



BUDGET FOR 1991-92 (REVISED)

OOMMEN CHANDY

July 19, 1991

Sir,

1. I rise to present the Revised Budget for 1991-92.
2. This budget session of the Assembly is taking place against the background of vital political changes that have occurred both at the national and state levels. The Indian National Congress, which is a National Democratic Movement, has come back to power at the Centre and United Democratic Front in Kerala. At the same time the Congress which is a national secular party could not secure absolute majority. Nevertheless, it is a matter of relief to us that a Government which is solidly based on ideals and values and which forges ahead safeguarding the interest of the country and the people has been formed at the Centre.
3. It is with the massive support of the people that the United Democratic Front has come back to power in our State. The Government of the Left Democratic Front was full of flaws and weaknesses characterised by administrative ineptitude, wasteful expenditure, the break down of law and order, price rise, breach of promises etc. A condign punishment has been given to the Left Democratic Front which had suffocated the people for the last four years. A great responsibility for bringing relief to the people by setting right the administrative arrangements and the economy of the State which have been mismanaged by L.D.F. has now fallen to this Government.
4. When we look at the scene of elections that took place recently, our attention is reverted on the great tragedy that rudely shocked the country and indeed the entire world. It was in the midst of electioneering activities and at a time when the whole world was feeling that the country was going to achieve political stability that Rajiv Gandhi who was providing dynamic leadership for that process was brutally assassinated. He who was the brightest symbol of national unity, administrative stability and prosperity was lost to us in the heinous crime at Sriperumbudur. He was the hope of the people of India and the promise of the future. The dream of that farsighted statesman to take the country to the forefront of the nations in the world in the twenty first century by means of a vast scientific and technological revolution will provide inspiration to millions of young people of the country. I offer my tribute to the memory of that dynamic genius.
5. An objective assessment of the National and state economy is absolutely necessary in this context. Those who came to power at the Centre in November 1989 had no programme other than the political objective of defeating the Congress. Their administrative bankruptcy and lack of sense of responsibility

have pushed the country to the brink of disaster both in the political; and economic fields. The Central rulers were engaged in squabbling and pulling each others legs and did not take note of the fall in production and reduction of exports. They turned a blind eye to enormous increase in import and foreign debt liabilities. Those who were then in power were not bale to understand the seriousness of the economic problems created by the Gulf crisis that lasted for about 8 month. Besides stagnation in foreign trade, there was attenuation of foreign countries on which heavy financial burdens were imposed by the Gulf crisis. But, while other countries which were subject to difficulties like India could protect their own economy by securing compensation and financial assistance of a high order from international organisation and other sources, the Indian rulers did not even make an attempt in that direction. That was the occasion when irresponsibility and lack of imagination were perilously patent. It was this lapse on the part of the non Congress rulers that created a situation where new loans at higher rate of interest had to be obtained for repaying interest on old foreign debts. As a result of this, the value of the rupee steeply fell in the international trade market. The new Congress Government at the Centre under the leadership of Shri Narasimha Rao is taking realistic and cautious measures to save the country from this crisis.

6. Kerala is a State which will get the maximum benefits from the change in the exchange rate of the rupee. The benefits would be available not only to exporters, but also to cultivators of hill produce. The flow of foreign money into Kerala will increase. Foreign exchange to the tune of about Rs.400 to 500 crore is likely to be received in the State. An attempt has to be made to strengthen Kerala's economy by effective utilisation of foreign remittances.
7. An important fact that I have to point out is that enough time was not available to give shape to a new budget in full accord with the policies and priorities of the Government. Lack of time and other factors have imposed certain limitations on me. For one thing, a new budget has to be presented in the middle of the financial year. Secondly, the Central budget has not yet been presented. Thirdly, this budget has to be presented with in a few days of assumption of office of the present Government.
8. Let us take a look to find out the state at which our State stands in the march on the path of development. Judging by the various indices for the physical quality of life like low birth rate, low infant mortality rate, high life expectancy, high literacy etc. Kerala stands shoulder to shoulder with developed countries. This achievement of Kerala, which has a low per capita income, has won the unqualified praise of many world-famous social scientists, research organisations like World Institute of Development Research, the World Bank and the United Nations. While this beautiful picture has to be preserved, it is necessary to rectify the not-so-happy aspects of development. That is our basic approach relating to the development Kerala.
9. The most serious problem faced by Kerala is unemployment. According to the 43rd round of the National Sample Survey, Kerala has 16% of the total number of permanently unemployed persons in India. But it has to be remembered that Kerala has 3.5% of the total number of employment force in India and this would

bring out the seriousness of the problem. At the same time, Uttar Pradesh which has 16% of the total population of India has only 7% of the total number of unemployed persons in the country. We take this all important problem of Kerala with all the seriousness that it deserves. This is not a problem which can be eliminated, at one go, as by a magician's wand; but many things are possible if there is the stagnation in the area of productivity. What is important is to ensure continuous growth of this area. This is the key to development. A comprehensive scheme has to be evolved to make agriculture profitable by adopting measures for increased productivity. Likewise, a new policy has to be formulated for developing the resources available in the State.

10. The students of Kerala numbering about 60 lakh are our wealth in all sense of the world. We should produce all the things they require in this state itself. Similarly, if we can produce with in the state the equipment and other items required for the public health sector, it would be possible to prevent the outflow of crore of rupees. The field of construction activities is also important. There is a research finding to the effect that if construction materials could be produced within the State itself it would be possible to provide employment to 7.7 lakh of people. For all these things, we are now depending on other States.

In order to revive the productive sector and for its comprehensive development we intend to give shape to four new policies, viz.,

Agricultural policy

Industrial Policy

Water Resources Management Policy

Energy Policy.

We intend to formulate these policies in keeping with the interests of the State and within the frame work of the Indian economic structure and policies, I am sure that this House will give us sufficient time for this purpose.

