



BUDGET SPEECH FOR 1980-81

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Sir,

I rise to present the Budget Estimates for the State of Kerala for the year 1980-81.

2. Over three decades after our emergence as a sovereign republic, we now have a mature democratic system in the country. The electoral process has been repeated many a time during these past decades and the most important single phenomenon which has emerged after the successive elections is the existence of, or even the preference for, different political parties in power at the Centre and in the State. This in turn establishes beyond doubt the extent to which federation as a concept and as a workable proposition has taken roots among the discerning electorate. The Central Government and the Government of Kerala led by different political parties, each having popular support and the endorsement of the electorate provide the best illustration in the context. In this context, the question of confrontation between the Centre and State is irrelevant and unnecessary. Furthermore, mutual confidence and co-operation are called for if people's welfare is the ultimate objective. The constitution has demarcated the respective spheres of activity and areas of power of the Centre and the States. As there are constitutional provisions facilitating efficient functioning in their respective spheres, it is possible for different political parties to run the administration smoothly at the Centre and in the States, leaving little scope for friction.

3. As long as the lines of demarcation are respected and honoured in practice at all levels, though honest differences of opinion can still exist there is hardly any scope for antagonistic attitudes or postures. Certain recent developments, however tend to generate apprehensions on whether such an attitude does prevail in the Central Government. I refer in this context to the arbitrary dissolution of nine State Assemblies and the attempts to curtail and transgress into areas earmarked for the States in the Constitution. The House may recall the pronouncements, of certain persons whom we would like to regard as responsible relating to the removal of subjects like power generation and distribution, law and order, etc., from the purview

of the States. The suggestion made to re-introduce Article 257A added to the Constitution during the emergency by the 42nd amendment, but subsequently repealed, may also be recalled in this context.

4. We believe that such decentralisation of power and responsibility should cover all possible spheres of administration and planning. We have repeatedly urged for a system of grass root planning instead of the existing system under which schemes and funds emanate from a distant Centre without reference to local needs. It is in such a context that we seek the establishment of the Planning Commission as a statutory body, with adequate representation for the States and therefore with capacity and ability to realise and act on the problems and needs of the States. The Central Government, on the other hand, appears to be moving in the opposite direction, as is clear from the fact that even the practice of discussions with the Chief Ministers before the finalisation of the Annual Plans stand discarded. I do not wish to elaborate further on these arbitrary and unilateral actions since the Chief Minister has clearly enunciated the State Government's views on these and connected issues.

5. We are emphatically of the view that the present Centre-State relations should be changed so as to provide more powers and financial resources to the States.

6. When we speak of decentralisation, we speak of the transfer of functions, and funds not only from the Centre to the States under a re-structured system of Central-State financial relations but also of a similar process from the State Government to Local Self Government Institutions; We therefore, propose to implement expeditiously and in full, during the coming year itself, the District Administration Bill. Election to the 'District Councils' will be held as early as possible. Elections will also be held in those Panchayats where elections have not been conducted. With the real transfer of power, functions and funds to the elected representatives of the people at the District level, our entire administrative structure will undergo revolutionary changes.

7. The House may however note, that all our efforts at economies and the maximisation of resources including additional resource mobilisation, for developmental purposes are often set at naught by Central policies over which we have no control and in respect of which States are seldom consulted. Thus for example, one of the major problems facing the Indian economy today is the rise in prices. While there have been many contributory factors, it cannot be denied that the main cause for this distressing situation is the wrong fiscal and monetary policies of the Centre. This nation is still reeling under the impact of last year's Union Budget which imposed steep doses of taxation on essential consumer goods. This also contributed to price increase. Money supply expanded considerably and most of the extra credit thus created was cornered by the trading and speculative elements.

8. We feel that the Central Government could have effectively controlled the price increase if only they have followed constructive and imaginative policies in regard to the distribution of essential commodities in a more effective manner. Since the main instrumentalities of price control come within the purview of the Centre, success of price control measures largely depends on the effectiveness of the measures adopted by them. In order to find the solution to the problem of price increase it will be necessary for the Central Government to introduce a comprehensive system of massive procurement and distribution covering essential items like cereals, pulses, salt, sugar, textiles, edible oils, kerosene, match boxes etc. It should be possible to arrange supply of these commodities at a reasonably uniform price all over the country. The Centre should also follow a more realistic foreign trade policy by resorting to imports of essential items which are in short supply and also banning exports of scarce commodities like sugar.

9. I shall now turn to take a bird's eye view of the State of our economy.

Economic Trends

10. The current financial year has been unusual on account of the abnormally adverse trends which has developed in the economy of the country as a whole. As a result of the substantial decrease in the output of food grains and the lowering of the rate of growth to only 2% in the Industrial sector on account of the shortage of essential raw materials like cement, steel, coal etc., as well as power shortages, we have a situation where instead of an increase in the growth rate the national economy has registered a fall in the growth rate estimated at around 3 per cent. These unfavourable trends have had their unavoidable impact on the prevalent prices. In spite of the huge bufferstocks of food grains and substantial foreign exchange reserves, it has not been possible to curb inflationary trends and the increase in prices during 1979, as I indicated earlier was as high as 21 per cent. The overall economic situation in the country is thus a matter of grave concern. The national situation which I have indicated briefly has created considerable difficulties for us also. The economy of Kerala has always been vulnerable to the extent we are the producers and exporters, mainly of primary goods while being a net importer of a large variety of capital and wage goods including the basic and essential items of mass consumption. The fall in the price of agricultural commodities coupled with an increase in the price of inputs has led to a substantial deterioration in the purchasing power of the people, especially in the farming sector. At the same time, the average consumer price index in the various parts of the State has recorded increases ranging from 11 to 16 per cent. In fact, the rate of increase in the retail prices of certain commodities such as pulses,

edible oils, onions and sugar has been far higher than the average percentages already mentioned. Another disturbing trend noticed in the economy, which cannot be quantified at this stage, is the decline in the flow of foreign remittances into the State as well as the possibility of having to accommodate and rehabilitate a large number of persons who are likely to return from the Gulf countries.

11. These developments are bound to generate long term adverse effects on the economy of the State in general and on the employment situation in particular. The per capita income in the State estimated at Rs. 987 during the year 1977-78 continues to be far below the All India average of Rs. 1189. The growth rate of State's income in the year 1977-78 has been estimated at 5.9 per cent which is marginally lower than the previous years growth rate. At the same time, the survey conducted during 1977-78 has indicated the existence of around 11.74 lakh of unemployed persons—7.57 lakh males and 4.17 lakh females—9.02 lakh in the rural areas and 2.72 lakh in the urban areas. It is distressing to note that 43 per cent of the unemployed persons belong to category of educated job seekers.

12. The State Government did hope that the Union Budget for 1980-81 would provide the States with a clear picture of the economic strategy of the new Government or at least a reasonable indication of the planned levels and pattern of Government expenditure. Now, in effect, we are told to wait till the priorities and Plan outlays for 1980-81 are finalised by a Planning Commission yet to be constituted. The Central Budget does however confirm our fears about the state of the economy. As the Union Finance Minister has stated, the national economic situation is so bad that the current year will reveal a decline in the Gross National Product, agricultural production declining by six per cent while industrial output will be stagnant if not marginally lower than last year. The Central Budget does not however indicate any fiscal or monetary measures to combat the distressing situation of over 20 per cent inflation, with essential commodities becoming scarcer and costlier and crisis in the basic infrastructure sectors. The most important single fact with reference to the current year's finances is that the overall budgetary deficit of the Central Government has increased from Rs. 1,382 crore to Rs. 2,700 crore. The deficit in the interim Budget 1980-81 is in addition to this. The State Government have legitimate apprehensions about the measures which are likely in the final Budget to reduce the huge deficit as well as the possible effects of such measures on the price levels.

