



BUDGET SPEECH FOR 1994-95

OOMMEN CHANDY

18th March 1994

Sir,

I rise to present the Budget for 1994-95.

3. In line with the political, social and economic changes taking place the world over, conscious efforts are being made in our country to bring about the desired changes. Even as the benefits of liberalisation and globalisation are becoming increasingly evident on the economic front, international conspiracies are taking place to stifle India politically and economically. In a democratic set-up, the strength to face these challenges have to be drawn from the people themselves. The results of the recent bye-elections in North India give us greater confidence to carry on our activities to survive the challenges we are facing. The challenges posed by the communal fascist forces have been shaking the secular fabric of our country and impairing our efforts on the economic front. The unease caused by communal disturbances has retarded the economic growth of the country. But the set-back suffered by the communal-fascist forces and the success of the secular and democratic forces in the bye-elections have kindled the hope for a new political and economic environment. The results of the by-elections have made it clear that the people unreservedly hate politics based on communalism. The campaign, that the Central Government headed by Shri Narasimha Rao is a minority Government has also become irrelevant. These new developments will help to increase the self-confidence of the nation and strengthen the hopes for the future.
4. At this stage, I consider it necessary to have a quick look at the economic achievements of the country. Three crucial years of our economic reforms are over. The Government of India is engaged in the onerous task of putting the Indian economy, which had been reduced to shambles, on firm foundations. Foreign exchange reserves, which were not enough for even a week's imports in June 1991, have increased to more than \$1400 crore adequate for about seven months imports. Moreover, the decision to prepay \$140 crore of the I.M.F. loan has helped to substantially improve the country's image in the comity of nations. According to the latest assessment, foreign investment in India during 1993-94 will be of the order of about \$300 crore. Introduction of full convertibility on the current account is a major step towards globalisation.
5. The fact that, apart from the external front, the Central budget for 1994-95 contains several measures for revitalising the Indian economy that was caught in the vortex of industrial recession deserves special mention. The further cuts in customs and central excise duties in respect of a host of raw materials and industrial products are meant for preparing the Indian industry for global competition by reducing the manufacturing costs. The reduction in lending rate by 1 per cent and the decision to totally restructure the rural lending schemes are measures meant for the recovery of the Indian economy. That it has been possible to contain inflation at 8% and that We have now food stocks of about 24 million tonnes are facts to be specially mentioned in this context.

Sir,

6. Against this background, let me point out how the Central budget would affect the State. The increase in subsidy for foodgrains and fertilisers in addition to removal of controls in

the movement of foodgrains will be a boon to a food-deficit State like Kerala. This will help to bring down the prices of foodgrains in the market. Schemes for revival of 50 rural banks and for restructuring of the co-operative sector are bound to benefit our State. Kerala is, perhaps, the State to benefit most from the decision of the Central Government to enhance the budget provision for horticulture by 42 per cent. Likewise, there is 40 percent enhancement in the Central budget for rural development, as also for rural employment generation programmes. Needless to say, this will also help us a lot.

7. The Central budget will be helpful in the effective implementation of the industrial policy adopted by the State. The cut in indirect taxes, reduction of corporate tax to 40 per cent, reduction in lending rate etc., are measures that will make the industrial sector more dynamic. The permission to retain 25 per cent of their foreign exchange earnings in foreign currency is highly beneficial to the exporters of our State.
8. Cash crops are undoubtedly the mainstay of Kerala's economy. I do not wish to hide or forget the fact that the free market system may adversely affect the prices of some of our cash crops. Government propose to prepare a report on this based on an indepth study.

Sir,

9. In the previous Budgets of this Government several creative steps had been taken to revitalise the economy of our State. I am happy to say that it has yielded demonstrably positive results. The State domestic product has increased to Rs. 16,945 crore in 1993-94 from Rs. 15,082. crore in 1992-93. It is a matter of pride that the increase is 12.35 per cent compared to last year. This is not merely on account of rise in prices. Even at constant prices, the increase in State domestic product is 7.67 per cent. Per capita income has also recorded an increase of 6.23 per cent at constant prices. This is not only a rare achievement but also an all-time record.
10. The main reason for these achievements is our performance in sectors like agriculture, milk-production and industry. Production and productivity of paddy and coconut have increased. There has also been - considerable increase in respect of crops like turmeric, arecanut coffee and rubber.
11. The industrial policy aimed at rapid industrialisation of the State has started yielding results. It is based on the realisation that the industrialisation of Kerala is largely dependent on small scale industries that we are going ahead with the objective of establishing 30,000 small scale industries in two years, time.
12. Even though there are many solid achievements which deserve to be mentioned, I would like to invite the attention of the House to some special and critical problems faced by the State. Unemployment of the educated still continues to be a problem that defies solution. As many as 43 lakh people are on the live registers of our employment exchanges. The energy problem is also equally critical. The per capita consumption of electricity in Kerala is 198 units whereas the all India average is 380 Units. It is, absolutely necessary to redress this situation for the growth of the State.
13. A serious responsibility of the State is to keep up the creditable achievements in the fields of primary education, higher education and public health and also to improve their quality which is going down day by day. Needless to say, at a time when rapid changes are taking place in the scientific, technical and medical fields, there should be corresponding changes in our State as well. It has become absolutely necessary to find funds from those who can afford, by way of education cess for general education, fees for higher education, service charges for hospital facilities etc. It is necessary, not merely financially but also historically, to restructure the social service sectors in general by limiting concessions to the really needy people.
14. I would like to draw your attention to one more problem. Kerala stands foremost among all the states in deposit mobilisation of Banks. Bank deposits in Kerala have increased from

Rs. 10,646 crore to Rs. 13,314 crore during the period September 1992 to September 1993, an increase of about 25 per cent. About half of this is N.R.I. deposits (i.e. deposits which earn foreign exchange). Nevertheless, in 1993 the credit – deposit ratio has fallen to 44 per cent. The Reserve Bank has appointed a task force to go into the reasons for this. Several practical steps will have to be taken based on their report.