Sir,

11. When the approach to development is being dilated upon before the House, it is necessary for the Hon'ble Members to be conscious also of the resource limitations of the State. The increasing demands of development dilemma in the State. Our aim is to confront this crisis effectively and successfully.
12. I also wish to invite the attention of the House to certain other facts which make the crisis described more complex. As at the Centre, the Leftist Government in Kerala has pushed the State's economy not only did not improve but certain unhealthy trends have also gained strength. During the last 4 years the dangerous tendency of increased non-plan expenditure, out-stripping developmental expenditure has become prominent. In the first three years of the previous Government, the total increase in plan outlay was only Rs.135 crore. On the other hand, the increase in non-plan expenditure was of the order of Rs.589 crore and increase in debt liabilities amounted to Rs. 191 crore. It was stated in the budget that the deficit at the end of the last financial year would be only Rs.52.25 crore. But, the actual deficit at the end of the year shot up to Rs. 100.01 crore.
13. In addition to this, in the budget presented by the previous Government for the currency year, there are proposals for an additional expenditure of Rs. 13.48 crore. Thus, the actual deficit at the beginning of the year together with the new

commitments add up to Rs. 113.49 crore.

14. The picture regarding the deficit is not complete with all this. The previous Government had announced additional resources mobilisation to the extent of Rs.85.55 crore. It has to be pointed out that some of the measures are impractical. For instance, it would be difficult to implement the announcement that additional income of the order of Rs.21 crore would be secured by curbing smuggling through railways. Likewise, additional Central assistance of Rs.46 crore had been sought for externally aided projects for the current year but it would be difficult to obtain this amount in view of the slow pace of implementation of the projects in the past. Besides all this the arrears of social security pensions, and outstanding P.W.D. bills amounting to about Rs.31 crore have also to be taken into account.
15. The Government had to start its work under a heavy financial burden. It is clear that it was after pushing the State to a serious financial crisis that the previous Government vacated office. Even though the crisis is grave, this Government does not intend to shy away from the responsibilities relating to welfare and developmental activities. This Government has already made a beginning to resolve the financial crisis created by the previous Government and to take steps to improve the financial position of the State. I assure this House that this Government will not try to shelve welfare and developmental activities advancing the plea of lack of funds.

Sir,

16. Now let me deal with the functioning of various departments.

Agriculture

17. For the growth and progress of Kerala, development of Agriculture sector is crucial. Considering the problems and possibilities in the Agriculture sector, basic changes have to be made in the approach and programmes. Taking into account the special features of Kerala an Agricultural development policy will be formulated and implemented. Increase in agricultural income, more employment opportunities and industrial development based on agricultural products are the objectives of the new agricultural policy.
18. Government intend to achieve these objectives through various programmes by accepting modern techniques of Science and technology and assuring people's participation.
19. Suitable schemes for enhancing production of food crops like rice tuber crops, pulses etc., will be formulated for implementation. The availability of seeds, manure, loans, irrigation facilities etc., will be assured. The intensive paddy production programme implemented with Central assistance will be extended to the Malappuram District this year. Special schemes for the development of problem are like 'Kari lands' in Kuttanand, Kole lands in Thrissur will be framed and implemented. A sum of Rs.1 crore is set apart for the development of agriculture in Kole lands. A sum of Rs.50 lakh is also included for experimenting new agricultural methods in 'Kari lands'. It is also intended to unify various items of financial assistance given to agriculturists and to simplify the procedures. Integrated programmes for increasing the productivity of paddy cultivation on the basis of 'padasekharam' will also be prepared for implementation. An amount of Rs. 100 crore is estimated for five years for this purpose. An amount of Rs.20

- crore will be made available for various items during the current financial year. Pulses will be cultivated in 10,000 hectares of paddy field as additional crops for increasing the income of the paddy cultivators. The agricultural implements required for this purpose will be made available free of cost.
20. A programme for giving seedlings of tuber crops like colacassia, elephant yam, yam, Malabar catmint, etc., at nominal prices to the marginal farmers having less than 20 cents of land will be implemented. One lakh marginal farmers will be benefited under the scheme. A sum of Rs.25 lakh will be earmarked for this purpose.
 21. Long term schemes for the development of agricultural crops like coconut, pepper, cashew etc., will be formulated. Concerted efforts will be made for increasing the production and productivity of coconut by co-ordinating the different agencies working in these fields. For this purpose, 10,000 wells/tanks and 5,000 pump sets will be set up during this year. Small farmers having less than one hectare of land will be given grant-in-aid up to Rs.2,000. Out of the total estimated cost of Rs.10 crore, an amount of Rs.2crore is set apart in the budget. The balance amount will be made available from financial institutions. Though the coconut has been declare, as an oilseed by the Centre, the agriculturists of Kerala have not received any benefit. The Central Government will be moved to get this benefit.
 22. A massive programme for the revitalisation of pepper cultivation will be implemented with Central assistance. The scheme will be implemented in 30,000 hectares of land within a period of five years. Under the scheme an assistance of Rs. 5,800 per hectare will be given. It will be implemented in 7,000 hectares during current financial year.
 23. Efforts will be made to extend rain fed farming in 1.5 lakh hectares of land and thereby creating employment opportunities. The districts in Malabar area will be given priority under these schemes, the total cost of which is estimated over Rs.60 crore.
 24. Considering the shortage of vegetables, a crash programme will be implemented for the cultivation of vegetables around the cities of Thiruvananthapuram, Kochi and Kozhikode. Horticulture Products Development Corporation will open procurement and distribution stores at all district headquarters. 60 vegetable villages will be selected and their activities intensified. The implements for the cultivation will be supplied free of cost. Development of vegetable cultivation through schools and Mahilasamajams will also be encouraged. 10 lakh packets of vegetable seeds will be distributed at half the price for this purpose. Seeds and fertilizers will be supplied free of cost to School children. Special prizes will be introduced at block and district levels for the schools which have the best vegetable garden and also for the student who has the best vegetable garden in his house. The prize winning students will be granted the facility of free study tours to agricultural Research Institutions. A sum of Rs.25 lakh is set apart for this purpose.
 25. District Agricultural farms under the Agricultural Department will be strengthened. Besides a new agricultural farm will be started in Thrissur District.
 26. Special programmes will be chalked out for giving relief to the farmers for giving

agricultural losses due to natural calamities. An Insurance Fund for Plantain cultivations with their participation will be started during current financial year. A sum of Rs.25 lakh will be set apart for this purpose.