13. The Railway Budget, remarkable for converting the originally estimated surplus of Rs. 79.66 crore for 1979-80 into an expected deficit of Rs. 42.10 crore and projecting a further deficit of Rs. 38.12 crore for the coming year, has been

particularly disappointing to the people of Kerala on account of the inadequate provision made for the Railway works in the State. While a marginally higher provision than for the current year has been made for the Ernakulam-Alleppey coastal line, the provisions for the doubling of lines in the Olavakot-Shorannur and Shorannur-Always sections stand reduced and only a resurvey is indicated in respect of the proposed Kuttipuram-Guruvayur line. Against this background it must be stated that Kerala has been neglected in the matter of railways.

1978-79 ACCOUNTS

14. While presenting the Budget Estimates for the current year, my predecessor had indicated that the year 1978-79 was expected to close with a surplus of not less than Rs. 10 crore. There have, however, been substantial improvements in the cash balance position during last year, mainly, on account of the buoyancy in revenues, substantial net accretion in the Treasury Savings Bank, and shortfalls, in expenditure in certain sectors, at variance with the estimated levels. As a result after accommodating an annual Plan expenditure of Rs. 193.44 crore, the year 1978-79 ended with a closing cash balance amounting to Rs. 49 crores, inclusive of investments in Treasury Bills.

REVISED ESTIMATES 1979-80

15. According to the Revised Estimates for 1979-80 the total revenue receipts are expected to be Rs. 565 crore indicating an important of Rs. 6 crore over the Budget estimate of Rs. 559 crore. This improvement is attributable mainly to the increase in revenue by Rs. 21 crore under State Taxes and Duties which has been more than adequate to offset certain shortfalls in the Share of Central taxes and duties and grants in aid. The expenditure on revenue account anticipated in the Revised Estimates is Rs. 552 crore as against the Budget Estimate of Rs. 538 crore. The short fall in expenditure is mainly under interest payments, education, agriculture and community developments. The House may recall that as against a State Plan outlay of Rs. 170 crore approved by the planning commission, we had budgeted for an outlay of Rs. 211 crore. Consequent on the decision of the National Development Council and the Planning Commission to reduce the outlay in the Central Plan for Centrally Sponsored Schemes, the transfer of some of the Centrally Sponsored Schemes to the State Plan and the adoption of a fifty-fifty pattern of financing in respect of certain Other Centrally Sponsored Schemes, the State Plan outlay had to be enhanced by about Rs. 17 crore, against which additional Central assistance of Rs. 15.45 crore will be forthcoming. The State Government had also authorised additional Plan expenditure under certain sectors such as the Cashew Development Corporation, Construction of new Village Office buildings, Compensation under Land Reforms etc.

The actual expenditure on the State Annual Plan during the current year will therefore be around Rs. 235 crore, indicating an increase of Rs. 41 crore over the preceding year. However, in spite of the enhanced expenditure under plan as detailed above, as a result of the Substantial economies as well as the discipline exercised in the management of the finances of the State, the current year is expected to close with a cash balance of around Rs. 45 crore.

Budget Estimates 1980-81

16. The State's revenue for 1980-81 is estimated at Rs. 591 crore, inclusive of Rs. 143 crore as the State's share of central taxes. The receipts from State's taxes and duties are estimated at Rs. 313 crore indicating an improvement of Rs. 20 crore over the revised estimates for the current year. The revenue estimates relating to sales tax and State's excise duties are Rs. 175 crore and Rs. 58 crore respectively. The non-tax revenue are estimated at Rs. 96 crore and grant-in-aid from the Central Government is anticipated at Rs. 39 crore. The revenue expenditure is estimated at Rs. 575 crore of which Rs. 86 crore will be on Plan account. The Non Plan expenditure of Rs. 489 crores exceeds the revised estimates for the current year by Rs. 40 crore. Apart from the normal growth rate of expenditure, the main enhancements which account for the above increase have taken place under Interest payments (Rs.12 crore), Education (Rs.18 crore) and Health (Rs. 3 crore).

ANNUAL PLAN 1980-81

17. During the official level discussions in December 1979, the resources available for the Annual Plan 1980-81 were estimated as follows:—

	<i>(Rs.in crores)</i>
Central Assistance	54.94
Market Borrowing, loans from R.B.I., L.I.C., and R.E.C.	45.73
Other Budgetary receipts of the State	45.37
Additional Resources Mobilisation, increase in revenue collections and economy in non Plan expenditure	44.55
Withdrawal from cash balance	15.00
Rural debentures	5.00
Internal resources of K.S.E.B and K.S.R.T.C	(-) 4.53
	206.06

Even at this stage, the State officials had indicated that there will be substantial improvement in the above estimates to the extent of about Rs. 36 crore by taking credit for additional accruals under central assistance for externally aided projects, buoyancy of the divisible pool of central taxes step up in the central assistance under Gadgil Formula, share of likely additional taxation by the Central Government, and allocation from the Special Problems Fund. Taking into account the possible accruals under the items mentioned above, the State Government have decided to budget for an annual plan out lay of Rs. 246 crore during 1980-81. Accordingly, the Budget Estimates which I am presenting before the House provide for a State Plan Outlay of Rs. 246 crore during the coming year.

18. During the final official level meeting, additional resources to the extent of Rs. 33.93 crore were identified and agreed upon, raising the total resources available for the coming Annual Plan to Rs. 240 crore. The State Government cannot agree to such a reduction in the size of the Annual Plan. Taking the requirements into accounts, we need a larger plan. Therefore the State Government proposes to go ahead with an annual plan outlay of at least Rs. 265 crore during 1980-81. In the later part of my speech I propose to indicate certain new schemes and measures. Although the sectoral outlays indicated in the budget presented before the house add up to Rs. 246 crore, such of the new schemes and measures which I propose to announce, as are developmental in nature, will also be accommodated within the State Plan, raising the outlay on our annual plan for the coming year to Rs. 265 crore. Taking into account the Central share of the outlay in Centrally Sponsored Schemes (Rs. 28 crore) the provision for the Western Ghat Development Schemes (2.25 crore) and the special central assistance for Anti Sea Erosion Works (Rs. 3.50 crore) the overall outlay on developmental activities during the coming year will be around Rs. 299 crore.

19. In the agriculture sector, the State Government intend to pursue an area development approach besides the selective crop oriented approach, so that the developmental potential of an area in its totality, can be fully exploited. The programmes contemplated for the coming year aim at the additional production of 50000 tonnes of rice, 7000 tonnes of pulses and 2 million coconuts. Research studies and subsequent action in the context of the root-wilt disease will be expedited on a priority basis. As part of the State's endeavour to protect the cashew industry, 1000 hectares of land in the small holdings sector and 2275 hectares in the vested forest lands taken over will be planted with cashew during the coming year while additional areas under cashew in private holdings will be encouraged through the grant of appropriate subsidies. The extension activities and dissemination of information

will be subjected to a complete reorganisation under a new system of “training and visits” under the World Bank Project involving a total cost of Rs. 10 crore. The State Government expect that the system which is designed to transmit to the farmers the latest advances in agricultural technology and to impart training to the extension agents, supplemented by the establishment of collection and processing centres in the production areas will yield remarkable results in the agricultural sector.

