giving financial help to the unemployed youth. Out of 2.01 lakh applications received, 1.70 lakh applicants were found eligible and first instalment of the relief amount was disbursed to majority of the eligible persons. Rice production increased from 12.54 lakh tonnes in 1976-77 to 12.95 lakh tonnes in 1977-78. Production of commercial crops such as Coffee, Pepper, Ginger, Cashew etc. also recorded increase during the year. The declining trend in fish production noticed since 1973-74 has been arrested and it moved up from 3.55 lakh tonnes in 1976-77 to 3.69 lakh tonnes during 1977-78. However on the export front, the earnings from marine products suffered a set back. The value of exports from the Ports of Kerala rose significantly during 1977-78. As against goods worth Rs. 400 crore exported from the ports in Kerala in 1976-77, in 1977-78 corresponding figure was Rs. 439 crore. The principal items of export were marine products, pepper, cashew kernels, tea, coffee, coir and coir products.

1977-78 ACCOUNTS

As indicated at the time of presenting the current year's budget the suggestion from the Planning Commission was that the deficit at the close of the year 1977-78, should not exceed Rs. 45 crore. The actual closing deficit at the end of 1977-78 was only around Rs. 15 crore showing an overall improvement of Rs. 30 crore over the Planning Commission estimate. The total revenue receipt was Rs. 445 crore and total expenditure on revenue account Rs. 416 crore, resulting in a revenue surplus of Rs. 29 crore. Capital expenditure during the year amounted to Rs. 73 crore and loans and advances Rs. 26 crore. Increase in receipts and proper control over expenditure helped to bring down the deficit. But we did not make any reduction in plan expenditure. In fact we could considerably enhance the plan outlay of Rs. 136 crore, approved by the Planning Commission. The State plan outlay in 1977-78 was Rs. 166 crore.

REVISED ESTIMATE FOR 1978-79

According to the budget presented to the House in March 1978, the revenue estimated was Rs. 468 crore against which the revised estimate of revenue receipt is Rs. 505 crore. The expenditure on revenue account will increase from Rs. 473 crore to Rs. 495 crore. The commitment on account of pay revision and special festival allowance sanctioned to the employees and the additional expenditure necessitated due to flood relief operations, maintenance of roads etc. are the main factors for the increase in expenditure. The State plan outlay contemplated in the budget was Rs. 184 crore against which the latest estimates assume a plan expenditure of Rs. 195 crore, including an expenditure of Rs.11 crore on flood relief operations, for which the Government of India released plan assistance. The overall deficit on account of the current year's transactions was estimated at Rs. 21 crore in the budget. But the latest estimate assumes a surplus of Rs. 4 crore. The Government of India have agreed to sanction loan assistance to cover the opening deficit of about Rs. 15 crore.

BUDGET ESTIMATE FOR 1979-80

The total revenue estimated in 1979-80 is Rs. 542 crore, of which Rs.138 crore represent share of central, taxes and duties. This includes, our share, out of Rs. 205 crore accruing to the States due to additional taxation measures announced in the Central budget. The receipts from State taxes and duties are placed at Rs. 256 crore. This is more than the revised estimates for the current year by Rs. 19 crore. The revenue estimated from sales tax is Rs. 145 crore and from excise Rs. 50 crore. The non-tax revenue receipts amount to Rs. 88 crore and grant-in-aid from Central Government Rs. 59 crore. The expenditure on revenue account is estimated at Rs. 538 crore, of which Rs. 451 crore is on non-plan account, compared to the revised estimate for 1978-79, there is an increase of Rs. 31 crore under Non-Plan expenditure. 'Committed expenditure' on plan schemes provided under Non-Plan is one of the major factors for this increase. Increase in Non-Plan expenditure is estimated mainly under Education, Medical, Pension, Social Welfare, etc. The provision made for capital expenditure is Rs. 111 crore, and for loans and advances Rs. 26 crore.

ANNUAL PLAN 1979-80

As indicated earlier the size of the State's Sixth Plan and the quantum of Central assistance for State plan have not yet been finalised. So there was some difficulty in finalising the annual plan for 1979-80. The draft Annual Plan was prepared, keeping in view the Five Year outlay of Rs. 2000 crore in the State sector

contemplated in the draft Sixth Plan. But after discussions the Planning Commission fixed the size of the plan at Rs.170 crore, taking into account the resources position. Central assistance for the State plan was provisionally indicated as Rs. 70 crore and the balance of Rs. 100 crore was to be raised by the State Government. The pattern of financing the plan outlay of Rs. 170 crore was estimated as detailed below:—

	<i>(Rs. in crore)</i>
Central assistance	.. 70.00
Market borrowing, loans from RBI, LIC. & R.E.C.	.. 41.67
Additional resource mobilisation, increase in revenue collections and economy in non-plan expenditure	.. 22.10
Share in additional taxation by the Centre	.. 4.04
Other budgetary receipts	.. 31.13
Internal resources of Electricity Board and Road Transport Corporation	.. 1.15
Total	<u>170.09</u>

The approved plan outlay of Rs. 170 crore was found quite Inadequate, especially since the plan outlay originally approved for the current year was Rs. 176 crore. Even taking into account the fact that a part of the current year's outlay will be transferred to non-plan as maintenance (Committed) expenditure, the State Government felt that the outlay of Rs. 170 crore is inadequate. Any slackening in the pace of economic development has to be avoided. So the State Government decided to enhance the plan outlay for next year. According to the estimates submitted to the house, the total state plan outlay for next year is Rs. 209 crore. A provision of Rs. 56 crore has also been included in the budget for Centrally sponsored/Central sector schemes and schemes for which special assistance will be available. Thus the overall plan outlay for next year is estimated at Rs. 265 crore in making provision in the budget for development schemes and in implementing them the Government have given priority to schemes which will accelerate the development of rural economy and benefit the weaker sections of the society. The outlays for, Centrally Sponsored/Central sector Schemes will have to be reviewed in the light of the latest decision of the National Development Council on the financing of Centrally Sponsored/Central Sector schemes. Necessary instructions in this regard will be

issued by the Planning Department in consultation with Finance Department shortly. I may make it clear that this review will be attempted without making any substantial reduction in the overall plan outlay.