Industry

27. This Government intend to achieve industrial progress by bringing together the State's natural resources, educated youth and modern technical know-how. An integrated industrial policy aimed at large scale increase in investments, production and employment opportunities will be formulated for speedy implementation. The new industrial policy will help the use of our own natural resources for manufacture of industrial products within this State itself. A Mineral studies and Research Institute will be set up for the industrial utilisation of the rare metals of the State. Research for the industrial utilisation of other natural resources in new industries will be encouraged. Necessary steps will be taken for increasing production and for improvement of the quality of various industrial products.
28. A "Professional Management Service" will be established for the efficient functioning of the public undertakings. A programme for the revival of industries running in loss for years will be initiated in a phased manner, making them profitable.
29. Steps will be taken for increasing the employment opportunities and for the betterment of quality of products in the traditional industries like Coir, Handloom etc. Equity participation of the Co-operative societies will be enhanced in these industries and more societies formed. The availability of raw materials and marketing of finished products will be made easier. Efforts will be made to remove the difficulties now being experienced in the import of sufficient raw cashew and the export of processed cashew with the help of Central Government.
30. This Government intend to explore the avenues of employment under the Khadi Board. An integrated scheme will be chalked out for this soon.
31. Sericulture offers abundant employment opportunities. It is estimated that five persons will get employment by sericulture in one acre of land. Government intend to implement the programme this year by cultivating, mulberry in 10,000 acres of land. A grant of Rs.2000 will be paid for the purchase of equipments to the persons involved in the cultivation of mulberry in an acre of land. An amount of Rs. 1 crore is additionally set apart for this purpose.
32. Electronics industry will be expanded and modernised. Electronics educational aids will be produced in large scale to help the students in scientific studies. Women's Co-operative societies will be organised in the field of Electronics industries and an Apex Federation linking them together will be formed.
33. Necessary steps will be taken for enhancing Central investment in the State. Action will be taken to enhance the investments in industries by the non resident Indians. Government will formulate developmental and labour intensive profit oriented projects by utilising these investments to the maximum possible extent. Non-resident Malayalees who are willing to co-operate in the launching of projects such as hospitals with modern facilities, roads, bridges, hotels and minor hydro-electric projects will be given all encouragement.
34. In order to rehabilitate sick industries, finance, technical know-how etc., will be

- made available.
35. Capital Subsidy at the rate of 5% being given at present to new industries will be enhanced to 10%. Amount of Rs.2 crore is set apart for this purpose. At present 5% special subsidy is being given to industrial sectors like electronics, leather, food processing, light engineering and rubber. This subsidy will be extended to clay, silica and garments based industries. An amount of Rs.25 lakh is set apart for this purpose.
 36. Several licenses have to be obtained from different departments to start small scale industries. This causes delay. To avoid such delays, the number of licenses will be reduced and to speed up the issuance of license, a district level committee will be formed with District Collector as Chairman and representatives of the concerned departments as members. A State-level committee will be formed to supervise the functioning of district level committees.
 37. A monitoring committee at Government level will be constituted to strictly enforce the directions that the Government departments and public sector undertakings should purchase only the goods produced with the State and to discourage any attempt to violate these directions.
 38. The functioning of Kerala Financial Corporation will be reorganised so as to avoid the delay in granting loans to industrial concerns.

Energy

39. Necessary steps will be taken for increasing the generation of electricity. Steps will be taken for the speedy completion of the Lower Periyar Hydro electric Project which is held up due to contractual disputes and the Kakkad Hydro-electric Project now held up due to labour disputes, by solving these disputes.
40. In order to overcome the power shortage in Malabar area, it is proposed to set up electricity generating stations by oil at Vadakara and Kasargod. The permission of the Centre will be sought for obtaining the required oil. An electricity generating station will also be set up at Brahmapuram in the Kochi zone.
41. Efforts will be made to obtain clearance from the Centre for Pooyamkutty Project with generating capacity of 240 MW and Athirapally Project with 160 MW. In the field of Mini units of generation of electricity, the private sector will be encouraged. The consumers who are economically backward and use electricity below 20 units per month at present will be made free from electricity charges. By this there will be a loss of revenue of Rs.10 crore to the Electricity Board.

Irrigation

42. In spite of the huge investment made on various irrigation schemes during the past few years, irrigation facilities could be extended only to a smaller area. Government intend to extent irrigation facilities to an area of 50,000 hectares of land more during this year by investing on those schemes, from which could be obtained readily. For this purpose, Rs.1 crore each will be provided additionally for the Pamba and Karapuzha Irrigation projects, Rs.2 crore for the Periyar Valley project and Rs.1crore for the Chittorpuzha, Kuttiyadi, Chamravattom and Attappady Projects. The Kallada Irrigation Project, the largest irrigation project in the State, will be completed during this year facilitating irrigation facilities to an area of 40,000 hectares more.
43. The Meenachil River Valley project, the work of which is held up for several

- years is a highly beneficial project for Irrigation. Government propose to intensify the steps for completion of this project which could irrigate about 10,000 hectares of land. An additional amount of Rs.1 crore is set apart for this purpose. A sum of Rs. 10 lakh is also set apart for the Chaliyar Projects.
44. Government aim to get all the on going schemes under the Minor Irrigation sector completed during this year. A scheme for construction of sea walls along the coastal areas subjected to severe sea erosion will be formulated and assistance of Central Government will be sought.
 45. This Government will give special importance to the development of Tourism. Government intend to introduce a scheme for providing financial assistance for encouraging self-employment in this field. Small scale tourism development programmes started by the educated unemployed will be given financial assistance upto Rs. 25,000. For this purpose Rs. 20 lakh is set apart.
 46. Tourism development is an area which requires huge investment. The Central Government have set up a Tourism Financial Co-operation Implementing schemes with an outlay of more than Rs.one crore. The State Government will constitute a financing agency on the same lines. This agency will be made use of for granting financial assistance to minor schemes and for attracting investment to this field. Rs.10 lakh is set apart for expenditure on this account.
 47. Government intend to develop Backal Area as a Beach Resort Tourist Centre. For this purpose Backal Resort Development Authority will be established. Rs.10 lakh is set apart towards preliminary expenses.
 48. Publicity is an inevitable part of Tourism Development. I earmark Rs.25 lakh for this purpose.
 49. We have not yet exploited the scenic backwaters. In the context of the threat now being felt by the Tourism field in Kashmir, House Boats are now becoming alien to the foreign tourist. By using knitted country boats, floating/vine huts will be built in Vembanad and Ashtamudi Lakes. This will be begun on experimental basis during this Tourist season itself, Rs.25 lakh will be set apart for this purpose.