15. At this juncture, we, hope that the X Finance Commission will pay special attention to this peculiar situation. The Government have submitted a detailed memorandum to the Commission. The Commission is expected to visit the State shortly. I request everyone to present our problems before the Commission, irrespective of party considerations. I am sure that there will be the co-operation and support of one and all in this matter.
16. I would now like to enunciate the basic objectives in the preparation of this Budget. First, introduce effective corrections on the financial front. Second, carry-forward, with greater strength, the achievements of the economy and revitalise the productive sector. Third, devise our programmes in such a way as to make the best use of the developmental policies and programmes of the Central Government.
17. It has been possible for us to move forward for the last more than two years with determination, to take necessary measures to correct the financial situation that had gone away. A series of measures aimed at economy in expenditure have been implemented. Our achievements as regards additional resources mobilisation are not small. It was indicated in the budget speech for 1992-93 that the year-end deficit would be Rs. 106. 17 crore. That it has been possible to bring it down to Rs. 83.64 crore has to be seen as an achievement in the field of financial administration. During the current financial year the, deficit will be lower than the estimate. I will be dealing with this aspect later in this speech.
18. It is necessary to point out certain aspects relating to the annual plan. The annual plan outlay for 1992-93 was Rs. 913 crore, but it had to be reduced to Rs. 791 crore as a result of the financial crisis and the diversion of funds for flood relief etc. There has been no such situation during the current year. We have mobilised enough resources to fund a plan of Rs. 1003 crore. The plan outlay for 1994-95 is Rs. 1260 crore. This is 25.6% more than last year's outlay. The emphasis is on productive sectors like energy, agriculture, industry etc. Out of this plan outlay, 24 per cent is for development of energy, 14% for agriculture and 13% each for industry and irrigation. The allocation for energy is up by 47% and that for industry is up by 34%.
19. Now, I would like to make a review of activities of the various departments during the current year and also deal with the main features of the Budget for 1994-95.

Agriculture

20. The objective of the Agricultural Policy announced by the Government in 1992 is the welfare of the farmers and the development of the agricultural sector. Accordingly, basic changes were made in the approach, content and implementation of the agricultural development schemes and larger funds than ever before were provided for this purpose. The increase in the production and productivity of the principal agricultural crops such as paddy and coconut is a result of this.
21. An intensive programme for reviving paddy cultivation, which has suffered a set-back, will be implemented this year. The intention is to increase the production of rice by 1 lakh tonnes. Programmes costing Rs. 20 crore in Palakkad and Rs. 5 crore in Wayanad will be formulated to achieve this objective. The activities of the Kole Development Agency will be speeded up. The Kuttanad Development Authority will come" into being this year. The existing pumping contract system will be revamped and the formalities for getting subsidy will be simplified. Arrears of pumping subsidy will be cleared during the year. In order to promote paddy cultivation, instructions have already been issued for payment of subsidy @

- Rs. 250 per hectare. Paddy procurement programme will be extended to more areas. A modern rice mill with a capital investment of Rs. 3 crore will be set up in Thrissur District for dehusking the procured paddy. During this year, an amount of Rs. 40 crore is set apart under various items for the development of paddy cultivation.
22. At a time when edible oils are available in plenty and many other States have popularised coconut cultivation, the coconut cultivators in the State can face the competition only by increasing productivity. For this, an integrated coconut development scheme will be implemented during this year. An amount of Rs. 60 crore will be spent on these items.
 23. As part of the programme selling new products and by-products such as copra and coconut oil, the range of activities of KERAFED will be extended. The Coconut Development Corporation which is now dormant will be absolved of their major liabilities and handed over to the KERAFED subject to certain specific conditions.
 24. A comprehensive scheme costing more than Rs. 16 crore will be implemented in one lakh hectares of land to protect pepper cultivation which is on the decline due to the quick wilt disease. An amount of Rs. 162 lakh has been set apart for cashew cultivation.
 25. An amount of Rs. 50 lakh has been provided for irrigation facilities and for controlling the Mahali disease affecting arecanut trees and thereby increase the productivity of arecanuts. A special package scheme will be implemented for the prevention of the peculiar arecanut disease found in the Kappimala area of Kannur District.
 26. For horticulture development, a National Orchid Centre, including a tissue-culture laboratory will be set up in Thiruvananthapuram. It is also proposed to start a herbal plantation extending over 300 hectares.
 27. Taking into account the rise in price of fertilizers and scarcity of compost, an organic manure plant with a capacity of 2000 tonnes per annum and a bio-fertilizer plant will be set up in Pathanamthitta and Palakkad districts respectively during the year.
 28. To take care of the interests of small and marginal farmers every family of farmers will be treated as a single unit and the necessary technical and financial assistance will be made available to them with a view to ensure their prosperity and well being. For this purpose a "Panchaka Project" costing Rs. 30 lakh which will, besides crop protection, integrate production of milk, eggs, meat and fish will be implemented from this year. At least 30,000 agricultural families spread over 15 panchayats will benefit from this project.
 29. Rise in prices of agricultural products will go to increase the profit margin of the farmers and encourage agro-based industries, particularly food processing industries. Seventy processing units and five training centres will be started during 1994-95. To give necessary guidance and to provide the required technical and financial assistance to these units, a State-level "Multi-Disciplinary Action Group" will be set up.
 30. The Agriculture Department has already taken over Trivandrum Rubber works which had ceased to function. It is proposed to start five rubber-based industrial units. It is expected that there will be an investment of Rs. 10 crore for this. Steps are nearing completion for setting up a foley catheter factory with a foreign capital investment of Rs. 4 crore in Kollam District.
 31. Kerala Wood Industries Ltd., which has been at a standstill will be rehabilitated. It is also proposed to process rubber wood which is available in plenty in Kerala. There is also a proposal to convert this as a production cum-training centre. A sum of Rs. 25 lakh is set apart for this
 32. We have not been able, as yet, to protect fully the farmers from the loss and destruction of agricultural crops caused by natural calamities and diseases. To solve this problem, a comprehensive crop insurance scheme will be implemented from this year.