20. It is also proposed to draw up area-wise and colony-wise programmes for the provision of special assistance to the Scheduled Castes and Scheduled Tribes farmers as well as agricultural labourers, in terms of the actual needs of each holding and colony. Special programmes are also being evolved for the benefit of the kudikidappukaras and below subsistence level farmers involving the provision of planting materials, fertilisers and plant protection chemicals at subsidised rates.

21. Government also have under consideration a Ground Water Consultancy Service for the purpose of imparting to the consumers, in a systematic manner, the basic know how relating to the tapping of ground water resources.

22. The reconnaissance Soil Survey of the entire State for the preparation of district and taluk soil maps, for a broad assessment of the soil in the entire State, will be initiated during the coming year. Special studies will be undertaken to assess and rectify the manerial inadequacies of the silt from the Andhakara Azhi which is now being utilised for coconut cultivation, in the neighbouring areas.

23. The State Government had introduced a Price Support Scheme for Paddy and Tapioca when there was a steep fall in their prices, as a measure of relief to the cultivators. This scheme will be continued next year, for which provision has been included in the Budget.

24. The State Government will undertake a comprehensive animal health care programme under which veterinary polyclinics and Mobile Farming Units will be made available at the premises of the farmers to ensure the protection of cattle population from diseases. The opening of 10 such Polyclinics and 7 Mobile Farming Units is contemplated during 1980-81, Government expect that with the implementation of the “Operation Flood II” radical changes will take place in the area of dairy development.

25. The implementation of the Land Reforms Legislation is nearing completion, rights and benefits having already been conferred upon around 27 lakh of cultivating tenants, kudikidappukars and assignees. Special steps will be evolved during the coming year to ensure the disposal of the remaining tenancy, kudikidappu and ceiling cases as well as the assignment of the surplus lands, lands taken over

from the K D H P and the private forests which have vested in the Government. Regularisation of occupations and the grant of titles or pattas will be expedited. Government propose to undertake an intensive programme to ensure that all the persons entitled to pattas, in the porambokes, high ranges, surplus lands, colonies etc., are granted pattas during the coming year itself.

26. The programme under major irrigation for the coming year is to create a gross irrigation potential of 38700 hectares; apart from additions to the existing ayacuts in Periyar Valley, Pamba, Pazhassi, Kuttiyadi and Chitturpuzha Projects, the programme includes the commissioning of the Kanhirapuzha Project. For the augmentation of the financial resources set apart for major irrigation schemes, world bank assistance is being sought for the Kallada, Moovattupuzha, Idamalayar and Kakkadavu Projects.

27. Government propose to arrange for a comprehensive census and survey of the fishermen in the State. A Fisheries Development and Fishermen Welfare Society will be organised in each of the 248 coastal villages covering over 6 lakh of marine fishermen. All the development activities and fishermen welfare measures will be routed through these societies, which will also be authorised to raise a welfare fund for the village by a suitable levy at the regulated markets to be established. A master plan for the provision of a package of infrastructure facilities, including feeder roads, water supply and electricity will be prepared covering the entire breadth of fishing villages in the State. The Fisheries Corporation will organise internal marketing of fish by opening marketing booths throughout the State to be run by entrepreneurs licensed by the Corporation. The Vizhinjam Fishing Harbour Project will be completed during 1980-81 and the 2000 fishermen families who will be displaced from the project area will be rehabilitated in the two modern fishing townships to be built for them. An intensive programme for the development of inland fisheries will be launched during the coming year. A Programme for brackish water prawn culture will be organised, duly supported by regional prawn hatcheries, similar to the one already started at Azhikode.

28. The State Government propose to raise plantations of various species in 10400 hectares of forest land, i.e., 5000 hectares of teak wood, softwood, firewood, etc. by the Forest Department 4000 hectares of fast growing species by the Forest Development Corporation to meet the raw material needs of the paper and pulp industry; 400 hectares of cash crops in forest plantations under the Vanalekshmi Scheme, 400 hectares of cardamom plantations and 400 hectares of tea plantations by the Forest Development Corporation. With the intention of reducing wastage and to ensure full utilisation of wood, an Integrated Wood Complex

consisting of a saw mill, a seasoning plant, a treatment plant, a joinery for furniture and a Veneer manufacturing unit is proposed to be established.

29. During the coming year it is proposed to extend loans amounting to over Rs. 125 crore. The above lending programme will cover more than 50 per cent of the total farm credit requirements of the State. In order to sustain the above programme, the share capital of the credit co-operatives will be strengthened to the required extent. 71 new primary housing co-operatives will be established and assistance will be extended for the construction of 4500 houses by the Kerala Apex Co-operative Housing Federation. Special attention will be given for the establishment of housing colonies in areas where there is a concentration of industrial workers. Consumer co-operative will be strengthened as part of the scheme for organising a co-operative distribution net work on a large scale in urban and rural areas. Assistance will be extended to 5000 Harijans and Girijans for share participation in the Co-operatives. New co-operative hospitals and co-operative farming societies will be encouraged during the coming year in keeping with the tempo of expansion and diversification in the co-operative sector.

30. The State Government propose to undertake a systematic and time-bound programme for the generation of employment opportunities through industrial ventures in small, medium and large scale industries as well as the stabilisation of the existing units with due importance to traditional industries. One of the major factors which retards the industrial progress, is the incidence of sickness among small scale industrial units. Most of these sick units which were started with much enthusiasm, not only cast gloom on our industrial efforts but also tend to bring down the morale of potential entrepreneurs. Rehabilitation of these sick units thus assumes much importance. But as the reasons for the sickness of each unit are diverse and varied, any attempt to revive these units would necessitate a probe into the specific causes which led to the failure of each unit. Government therefore, propose to undertake a unit-wise study of the sick industrial establishments in the State with a view to rehabilitating them. During the current financial year, Government introduced a package of assistance to medium and large scale industries to encourage the existing ones and to attract new industries. Effective steps will be taken to ensure that these incentives are made available, and that too, as expeditiously, as possible.

31. In the field of coir industry, Government propose to restructure the existing coir co-operative societies and to organise more societies in order to bring within the co-operative fold at least 60 per cent of the coir workers in the State. In the handloom sector, a target of 45000 looms is programmed before the end of 1980-81. The production and exports of handicrafts will be encouraged through the

Handicraft Development Corporation and the Handicraft Apex Co-operative Societies. The activities of the State Bamboo Corporation will be extended by opening new raw materials depots and procurement centres during the coming year. Khadi and Village industries has initiated its special development programme with emphasis on the additional employment opportunities in the village.

32. In the industrial sector the level of Central investment in the State is comparatively very low. We want the Central Government to put an end to this neglect and to remove the regional imbalances in this field.

33. In the field of Electronic Industry, Kerala occupies a leading position. The industry will be expanded by extending it to the co-operative sector also. Women's Industrial Co-operatives and Unemployed Persons' Co-operatives will be organised to set up assembling units in all the districts.

34. During the earlier Plan periods the emphasis was on the generation of power and as a result of the activities undertaken, our generation capacity has now reached 1112 m.w. The surplus power available in the State is being sold to Tamil Nadu and Karnataka. The yield from the external sales of energy inclusive of excise duty is estimated at Rs. 41.30 crore during the current year. During the Current Plan, priority has been accorded to the transmission and distribution of power. Out of the State Plan outlay of Rs. 50 crore on power for 1980-81, Rs. 31 crore will be earmarked for transmission and distribution. Provision of electricity has already been extended to all the villages in the State. Priority will be accorded during the coming year for the further extension of lines to the un-electrified portions of these villages, electrification of Harijan and Tribal Colonies and the extension of lines in backward areas like Attappady, Wynad, Idukki and Kasargode. On the basis of the master plans already drawn up, the distribution systems of the major cities of Trivandrum, Cochin and Kozhikode will be improved and stabilised, during the coming year.