Agriculture

The strategy for agriculture development during the Sixth Plan period is 'area development approach'. The crop production programmes for 1979-80 aim at an additional production of 1.25 lakh tonne of rice, 136 million coconuts, 12700 tonne of cashew and 8759 tonne of pepper. The extension work done by the Department of Agriculture is proposed to be made more effective so that every farmer will get the benefit of technical assistance from the department.

High yielding variety of seeds are proposed to be procured and supplied to the farmers through the Agro-Industries Corporation. In addition to the existing 489 IPD units, 40 new units will be established. The distribution of plant protection equipments with 25% subsidy will be continued and the coverage under the high yielding variety programme will be increased. Soil testing facility will be expanded by establishing district laboratories. Distribution of soil ameliorants at 25% subsidy will also be continued to benefit 50000 hectares. The Paddy cultivation will be assisted by extending subsidy for controlling 'brown plant hopper' attack.

The scheme for the rejuvenation of disease affected and unproductive coconut trees will be continued. 15 lakh coconut seedlings of various varieties will be distributed during 1979-80.

Additional areas will be brought under Cashew cultivation during 1979-80, providing a subsidy of Rs. 350 per hectare to the cultivators. Plant protection schemes, involving subsidy also will be implemented. Rehabilitation of existing Cashew plantation with superior planting material, will be undertaken.

A re-planting programme for pepper to replace old and unproductive vines will be implemented. In addition to the existing 30 pepper package units, new package units will be established.

The area under Cocoa cultivation will be increased in 1979-80, 20 lakh seedlings will be distributed at subsidized rates. For exploiting the ground water resources a new department has already been formed. During next year, a few schemes to benefit drought-prone areas for the optimum utilisation of the ground water for cash crops will be implemented.

To ensure that the producer gets adequate share of the consumer price for his produce, it is proposed to introduce regulated markets throughout the State in a phased manner. Bill for the purpose is under the consideration of Government.

Command Area Development

Under the Command Area Development scheme, the command areas of Malampuzha, Peechi and Chalakkudy will be developed. Government of India have been moved for including the other irrigation projects in Palghat, Trichur and Trivandrum districts also in the Command Area Development Programme. A 'Command Area Development Authority' will be set up to ensure integrated development of the areas irrigated by major irrigation projects.

The price support scheme for tapioca and paddy will be continued next year. Steps have been taken to ensure a remunerative minimum price for rubber for which discussions have already been held with the Government of India. Under the Kerala Agriculture Development Project, World Bank assistance is being received for the development of coconut, cashew, pepper, etc. Several schemes relating to minor irrigation, development of crops, etc., are being implemented now with the assistance from the A.R.D.C. More schemes will be formulated for the development of cashew, coffee, etc., with institutional finance.

The Soil Conservation Schemes have much importance in view of the undulating topography of the lands in Kerala. Against 15 lakh hectares of land requiring protection, only 50000 hectares have so far been covered under the Soil Conservation Programme. The outlay for 1979-80 for soil Conservation is Rs. 150 lakh. The main programmes proposed to be implemented are Soil and Water conservation in arable lands, Soil conservation and integrated land development on water shed basin, Soil conservation Schemes to benefit the lands belonging to the Harijans and Girijans, and Soil Conservation in irrigated lands and reclamation of water logged areas.

The Milk Supply Schemes in the State will be expanded with additional equipments and vehicles. Self employed inseminators will be encouraged, giving them further training and incentives, to bring in a large number of indigenous cattle under the artificial insemination programme. A scheme for the supply of cattle feeds at subsidised rates will be implemented. A programme of fodder cultivation by the farmers, allowing subsidy for fertilisers, will be encouraged. More Milk Co-operatives will be organised on the pattern of the "Amul Societies of Anand" and more producers brought within the Co-operative fold. Operation Flood Programme, Establishment of Cheese Plant, Regional Semen Banks, Production of frozen buffalo

semen, establishment of herd book organisation and progeny testing, Fodder seed farm and cattle feed plant are Some of the programmes proposed to be taken up by the Kerala Livestock Development and Milk Marketing Board during 1979-80.

Kerala has made considerable headway in cattle development. Special Animal husbandry programme for poultry rearing, Pig development and Duck rearing will be implemented in selected districts. One more intensive Cattle Development Project will be established in addition to the two now functioning in the State. The Jersey breeding farm will be expanded to produce sufficient number of bulls for the breeding activities. 10 Veterinary Polyclinics and five Mobile Farm Aid Units will be established during 1979-80. The programme for the control of foot and mouth disease will be continued. A scheme for the control of Mastitis will be launched. A programme for insurance cover to the valuable animals of the weaker sections of the Society will be implemented in 1979-80. The Veterinary Biological Production Centre at Palode will be commissioned next year.

The Co-operative movement in the State has been making steady progress especially in the field of co-operative credit during the last few years. During 1979-80, Rs. 75 crore under short term loans, Rs 18 crore, under medium term loans and Rs. 20 crore under long term loans are expected to be disbursed throughout the Co-operative Sector. Under the Co-operative Housing sector, it is proposed to assist the constitution of 2000 new houses next year. The co-operative institutions are expected to handle agricultural produces worth Rs. 67 crore in 1979-80. To make available adequate funds for various programmes, a massive deposit mobilisation by co-operatives is proposed to be undertaken. Establishment of a wide network of Rural Consumer Co-operative is also contemplated during 1979-80.