33. The main problem faced by farmers is the fall in the price of agricultural produce. Agricultural Prices Board, set up to ensure price stability in relation to cost of production, is functioning effectively. The Government of India has already given permission to implement the regulated market system in the State. A Market Stabilisation Fund will be constituted to ensure stability in prices through a market intervention scheme as and when prices fall Rs. 2 crore is set apart for this.
34. To ensure better availability of the services of the Kerala Agricultural University in the northern districts of the State, a College of Agriculture will be started in Kasaragod district. Rs. 1 crore is set apart for this.
35. A diploma in meat-processing course will be introduced in the Kerala Agricultural University. This course, which has employment potential even outside the State, will be the first of its kind in the country. Rs. 10 lakh is set apart for this.

Animal Husbandry and Dairy

36. Almost 60 per cent of the cows in Kerala are of the hybrid variety. This will be gradually increased to 75 per cent. For this, artificial insemination will be raised to 16 lakh during 1994-95. Besides, in order to make available cows with greater fertility and which yield larger quantity of milk, 60 centres will be set up for insemination using semen imported from foreign countries. A laboratory having all modern amenities will be established at Mattupetty with techno-economic assistance of the National Dairy Development Board and the Swiss Government at a cost of Rs. 1 crore. Along with that, in all districts one embryo transplantation centre each will be set up. Those belonging to the weaker section will be given financial and technical assistance to rear hybrid varieties of calves. A sum of Rs. 300 lakhs has been provided for this.
37. An intensive programme will be implemented to enrol as members of Co-operative Societies as many milk producers as possible. A special milk production scheme with an investment of Rs. 12 crore and which will be completed in three years will be started this year in Palakkad District where favourable condition exist for milk production. 500 units will be opened to produce dairy products by giving training and making available the necessary equipments to women.
38. The hatchery at Kudappanakkunnu which has a capacity to produce eight lakh broiler chicken and the hatchery at Kottiyam having a capacity to produce six lakh layer chicken annually will become functional this year. 28 units to produce and rear chicken through small hatcheries by giving training to women will be set up.
39. Steps have been initiated to start a modern cattle feed factory with, a capacity of 500 tonnes per day and an investment of Rs. 60 crore in Thrissur District.
40. An "Egg Cart Scheme" to supply egg products hygienically and at fair price to consumers will be started at a cost of Rs. 30 lakh.

Industries

41. The speedy progress of the industrial sector is necessary for increasing employment opportunities and raising the per capita income of the state. But the old planning strategy of attempting industrial development by starting more ventures in the public sector, finding additional resources by increasing the taxes has proved impracticable. Government have therefore adopted the policy of attracting investment through other methods in this field.
42. There has been significant progress in, the field of industrialisation after the announcement of the new industrial policy in September 1991. The share of the industrial sector in the annual income of the State, which was 26.3 per cent in 1990-91, has risen to 27.5% in 1992-93. During this period 22708 small scale industries were newly registered in the State. 1,29,000 new employment opportunities were thus created. As a result of the vigorous

- industrial programme set on foot in February, 1993, over 14000 units were registered in the State during the 12 month period till January, 1994. Besides, entrepreneurs have come forward with several large-scale projects. Of this, the Knitwear Unit and the Agro Processing Unit in Palakkad district are noteworthy. In addition, a beginning has been made for the implementation of schemes like the mineral processing, hydrogen peroxide, thread rubber processing plants, Ferrocilica, activated carbon, tube oil blending plants and spices processing plant. An investment of over Rs. 1200 crore has been estimated on this account. Besides, various major projects involving a total capital of Rs. 2130 crore are on the anvil.
43. The Kerala State Industrial Development Corporation has set a target of 60 new projects involving a capital investment of Rs. 240 crore. The Corporation also intends to enter the field of merchant banking and venture capital leasing.
 44. Speedy action is being taken for the reorganisation of the Public Sector Undertakings in tune with the declared development policy of the State Government. A public Sector Restructuring Board has been constituted for the purpose. The number of profit earning Public Sector Undertakings has risen from 16 in 1991 to 27 in 1993. It is proposed to enlarge the activities of these undertakings and also to give them more functional freedom. They will be permitted to enter the stock exchange for capital mobilisation.
 45. During this year a Nickel Cadmium Battery Project in Kottayam District and a Brushless Alternator Factory in Malappuram District will be established under the auspices of the KEL. As part of the expansion programme of the Malabar Cements, two grinding units will be started in the Northern districts. A new Sulphuric acid plant in Travancore Titanium Products and Caustic Soda Plant and Synthetic Rutile Plant in Travancore Cochin Chemicals will be established. Steps will be taken for the expansion and modernisation of Sitaram Mills, Travancore Cements and Kerala Automobiles.
 46. The Kerala State Electronic Development Corporation will be reorganised. Under its auspices, an Electrode Equipment Factory will be set up. The Kerala Textile Corporation will open a new Spinning Mill in Kozhikode District. The investment from all these is expected to be Rs. 310 crore.
 47. In the coming years, developmental schemes with an investment of Rs. 1000 Crore will be implemented in the Central Public Sector undertakings in the State. These include the Rs. 618 Crore Ammonia Project of the FACT and the Rs. 318 Crore Benzene Project of Cochin Refineries
 48. In order to increase the basic infrastructure facilities for paving the way for the rapid Industrial development of the State, Kerala Industrial Infrastructure Development Corporation with statutory powers has been constituted. Under its auspices, an export promotion industrial park having an extent of 200 acres in Ernakulam, an industrial township of 750 acres at Kanjikode in Palakkad District, growth centres having capital investment of Rs. 79 Crore at Alappuzha, Malappuram, Pathanamthitta, Kozhikode and Kannur and 2 Mini Industrial Estates of 50 acres each will be started. Rs. 23.2 Crore has been earmarked for KINFRA in the budget 1994-95.
 49. The Electronic Park nearing completion in Thiruvananthapuram will become operational by mid-1994. A new Technology Park will be started in Malappuram District. Their services will be utilised to the maximum extent possible for the development of Hi-Tech Industries.
 50. Industrial Employment Generation Fund Bill is being given its final shape. This will be enacted as early as possible.
 51. Steps are being taken to make the traditional industries, especially coir, cashew and handloom sectors more action-oriented by providing modern techniques and equipping them for running profitably. All restrictions and levy imposed on coconut husk have been