35. The Education Department has been reorganised on a revenue district basis to accommodate the increased worked and improve efficiency in the Department. A time-bound programme for the universalisation of primary education and for making adult education effective will be vigorously implemented. Priority will be given to such programmes undertaken for the depressed sections of the society, such as Scheduled Castes and Scheduled Tribes and illiterate women. In order to raise institutional finance for the construction of school buildings, the Government are considering the formation of a society along the lines of the Kerala Health Research and Welfare Society. The Shift system which has already been introduced at the Pre-degree level in 22 Government Colleges and 61 Private Colleges will be

extended to more colleges during the coming year. Government also propose to affiliate the 3 Music Colleges at Trivandrum and the Academies and Trippunithura and Palghat to the corresponding Universities. In order to avoid the delays caused by procedural formalities the Government are examining the scope for the entrustment of the construction of school buildings to parent-teacher associations on a cost plus basis. Strengthening of the teaching staff at the primary and upper primary levels as well as the provisions of adequate facilities for inspecting officers will also be considered.

36. The State Government have adopted the policy that at least one dispensary under anyone of the three systems of medicine shall be established in every panchayat at the first stage and later on establish one dispensary under each system of medicine in all the panchayats. Admittedly the policy is capable of implementation only in accordance with a phased programme. During 1980-81 it is proposed to create additional specialities in the district and taluk hospitals in which bed strength will also be increased. The recommendations of a high power committee headed by Dr. K. N. Pai will be implemented during 1980-81. Supply of diet medicines etc., will be streamlined to ensure hygienic dietary articles and essential medicines to the patients. Additional facilities will be provided in the Medical College at Alleppey, Kottayam and Calicut and the Trivandrum Medical College will be raised to the status of an institute of national reputation. During the coming year it is proposed to establish in Trivandrum a National Institute for Advanced Studies and Research in Ayurveda. The facilities for treatment under the Indian Systems of medicines and Homoeopathy will be extended to more areas through the opening of new hospitals and dispensaries. A massive programme for the construction of staff quarters in rural dispensaries as well as Janatha Paywards in the Medical College and District Hospitals will be undertaken by the Kerala Health Research and Welfare Society.

37. The State Government propose to make adequate arrangements for the planned development of the major cities of the State on the model of the Greater Cochin Development Authority. In the interest of uniformity in further developments, a new Kerala Town and Country Planning Bill will be brought before the Legislature to replace the Travancore Town Planning Act, the Madras Town Planning Act and the Travancore Town and Country Planning Act. A detailed survey of the slum areas in the major cities in the State will be undertaken in order to evolve a time-bound programme for the clearance of all slums within a period of 10 years and the prevention of the emergence of slums in future.

38. The State Government are aware of the key role of the Panchayats in developmental administration. As part of the above policy, State Government propose

to introduce and finance in each Panchayat, a comprehensive seven point programme covering among other things, improvement and development of Panchayat Roads, Minor Irrigation channels, common cultural centre, pre-primary educational institutions and burial grounds.

39. A Technological Institute for training youngsters belonging to the Scheduled Castes and Tribes will be started to initiate them into trades, such as electronics, marine engineering, refrigeration, air-conditioning, etc. Government intend to start industrial estates in the major Harijan colonies to provide employment to the Harijans. 60 families in the Kodencherry area of Kozhikode Taluk will be settled under the scheme for the rehabilitation of bonded labour and at least 1000 new houses will be constructed during 1980-81 for the tribals under the various schemes. Special allowance will be granted to Government servants functioning in the most difficult tribal areas. Construction of quarters for such officers will also be taken up on a priority basis.

40. Under Social Welfare, the Government propose to assign the highest priority to Child Welfare Programmes. In order to assist the physically and mentally handicapped, steps will be taken to implement the recommendations in the report of the Commission appointed for the purpose.

41. The State Government propose to conduct a survey of the new roads and bridges required during the coming years and to prepare a priority list for implementation. In the utilisation of the budgetary funds for the construction of roads and bridges, special attention will be given to the needs of backward areas like Idukki, Malappuram, Kasaragode, Wynad etc. The Public Works Department will be reorganised on a scientific basis and time bound programmes will be evolved for the execution of the major works. All possible steps will be taken for the procurement of steel, cement and bitumen the scarcity of which has considerably affected public works so far. The State Government also propose to take special measures for the expeditious completion of school and hospital buildings, the five storeyed building on the northern side of the Secretariat, the construction of six storeyed complex in the Vikas Bhavan, Civil Station at Ernakulam, Malappuram, Calicut, Alleppey, Idukki and Cannanore, Mini Civil Stations at several taluk headquarters and the Legislature Complex. Priority attention will also be accorded for the Hill highway and the improvement of major roads like M.C. Road.

42. During the coming year, the Kerala State Road Transport Corporation will be commissioning around 300 buses for the operation of additional services as well as for the replacement of depreciated vehicles. Improvement of infrastructure

facilities like bus stations, workshops etc., as well as additional passenger amenities are also contemplated. Revised procedures and adequate arrangements will be made to ensure immediate attention to complaints from the travelling public.

43. Apart from priority – attention to the completion of the 12 LIC aided urban water supply schemes which are already in progress, the State Government propose to initiate during 1980-81 the Kottayam Water Supply Augmentation Scheme and new water supply schemes for Pathanamthitta, Thodupuzha, Tripunithura and Angamaly.

44. During 1980-81 under State Plan, Government propose to invest an amount of Rs. 8.36 crore under Housing for the various schemes. In order to protect the potential beneficiaries from the steep rise in the price of land, the Housing Board also proposes to adopt a system of early acquisitions and advance registration for house sites, houses and flats in the various urban growth centres in the State.

45. The welfare of the working classes will continue to receive top priority Government will take expeditions action to make available the benefit of the welfare funds promised to the workers employed in the two traditional industries of coir and cashew. The Government have under consideration a Welfare Fund for Beedi Workers to which contribution will be made by the workers, employees and Centre and State Government through which the various welfare activities including housing for the Beedi workers are to be routed. The State Government propose to examine the pendency of industrial disputes and an additional Industrial Tribunal will be appointed, if necessary. Employment Generation Programme and Unemployment Assistance Scheme are two major programmes envisaged by Government to meet the problem of unemployment. For the former a sum of Rs. 4 crore has been set apart. The latter was discontinued some time back but the Governor has already announced that relief will be provided to the unemployed.

46. As an immediate measure, the State Government have initiated action against delinquent traders under the Essential Commodities Act and hundreds of raids have been conducted after the assumption of office by this Government. Dehoarding has been enforced in an effective way and Vigilance Committees with popular participation have been constituted at the Panchayat level with adequate powers. However, the State Government find that since we are importers of almost all the essential consumer items and inter-state, wholesale trade in many of these items is completely controlled by private traders, it will not be possible for us to solve the problem of scarcity and exploitation, unless supplies of quality goods at reasonable

prices can be assured for distribution through an effective public distribution system. The State Government propose to strengthen the Civil Supplies Corporation to enable it to command at least 25 per cent of the wholesale trade in essential commodities, the retail distribution being arranged through the ration shops, the Kerala Stores and the consumer wings of the co-operative societies. The Corporation will be given additional share capital contribution at the appropriate time.