According to a study conducted in 1965 the irrigation potential of Kerala is estimated at 15 lakh hectares. Out of this 6 lakh hectares alone can be irrigated by major and medium irrigation projects. The remaining 9 lakh hectares is to be irrigated by minor irrigation sources. Considering the importance of this programme an amount of Rs. 600 lakh has been provided in the budget for 1979-80 for minor irrigation. Government proposed to provide more funds for schemes implemented under "peoples participation programme".

The outlay for major and medium irrigation projects for 1979-80 is Rs. 37 crore. The State has been giving considerable importance to irrigation programmes in recent years as can be seen from the increase in the outlay from Rs. 7 crore in 1974-75 to Rs. 37 crore in 1979-80. Kanhirapuzha project will be commissioned next year. The additional ayacut to be commissioned during

1979-80 is 27000 hectares. During the current year the labour unions have taken up certain irrigation works. The Government are watching the results of this experiment with keen interest. If this is found successful, it is proposed to extend the method to more and more projects.

The Kerala Fishermen Welfare Corporation has drawn up a massive housing programme for the construction of 25000 homes for traditional fishermen, with the assistance from the HUDCO. Out of the estimated cost of Rs. 4,000 per house, Rs. 2,000 will be provided by Government as grant. Financial assistance will be given to 'head load hawkers' and 'Cycle hawkers' in order to enable them to carry the fish to the markets. 800 Cattamarans and 900 canoes will be issued to fishermen on joint ownership basis by the Kerala Fishermen Welfare Corporation. A contributory Provident Fund Scheme to benefit the fishermen is also under the consideration of the Corporation. Assistance will be given to fisherman families for taking up subsidiary occupations like coir, poultry, basket making, mat weaving, etc. A modern fish market will be established at Malappuram. A proposal to give subsidy, at the rate of Rs. 10,000 per peeling shed, for improving the peeling facilities of prawn is under consideration of Government. Fish curing yards will be established in some important centres during 1979-80.

Next year 3200 hectares of Teak Plantation, 1000 hectares of Soft wood plantations and 4000 hectares of fast growing species will be raised. A programme for raising of plantation crops will be launched during next year. Under this programme a total area of 10000 hectares of Cardamom plantations will be raised in the Evergreen forests at Pamba, Thodupuzha Kanni Elam Tract, Nelliampathy and Attappady and the vested forest in the Tellicherry, Calicut, Nilambur and Palghat divisions. Pepper will be raised in an area of 800 hectares in the Kuppady area of Calicut forest division. 1000 hectares of forest area adjoining rivers, will be utilised for raising pepper, cocoa and medicinal plants. An area of 9000 hectares in the vested forest in Calicut and Palghat divisions will be utilised for Cashew Plantation and 1200 hectares for raising Coffee plantations. Rubber plantations will be raised in an area of 1600 hectares in Ponthanpuzha and Valiyakavu area. Oil palm plantations will be raised in 4000 hectares in the Anchal range of Punalur division. All these are labour intensive schemes and would provide regular employment to about 54000 workers. An integrated wood complex consisting of a Saw mill and a seasoning plant, a Joinery, a door and a window frame/shutter unit, a furniture unit, a chipper mill and a decorative veneer unit will be set up with a view to fuller utilisation of wood and for reducing wastages in the extractions sites and saw mills. A well-organised campaign for popularising Matti, involving the grower, the user and the forest

department will be launched to give a real boost to matchwood supply. A campaign for growing suitable species of trees along the sides of National Highway and in the lands under the control of local bodies and public institutions will be launched. The developmental activities in the seven Wildlife Sanctuaries in the State will be continued. The Eravikulam-Rajamally sanctuary, the Crocodile farms at Neyyar and Perumannamuzhi and the Tiger Project in the Periyar Valley Wildlife Sanctuary will be developed.

The Plan outlay for power programmes for the year 1979-80 is Rs. 45 crore which forms more than 21% of the total State plan outlay. During next year also the shift in emphasis from Generation to Transmission and Distribution and Rural Electrification will continue. Nearly 2/3rd of the plan outlay will be utilised for Transmission and Distribution. It is proposed to undertake a programme for transmission and distribution of power to backward areas. Waynad, Attappady, Kasargode and Idukki districts will be covered by this programme. Settlements and colonies of scheduled castes and scheduled tribes will receive top most priority. 110000 service connections and 30000 street lights will be provided during 1979-80. It is also proposed to energise 16700 agricultural pumpsets next year. A large number of tube wells will be energized on priority basis to tap the vast underground water resources. The Idukki-Mysore Inter-State Transmission Line has already been commissioned. The work on the Idukki-Udummalpet Inter-State line is progressing well.

The Government is of the firm view that the problems of unemployment and poverty in the State can be solved only through rapid industrialisation - rehabilitation and improvement of traditional industries and establishment and efficient running of modern industries in the small, medium and large scale sectors. Water, electricity and skilled manpower available in the State are valuable assets which should be put to use for the industrialisation of the State. The criticism that many of the Public Sector enterprises in the State are not functioning efficiently is not without justification. Government is keen that the Public Sector enterprises should be put on a sound basis. Steps are being taken to evolve a common policy frame work for these enterprises, to recruit and train efficient management personnel and to evolve a labour policy under which labour will have an increasing role in the efficient running of these enterprises and in increasing productivity and production. Detailed studies have been initiated in respect of each Public Sector enterprise in order to draw up comprehensive scheme to ensure its proper functioning.

The pace of Private investment in the State is much less than in the neighbouring States. The relatively high wages and alleged labour unrest are stated, as the reasons for the reluctance of the investors in making investments. Even people with surplus capital in the State are seeking avenue of Investment elsewhere. Government has given serious thought to this matter and has noted that this state has not been rendering assistance to the investors even to the extent the industrially advanced State and the neighbouring States have been doing. Government have, therefore, drawn up a package of measures to assist entrepreneurs in small and medium sectors. The object of these measures is to reduce the burden of new undertakings in the first few years viz. during the period of construction and immediately thereafter. Investors have a grievance that they have to approach various agencies to get clearance for their projects. An 'Inter-Agency Co-ordination Group' is being set up under the aegis of the Kerala State Industrial Development Corporation with the specific responsibility of ensuring that matters regarding land, water, electricity and departmental clearances are attended to expeditiously in the case of each project. Government hope that these measures will go a long way in accelerating the pace of industrialization of the State.