- lifted. It is proposed to start 100 defibering units in the northern districts and 200 units for manufacturing coir products all over the State with the assistance of National Co-operative Development Corporation and Central Government. Preparatory works for establishment of the "Centre for Development of Coir Technology" intended for research and development of coir products, has been completed.
52. Maximum help will be extended to the farmers for increasing the local production of raw cashew. Plantation status will be conferred to the cashew farmers by amending the Kerala Land Reforms Act, and financial assistance will be provided to the Cashew growers. Certain special programmes for increasing the income of cashew workers and the members of their family will be formulated.
 53. In order to revitalise the handloom sector a scheme will be evolved for payment of subsidy to weavers for purchase of yarn. An integrated handloom village project for weaving and processing a handloom development centre and a computer design centre will be started. The existing rebate scheme will be thoroughly revised to make it fool proof.
 54. It was proposed to establish four textile mills under the auspices of the TEXAFED. Those yet to be opened will be established at Thrissur and Kasaragod. An amount of Rs. 2 crore is provided for this.
 55. For the development of the Khadi sector, an amount of Rs.22.08 crore has been spent during the last financial year. As a result of this, it was possible to provide additionally employment to 14,626 persons. In order to strengthen the Khadi sector emphasis will be given to establish readymade units and cotton processing centres, to provide weavers new warps and to establish more marketing centres. During the next three years, it is proposed to create 50,000 additional employment opportunities in this sector.
 56. It is proposed to evolve comprehensive schemes to enable utilisation of the mineral resources of the State which remain comparatively unexploited. A Rare Earth mining plant and synthetic rutile plant will be established in Kollam District. During the current year, a gold mining exploration scheme will be started in Nilambur area at a total expenditure of Rs. 150 lakh by the Kerala Mineral Development Corporation in collaboration with French Government. For the scientific exploitation of granite and the mining of lignite, special schemes will be started in Kannur district. For Exploration works of mining of minerals, an amount of Rs. 3 Crore is set apart during the year 1994-95. Last year, it was only Rs. 1 Crore.

Power

57. The Power Sector enjoys the lion's share of the Annual Plan Outlay in the budget. The Government gives top priority to the schemes for solving the power shortage which hamper the comprehensive development of the State. I would like to point out that this Government have been able to solve to a certain extent the stagnation in power generation experienced for the last seven years. The power generation from Hydro Electric Projects remained constant at 1476 M.W. since 1986-87. Marking a departure from this plight, 7.5 M.W. power was additionally generated during the current year. This small but noteworthy achievement was made with the commencement of power generation from the Kallada Project 1st stage. With the completion of the 2nd stage of this project the power generation will rise to 15 M.W. Besides, the first power project in the private sector, the Maniyar project (12 M.W.), will commence power generation within the next two months. The construction works of the World Bank assisted 180 M.W. Lower Periyar Project is progressing fast. The project is expected to become operational by December 1995. The construction work of the 50 M.W. Kakkad Project is also progressing fast enough to be completed by March 1996. The minor projects like Malampuzha, Mattupetty and Peppara

will be completed during 1994-95 itself. From all these projects 256 M.W. electricity will be available.

58. I am glad to say that it is under this Government that Kerala moved into the age of thermal power. The construction of the 100 M.W. Brahmapuram diesel plant was started this year. The work is progressing well power can be generated from this project by the end of 1995. Preliminary steps have been taken to start two 180 M.W. diesel projects at Kozhikode and Kasaragod. Construction activities in respect of these projects will be started this year itself. Power can be generated from these projects within the next two years.
59. The 240 M.W. Pooyamkutty Hydro Electric Project which has been cleared by the Planning Commission in 1986 has now to get the approval of the Central Ministry of Forest. An expert Committee from the Centre visited the project area recently. The Government have given an assurance to the centre that it is willing to undertake afforestation of more than twice the forest area that is likely to be lost on account of this project. The State Government is averse to any compromise in the matter of securing approval for this project which is of crucial importance for the future development of the State.
60. Government are making determined efforts to ensure that the Kayamkulam Thermal Project is not delayed further. The funds required for the Kuttiyadi Extension Project which is expected to cost Rs. 46 crore will be raised from financial institutions. The progress of action in respect of Southern Gas Grid is promising.
61. Specific projects have been formulated to solve the power problems in Malabar area. In addition to the Kuttiyadi Extension and diesel projects in Kasaragod and Kozhikode priority has been given for construction works meant for obtaining via Kasaragod Kerala's share of power amounting to 100 M.W. from central nuclear project which is nearing completion at Kaiga in Karnataka.

Irrigation

62. Government are making an intensive drive to maximise food grains production by providing irrigation facilities. The existing Schemes will be completed in a phased manner and new irrigation Schemes will be devised. In future, in order to prevent the recurrence of financial liability to government, as in the past due to the delay in completion of irrigation schemes, the time bound programme formulated to complete the irrigation schemes will be strictly implemented. Steps have been taken to commission 11 Major-Medium Irrigation Projects out of the existing 14 projects before 1996-97. The Pamba, Periyar valley, Chittoorpuzha and Kuttiyadi Projects which have an irrigation potential of over 2 lakh hectares have been completed. They have been included under the CADA. The Pazhassi and Chimney projects which were begun long back will be completed and the Moovattupuzha Project will be partially commissioned this year.
63. The preliminary work in respect of Vamanapuram project which would enable 'Irippu' cultivation in 8000 hectares in addition to providing drinking water in 3 taluks has been completed. The construction of this project will be taken up as and when the forest land at the dam site is made available.
64. Investigation work in respect of the Chaliyar Project which would provide irrigation facilities, drinking water and hydel power to an extent of 108035 hectares in the districts of Malappuram and Kozhikode will be completed during the year.
65. Government propose to give special importance to minor irrigation schemes yielding quick results. Government could complete 243 Minor Irrigation Projects. The work in respect of 408 projects is in progress. Out of this 141 projects will be completed during the year. Thus irrigation facilities could be extended to 14,275 hectares of land.
66. Schemes for providing irrigation facilities under the Minor Irrigation Scheme to an aggregate area of 17125 hectares will be taken up next year. This will include 3150 hectares