Food

50. Government will take effective measures to check the price-rise of essential commodities. Civil Supplies Corporation will make necessary arrangements for the supply of essential commodities at reasonable prices through Maveli Stores, Co-operative Institutions and Ration Shops.
51. Government have already taken steps to get increased quota of rice from the Centre and to check the price rise. 140 new Maveli stores will be opened. Rs.2crore is set apart for this purpose. Rs.8 crore is set apart for starting 5000 permanent sales depots to function throughout the year including Onam season. Rs.2 crore is also set apart for introducing a new scheme for the regular supply of vegetables.
52. Effective measures will be taken to upgrade the standard of general education in Kerala. In order to modernise the syllabus and to impart training to the teachers, the State Institute of Education will be reorganised. A sum of Rs.5 lakh is earmarked for the purpose. Government wish to start employment oriented modern technical course.

53. An amount of Rs.3 crore is set apart for the construction and maintenance of School buildings. With the co-operation of Parent- Teachers Association (PTA) and participation of the Public, drinking water and toilet facilities will be provided in all Government Schools. A sum of Rs. 1 crore is earmarked for this purpose. Necessary steps will be taken to extend these facilities to private schools also.
54. Government wish to implement the 'Noon Meal Programme' for the school students effectively. Contingent charge now being given to each student will be raised from 5 paise to 10 paise. A provision of Rs. 2 crore is set apart, Government intend to enhance the rates of scholarships now available to girls belonging to Nadar and Muslim sections studying in Upper Primary and High Schools. To meet the additional expenditure towards enhancement of the rates of scholarship from Rs. 30 to Rs. 50 in Upper Primary Schools and from Rs. 50 to Rs. 75 in High Schools, a sum of Rs. 45 lakh is set apart.
55. Pre-degree/Plus- Two education will be made completely free. An additional expenditure of Rs. 2 crore is expected on this account. A College for Women will be started in Malapuram District.
56. Apart from extending the facility of Plus-Two Course (Higher Secondary), 38 Junior Colleges will be upgraded. On the basis of the recommendations of the Universities, a new batch will be sanctioned for Degree Courses in each College.
57. Government will take action to open the proposed Sanskrit University during this year itself. Necessary legislation for this purpose will be made soon. A sum of Rs. 10 lakh is set apart in the budget towards the initial expenditure.
58. A provision of Rs.5 lakh is set apart for starting a Polytechnic for Women in Kozhikode
59. When Shri. Rajiv Gandhi was the Prime Minister, 3 Engineering Colleges were sanctioned for Kerala. Though the Colleges sanctioned at Kannur and Ernakulam started functioning, the previous Government did not take steps to start the College sanctioned at Vellor, near Kottayam. A sum of Rs. one is set apart for starting the institution. as early as possible. This institution will be developed in to a higher educational centre of national importance, imparting most modern courses in technology with research facilities. This institution will be a memorial to the late Shri Rajiv Gandhi, who has given much importance to the development of scientific and technological education.
60. In the field of Science and Technology Education, our State has to go ahead. The economic limitations is the obstacle in the field. An upsurge is inevitable in this field. Electronic Technology is making decisive influence in the field of Industries, Commerce, Transport, Communication, Defence, Irrigation, Weather forecast etc., including administrative management. Under the circumstances and also within the economic limitations Government have decided to achieve the above objective. Government are actively considering the proposal for starting self-financing colleges in the field of Science and Technology.

Health Care

61. Government intend to establish a National Institute for Medical Science in Kerala. Financial assistance from various agencies will be sought for this Medical Institute which will have all modern facilities for medical treatment and research. A special officer will be appointed to prepare the project report. Rs. 10 lakh is set

apart for this. I also set apart Rs.2 crore for maintenance and improving water supply and sanitation in various hospitals in the State. A new system will be adopted to supply the medicines regularly.

Public Works

62. Immediate attention will be paid to the repairs of the existing roads which are in a deplorable condition and to the construction of new roads in the State. Steps will be taken for the construction of a net-work of coastal roads for the speedy development of the coastal areas.
63. Rs.2 crore is set apart for the repair work of Government buildings. Government will formulate a scheme for completing the construction of buildings already started within a span of three years. Rs. 5 crore is earmarked for this Rs. 50 lakh will additionally be provided over and above the current year's budget provision for the Legislature Complex.
64. A scheme costing Rs. 10 crore will be taken up for the repairing of the 53 Kms, long road between Mannarakulathy and Chalakayam with a view to improving the conditions of the road leading to Sabarimala, thereby making the pilgrimage more comfortable. An amount of Rs. 2 crore is set apart for this scheme and this work will be completed in three years. A sum of Rs. 1 crore is earmarked for the construction of ' Kottayam Bypass' (Mannarkad-Ettumanoor) connecting the K. K. Road with M.C. Road.
65. The functioning of the Chief Engineer's Office which is the centre of activities of the Public Works Department will be scientifically reorganised. Rs. 5 lakh is set apart for this purpose. In order to accelerate public works Government intend to make necessary changes in the existing P.W.D. Code, Manual etc. by examining the same by an expert committee.
66. It is the responsibility of the Government to settle the pending bills of the contractors so as to enable them to take up the execution of new works. Steps will be taken for the clearing of the pending bills of the roads and bridges.
67. Service of private investors will be utilised to ensure that the financial difficulty of the Government does not stand in the way of construction of minor and major roads and bridges.

Water Supply

68. Out of about 450 water supply schemes works of which are now in progress, 150 schemes will be getting completed and ready for supply of drinking water during the current financial year itself. An additional sum of Rs. 5 crore is being provided for this purpose.
69. Steps will be taken to identify areas which are usually affected by shortage of drinking water due to drought and to formulate separate schemes for such areas. Early steps will be taken to ensure that the benefit of such schemes become available before the drought season itself.
70. Government take serious note of the situation that the various water supply schemes which are now being implemented with the assistance of the World Bank have not achieved the desired progress. Effective steps will be taken to ensure execution of the water supply schemes of towns which are included in the World Bank programmes.