47. The State Government propose to accord a higher than hitherto priority for the fullest possible exploitation of our natural tourist attractions and the provision of adequate facilities to attract domestic and foreign tourists. The construction of a Convention Complex along the lines of the Vigyan Bhavan at Delhi, a Five Star Hotel and a Janatha Hotel at Trivandrum under the auspices of the K.T.D.C., a number of Guest Houses, Tourist Bungalows, Cottages and Motels are programmed for the coming year. Priority attention will be given for the provision of access road and drinking water facilities the lack of which are standing in the way of the development of Kumarakom as a tourist complex. The development of Varkala as a tourist attraction, the development of Veli as a boating centre with house boats and other facilities, the beautification of backwaters and inland waters and the development of the Wynad Wild Life Sanctuary in collaboration with the adjacent States, are also contemplated during the coming year. In case the place of development expenditure under Tourism in pursuance of the above schemes warrant an enhancement of the provision made in the budget, additional funds will be made available during the coming year, in accordance with the flow of expenditure.

48. In order to ensure the effective maintenance of law and order and result oriented investigation of crimes and adequate relief to the constabulary in respect of the hours and load of work, the State Government propose to enhance the strength of the police force in the various branches. A fourth armed police battalion will also be raised during the coming year. Government had on an earlier occasion indicated their support for ensuring a house for each policeman to go back to on his retirement and on that basis a scheme was also formulated. A co-operative society will be registered for implementing the scheme. Since 1956-57, the State Government have spent an amount of Rs. 9.56 crore for providing housing facilities to Police Personnel. During the next four years the State Government propose to undertake an additional expenditure of Rs. 6.24 crore on Police Housing. With the above order of expenditure, the percentage of police personnel provided with Government Housing in Kerala will be the highest among the States in India. Government will also take steps to strengthen the prosecution machinery.

49. Additional amenities to prisoners such as the provision of coffee with milk in the morning, doubling of the scale of wages, better facilities for sending letters at Government expense, greater opportunities for availing of parole etc, will be granted.

50. Apart from the construction of a permanent building for the Trivandrum Fire Station at an estimated cost of Rs.14.30 lakh, new fire stations will be constructed at Alleppey, Changanacherry, Ernakulam and Calicut.

51. The Government propose to pass into law the Public Men (Enquiries) Bill during the coming year. The effectiveness of the department of Vigilance Investigation will be enhanced in order to eliminate corruption in public service. Adequate training facilities and the provision of modern equipments and investigation aids will also be provided for the vigilance machinery.

52. Government propose to improve the enforcement machinery through the reorganisation and strengthening of the Excise Department for the effective prevention of anti-social activities like illicit distillation and adulteration of liquor.

53. In 1976-77 as Law Minister, I had announced the establishment of an Advocates' Benefit Fund. A Bill for the purpose was drafted and published but it lapsed due to the dissolution of the Assembly. In its place a new Bill will be introduced.

54. The existing old laws will be suitably updated and irrelevant laws will be scrapped. Steps will be taken to unify the different laws now in force in the Travancore, Cochin and Malabar areas.

55. The Studio Complex of the Kerala State Film Development Corporation will be commissioned during the coming year and the State Government expect that with the provision of complete facilities in the studio, it will no longer be necessary for producers to resort to the facilities at Madras for the production of Malayalam films.

56. The target fixed under the National Savings Scheme for the current year is Rs. 50 crore (gross) and Rs.10 crore (net) collections. It is expected that these targets will be achieved in full. As a result of the special measures proposed to be implemented, it is estimated that during the coming year, gross collections will be of the order of Rs. 60 crore and the net collections not less than Rs.15 crore ensuring a share of Rs.10 crore to the State under the sharing formula.

WAYS AND MEANS

57. The financial position of the State as presented in the Budget Estimates for 1980-81 now before the House is briefly as follows:—

	<i>(Rs. in crore)</i>
Opening cash balance including Treasury bill investment ..	45.51
(1980-81) operations ..	16.05
Revenue Surplus ..	(-)117.07
Capital expenditure	
Loans and advances (Disbursement) ..	(-)31.22
Public Debt (net) ..	59.76
Recoveries of Loans and Advances ..	12.11
Debt and deposit (net) ..	28.63
Overall deficit ..	(-)31.74
Closing cash balance ..	13.77

58. Many of the existing taxes require restructuring. I now proceed to discuss the proposed reforms in this regard, with a view to reducing the tax burden on the lower income groups progressively increasing it.

Agricultural Income Tax

59. According to the Agricultural Income-tax Act, annual income upto Rs. 8,000 is exempted from tax with effect from 1-4-1976. But the Central government raised the exemption limit from Rs. 8,000 to Rs. 10,000 by the Finance Act. Different standards in the matter of exemption in respect of agricultural and non-agricultural incomes will be regarded as a discrimination against the agricultural sector and it will affect agricultural production adversely. To end this discrimination, exemption limit in respect of agricultural income tax will be raised from Rs. 8,000 to Rs. 10,000. But the benefit of this concession will not be available to those with incomes exceeding Rs.10,000. In their case, the agricultural income above Rs. 8,000 will continue to be taxed as at present.

60. As in the case of the exemption limit, there is a difference between income tax and agricultural income tax in respect of rates also. The rates of agricultural income tax are higher than the income tax rates. Moreover, under the Income tax Act, the tax payers are granted many concessions which are not available under the Agricultural Income tax Act. Under these circumstances, it is necessary to

make certain changes in our tax rates. This change envisages unification of the rates of the two taxes in the lower slabs, retaining our present rates in the higher slabs. Accordingly, for an individual whose annual income exceeds Rs.10,000 but does not exceed Rs.15,000 the present rate of 17 per cent over the sum of Rs. 8,000 will be reduced to 15 per cent to bring it on a par with Central Income tax rate. Similarly for incomes above Rs.15,000 but below Rs. 20,000 new rates will be Rs. 1,050 plus 18 per cent on the amount in excess of Rs. 15,000 as against Rs. 1,190 and 20 per cent now.

61. In the context of frequent increases in the cost of cultivation and the fluctuations in the price of the agricultural produces, Government will issue guidelines and follow standards to make the assessment realistic, taking into account the real income and the agricultural expenses. But the present system where assessee delay payment of tax, until final assessment is made and appeal if any disposed of, will be changed by amending the law to make admitted tax payable along with the submission of returns. This will lead to considerable increase in Government's annual income.

62. According to Indian Income tax rule 8 and the definitions and explanations in section 2 of the Agricultural Income tax Act. 60 per cent of the annual income from tea is treated as agricultural income and 40 per cent as non-agricultural income, with the result that 60 per cent becomes liable for agricultural income tax while 40 per cent will be subject to Central Income tax. However, with the judgement of the Supreme Court, in Commissioner for Sales tax vs.D.S.Bist reported in 1980 A.I.R 169, the position has changed. The gist of the Supreme Court decision is that tea is an agricultural product even after processing and that all income from tea should be deemed as agricultural income. According to this, State will derive the right to impose agricultural income tax on the whole income from tea. By an early amendment to the Kerala Agricultural Income tax Act, the whole income from tea will in future be assessed for agricultural income tax. As a result of this, an additional income of Rs. 2 crore is expected during the next year. This will not add to the burden of the taxpayer. On the other hand all that it would mean is that the portion of the tax now collected by the Centre will henceforth be collected by the State.

Sales tax

63. I had, while presenting the Budget for 1976-77 introduced a simplified system of assessment for trader with an annual turnover of less than Rs.1 lakh. This enabled the Taxes Department to concentrate in sectors with turnover exceeding Rs. 1 lakh. This system was found quite effective. Income from sales tax did not fall due to this concession. On the other hand, it rose from Rs. 98 crore to Rs.108 crore in that financial year itself. As a result of progressive increase, this is estimated at Rs.175 crore in the Budget Estimates for 1980-81.