- under lift irrigation, 1250 hectares under Jaladhara Schemes, 8100 hectares under Class I Check dam Schemes and 4625 hectares under Class II Schemes.
67. The Jaladhara Scheme formulated by the Government without the involvement of contractors and implemented with the whole-hearted participation of the public has been a great success. 59 Jaladhara Schemes spread over the State have been completed. 88 Schemes are nearing completion. Jaladhara Schemes which have to be completed during the same year of their adoption will be continued next year also.
 68. All the Irrigation Schemes have hitherto given importance only to paddy cultivation. Irrigation facilities are totally inadequate in the field of cash crops. Therefore, special minor irrigation Schemes will be formulated for the cash crops. Jalavahini Project which will provide Irrigation facilities in 40,000 hectares will be implemented during the next year with assistance from the European Economic Community. 459 ponds will be modernised and 31 Lift Irrigation Schemes started in various districts under the Scheme. A River Authority will be set up for the preservation of rivers and development of river banks.
 69. The construction work in respect of Thottumukhom Scheme in Thrissur District and Manjummel Regulator-cum-Bridge in Kalamassery will be started next year. Provision of Rs. 50 lakh each (total Rs. 1 Crore) is set apart for this.
 70. The committee appointed to submit recommendation to find permanent solution to save the Thiruvananthapuram city from flood damages has submitted its report to Government. A comprehensive plan of action which can be completed in two years time, will be launched this year. Rs. 2 crore is set apart for this.
 71. The Social Irrigation Scheme proposed to be implemented in the State with Dutch assistance will be executed through the autonomous agency-'C' Pack Community Irrigation Project Agency, Kerala.
 72. The Scheme for tapping ground water, to the maximum extent will be formulated with a view to solve the problem of water scarcity. As part of this, modern rigs and accessories will be procured by the Ground Water Department.

Food and Civil Supplies

73. Our State has the most efficient consumer protection system in the country. The consumer protection courts in our State which have been set up to take decisions on the grievances of consumers have been rendering praiseworthy service in the State. But due to lack of certain basic facilities the Courts have not been able to take decisions in a number of cases. By providing additional staff and other facilities the working of these Courts will be strengthened effectively.
74. Essential commodities, will continue to be distributed through ration shops and Co-operative Maveli Stores. The loss of Civil Supplies Corporation arising from the sale of essential articles at reduced prices will be compensated. A sum of Rs. 5 crore is set apart for this purpose.
75. At present 563 Maveli Stores are functioning. The Civil Supplies Corporation has been running into loss since 1992-93 as a result of sale of essential articles at lower rates fixed by Government. A sum of Rs. 5 crore is set apart for compensating the loss.
76. The recent order of the Government of India increasing price of rice and wheat supplied through Food Corporation of India has caused difficulties. Even though the increase in price is justified as it is to ensure fair price to the cultivators, the Government has the responsibility to supply these articles to the public at the lowest minimum prices. An increase in the subsidy on food articles by the Central Government is the only remedy to the problem. We urge the Government of India to take suitable measures in the matter, having regard to the special features of our State.

Public Works

77. Government have taken special care to ensure that development process and programmes are not adversely affected even during times of acute financial difficulties. The consequent improvement in the quality of our roads is indeed noteworthy.
78. For accelerating construction activities and for taking up and executing works on a commercial basis an autonomous institution will be constituted.
79. The three roads viz;
 - 1) Puthiyangadi-Ullyeri-Perambra-Kuttiadi-Nadapuram-Irigannur-Peringathur-Panur-Kuthuparamba-Chovva By-Pass road;
 - 2) Perumpilavu-Pattambi-Perunthalmanna-Pattikad-Melattur-East Pandikad – Karuvalakkundu - Kalikkavu - Nilambur road; and
 - 3) Ernakulam - Eroor - Thrippunithura - Muvattupuzha - Thodupuzha - Mukkom - Melukavu - Erattupetta - Kanjirappally -Erumeli road will be declared as State Highways. The State Highway Ettumanoor – Pala- Erattupetta will be extended to Poonjar.
80. Government intends to take over parallel road to Sabarimala starting from Erumeli via Mukkututhara, Pamba Valley, Elappally – Plappally and ending at the Parking stand in Pamba. Completion of the Mannarkulanji – Chalakkayam road has solved to a great extent the transportation problems faced by the pilgrims to Sabarimala. With the construction of the proposed Erumeli – Pamba road, which has to be taken up with the prior permission from the Ministry of Environment and Forest, Government of India, it would be possible to solve completely the transportation problems to Sabarimala.
81. The Alappuzha – Arthungal – Chellanam road will be developed as per the coastal road Scheme. The inter state road Randamkadavu – Pookalam road in Kannur district will be taken over and works executed this year.
82. The Puppara- Thekkady road and Thiruvarpu-Kumarakom road linking the Kochi-Madurai national highway will be developed including it under the Tourism Promotion Scheme. To develop the Kadapra- Viyapuram sector along the Harippad-Thiruvalla road which links M.G. road with the National Highway and for construction of a bridge on this road, Rs. 50 lakh is additionally provided.
83. Hill Highway, linking the Hilly regions has been a long standing wish of the local inhabitants. The preliminary investigations in this regard conducted did not favour implementation of this project. Government proposes to complete the two link roads, not included under the 893 km. long proposed Hill Highway starting from Neyyar dam to Perala in Kasaragod district. As part of this, the road from Bhuthathankettu to Pothundy falling within the district of Ernakulam, Thrissur and Palakkad and the road from Pothukollu to Meppady falling under the Malappuram-Wayanad districts will be taken up and executed with the prior approval of the Ministry of Environment, Government of India. A detailed Investigation of the Hill Highway will be conducted. Rs. 50 lakh is set apart for this.
84. With the implementation of the Pooyamkutty Project, it would be necessary to construct the Thattekkad bridge on the road which links this area with Kothamangalam. This bridge will be jointly executed by the State Public Works Department and the K.S.E.B. Rs. 50 lakh is set apart for this.
85. Mini Civil Stations will be constructed in places like Quilandy, Manjeri, Chavakkad, Trippunithura, Chengannur, Mavelikkara, Cherthala and Sasthamcottah.
86. A programme has been chalked out to complete the Rs. 42 crore legislature complex within a period of 20 months. For this, Rs. 8 crore has been included.