District Industries Centres have already been established in all the districts, with the assistance from the Government of India, construction of buildings for these centres will be taken up next year.

Government have under consideration a Welfare Scheme to benefit the Coir workers and also other programmes for the development of this industry. 100 new Primary Societies will be organised during next year. Formation of societies or small scale manufacturers is also being considered. The Kerala State Coir Corporation will be strengthened. A new government company has been registered under the name 'Form mattings (India) Ltd.' For the manufacture of Latex Foam Backed Coir Mattings with Danish Collaboration, involving a capital investment of Rs. 175 lakh. The share contribution of the Government in this project will be Rs. 50 lakh. This has an employment potential of around 1000.

At present about 50% of the total requirement of yarn in the handloom sector of Kerala is met by the Spinning Mills of other States. Hence there is real difficulty in getting yarn of higher counts for use of Weavers in the State. The State Government has taken up with the Government of India the question of producing the yarns of higher counts in the two Spinning Mills in the Co-operative Sector,

one at Malappuram and the other at Quilon. It is hoped that the Government of India will permit these mills to produce yarn of higher counts. The policy of Government in regard to the handloom sector is to bring at least 60% of the total looms under the co-operative fold. 27000 more looms will be brought under the co-operative sector during the next two years.

The Kerala State Textile Corporation has taken over 4 Sick Mills and revived them. These mills have shown good working results. The Trivandrum Spinning Mill which was running on loss for a long time has now started yielding marginal profits. The Corporation has a programme to set-up a Knitting Complex.

Government propose to set-up a handicrafts estate to provide working facilities to about 100 families. 20 new co-operative societies will be organised for Craftsmen during 1979-80.

Consequent on the fall in price of cashew kernel in the international markets the Cashew Development Corporation is finding it difficult to sell the kernels at economic price. The Government of India was approached for assistance in the matter and they have allowed the State a short term loan of Rs. 5 crore. They have also promised another loan of Rs. 5 crore linked with export. The Cashew Corporation has also been recognised as an Export House by the Chief Controller of Imports and Exports. Government propose to implement welfare measures for cashew workers. Legislation for the establishment of a "Cashew Workers' Welfare Fund" is under consideration.

The Bricks and Tile industry is now facing various problems such as scarcity and increased price for the raw materials. This industry has to be revitalised providing better machinery and technology. The traditional artisans in Kerala are one of the most socially and economically depressed classes in the State. For studying their problems and for suggesting remedial measures, Government have constituted a committee. The intention is to form an Artisans Development Corporation. Based on the Project report of the Committee, necessary steps will be taken to promote the economic welfare of the artisans in the State. The workers engaged in the weaving of screw pine and grass mats will be brought under the co-operative fold. Similarly -in the Beedi industry, the co-operative set up will be strengthened. During 1979-80, employment will be provided to 16000 persons under Khadi and 26000 persons under village industries.

The Kerala State Industrial Development Corporation has already on hand letters of Intent/Industrial Licence for the establishment of the following new projects, with an aggregate cost of Rs. 52 crore.

- (1) Precision Instruments
- (2) Fibre Glass
- (3) Conveyer Belts
- (4) Special Refractories
- (5) Nickel Cadmium Cells.

All these projects will be taken up in 1979-80.

A proposal for modernising the old plant and machinery in the Trivandrum Rubber Works with the assistance from the Industrial Reconstruction Corporation of India is under consideration. A new project for the manufacture of Journal Lubricating pad at an estimated cost of Rs. 27 lakh is also under consideration. The Travancore Plywood Industries has a project for the manufacture of decorative veneer plywood at an estimated cost of Rs. 22 lakh. A new company has been formed viz., 'Kerala Clays and Ceramic Products Ltd.', for the manufacture of glazed tiles and stoneware pipes out of the clays mined from Cannanore area. This is estimated to cost Rs. 400 lakh.

A project of national importance for the manufacture of Electronic Process Control Instrumentation and Systems, in collaboration with Controle Bailey of France will be implemented during 1979-80, at an estimated cost of Rs. 4.5 crore. The manufacture of Television Reviews will be doubled from the present, 5000 sets to 10000 sets per annum. Against an overall turnover of Rs. 5 crore during the current year, the Keltron group of companies will produce goods worth Rs. 10 crore in 1979-80. The various proposals of Keltron when implemented will provide employment to 10000 persons, against the present level of 2000.

The Steel Industries Ltd., Kerala holds letters of intent for setting up four steel and iron based Industries in the State viz., Steel Forgings and Spring Manufacturing Unit, Steel Casting Foundry, Steel Structural and Fabrications Unit and Roller and Tapered Bearing Unit.

The State Road Transport Corporation will be putting on the road 487 new buses during 1979-80, of which 350 buses are for replacement and the balance 137 for increasing the number of scheduled in the existing routes.

Due to the persistent efforts made by the State Government, the Government of India ultimately agreed to take up the construction of the Ernakulam Alleppey railway line. However, final decision in regard to the formation of the new railway division with headquarters at Trivandrum is yet to be taken by the Government of India. We are making every effort to persuade the Government of India to take an early decision in accordance with the stand of the State Government.

Heavy rains which started from the beginning of the current year and the unprecedented floods which occurred in November, 1978, severally damaged and disrupted the, road system in the State. In spite of financial and other difficulties, Government took very prompt action for the rectification and restoration of the damaged road. Government of India gave the State advance plan assistance to the extent of Rs. 4 crore. Even though the State's requirement was much more, this helped us to take up certain urgent works.