Housing

71. A scheme to construct 10 lakh houses within a period of 5 years will be launched. It is estimated that an amount of Rs.500 crore will be required for this. 400 crore will be collected from agencies like HUDCO and the State Government will provide Rs. 100 crore.
72. Taluk-wise 'Nirmiti Kendras' will be started during the current year itself for the implementation of this scheme. 25 units for the production of building materials will also be started. I set apart Rs. 1 crore for this purpose.
73. 'Rental House Scheme' for Government Employees will be started at all Taluk Headquarters wherever land is available. Rs. 2 crore is set apart for this purpose.
74. The slum eradication scheme of Chenkalchoola near Government Secretariat was started in 1977. Three stages of this scheme have already been completed. The final stage of this scheme will be completed during this year itself. An amount of Rs.10 lakh is additionally provided for this purpose.
75. A pension scheme for the working journalists will be formulated and introduced from this year onwards. Rs. 10 lakh is set apart for this purpose.
76. Housing scheme for working journalists will be re-vamped. A housing colony for the journalists will be started at Thiruvananthapuram. Rs. 50 lakh is set apart for this.

Labour

77. Ensuring peace in the labour sector is one of the prime objectives of this Government. Permanent arrangements will be made to solve labour disputes then and there.
78. Employment programmes costing Rs. 1000 crore will be formulated and implemented within a period of five years. The State Planning Board will prepare a project report aiming at abundant employment opportunities to unemployed youth. Steps will be taken to start certain scheme during this year itself. An increase of Rs. 10 per month will be made in the rate of unemployment allowance to give relief to unemployed youth. An amount of Rs. 3.5 crore is set apart for this.
79. Agricultural worker's pension will be enhanced by Rs. 10 per month. A sum of Rs. 4 crore is earmarked for this purpose. Welfare schemes will be implemented for plantation workers, port workers, bamboo workers, tailors, barbers, lorry workers, autorickshaw drivers, van drivers, dhobies and beedi workers. Rs. 10 lakh is set apart for the preliminary expenditure.

Social Welfare

80. It has been decided to constitute a welfare fund for the Anganwadi workers. The existing allowance of the Anganwadi workers and Helpers is proposed to be increased by Rs.25 per month. This increase will be applicable to the Balawadi workers of the Rural Development Department also. An amount of Rs. 45 lakh is set apart for this.
81. The allowance given to the inmates of the Orphanages in the state will be increased by Rs.25. An amount of Rs. 50 lakh is set apart for this.
82. The Boarding grant/mess allowance given to the students of schools for the Blind, Deaf and Dumb and schools for the mentally retarded will be increased by Rs.25 per month. For this, an amount of Rs. 5 lakh is set apart in this Budget.

Harijan Welfare

83. The existing schemes for the welfare of S.C./S.T. will be made more effective. The schemes which do not achieve the desired results will be reformulated and made more fruitful.
84. In order to compensate the loss in income of S.C./S.T families due to schooling their children, who would otherwise be working, the lump sum grant will be enhanced by Rs.10. Students studying up to 4th standard will be benefited by this. A sum of Rs. 35 lakh is set apart for this purpose.
85. To provide facilities of drinking water, electricity and road in S.C./S.T. colonies, a scheme will be implemented in a phased manner. I set apart Rs. 50 lakh for this.

Local Self Government

86. Retaining the due importance of the developmental and welfare activities being carried out in the Panchayats, preference will be given for providing latrines in colonies, constructing public burial grounds and undertaking maintenance of houses under the one lakh housing scheme.
87. 25% of the amount collected in each Panchayat through Indira Vikas Patrikas over and above the previous year's collection will be given as grant for the purposes mentioned above. This 25% grant should be utilised for improvement of slums and sanitary activities in municipal areas. As part of national deposit collection campaign, with the co-operation of the local self governments and public men, this programme is expected to be implemented extensively.
88. In order to remove the backwardness of the Kasargode Municipality and to accelerate its development in pace with other cities, a Development Authority will be set up there. For this, Rs. 25 lakh is set apart in the budget.
89. Special importance will be given for the development of the three important cities in State; Viz Thiruvananthapuram, Kochi and Kozhikode. The Thiruvananthapuram Development Authority will be provided Rs. 1 crore for a 'Capital Development Programme' for the development and beautification of the Capital City of Thiruvananthapuram. For the same purpose, Kochi and Kozhikode Development Authorities will be given Rs. 50 lakh each.

Hill Area Development Authority

90. It is proposed to form a Hill Area Development Authority comprising the hill areas of Panchayats in the District of Kannur, Wayanad, Kozhikode, Malappuram and Palakkad to formulate programmes for the Development of hilly areas. Rs. 10 lakh is set apart for this purpose.

Co-operation

91. The co-operative sector which is developing through effective activities for catering to the needs of the people has gained considerable importance in our socio-economic sphere.
92. The strong co-operative sector has been losing its credibility due to the erosion of democratic values in the sector. The Government will take all necessary steps to restore democracy in the co-operative sector and regain its lost credibility.
93. Government desire to re-introduce the interest subsidy scheme on Agricultural loans given through co-operative societies. For this the concurrence of Central Government will be sought. The activities of the consumer societies will be strengthened so as to check the increase in the prices of essential commodities.
94. In order to solve the question of housing problem, the Housing Co-operative

Societies will be encouraged and various types of loans for house building would be introduced through co-operative societies. The activities of the Marketing Co-operative Societies will be extended to more areas.

Forest

95. Our rivers and streams originating from the catchment areas on the high plateau of the Western Ghats are fast drained during the rainy season. Consequently, in summer the trees in the forest and wild animals are facing extinction due the severe drought. In order to prevent this, a large scale scheme will be launched this year for constructing small reservoirs by building check dams in the catchment areas of the streams and rivers. Rs. 10 lakh is set apart for the preliminary works of the scheme. As part of the measures for conservation of forest, 62 forest stations spread over 7 divisions will be opened during the span of the current year and next year.
96. This Government will not allow deforestation and encroachment of forest land at any cost. Stringent action will be taken against those working against this. If necessary, special arrangements will be made for this purpose. A scheme of afforestation will be launched this year for rejuvenating the barren forest lands. An integrated forest conservation scheme will be implemented by replanting saplings in place of the aged and decayed trees clear felled. Rs.10 lakh is earmarked for this purpose.