Rural Development

87. About 9000 kms. of rural roads have been constructed in the State under the former NREP, RLEGP Schemes in the past and under the JRY Scheme at present. But these roads are in very bad shape in the absence of provision for the repairs and maintenance. Considering this aspect, the village road maintenance scheme will be implemented exclusively for maintenance of these roads. An amount of Rs. 2 crore will be provided for the purpose in addition to the existing provision of Rs. 1 crore
88. A sum of Rs. 1320 lakh has been provided for schemes like IRDP, TRYSEM, DWCRA meant for eradication of poverty. This amount will be utilised for helping 52,000 families to find self employment. Out of this 50 per cent will be set apart for Scheduled Castes and Scheduled Tribes. Under the DWCRA Scheme, it is proposed to extend financial assistance to 550 groups consisting of 10 or 15 women each. 7600 youths will be provided vocational training under TRYSEM next year.
89. Under Wage Employment Scheme Rs. 106.2 crore will be spent next year. As a result it is expected to generate 157.3 lakh man days of work.
90. The scheme for financial help for construction of houses and wells to Scheduled Castes and Scheduled Tribes under the Indira Avas Yojana will be extended to other poor people who are not members of the Scheduled Castes/ Tribes.
91. Our co-operative sector is one which has a strong foundation and extensive activities. Today, the co-operative movement has spread to all areas of social activity such as agricultural loans, marketing of agro-products, distribution of consumer products, housing etc. The approach of the Government is to make 'strong areas secure', 'strengthen the weaker areas' and 'identify new areas' under the co-operative sector.
92. Agricultural loans for Rs. 535 crore will be made available during 1994-95. Out of this Rs. 350 crore will be short-term loans. Rs.50 lakh has been earmarked for making the 'Marketing Co-operation' more effective and for strengthening Co-operative Marketing Federation.
93. Government have earmarked Rs.100 lakh for opening 515 consumer centres in 252 Panchayats in the districts of Thrissur, Ernakulam and Alappuzha.
94. Land required for opening the Co-operative Medical College in Kannur District has already been obtained. Preliminary steps for starting the College have been almost completed. It is hoped that the college will start functioning during 1994-95 itself. An amount of Rs. 200 lakh has been provided in the Budget for this purpose.
95. The Co-operative pension scheme declared by the Government will be implemented with effect from 3-6-1994.
96. Steps are being taken for opening a major tyre factor under the Co-operative Sector. It is intended to start the factory in Kottayam District, which is the main producer of rubber.

Fisheries

97. The Fisheries wealth of Kerala has to be exploited to the maximum to increase the employment opportunities, to meet the food requirements and to ensure increased foreign exchange. Fish farming is a sector which has to be developed along with fishing. Various programmes will be organised to exploit the potential for aqua-prawn farming in this State. Rapid advance is an urgent necessity in this sector in Kerala as well.
98. A research into aqua-prawn farming conducted under the auspices of the Agency for Development of Aquaculture in Kerala (ADAK) has proved to be a grand success. It was possible to produce two and a half metric tonnes of mature prawn from one hectare of land. This underscores the possibility of development of scientific prawn cultivation in Kerala.

99. Scarcity of prawn seed is the main impediment in the way of development of prawn farming in Kerala. In order to tide over this problem, new schemes have to be evolved immediately.
100. An amount of Rs. 50 lakh will be provided to MATSYAFED for establishing two prawn hatcheries each having a capacity of two crore prawn seeds per year.
101. 28 centres for production of fish seed and 12 tiny hatcheries for production of prawn seed will be started at convenient places in the State.
102. It would be quite advantageous if information collected through satellite remote sensing about regions in the sea where fish is concentrated or available is disseminated to fishermen instantaneously. A fax machine will be installed in each of the seven coastal district offices of the Matsyafed for this purpose. An amount of Rs. 2.5 lakh will be provided to Matsyafed for this.
103. Government also propose to introduce a scheme under which fishermen will be provided with appliances at concessional rates which will enable them to communicate danger signals when they face or about to face accidents while engaged in off-shore fishing.
104. In order to avoid silting up in ports and consequent accidents, dredging has to be done at the appropriate time. To facilitate the safe landing of boats on return from fishing, proper dredging has to be ensured. For this purpose, an amount of Rs. one crore is being set apart.
105. About 2.25 lakh women are engaged in the activities connected with fishing and fish marketing throughout the State. Special schemes will be drawn up for developing their activities and also for welfare measures. This will include financial assistance for fish marketing, training for pisciculture facilities. An amount of Rs. 25 lakh is set apart for this.

Local Administration

106. With the implementation of Panchayati Raj-Nagarpalika Act we will be leaving behind an important milestone in the process of decentralisation of powers. In the changed context the role of local bodies in the developmental process is vital. A 'Finance Commission' will be appointed to make suitable recommendations for providing additional resources required for discharging the new responsibilities.
107. Thiruvananthapuram, the State Capital, was once acclaimed to be the most beautiful city in India. Due to financial constraints the Corporation of Thiruvananthapuram is unable to keep up the serenity, beauty, standards of services and cleanliness at the optimum level. It is our responsibility to uphold the high standards and traditions befitting the State capital. With this end in view, it has been decided to constitute a "Fund for development of Capital City" and to contribute a sum of Rs. 1 crore towards this.
108. The main obstacle standing in the way of sanitary operations in Thiruvananthapuram Corporation is non-availability of suitable place for disposal of garbage. In order to fulfil the prime responsibility of keeping the capital city clean a grant-in-aid of Rs. 25 lakh will be given to the Corporation of Thiruvananthapuram for purchase of land for a dumping yard and allied expenditure.
109. In Kochi, Jose Brothers' Junction experiences the pressure of vehicular and pedestrian traffic at its peak. Corporation of Kochi plans to construct a sub way for averting accidents and easing the traffic at this place. A grant-in-aid of Rs. 50 lakh will be provided for this purpose.
110. Kozhikode Corporation has prepared a plan for beautification of 'Mananchira maidan' and adjoining areas in the heart of the city. As this is a scheme intended for improving the image of the city a grant-in-aid of Rs. 50 lakh will be provided for this purpose.
111. A sum of Rs. 5 crore is set apart during 1994-95 for completion of the developmental activities taken up under the scheme "Self reliant Panchayats" being implemented in 113 panchayats.