During the current year Government took steps to provide improved communication facilities to the total areas and to the settlements of Scheduled Castes and Scheduled Tribes. This scheme, will be continued next year also.

Improvement of Village roads is an important factor for the Social Economic development of rural areas and will be given greater emphasis during the sixth plan period. With this object in view, it is proposed to bring 490 kilometres of village roads under the control of the Public Works Department. During the current year, 49 bridges and culverts were constructed. Next year it is proposed to construct more bridges and culverts, preference being given to the reconstruction of weak and old ones.

Construction of some of the Mini Civil Stations could not be taken up during the current year due to paucity of funds. Government will however, take up these works next year availing institutional finance. The construction of a Civil Station at Trivandrum will also be taken up. We have taken up with the Government of India the question of realignment of the National Highways in the State so that the M.C. road could be converted into National Highway.

The N M R workers in the Public Works Department and in the Public Health Engineering Department were given the, benefit of Pay Revision and the facility, to surrender earned leave. The 'Family Benefit Scheme' has also been extended to them. A proposal to codify the rules relating to the service conditions of the NMR Workers is under the consideration of Government.

An intensive programme for universalisation of primary education is being implemented. Refresher courses, seminars and short term training courses will be conducted for teachers to acquaint them with the modern trends in education. Encouragement is given to the children to participate in sports and games. It is a matter of pride that our State secured the first place in the 'Inter State Schools Sports' meet at Nagapur in January, 1979. Next year it is proposed to open and upgrade about 300 new schools. The system of centralized valuation of answer papers will be introduced for all subjects to avoid irregularities, Priority is being given for vocationalisation of Secondary Education and for the improvement of the quality of education. Considering the fact that in a large number of Government Schools essential materials/equipments like benches, desks, laboratory equipments, library books etc., are found inadequate an amount of Rs. 3 crore has been provided in the budget for meeting expenditure in this regard. Text book banks to benefit the poor and needy children will be opened in High Schools next year. Non-formal education programme and the adult education programme will be implemented.

During 1979-80 two Government Polytechnics and a few more Junior Technical Schools will be opened. Diversified Courses at the Polytechnics level in fisheries technology, soaps and oil technology, ceramic technology, metallurgy, cinematography, agricultural engineering and a postgraduate course in space technology will be started next year.

The State Government is taking effective measures in the field of Sports and Games to extend more facilities for giving training the athletes and the players. Steps for the construction of the Water Stadium in Alleppey have already been taken, Two sports hostels for talented swimmers and nine hostels attached to various colleges in the State have been established during the year. Two more district coaching centres are proposed to be started. The State Government have taken up with the Government of India a proposal for sending, promising athletes to foreign countries for advanced training and for making available the services of reputed foreign Coaches for giving training to the sportsmen in the State. It is also proposed to implement a Scheme for giving encouragement and assistance to the students who come out successful in the State level, Inter School Sports Meet and also to the Schools in which such students are studying.

A proposal to constitute a Statutory body to advise the Government on sports policies, to co-ordinate and develop sports activities and to regulate the working of the various sports councils/associations in the State, is under consideration. A scheme for financial assistance to sportsmen in indigent Circumstances has already been implemented during the year.

During the current year the rates of lump sum grant, stipend, pocket money, etc., to the scheduled caste/scheduled tribe students have been enhanced. A colonisation scheme has been started in Karikattoor in Kottayam district to settle 130 Harijan families. This will be completed by next year. 3 new colonies will be started next year. The Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes is implementing various programmes to benefit the scheduled castes and scheduled tribes. The biggest programme undertaken by the Corporation is the construction of 10,000 houses for scheduled castes and scheduled tribes. 50% of the cost of each house will be given as grant by the Government and the balance 50% will be met from the loan assistance received from the HUDCO.

During 1979-80, 15 new L P Schools and 100 Balavadies will be opened by the Tribal Welfare Department. These institutions will be managed by the Girijan Service Societies. Grant-in-aid is proposed to be given to voluntary organisations to run basic schools in the tribal areas under the Gandhian pattern.

A Centre for Respiratory Allergy and Antigen manufacture will be started soon. Government also propose to start an Institute for Mental Health and Neuro Sciences. The Government of India have under consideration a proposal for the establishment of a National Institute for Ayurveda in Kerala. It is hoped that the Union Government will approve this programme shortly. Apart from starting new hospitals and dispensaries, some of the existing Ayurveda dispensaries will be upgraded as hospitals. Quarters attached to rural dispensaries will be constructed so that the doctors will not find it difficult to live in remote villages. Construction of a collegiate hospital and a building for the Homoeo College at Calicut will also be taken up.

Construction of Primary Health Centres and sub-centres will be undertaken, as far as possible. The bed strength of the Primary Health Centres will be increased by 1/3rd of the present strength. New Rural dispensaries all be opened in bifurcated panchayats where there are no Medical Institutions at present. New taluk hospitals will be opened in the three taluks where there are no taluk hospitals. The intake of nurses trainees both in Government and private training institutions, will be increased. A centre for proper maintenance of costly hospital equipments will be established in collaboration with the Keltron. As a part of the programme for improving hygiene and public health Government propose to introduce a scheme for the medical examination of hotel employees and issue fitness certificates to them free of charge. The Kerala Health Research and Welfare Society will continue the programme of construction of pay wards for Government hospitals. The society will be entrusted with the work of construction of staff quarters for rural dispensaries also. Construction of Janatha pay wards in Medical College hospitals and district hospitals

will be undertaken with financial institutions. Pay wards will also be constructed by the society for the benefit of teachers, with the funds made available by the Kerala Teachers' Sanitoria Society.