Fisheries

97. With the assistance of the Central Government, a scheme for the development of prawn culture will be implemented. A sum of Rs.13.775 crore will be required for this scheme being implemented in an area of 1500 hectares in a period of 5 years. Foreign exchange of the order of Rs.26 crore is expected annually with the implementation of this scheme. This is expected to generate employment for about 13,000 persons.
98. The rate of pension being given to the fishermen will be raised from Rs. 75 to Rs.85. Rs.20 lakh is being earmarked for this purpose.

Transport

99. The K.S.R.T.C. is incurring heavy loss for the past several years. This Government will introduce effective measures step by step for reducing the loss and to improve the efficiency of the Corporation. Government propose to purchase more new buses and to start new routes.
- 100.A "Group personal Accident Insurance Scheme" for Auto Rickshaw and Taxi drivers will be launched during this financial year. For this Rs.5lakh is set apart.

Sports

- 101.A new scheme for the development of sports in Kerala will be introduced. This scheme will be implemented with the approval and financial assistance of the Centre. Preference will be given to the sports activities conducive to the local environment of Kerala. Rs 25 lakh is set apart for this purpose. The activities of the Youth Welfare Board will be widened.

Animal Husbandry

- 102.Government propose to implement new schemes for accelerating the development of animal husbandry and Dairy development sectors. As part of this 325 insemination centres will be established, giving priority to northern districts.

- Through the functioning of these centres it is estimated that about 50,000 hybrid calves can be produced. The scheme of calf-fostering will be intensified. Under this scheme it is decided to include 15,000 new hybrid calves in the place of less than 50,000 calves last year. As a result of this about 15,000 farmers belonging to the weaker sections will become owners of milk cows which will enable them to raise their family income considerably.
103. The construction of hatchery under State Poultry Development Corporation will be completed during this year. It is intended to produce 25 lakhs broiler chicks which will yield an additional 4,000 tonnes of meat.

Excise

104. It is not the policy of this Government to encourage consumption of liquor. Abkari laws will be strictly enforced and unauthorised liquor business will be strictly prohibited. It has been decided to cancel the bar licenses given to clubs by the former Government. The increased number of liquor shops in the State will be brought down gradually.
105. Stringent action will be taken to curb the menace of drugs.

Revenue

106. Immediate steps will be taken for the assignment of the remaining 18,000 hectares of land under the Land Assignment Act. Special assistance will be given to the tenants from the Tenants Benefit Fund for the construction of houses.
107. Steps for the "Award of Pattas" to the cultivating tenants who were in possession of Land as on 1-1-1977 will be accelerated. The joint verification for this purpose will be completed before 31-10-1991. Thereafter the approval of the Central Government will be sought and the pattas awarded as early as possible. Efforts will be made to get increased financial assistance from the Centre for compensating the loss sustained by monsoon devastation.
108. This Government is duty bound to ensure a life of peace and tranquility to the people of this State. Necessary steps will be taken to enable the Police force which is to play an important role in the maintenance of law and order to function without fear or favour. Steps will also be taken to make their activities impartial and fearless.
109. The sports grant being given to the police will be enhanced by Rs. 5 lakh. Rs.10 lakh will be additionally given to the police force for their welfare activities. A sum of Rs. 1.30 crore is set apart for payment of 'Ration Money' declared to be paid to the police force to check the atrocities by the terrorists.

General Administration

110. Government will take effective steps to make administration efficient and just by avoiding delay at various levels. Training given to officials in modern administrative techniques will be broadened. Steps will be taken to make administration corruption free.
111. The State Planning Board will be reorganised soon by inducting experts who can give directions to formulate developmental programmes of the State.
112. The District Councils have been formed aiming at implementation of welfare and developmental activities through decentralisation of power. Government will be undertaking a study of the working of the District Councils so as to bring about necessary changes to make them more beneficial to the people.

113. Government is bound to eradicate corruption from public life. With this end in view the United Democratic Front Government had enacted legislation last time. Necessary steps will taken to improve the working of the Commission constituted for the purpose.
114. As recommended by the Ninth Finance Commission, pay scales of Government employees and teachers will be revised at Central rates this year. One month's Salary will be given as bonus to the employees before Onam celebrations. Festival allowance will be enhanced from Rs.450 to Rs.500. Festival allowance to pensioners will be raised from Rs.80 to Rs.100.
115. The additional outlays that I have proposed for the new schemes and activities of the various Departments added up to Rs. 86.45 crore. Besides this, there will be loss of revenue to the extent of Rs 2 crore on account of Pre-degree/Higher secondary education being made free of cost. In addition to this, there will be additional commitment on account of revision of pay scales of Government employees and teachers on the basis of the Central scales of pay. Provision has also to be made to grant of one month's salary as bonus to the employees and festival allowance to be increased from Rs.450 to Rs. 500 in the case of employees and from Rs.80 to Rs. 100 in the case of pensioners.
116. I propose certain tax concessions into interest of trade and industry.
117. I also propose certain additional resource mobilisation measures in order to meet the additional commitments already announced. The details are given below:

Tax Concession on Food Articles

118. This Government's first efforts will be to ensure that the price-rise on essential commodities, especially food articles, will be reduced. With this in view, I propose:
- i. Cooked food, other than that served or sold in Bar attached hotels or Star hotels will be exempted from sales tax. A loss of income of Rs.50 lakh is anticipated.
 - ii. Sales tax on jaggery, garlic and asafetida will be reduced from 8% to 5%. A loss of income of Rs 25 lakh is anticipated.
 - iii. Sales tax on puffed and beaten rice will be reduced from 4% to 1. A loss of income of Rs. 25 lakh is anticipated.
 - iv. Sales tax on vermicelli, ada and semia will be reduced from 8% to 5%. A loss of Rs.20 lakh is anticipated.