112. A new scheme will be launched with the co-operation of the panchayats for the reconstruction of houses built under the 'one lakh housing scheme' and for construction of houses for weaker sections of the society to whom house sites have been allotted by the panchayats. For the construction of houses at an estimated cost of Rs. 15,000, Government and the concerned panchayat would provide grant-in-aid of Rs. 1500 each. Balance amount of Rs. 12,000 required will be made available from financial institutions. A sum of Rs. 150 lakh is set apart for taking up construction of 10,000 houses under this scheme.
113. Steps will be taken for strengthening the 'Kerala Institute of Local Administration' for imparting training to the people's representatives regarding powers and responsibilities of local bodies consequent to implementation of Panchayati Raj-Nagarpalika Act.
114. Government have already received the report of the Special Officer appointed to study the details of "Hill Area Development Authority" proposed to be constituted for Districts of Malabar. A sum of Rs. 1 crore is earmarked for the activities of this authority to be formed during this year itself with its headquarters at Kozhikode.

Water Supply

115. Government has given topmost priority to water supply. During 1992-93 Government achieved a record by commissioning 178 Water Supply Schemes against the 172 schemes planned to be commissioned. In the current year 117 schemes have been commissioned as against 139 schemes originally planned. The remaining schemes have reached final stage of completion. They will be commissioned before 31-3-1994. With this protected pipe water will be made available to 48% rural population and 64% urban population.
116. During the current year 48 water supply schemes will be formulated for implementation in various parts of the State. At least 18.64 lakh of people will be additionally benefitted on commissioning of Rs. 120 crore project.
117. Special Water Supply Schemes will be taken up at Kozhikode, Palakkad, Perinthalmanna, Kalpetta and Kochi with assistance from L.I.C. Schemes to be taken up at Kozhikode will have a capacity of 18 million litre water per day. The estimated cost of the scheme will be Rs. 9.71 crore.
118. The construction work of parallel Water Supply Schemes at Thiruvananthapuram is in progress. The loan assistance from HUDCO has been made available to this scheme costing Rs. 26.5 crore. The major portion of the work will be completed next year.
119. It has been decided to expand Water Supply Schemes at Kozhikode and, Kochi and enlarge the drainage Project at Thiruvananthapuram under Kerala Urban Development Project.
120. The construction work of treatment plant of Guruvayoor Drainage Project will start this year. The construction work of drainage project at Ernakulam will be started this year.

Scheduled Castes/Scheduled Tribes Development

121. Government has been keen on formulation and implementation of schemes intended for the development of the Scheduled Castes and the Scheduled Tribes. Rather than confining itself to providing educational concessions and housing facilities, Government will give priority to schemes which will provide economic advancement and employment opportunities to them.
122. Activities of the Corporation constituted for providing assistance to Scheduled Castes and Scheduled Tribes for self employment and other economic activities will be extended to more areas. An amount of Rs. 172 lakhs is included in the budget for enhancing the share capital of the Corporation for this purpose.

123. The grant-in-aid given to Scheduled Castes and Scheduled Tribes for construction of houses will be raised to Rs. 15,000 from Rs. 12,000.
124. Schemes for providing financial assistance for seeking self-employment implemented through Kerala State Development Corporation for Christian Converts will be made extensive. The present income limit of Rs. 6,000 for providing this sort of financial assistance will be enhanced to Rs. 11,000. An amount of Rs. 30 lakh is set apart for this.
125. Government will chalk out a plan for providing special employment generation programmes and financial support in order to remove the relative backwardness of the tribals in Wayanad. This will be implemented as a part of the tribal sub plan.
126. Tribal medicine centres, similar to the one started at Wayanad during the current year will be opened, at Attappady, Idukki and Nedumangad.
127. A Backward Classes Development Corporation will be constituted for the socio-economic development of the backward classes. The loans received from the National Backward Classes Finance and Development Corporation operating at national level, will be channelised to the beneficiaries through this Corporation. An amount of Rs. one crore is provided for its capital.

Labour

128. Government are committed to ensure healthy labour relations and to create a contented work force in the State. Greater emphasis will be given to increasing employment opportunities and safeguarding the interests of the working class.
129. In pursuance of the decision to start employment exchanges in all the taluks, employment exchanges will be established in the remaining taluks of Mananthavady, Sultan Bathery, Mallappilly, Kothamangalam, Kuttanad, Kanjirappally, Peermade, Devikulam, Chengannur, Ranni and Adoor within the next two years.
130. A new Related Instruction Centre will be started in Kannur district during this year.
131. A provision of Rs. 25 lakh will be made additionally for the purchase of vehicles and machinery and equipment for training in the Industrial Training Institutes under the Industrial Training Department.
132. At present 4.39 lakh unemployed persons are eligible for unemployment assistance in the State. Steps will be taken to make this unemployment assistance scheme more meaningful by linking it to some productive work.

Transport

133. Steps taken by Government to rescue Kerala State Road Transport Corporation from financial breakdown and to make it more useful to the public have started yielding positive results.
134. Considering the acute problems of the travelling public the Kerala State Road Transport Corporation has put on road 400 new buses in 1993-94. It is proposed to buy 600 buses more this year. This is expected to improve efficiency of service and also to ensure safe travelling.
135. As a result of the stringent measures implemented for ensuring financial discipline it has been possible to bring down the revenue loss of the Corporation to Rs. 28.81 crore in 1992-93 from 31.54 crore in 1991-92. It is expected that the loss for 1993-94 could be brought down to Rs. 15 crore. We are aiming at 1994-95 as a no loss – no profit year. With due regard to the survival needs of the Corporation and the security of job for the employees the working of the Corporation will be improved with the co-operation of the workers.