In respect of Housing Schemes, the emphasis will be to provide houses to the weaker sections of the Community. Housing Programmes for this category will be made more extensive. It will be considered whether a subsidy of Rs. 500 each can be granted to each family; for construction of houses under this scheme. At present various housing schemes for the weaker sections are being implemented by the different departments and corporations. For example a scheme for kudikidappukars is being implemented by the Revenue department with Co-operation of the State Bank of India. Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes, Kerala Fishermen Development Corporation and the Kerala State Housing Board are implementing various housing schemes for this category with loan assistance from HUDCO and Banks and grant-in-aid from the State Government. As a result of these schemes about 50000 families will be benefited in the coming one or two years.

Delay in the acquisition of lands for housing programmes has been found to be a major impediment in the progress of the Housing Schemes, and so a Special Land Acquisition Wing for housing projects will be constituted. The question of establishing a separate Directorate of Housing for the Co-ordination of the various housing programmes under implementation is under consideration.

Substantial loan assistance has been received since 1970-71 from the L I C of India for implementation of the water Supply and Drainage Schemes. They have suggested certain changes in the organisational set-up of the machinery executing these works so as to enable them to consider further requests for financial assistance. The establishment of an Autonomous Authority for Water Supply and Sewage is, therefore, under consideration.

Works relating to the water supply schemes in Trichur, Palghat, Malappuram, Shertallai, Palai, Kayamkulam and Kodungalloor will be continued during next year. Storage of water in Peppara Dam to augment water supply to Trivandrum city is expected to be made next year. In the newly formed municipalities also Water Supply Schemes Will be taken up with LIC assistance. A sum of Rs. 125 lakh has been provided for rural water supply schemes.

A training Programme for the Officers of the Labour Department will be organised by the Kerala Institute of Labour and Employment during 1979-80. Schemes to promote general welfare of labourers will be implemented next year

through the agency of the Kerala Labour Welfare Fund Board. Scholarships for higher studies to the children of labourers will be provided. Assistance to the families of workers in distress will also be given. Welfare of agricultural workers will receive special attention of Government. Either a Provident Fund Scheme or a Welfare Fund Scheme will be implemented for them. New E S I dispensaries will be opened during 1979-80.

At present employment exchanges are generally located only at district headquarters. Hence job-seekers have to travel long distances to register their names with the employment exchanges. To avoid this difficulty more employment exchanges will be opened, at Taluk Headquarters in a phased manner.

The “Unemployment Relief Scheme” introduced during the year will be modified as a new ‘Employment Generation Programme’. The emphasis will be on providing employment, even if it be temporary or partial basis. An amount of Rs. 5 crore is set apart for this purpose.

The existing Industrial Training Institutes will be strengthened and properly equipped. A programme of intensive higher grade training to ITI certificate holders will be organised during 1979-80. Schemes to impart training to the unemployed persons in the State so as to equip them to seek employment, within and outside the country, will be drawn up and implemented.

Under the scheme “Composite Programme for Women and Pre-school Children”, 500 additional Balavadies will be started during 1979-80. Economic development activities such as Goat rearing, Poultry farming, Kitchen garden etc., to benefit poor women will be undertaken under the scheme.

Minor irrigation works, construction of village roads, construction of school buildings etc., will be taken up under ‘Food for Work Programme’. The Integrated Rural Development Programme will be extended to non-IRDP blocks from next year onwards.

To improve the shipping activities, it is proposed to establish a coastal shipping service, particularly to trade with the other important ports of India as also with the Gulf countries. M/s. Engineers (India) Limited, New Delhi is accordingly preparing a detailed project report, for the establishment of the ‘Kerala Maritime Corporation’.

The accidents at sea, resulting in loss of lives and property are somewhat frequent. To meet the situation, a Search and Rescue Organisation has been formed in the Port Department. The first Seaman Training Course at the Kerala Institute of

Nautical Studies has already commenced. The aim of the Institute is to provide a range of training facilities for training Merchant Navy Personnel and Fishing Vessel Crew. The port of Neendakara will be developed.

Government have already decided to constitute Planning and Development Authorities for Trivandrum and Calicut to ensure planned growth of these cities. Town planning schemes for Palayam, Chalai, Medical College and Kovalam-Vizhinjam areas in Trivandrum will be implemented in 1979-80.

The activities of the Public Relations Department, particularly the cultural development wing, will be streamlined. The small newspapers in the State have been persistently requesting the Government for assistance in procuring the services of the News Agencies. It is proposed to install the teleprinter of 'Samachar Bharati' at Kottayam and Ernakulam during the year on an experimental basis. They have offered to make available the news services in Malayalam in Roman letters. The District Information offices of the Public Relations Department will arrange to take copies of the news bulletins and make them available to small newspapers.

The number of Policemen per thousand population in Kerala is far below the all India average. Since our State has a very high density of population any plan to achieve more effective policing calls for increase in the strength of the existing police units, opening of new Police Stations particularly in the rural areas and increase in the strength of Armed Police. Government propose to enhance the strength of the armed police battalion and district armed forces by raising two more battalions and adding a few more companies to the district forces in 1979-80. 30 new police stations will be opened in various parts of the State. Steps are also being taken to modernise the police force. With this end in view, an advanced computer is proposed to be installed in the Police Computer Centre, Trivandrum. The traffic police units will be streamlined. More amenities to policemen including residential accommodation will be provided. A sum of Rs. 150 lakh has been included in the next year's budget to construct quarters for policemen and for other welfare activities. More Fire Stations will be opened in the State next year.

Government have a scheme to improve the standards of amenities in prisons especially in regard to diet, sanitation, hygiene, recreation facilities etc.

The current year's provision for payment of house construction advances to Government servants is Rs. 213 lakh. In view of the increasing demand for house construction advances, an additional amount of Rs. 90 lakh was allowed during the year. The next year's provision is Rs. 200 lakh.