Promotion of Industries

Sir,

119. I wish to present a new scheme of sales tax concessions to new small scale industrial units. At present new SSI units are allowed tax concessions upto a period of five years on the basis of capital investment. According to the new scheme, the new units will be allowed to collect sales tax, central sales tax and purchase tax and deposit them with the government, out of which a 'Tax for Growth Fund' will be created.
120. Payments will be made out of this Fund to financial institutions on behalf of respective SSI units to repay their term-loans. Total amount upto which the collected tax can be utilised for this purpose will be fixed at 150% of the term

- loan availed by SSI units from the term lending institutions. The new SSI units can either opt for the proposed scheme or the existing scheme. A provision of Rs.5 crore will be provided for from the expected receipts to this Fund.
121. For traditional industry of oil milling, I propose that inter-state sales tax on coconut oil which has already suffered tax within the State will be exempted. Rs.20 lakh is the anticipated loss. Footwear industry is developing in this State as a cottage industry. With a view to promote this industry I propose to exempt tanned leather from sales tax. Loss of revenue of Rs.5 lakh is expected.
122. As a measure to promote rubber based industries especially those in the small scale sector the following changes in the tax rate are proposed:
- i. Purchase tax on rubber by small scale industrial units in the State is proposed to be completely exempted when either local or central sales tax is levied on the products manufactured. Loss of revenue of Rs.2 crore is anticipated on this.
 - ii. Rubber is proposed to be exempted from turnover tax and the rate of purchase tax on rubber is proposed to be increased from 6% to 7%. Increase in revenue of Rs.2 crore is expected from this.
123. Now I propose some other measures to give an impetus to the industrial growth of the State:
124. Concessional rate of 4% sales tax on goods purchased for use in the manufacture of goods is proposed to be made available to all manufactures even if the goods manufactured are consigned and despatched to branches outside the State. Rs.1crore is the anticipated income.
125. To promote soap manufacturing units, I propose to reduce the tax on coconut oil purchased by them from 2% to 1%. Fall in revenue is Rs. 25 lakh.

Trade Promotion

126. (i) Exemption from payment of central sales tax will be granted to pepper, dried ginger and arecanut, concessions for which expired on 31-3-1991. No loss of revenue is expected.
- (ii) P.V.C.cloth will be excluded from entry 152 of the First Schedule as Supreme Court has held that it is exempted from payment of tax.
- (iii) Central Sales tax on aluminum extrusions and electronic goods are proposed to be reduced from 10% to 4%. Additional revenue of Rs. 25 lakh is expected due to increase in trade.
- (iv) Central sales tax on power tiller is proposed to be reduced to 2% from 10% so as to enable the manufactures in the state to compete in the all-India market.
- (v) Sale of products of Integrated Rural Development Programme through 'KERAMS' is proposed to be exempted from sales tax. Loss of revenue of Rs. 10 lakh is expected.
- (vi) I propose to reduce the tax on foam rubber sheets, cushions, pillows and other articles made of foam rubber to 8% (5% on first sale and 3% on the last sale) from 17% to help the manufactures in the state to meet outside competition.
- (vii) I propose to reduce tax on paper from 8% to 4% and newsprint from 5% to 4%. Loss of income of Rs. 1 crore is anticipated. This is done to

encourage printing industry.

Simplification of Procedure

127. (i) I propose to exempt persons who start business with loans taken from financial institutions under self employment scheme from payment of sales tax and from taking sales tax registration for a period of two years provided their turn over does not exceed Rs. 2 lakh and do not have inter-state sales. Rs 10 lakh is the expected loss.

(ii) Tax on works contract remains to be a difficult tax to compute. Considering this I propose to introduce a compounding system of payment of taxes on civil works (construction of buildings, bridges, roads and dams) at the rate of 1 1/2% of the whole amount of contract. The tax is proposed to be deducted at source and remitted against each payment including advances. Revenue of Rs.5 crore is expected.

(iii) Rate of tax on mosquito repellants is proposed at 5% on first sale instead of 5% on all points. No loss of income is expected.

(iv) Government is aware of hardships of the traders in getting sales tax registration. Here I propose to implement the Vadakkal Commission's recommendations, that is, issue of registration certificate within 15 days, if necessary, by amending the law.

Restructuring of sales tax rates

128.(i) I propose to make the following classifications to avoid ambiguity.

- a. Beverages like Horlicks, Boost, Bournvita, complan etc to be entered under entry 127 of Ist schedule.
- b. Fibre glass products to be classified along with the item fibre glass.
- ii. Turn over tax on pepper, arecanut and dried ginger is proposed to be reduced to 0.25% from existing 0.50%, to be levied at all points.
- iii. Rate of tax on mineral water is proposed to be 10% at the first sale instead of 5% multipoint.
- iv. I propose the changes in taxation structure of following items which are now taxed at the point of first sale.

	Item	Existing rate	Proposed rate		
			First Sale	Last Sale	Total
a	Vacuum cleaner	10%	10%	5%	15%
b	Typewriters and electronic typewriters	15% & 4% respectively	10%	5%	15%
c	Laminated sheets, expanded polystyrene of all types	17%	10%	5%	15%
d	Plywood, veneers, hardboard etc.	12%	5%	5%	10%
e	Suitcases, briefcases made of plastic, nylon, leather or moulded materials	11%	6%	5%	11%

129. From the above measures I expect an additional revenue of Rs.2.4 crore.

Additional Resources Mobilisation

130.(i) I propose to levy turnover tax on Indian made Foreign Liquor at the rate of 2% on all sales by all dealers. Additional revenue of Rs.12 crore is anticipated.

- ii. Rate of tax on arrack is proposed to be enhanced to 50% from 45% Rs 50 lakh is anticipated income.
- iii. Rate of tax on titanium dioxide anatase is proposed to be increased from 15% to 20%. Additional revenue of Rs. 2 crore is expected.
- iv. Raw materials except natural rubber used in the manufacture of tyre, tube, etc., namely synthetic rubber, wire, valves etc., are proposed to be taxed at 4% tax on first sale. Rs. 50 lakh is anticipated here.
- v. Cochin Refineries was distributing petroleum products through Indian Oil Corporation till last year. Last Year they had adopted direct billing system leading to loss of revenue to this State. This was sought to be covered by enhancing the turnover tax from 1.4.1991 on petroleum products from 1.5% to 3%. But even this was not sufficient to cover the loss. I propose to enhance the turnover tax on petroleum products to 4%.
- vi. Though jewellery sales in Kerala is a thriving business, the tax revenue from this item is not in proportion to the total business. In order to discourage this tendency, it is proposed to reduce the tax on jewellery from 5% to 3%.

Gold bullion is now taxable at 2% whereas old gold purchased is exempted from tax. I propose a tax of 2% on the purchase of old gold. An additional revenue of Rs. 10 crore is expected from these measures.