64. According to the existing provisions in the Kerala General Sales tax Act, those who trade in articles liable for multi-point sales tax with an annual turnover not exceeding Rs. 25,000 are exempted from tax. In view of the price rise of essential commodities it is necessary to raise the exemption limit for small traders. Giving a little relief to this sector will not seriously affect our income. Therefore, the exemption limit of sales tax will be enhanced from Rs. 25,000 to Rs. 35,000. Consequently the facility for compounding will be made available for traders with turnover between Rs. 35,000 and Rs. 40,000.

65. Government are of the view that the sales tax revenue can be increased by restructuring the tax and strictly preventing tax evasion. While restructuring taxes, special attention has to be paid to remove hardships suffered by the merchants without causing decrease in the State revenue. Now Sales tax is mostly assessed on multi-point basis. If they are scientifically recast and made single point to the extent possible, the income of the Government is not likely to fall. Besides, it will also be possible to solve the problems of traders to certain extent. The former Government had given shape to a bill in this regard on the basis of the recommendations of the Expert Committee headed by Prof I.S.Gulathi. It has lapsed. It is proposed to bring forward a comprehensive legislation to make sales tax leviable on single point basis as far as possible.

66. It will be appropriate in this context to have a look at the special problems of the co-operative societies in the State. The Co-operative Societies are major democratic institutions in our country. Since we have decided to strengthen public distribution system it is all the more necessary to give greater encouragement to co-operative institutions. Therefore in respect of co-operative societies the system of assessment will be changed, providing for a provisional assessment on the basis of their returns and the latest audited reports and a final assessment on the basis of the final audit report, if the latter is submitted within two years. In cases where a final audit report is not produced within two years as prescribed above, the final assessment will be done by the authorities concerned to their best of judgement. An amendment to this effect will shortly be introduced.

Sales tax on ginger and dried ginger

67. The price of dried ginger which was Rs. 17.72 per kg. in the Cochin export market in 1977-78 fell to Rs.10.80 in 1978-79 and to Rs. 6.20 in December, 1979. Due to this fall in price, the ginger cultivators are experiencing great hardships. To encourage the ginger cultivation and the cultivators, the following changes will be made in the rate of the sales-tax on ginger and dried ginger. while assessing sales tax on dried ginger, the tax collected on ginger, if any, will be deducted. Similarly at the last purchase point in the State the tax now levied at 6 per cent will be reduced to 4%.

Sales tax on Tapioca

68. Although tapioca for domestic consumption is now exempted from sales tax, sales tax at 4% is levied on tapioca products at multi-point Tapioca product being a poor man's food, the above tax will be reduced to 2%.

Sales tax concession for Small Scale Rubber Industries

69. The sales tax on the raw rubber purchased by the tyre factories in Kerala for manufacturing purposes has already been reduced from 5% to 3%. The same reduction will be made available to small scale rubber units in Kerala also in respect of the raw rubber purchased by them for manufacturing purposes.

Plantation Tax

70. Plantation Tax is now levied on a flat rate of Rs. 50 per hectare from the second hectare onwards from those possessing more than two hectares, while those possessing less than two hectares are exempted from the tax. While the total exemption upto two hectares will continue, in respect of those possessing more than two hectares, Plantation Tax will in future be levied only from the third hectare onwards.

71. In accordance with the policy of reduction in the incidence of taxation on the small holders and progressive enhancement of such incidence, the rates of Plantation Tax will be amended as follows:—

Upto two hectares	..	No Tax
2 to 4 hectares	..	Rs. 20 per hectare
4 to 20 hectares	..	Rs. 50 per hectare
above 20 hectares	..	Rs. 70 per hectare

Kerala Building Tax Act

72. Instances are not rare of tax assessment exceeding the cost of the building under the present Building Tax Act which provides for rates of taxation as high as 15% on the capital value assessed at 16 times the annual rent, for every building constructed after 1-4-1973. This unbearable burden has created stalemate in construction activities. Only if this is removed will the tempo of construction improve, the labour sector develop, the sale of building materials increase and

thereby the sales tax income go up. Therefore, raising the exemption limit from Rs. 20,000 to Rs. 50,000 the rates of building tax will be revised as follows:—

There will be no tax on building with a capital value upto Rs. 50,000 where the capital value exceeds Rs. 50,000 the rates will be revised as follows:—

(a) On the next 25,000 of such excess	..	1%
(b) On the next 25,000 of such excess	..	2%
(c) On the next 50,000 of such excess	..	3%
(d) On the next 50,000 of such excess	..	4%
(e) On the next 1,00,000 of such excess	..	5%
(f) On the next 1,00,000 of such excess	..	7%
(g) On the balance	..	10%

Social Welfare measures

73. To ensure the welfare of the weaker sections, the following social welfare measures are proposed to be introduced during the year 1980-81.

Destitute pension

74. Destitute Pension will be increased from Rs. 45 to Rs. 55.

Grants for the Orphanages

75. Monthly grant payable to the inmates of the Orphanages in the State will be raised from Rs. 35 to Rs. 45. However, for those Orphanages which were started in 1979-80 or expanded in that year, the rate will be Rs. 76.50 per inmate, thus making them eligible for the grant at Central rates.

Grants for beggar homes

76. The rate of monthly grant for the inmates in the Beggar Homes in the State will be increased from Rs. 25 to Rs. 35.

Grant for Homes for the aged and infirm

77. The monthly grant of Rs. 35 paid to the inmates of Homes for the aged and the infirm will be increased to Rs. 45.

Assistance for Foundling Homes

78. For the foundling Homes in the State, the monthly grant will be increased from Rs. 20 to Rs. 30 per child.

Grant for Rescue Centres

79. Monthly grant paid to the inmates of Abalamandirs, Rescue Homes, Children's Homes and Centres for the Physically handicapped will be enhanced from Rs. 75 to Rs. 85.

Special assistance for the Handicapped

80. The monthly stipend being paid to the handicapped students of vocational training institutes will be enhanced from Rs. 45 to Rs. 60. Similarly, a new allowance at the rate of Rs. 50 per month will be paid to the Government servants who are physically handicapped, for their conveyance.

Allowance for Balavadi Teacher

81. Annual grant to Mahila Samajams will be enhanced from Rs. 300 to Rs. 600 to enable them to increase the monthly allowance of teachers working in the Balavadies from Rs. 25 to Rs. 50.

82. For the better and faster development of the State and with due weightage in favour of the working and weaker class, I propose to introduce the following new Schemes which will be implemented during 1980-81.

Environmental Amenities for the Poor

83. The environmental pollution and the lack of living amenities in colonies occupied by the poor sections in Kerala still continue. The implementation of the one lakh houses scheme is a remarkable achievement which we attained in the recent past in this sector. Under this programme, we have constructed more than 60000 houses. However, we have not been able to provide water, power, sanitation and access for these houses, or, for that matter, for the harijans and tribal colonies and other areas where workers live in large numbers. We have to remove this inadequacy at the earliest. With this object in view a comprehensive programme will be drawn up and implemented through the Panchayats with the help of the concerned Departments within one year. A sum of Rs.1crore is provided for this.

Awards for Students

84. A large number of scholarship schemes are in existence for improving the quality of education and for developing healthy competition among students. But scholarships are now awarded on the basis of State level merit. This leads to a situation where mostly students from areas which are educationally and culturally in the forefront bag of these scholarships. Therefore, Government intend to

institute an award scheme on district basis to make this benefit available to students in backward areas also. Accordingly five students who secure the highest marks in each revenue district will be given a merit award every year at the rate of Rs. 2,000 so long as they continue their studies without failing in examinations. For this Rs. 1.1 lakh is set apart.