WAYS AND MEANS

The financial position of the States as envisaged in the budget estimates 1979-80 can be summarised as follows:—

	<i>(Rs. crore)</i>
Revenue surplus	.. 4.16
Capital expenditure	.. (-)111.61
Loans and Advances (disbursement)	.. (-)26.08
Public debt	.. 78.23
Recoveries of loans and advances	.. 13.83
Debt and Deposit (net)	.. 30.73
Overall deficit	.. (-)10.74
Opening Cash balance	.. 4.24
Closing Cash balance	.. (-) 6.50

The financing of the State plan outlay of Rs. 209 crore is contemplated as follows:—

	<i>(Rs. crore)</i>
Central assistance	.. 70.00
Market borrowing	.. 29.00
Loans from RBI, LIC, REC, etc.	.. 12.66
Additional resource mobilisation by the State Government from 1978-79 measures	.. 2.16
Other budgetary receipts	.. 58.09
Internal resources of the Electricity Board	.. 6.09
Additional resource mobilisation by Electricity Board	.. 15.94
Internal resources of the K.S.R.T.C.	.. (-)0.31
Total	<u>193.63</u>

There will be a resources shortage of Rs. 15.45 crore for implementing the plan outlay of Rs. 209.08 crore. Of this Rs. 4.40 crore is the deficit of the Electricity Board, Rs. 0.31 crore of the Road Transport Corporation and the balance of Rs. 10.74 crore, the budgetary deficit of the State Government. The receipt of Rs. 15.94 crore estimated under additional resources mobilisation by the

Electricity Board takes into account the additional revenue accruing to the Board on account of the increase in the price of energy sold to neighbouring States, the changes to be effected in the L.T. tariff rates and the estimated surplus cash balance of the Board at the end of the current year. In view of the resource shortage for implementing the approved plan outlays of Electricity Board and Road Transport Corporation, necessary assistance will be extended to them at the appropriate time. But it is hoped that these institutions will take steps to improve their financial position by taking suitable steps for increasing the revenues and reducing expenditure.

The administrative machinery has to be geared up and made more efficient to eliminate delay in the implementation of schemes for the socio-economic development of the people. To achieve this objective, the following measures will be undertaken:

(i) A detailed study will be made of the existing administrative structure and the scope for improving its efficiency until such a study is made, no further increase in the existing staff strength will be allowed, except where it is found to be absolutely essential.

(ii) The administrative and financial powers will be delegated to the maximum possible extent from the Secretariat to the Heads of Departments and from the Heads of Departments to the various subordinate level officials.

(iii) An Economy Cell will be established in the Secretariat to formulate and implement proposals for effecting economy in Government expenditure.

(iv) Inordinate delays in disposing of cases pertaining to service matters will be avoided by constituting an Administrative Tribunal. The intention is to empower the Tribunal to pass final verdict in all matters pertaining to appeals, revisions etc. of the Government Servants.

(v) The possibility of delegating more financial powers to the Departments of the Secretariat with a view to eliminate delays in issuing administrative sanctions for plan schemes, etc. will be examined.

(vi) A detailed study will be conducted into the operation of the various subsidy schemes now prevalent in the State with a view to curtailing the scope and the quantum of such subsidies.

(vii) Government are now giving temporary as well as permanent tax concessions in various cases. It is not possible to completely eliminate such concessions. Very often such concessions are necessitated due to unexpected difficulties experienced in certain important sectors of the State's economy. For example Government have decided to give purchase tax exemption for the years 1977-78 and 1978-79 to the Industries engaged in the export of marine products.

The rate of purchase tax payable by the industries located in the State, manufacturing rubber products had to be reduced to help those industries. Again recently Government have granted exemption from tax on green tea leaves purchased by tea manufactures from small tea growers. Government consider that a comprehensive review has to be undertaken in respect of the tax exemption and concessions granted from time to time.

(viii) The administrative machinery will be professionalised and made more result oriented. For this, suitable training schemes will be introduced at various levels and necessary motivation and incentive will be provided to efficient Officers. At the same time the inefficient persons will be strongly dealt with.

Now I would like to briefly indicate some of the welfare measures and other important programmes for which provisions have been included in the next year's budget.

Relief to Pensioners

The Pay Commission had made certain recommendations regarding the relief to be allowed to the pensioners. The necessity to give special relief to those who retired prior to 1-7-1973 was also emphasised by the Commission. They have been duly considered and the following benefits will be allowed to the Pensioners:

(1) The existing adhoc increase/temporary increase in pension will be merged with the basic pension and the quantum of pension will be enhanced as follows:

(i) In respect of those who retired prior to 14-1-1966, 25% of the existing Pension plus temporary/adhoc increase subject to a maximum of Rs. 50.

(ii) Those who retired between 14-1-1966 and 31-3-1969, 20% of the existing pension plus temporary/adhoc increase in pension, subject to a maximum of Rs. 40.

(iii) Those who retired between 1-4-1969 and 30-6-1973, 10% of the existing pension plus temporary/adhoc increase, subject to a maximum of Rs. 25.

(iv) Those who retired between 1-7-1973 and 30-6-1978, 5% of the existing pension plus temporary/adhoc increase, subject to a maximum of Rs. 15.

(2) Minimum pension will be enhanced from Rs. 70 to 100.

(3) The existing ceiling of Rs. 600 for pension and Rs. 22,500 for D.C.R.G. will be enhanced to Rs. 900 and Rs. 28,000 respectively.

(4) The maximum service reckoned for pension will be raised from 30 to 33 years.

(5) Average emoluments will be calculated on the basis of the pay for 10 months prior to the date of retirement.

(6) The rates of family pension will also be suitably increased.

(7) All the Pensioners will be allowed Dearness Allowance on pension at the rate of 12% of pension, subject to a minimum of Rs. 15 and maximum of Rs. 75.

These concessions will be given effect from 1-7-1978. This will entail an additional expenditure of around Rs. 4 crore a year.

Gratuity to Part-time Contingent Employees

The Part-time Contingent Employees are not eligible for any retirement benefits at present. No age of retirement has been prescribed in their case. The question of fixing retirement age for this category of employees and allowing them gratuity at the time of retirement will be considered.