- vii. Light commercial vehicles, heavy commercial vehicles, chassies for trucks and buses are proposed to be taxed at 3% instead of 4%, at present. This is to attract business to Kerala. Anticipated income is Rs.4 crore.
- viii. Luxury tax on hotels and lodging houses were fixed in 1976 payable by occupants on a minimum rent of Rs. 15 per day. I propose to increase the exemption limit to Rs.25 per day. The present rate of tax of 7.5% will be retained for rents in the range of Rs.25 to 40. For range of Rs 40 to 75, tax is proposed at 10% and for rent above Rs. 75, the rate of tax is proposed to be 15%. For air-conditioned rooms the rate of tax is proposed to be 20%.

I also propose compounding facility to assesseees by fixing yearly tax at 90% of the full capacity occupancy payable in monthly installments. The assesseees who opt for compounding will be exempted from use of sealed bills and detailed billwar particulars. I expect an additional revenue of Rs. 1 crore.

- ix. In order to protect the interest of common people who come in contact with the money lenders, I propose the following changes.
 - a License fees and renewal fees will be increased to Rs. 5000 for licensees whose aggregate amount used for lending in a year is more than Rs. 1 lakh
 - b Security to be furnished by the licensees will be as per the following scheme:

Amount used for lending in a year (Rs. in lakh)	Security (Rs.)
Up to 1 lakh	10,000
1-10 lakh	50,000
10-25 lakh	2 lakh
Above 25 lakh	2 lakh for every 25 lakh or part thereof

Mutual benefit funds and companies which lends money and which are not sponsored by the State or Central Governments or nationalised banks will be brought under the purview of Kerala Money Lenders Act as it is found that some money lenders are advancing funds after collecting nominal membership fees and claiming themselves to be mutual benefit funds to escape from Money Lenders' Act.

Renewal of license under Money Lenders Act is proposed to be made for five years at a time provided renewal fees for this period is remitted along with the application.

By these measures an additional revenue of Rs. 1 crore towards license fee and Rs.5 crore towards security deposit are expected.

After the withdrawal of the concept of minimum value on land there are complaints that land is shown to be conveyed at under valued rates. I propose to increase the stamp duty on conveyance charges of immovable properties from 7 1/2% in Corporation and Municipality areas to 8 1/2 % and from 5% to 6% in Panchayat areas. This is expected to yield Rs. 7 crore.

131.I wish to state that sales tax is the major source of income of the State and as a measure to unearth evasion of tax, I wish to amend rules for giving rewards to the informants suitably and to enhance the maximum limit of reward from Rs.2500 to Rs.25,000 within the present rules.

Resources Commission

132.A Resources Commission will be appointed in order to study the means to encourage trade, industry and export sectors, to suggest restructuring of tax administration to enhance the State's revenue and to increase overall resource mobilisation capacity of the State.

133.**Forest Revenue:** This Government has decided to resume selection felling of forest trees, as this is consistent with scientific management of forests and will not have any adverse impact on our environment. Without selection felling, old trees will decay and fall in course of time and such fallen trees will have no timber value. By a well through out plan of selection felling it will be possible to add to the revenues of the State, without doing damage to the forests. I expect an additional income of Rs. 25 crore on this account this year.

134.**Small savings:** The potential for small savings collections in the State is still to be fully tapped. With the active involvement of local bodies in this effort, as I stated earlier, it would be possible to increase small savings collections. Intensive efforts will be launched in this direction in the months that follow. An additional income of Rs.20 crore is expected on this account.

135. **Lotteries:** Government intend to convert two fortnightly lotteries into weekly

lotteries in the near future. The additional income anticipated on this account is Rs.1 crore during the current year.

136. With all these additional resource mobilisation efforts, I am not able to close the deficit and I have, therefore, to present a deficit budget, the deficit being Rs.55.11 crore. The attempt, however, will be to reduce this deficit to the extent possible in the course of the year. This will be done by (i) intensifying collection of arrears of revenue (ii) taking effective steps to prevent leakage of revenue (iii) enforcing strict economy on non- development expenditure and (iv) identifying the revenue-raising measures which will not directly affect the life of the common man.

137. The summary position of the Budget estimates is indicated below:-

(Rs. in crore)

	Revised Estimate 1991-92	Budget
Revenue Receipts	2690.36	
Revenue Expenditure	3097.45	
Deficit	(-)407.09	
Capital Receipt	1443.02	
Capital expenditure	1413.33	
Surplus	29.69	
Public account Net	261.93	
Overall Deficit	(-)115.47	
Carry over deficit	(-)100.01	
Cumulative Deficit	(-)215.48	
Net Yield from A.R.M. announced earlier	85.55	
Additional Receipts towards plan		
Expenditure on additional measures announced earlier	82.00	
Including loss of revenue	13.48	
Commitment including loss of revenue now announced	88.45	
Additional Resources mobilization now announced including		
Improvement under small savings	94.75	
Closing Deficit		(-)55.11

138. I stated at the outset that the country is passing through a period of crisis. History proves that nations which have survived attained amazing growth and progress afterwards. Japan and Germany which were devastated during the II World War are the best examples. When compared to the desperate situation they had to overcome, the problems faced by India is not so grave. None of the problems faced by India are insurmountable if the various sections and parties of India co-operate keeping in view the nation's integrity and progress. The only thing is that co-operation should not be reduced to mere lip service. Mahatma Gandhi, the exponent of Non co-operation Movement said: "My non co-operation is only an index to my sincere yearning to materialise real co-operation instead of the hypocrisy practiced by the British in the pretext of co-operation". It is on this

- touching and constructive co-operation referred to by Gandhiji that we have to lay stress.
139. We are not claiming that we will solve all the problems faced by the State at a stretch. But we have good intention, attitude, ability to work hard and to adopt good ideas. Taking our stand with confidence on this foundation, I appeal to one and all to co-operate whole heartedly in our attempt to extend relief and satisfaction to the people by solving the problems which we are confronting now.
140. I present the revised Budget Estimates and proposals for the year 1991-92 for the consideration and approval of the House. A 'Vote on Account' for the first four months of the financial year has already been passed by the eighth Legislative Assembly. Since there is no time for Grant by Grant discussion and voting, I propose a Vote on Account for the months August and September before the House.

Jai Hind

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