Housing for Private School Teachers

85. The teaching community is an important section which faces housing shortage. The benefit of house building advance granted by the Government is available to Government school teachers alone. This benefit has to be extended to private school teachers at the earliest. Government propose to introduce a scheme to enable private school teachers and non-teaching staff to build their own houses with the assistance of financial institutions like HUDCO and L.I.C. For this, a Kerala Private Teachers Welfare Society will be formed. A sum of Rs. 50 lakh is provided as margin money for a Rs. 5 crore programme, taking into account the potential institutional finance.

Hostels for Working Women

86. Women-folk of Kerala have made their mark in all spheres of life. But the working women who are forced to stay away from their homes do not get enough facilities for accommodation. Working women's hostels are very few in Kerala. They exist only in a few district headquarters. To find a solution for this problem, Government propose to construct working women's hostels in all district headquarters and other important centres. Support of financial institutions will be available for this programme if the Government would provide the margin money Rs. 50 lakh is earmarked for construction of working women's hostels and for aiding voluntary agencies who may come forward to construct such hostels.

Increase in pumping subsidy

87. The subsidy now given for pumping operations in Kuttanad and the Kole lands of Trichur and Ponnani is 40 per cent where it is fixed through auction or by an agreement approved by the Punja Special Officer. Where the farmers undertake the pumping on their own, the subsidy is Rs. 40 and Rs. 25 for Kayal lands and Kari lands respectively. Government propose to enhance this subsidy from next year onwards in view of the hardships experienced by farmers and the peculiar nature of the operations. Accordingly the existing 40 per cent subsidy will be enhanced to 50%, Rs. 40 to Rs. 50 and Rs. 25 to Rs. 35. For this a sum of Rs. 15 lakh is set apart.

Larger subsidy for pump sets

88. Subsidy is now available for pumpsets only in S.F.D.A. districts and I.R.D.P. blocks. To persuade small farmers to increase agricultural production with the help of this programme, this scheme will be extended to all blocks and the rates of subsidy will be enhanced. The subsidy available for farmers for the purchase of pumpsets of their own choice through co-operative or other banks, will be enhanced as follows:—

Those farmers who are now eligible for 20 per cent subsidy will henceforth be eligible for 30 per cent subsidy; 25 per cent subsidy will be increased to 40 per cent subsidy of 33 1/3 per cent available to harijans and marginal farmers will be enhanced to 50 per cent; 50 per cent available to tribals will be enhanced to 65 per cent. A sum of Rs. 50 lakh is earmarked for this.

Assistance to Sugarcane cultivators

89. Sugar mills in Kerala are not working in full capacity even during the crushing season. The cane cultivators do not take much interest because of the mounting cultivation expenses and inadequate prices. Central Government fixes the statutory minimum price for cane under the Cane Control Regulations. However, the State Government have already decided that the sugar mills in Kerala should buy cane at a higher price of Rs. 130 per tonne. But a still higher price has to be ensured if the cultivation is to benefit the farmers. Therefore it will be laid down that the mills should buy cane at the rate of Rs. 150 per tonne. On account of this the cane cultivators will get Rs. 20 per tonne extra. The additional expenditure on this score will be met by Government for which a sum of Rs. 75 lakhs is set apart.

Interest free loans to Harijans and interest subsidy to small farmers

90. Although there are various sources from which small farmers get loans they find it difficult to pay interest in time. The consequent arrears cause great burden. Therefore interest on all loans taken by farmers who own less than 2Ha., prior to 1-4-1976 will be waived. Government will make good the loss sustained by all credit agencies on this score. As for Harijan co-operatives the arrears of interest and all future interest liabilities on account of their loans to Harijans will be waived. The loans advanced by Harijan co-operatives will in future be interest free for the remaining years of the current Plan period. For this, a sum of Rs. 60 lakh is set apart.

Training and interest free loan for the young entrepreneurs

91. The problem of unemployment, especially among the educated, can be solved for ever only by the establishment of more industrial enterprises. Young men who would like to employ themselves in their own enterprises, require training to equip themselves with technical skill, organisational ability and managerial efficiency. The enterprise initiated by them should also be given adequate encouragement. Such training centres and courses have to be established throughout the State. The Colleges, schools and chambers of commerce in our State can make substantial contributions in the field. It is proposed to give grants to the agencies, institutions and organisations which would come forward to conduct training campus on the basis of the syllabus and rules prescribed by the Government and also to give stipend to the trainees. Government will give interest-free loans up to Rs. 5,000 on the security of the units started by any individual completing the training in such camps. For this, a sum of Rs. 50 lakh is provided in the next year's budget as a token provision.

Industrial Academy

92. Most of our small scale industries have failed for want of skilled management. The small scale sector will grow only if line of young Managers capable of analysing and solving the problems faced by the small scale sector is developed. With this object in view, the facilities for training will be expanded and an Industrial Academy will be formed to provide advanced technical know-how. For this Rs. 5 lakh is set apart.

Marketing Organisation for Small Sector

93. Marketing is the most important problem faced by the small-scale sector in the State. A 15 per cent price preference is now allowed for the purchases of products manufactured by small scale industries by Government and Public Sector. In spite of this, only a small portion of such products is sold like this. To facilitate marketing of these products a special organisation will be brought into being. Quality products meeting the purchasers' specifications can be sold through this agency. It will also be laid down that all products required by Government and public sector will be purchased through this agency. For the formation of this marketing organisation a sum of Rs. 50 lakh is earmarked.

Crop Insurance

94. While all agriculture is susceptible to the vagaries of nature, the cultivation of paddy in the kayal and kole lands are subject to unusual risks like

breaches of bunds, salination etc. In order to protect such cultivators from the higher risks undertaken by them, Government propose to formulate a crop insurance scheme in which a substantial portion of the premia liability will be borne by the State. An amount of Rs. 50 lakh will be set apart for this purpose. Apart from this, a new scheme will be evolved to provide quick and adequate relief to farmers affected by natural calamities.

Cattle Insurance

95. We have achieved remarkable progress in cattle rearing during the last decade. Harijans, tribals and other agricultural workers and small farmers undertake this as a subsidiary occupation. The income from cattle help them to improve their finance from day-to-day. Since exotic varieties are prone to infectious diseases which often prove fatal, there is need for ensuring these cattle against such fatalities. A cattle insurance programme will be implemented, according to which a considerable portion of the Insurances premia for insuring high yielding cows and other improved variety of cattle will be met by Government. A sum of Rs. 25 lakh is earmarked for this.

Insurance for sea-going fishermen

96. The place in our economy occupied by the 1.1 lakhs of sea-going fishermen, who risk their lives every day, require no elaboration. Government propose to introduce a group insurance scheme to cover this large and deserving section of the people. Each individual will be insured for an amount of Rs. 10,000 the entire premia liability being borne by the Government. An amount of Rs. 60 lakh is being earmarked for this purpose.

Irrigation—Co-operatives

97. Enhanced agricultural production would require not only fertilisers, seeds and capital but also water in the required quantities. We have already implemented a large number of minor, medium and major irrigation schemes. We have also expended large amounts under this item. However, despite all such programmes, a large majority of small farmers are yet to be benefited. Channels constructed by the Government as part of these programmes will only go upto blocks which are at least 25 acres in extent. Therefore, the small farmers have to construct field boothies to their lands. This is neither practical nor within the competence of small farmers. Therefore, it has become imperative to unite them on a co-operative basis to derive the benefit of the various irrigation projects. If Government assistance is provided to these societies they will be able to

undertake construction of such boothies. A sum of Rs. 25 lakh is set apart for the formation of Irrigation Co-operatives.