Enhancement of destitute pension

The rate of destitute pension will be raised to Rs. 45 per mensem. The additional commitment will be Rs. 50 lakh.

Financial assistance for marriage of Girls who have lost their parents

At present financial assistance of Rs. 1,000 is allowed for the marriage of the daughters of Widows whose annual income does not exceed Rs. 6,000. This benefit will be extended for marriage of girls who have lost their parents.

Enhancement of the rate of pension for freedom fighters

The existing monthly pension of Rs. 50 for Kerala Freedom Fighters will be enhanced to Rs. 75 per mensem. The additional commitment is estimated to be Rs. 30 lakh a year.

Comprehensive Agricultural Development Programme

With the implementation of the land reforms, during the last 10 years, lakhs of cultivating tenants have become the owners of land. Similarly lakhs of agricultural labourers, rural artisans and the socially and economically down-trodden have secured ownership rights of their homesteads. A new "ownership class" has accordingly emerged in the rural economy. The second stage of this social revolution is to ensure economic and social improvement of this new class. Due to paucity of resources and lack of technical knowledge, this category is experiencing difficulties in increasing the productivity of their lands. For improving their standards of living, steps have to be taken, to increase the productivity of the land and subsidiary occupations have to be provided. Low levels of productivity and employment prevailing in agriculture can be attributed to our inability to utilise properly available basic natural resources viz., land and water. Availability of sub soil water and ground

water have been established in the mid-land and coastal land regions of our state. The state is also endowed with abundant supply of power. A massive programme for harnessing the water potential, utilising power and optimising the use of land by applying abundant labour can trigger off a surge in production and employment opportunities and thus help to achieve substantial improvement of the rural economy. Construction of wells, tanks and tube wells, lifting of water using pump sets for irrigation and increasing the utilisation of land by intercropping have to be undertaken. This comprehensive 'Agricultural Development Programme' integrating the use of land, labour, water and power resources will be implemented throughout the State, within a period of five years, commencing from next year. In the first stage two blocks in each district will be selected for implementing programme. The success of the scheme depends upon the approach and participation of the cultivators to the scheme. An organisation to co-ordinate the work of the cultivators and Officers is essential for the success of the scheme. Such an organisation for co-ordinating the activities of various departments such as Agriculture, Irrigation, Community Development, Co-operation, Dairy Development, Revenue and Electricity Board will be set-up. The funds available with these Departments have to be mobilised and additional amount required should be obtained from financing institutions. A provision of Rs.100 lakh has been included in the budget for constructing tube wells in selected blocks as a part of this programme, to extend irrigation facilities.

Insert subsidy to the Co-operative Credit Institutions

The rate of interest now charged by co-operative credit institutions for short-term loans advanced for agricultural operations will be reduced by 3%. This concession will be allowed only to those who repay the loan amount without default within the prescribed time limit. The loss of income to the Co-operative credit institutions on this account will be made good by the Government. A provision of Rs. 50 lakh has been included in the budget for this purpose.

Grants to Orphanage

Grants are paid to orphanages on the basis of the number of inmates. The per capita grant of Rs. 30 per mensem will be enhanced to Rs. 35 p.m. The additional commitment will be Rs. 30 lakh.

One meal a day for poor children below five years of age

This year is being celebrated as the 'International Year of the Child'. So it is only appropriate to consider schemes intended for welfare of children. Mid-day meal scheme for children in Primary Schools is already being implemented. The Departments of Health Services, Social Welfare, Harijan Welfare and Community Development are also implementing applied nutrition programmes for the benefit of children below five years of age. In spite of these, many children of this age group

do not regularly get even one meal a day. To see that every child below five years of age is ensured at least one meal a day should be deemed to be the primary responsibility of the community. It is proposed to co-ordinate the activities now undertaken by the various departments in this area and to evolve a scheme aimed at ensuring supply of at least one meal a day for every child below five years of age. It is expected that at least an additional amount of Rs. 2 crore will be required for this purpose, next year.

The total additional commitment on account of the welfare measures and other programmes will be around Rs. 9 crore. But the additional commitment over and above the provisions included in the budget will be only Rs. 6 crore. This additional commitment will increase the year-end deficit to Rs. 12.5 crore.

When the Planning Commission fixed the State Plan outlay at Rs.170 crore, the State had undertaken to mobilise additional resources. In view of this commitment and the necessity to cover the deficit in the budget, it is proposed to continue the existing 10% additional sales tax. The auction results of Abkari Shops indicate a substantial increase in Excise revenue. There is possibility of increase in the other items of revenue also. An additional receipt of at least Rs. 5 crore is expected on the above account. The budget introduced in the House estimate a closing surplus of Rs. 4 crore during the current year. On the basis of the latest Ways and Means position it is expected that the closing surplus will not be less than Rs.10 crore. If the above factors are also taken into account, instead of a closing deficit, there will be a surplus of Rs.10 crore at the end of next year. The working groups of the Planning Commission recommended a plan outlay of Rs. 233 crore for next year. But due to inadequacy of resources as then estimated, the plan outlay had to be reduced to Rs. 170 crore. The aim of the Government is to implement a Plan of Rs. 233 crore next year. By exercising economy in expenditure and making efforts to increase revenue collections, there is every possibility of as further increase in the closing balance of the current year over Rs.10 crore mentioned above. After knowing the exact position regarding the current year's closing cash balance position, steps will be taken to enhance the annual plan outlay for next year.

Sir,

This budget provides for a total plan expenditure of Rs. 265 crore and mobilises the entire additional resources necessary for this without introducing any new tax or increasing the current rates of any existing taxation. The estimates totally eliminate deficit indicating a surplus and the definite possibility for a still higher level of investment in developmental schemes. I am extremely happy to present such a budget and I would plead for its approval by all sections of the House.

As there is no time to complete the detailed discussions on the Demands before 31st March, I shall be moving a vote on account for meeting the expenditure for four months and the demand thereon.