Coconut Development

98. Special attention has to be paid to the development of coconut which has special place in Kerala's economy. What affects our coconut cultivation most adversely is the widespread diseases affecting the coconut trees. We have adopted many schemes to find a solution for this; but they have not been adequate or sufficiently comprehensive. Therefore a time bound programme will be implemented after declaring such areas as disease affected. The lot of the coconut planters of Kerala will be improved through a large and comprehensive coconut development programme which would include planting new varieties of coconuts to replace unproductive ones and providing facilities for intercropping and irrigation. Soil conservation, land development, drainage facilities, aerial spraying and replanting high yielding varieties like TxD and DxT are envisaged in this integrated programme. For this, a sum of Rs. 50 lakh is set apart.

Relief to disabled coconut and palm tree climbers

99. The relief grant available in the event of the demise of coconut and palm tree climbers during the course of their work, will be extended to those who are unable to work any more consequent on permanent disabilities suffered during the course of work.

I.R.D.P. to be extended

100. I.R.D.P is now being implemented in 63 blocks with Central assistance and in 37 block on our own. To ensure uniformity in rural development and to make the benefit of this programme available to all areas, this will be extended to the remaining 44 blocks also. A sum of Rs. 44 lakh is set apart for this at the rate of Rs. 1 lakh per block.

Health Cards for School Children

101. As a prelude to the complete medical documentation and follow up of the entire population of the State, for the first time in India, we propose to introduce and implement during the current year itself a scheme for the comprehensive physical examination and medical test of the entire school going children of the State numbering around 55 lakh. Under this scheme the additional doctors appointed to the required extent and fully equipped with mobile units will physically check and test each school going child and provide a health card indicating the complete medical details and the corrective action required which

will be followed up in each case through the rectification of vitamin and other nutritional deficiencies for general health and through hospitalisation where necessary. The medical records will be updated from year to year as part of a continuing scheme which we hope to extend to the entire population. For this a sum of Rs. 1 crore is earmarked.

More Roads in Hilly Region

102. The hilly region which comprises of above 1/3 of the total area of Kerala still remain backward in many respects. This area which includes places like Idukki, Wynad and Kasargode produce various agricultural commodities including cash crops which earn foreign exchange. People living in these areas are yet to obtain adequate living comforts. It is essential for the economic development of the State to improve communication facilities of these areas. It is proposed to undertake and complete during this year the construction of a few important roads. A sum of Rs. 3 crore is exclusively earmarked for the development of communication facilities in hilly areas.

Formation of Wyanad District

103. In the light of the backwardness and development needs of the region, Government propose to form a new District of Wyanad. An amount of Rs. 10 lakh is set apart for the preliminary expenses.

More Grants to Panchayats

104. Co-ordination of development activities at the village level is done by the Panchayats. Only the Panchayats can properly utilise rural manpower. Panchayats have to be enabled to direct this manpower to constructive channels to achieve comprehensive development of village. A sum of Rs. 5.81 crore is earmarked in the budget for giving to Panchayats for specified programmes. But this is inadequate. Therefore, a further grant of Rs. 2½ crore will be given to the Panchayats during 1980-81 to enable them to implement various development programmes.

Employment Assistance

105. As I had indicated earlier, the State Government propose to revive with such modifications, as are to be worked out, the scheme for an employment assistance. A sum of Rs. 5 crore is being earmarked for this purpose.

Pension for Agricultural Workers

106. Landless agricultural labourers never escape poverty. This is so even during the period when they have the health to work. When they grow old and

their health deteriorate making them unable to do any work, they become totally destitute. It is the duty of a Government interested in the welfare of the people to aid such agricultural workers, who suffer in their old age on account of poverty and diseases. Therefore a pension at the rate of Rs. 45 per month will be sanctioned, to agricultural labourers on completion of 60 years of age. A sum of Rs. 7.5 crore is earmarked for this.

107. As I had indicated earlier under Ways and Means, the Budget as presented will lead to an year end closing cash balance of Rs. 13.77 crore. The net effect of the rationalisation of the various taxes, taking into account the additional accrual under agricultural income tax on Tea, will be a marginal surplus. The additional commitments on the new measures and schemes which I have announced will be Rs. 19.20 crore under Plan and Rs. 9.05 crore under Non Plan. We have already announced our intention to grant one more instalment of D.A. at the Central Government rates with effect from 1-11-1979 at an additional cost of Rs. 8 crore, inclusive of arrears during 1980-81. Against these additional requirements, the improvement by Rs. 33.93 crore, identified and agreed upon during the final official level discussions with the Planning Commission, (of which Rs. 5.78 crore representing buoyancy in the share of centre taxes and duties have already been incorporated into the budget), have to be taken into account. The resultant position during 1980-81 will be as follows:

	<i>(Rs. in crore)</i>
Closing cash balance according to the Budget estimate	+13.77
Additional Resources agreed upon for the Plan less the buoyancy under share of Central Taxes already included in the estimates	+28.15
Additional commitments on new schemes and measures	(-)28.25
Additional commitment on one instalment of D.A.	(-)8.00
Closing Cash Balance	5.67
i.e. year end Surplus	

It may however be noted that although the 1980-81 budgetary operations by themselves involve a substantial deficit, this deficit is converted to a nominal surplus, in accordance with the insistence of the Government of India on the avoidance of overall deficits and resultant overdrafts, by the utilisation in full of the entire opening cash balance. The utilisation of the entire cash balance during the coming year itself is bound to lead to difficulties in later years, especially in

maintaining an orderly growth of investment under Plan. The possibility of further deteriorations in the resources available for development on account of a number of factors which cannot be foreseen or quantified at present, such as for example, the grant of additional instalments of D.A. etc. have also to be kept in view. It is against the above background that the Chief Minister has repeatedly urged for further central assistance for the Plan including the allotment from the Special Problems Fund at least at the current year's level of Rs. 27.5 crore, instead of the amount of Rs. 10 crore now made available, so that the entire Cash balances need not be used up. The prospects are not quite clear and it is possible that these and connected issues can be discussed and settled only at a meeting of the National Development Council, against the background of the need for a radical restructuring of the existing pattern of Centre-State financial relations.

108. In spite of the above constraints, it is a matter for deep satisfaction that, generating additional yield through the rationalisation of various taxes without adding to the burden of our people, through the efficient husbanding of resources and sound financial management, we have been able to plan for a higher level of investment on the development of the State, than that indicated and agreed by the Planning Commission and yet present a budget without an year and deficit.

109. Our chosen path is marked by the proliferation of difficulties and the constant search for their solution. In such a field full of challenges, success or failure is governed largely by the nature and intensity of our response to these challenges. Admittedly, it will not be sufficient to pontificate on the schemes for development, security and welfare, of the people. What is required is that we must be able to ensure their implementation in accordance with predetermined schedules. The wisdom of our people must be able to harness and exploit the abundance of our natural wealth. An exclusive pre-occupation with the past is hardly necessary since there are few mistakes which cannot be corrected. If the future is to be ours, success can be ensured only by a total commitment to the causes, policies and programmes.

110. I submit the budget estimates and proposals for consideration and approval by the House. Since we do not have the time for a grant by grant discussion and voting by the House before the end of the financial year, I also propose to present a Vote on Account and connected Demand for meeting the expenditure during the first four months of 1980-81.

SHRI K. M. MANI.