136. The Kerala Transport Development Finance Corporation is functioning well. It is expected that the profit for the year will be about Rs. 70 lakh.
137. As part of the effort for increasing the efficiency of the Motor Vehicles Department it has been decided to open new Sub Regional Offices at all Taluk Headquarters in a phased manner. Accordingly, new Sub Regional Offices will be opened at Alathur, Kodungallur, Mallappally, Kothamangalam, North Parur, Cherthala and Mavelikara Taluks this year.
138. With a view to ensuring efficient functioning the Water Transport Branch under Kerala State Road Transport Corporation will be taken over by the Water Transport Department during the year.
139. Under the modernisation scheme started in 1993-94 in order to solve the travel problems in the water Transport Sector, 10 more boats will be pressed into service this year. An additional amount of Rs. 20 lakh is provided for this.

Education

140. We have achieved the distinction of being the foremost State in general education. But the erosion in the quality of education has adversely affected job opportunities outside Kerala and the competitiveness of the candidates. We have undertaken heavy financial liabilities to implement the U.G.C. scales of pay and raise the standard of higher education. But we have not yet succeeded to attain the standards of education envisaged by the U.G.C. This deficiency has to be rectified urgently.
141. If the candidates passing out of institutions of higher education in the State are to get job opportunities, our educational sector should get attuned to the changing needs of the employment market. Against this background Government will be laying great stress on technical education, especially computer education. With this in view, the Institute of Human Resources Development for Electronics (IHRDE) which has focussed its attention on the development of computer education in Kerala will be raised to the status of an institute of higher learning.
142. Steps will be taken to open new engineering colleges in the four districts of the State having no engineering colleges. These will be opened at Mankada in Malappuram District and at Manakkala in Pathanamthitta District this year itself. The college in Pathanamthitta District will be a self-reliant College.
143. With a view to enhancing the facilities for higher education in North Malabar area and to reduce the workload and improve the efficiency of the Calicut University, a new University in North Malabar, will be established this year. This University, distinct from others, will be started with minimum additional expenditure to be ensured by adoption of modern technical and scientific methods and by deputation of employees from other Universities. A sum of Rs. 50 lakh is set apart for the preliminary expenses.
144. The activities of the Sanskrit University have commenced. Its activities will be gradually extended. Rs. 10 lakh will be given as grant to the Sanskrit University for publication of books holding aloft our ancient culture and high traditions and for encouraging those who have rendered unique service in this field.
145. Government will encourage the Universities to provide, on self-reliance basis, facilities for technical education including para-medical courses, which have considerable scope for employment. The favourable response to the courses already started in the Mahatma Gandhi University underlines the need to encourage such endeavours. A sum of Rs. 50 lakh is set apart for this.
146. The demand for a Law College at Kasaragod, the northern most end of Kerala, will be met this year itself. The college will be established under the University as a self-financing college.

147. New Colleges will be started during this year in places like Peermedu, Munnar, Areekode, Kallikandi, Ambalapuzha, Pangode, Rajapuram and Wayanad where adequate facilities for higher education are not available.
148. In order to identify and develop the creative talents of the students, the National Service Scheme in the various Colleges of the State will be activated. Necessary steps will be taken to establish N.S.S. units in 15 colleges where there are no such units at present.
149. Attention will be paid to increase facilities for school education. A scheme has been evolved to renovate thatched schools with the financial assistance from the L.I.C.
150. With the co-operation of P.T.As, it is proposed to dig wells and provide pipe water in schools where drinking water is not available 15% of the expenditure towards this will be borne by Government. Rs.50 lakh is set apart for this.
151. Steps will be taken to extend computer education at school level. To begin with, necessary facilities will be provided for this in 100 schools during the next year. This scheme will be implemented under the auspices of the IHRDE and L.B.S. Rs. 2 crore is provided for this.
152. For increasing the basic amenities in Special Schools for Deaf, Dumb and Blind students, Rs. 1 crore will be expended by way of share from "Savings for Social Service Scheme."
153. The State Literacy Mission has attained enviable achievement. It is proposed to continue the activities of this mission and to utilise it as a platform for the propagation of scientific knowledge.
154. Special recognition will be given to the Government schools which produce outstanding results in SSLC Examination. The five High Schools viz. Government High School, Adukkom (Kanjirapally), Government Sanskrit High School, Fort (Thiruvananthapuram), Government High School, Minicoy (Ernakulam), Kerala Agricultural University High School, Vellanikkara, Government Harijan Welfare High School, Ramanagar (Kasaragod) which have achieved 100% success in the SSLC Examination in March 1993 will be granted Rs. 2 lakh each for improvement of basic amenities, 13 High Schools which registered 90% success in the same examination will be granted Rs. 50,000 each for the purpose. Rs. 16.5 lakh is provided for this.

Health

155. The main problem faced by our health services sector is inadequacy of facilities for advanced treatment. It is impossible for the Government to bear the additional financial commitment required for remedying these deficiencies at one go. Taking note of this reality, a practical approach of retaining the existing concessions strictly to the, deserving persons and realising a reasonable fee from those who are economically well-off will have to be adopted. This income will not be part of the general resources mobilisation efforts of this State; on the other hand, it is intended for the upgradation of the health services sector, for improvement of facilities in the hospitals and for improving standards of service.
156. Blood banks have been established in all district hospitals utilising central assistance. In the context of the AIDS threat, albeit feeble, more and more scientific blood banks will have to be set up. As a first step in this direction, action will be taken for establishment of blood banks in some more taluk hospitals.
157. Government are aware of the health problems faced by the adivasis in the State, especially those in the Wayanad region. Improved health care and nutrition programmes will be implemented for their benefit. This will be done under the joint auspices of the Health Department, the Scheduled Caste/Scheduled Tribe Development Department and the Forest Department. A sum of Rs. 25 lakh is set apart for this purpose.
158. Steps will be taken for purchase of ambulance for taluk hospitals which do not have them now, provided the concerned Hospital Development Committees agree to meet the expenditure on salary of the drivers, repair of vehicles, fuel charges etc. An amount of Rs.

- 45 lakh is earmarked for this.
159. Hospital Development Committees have been empowered to collect fees for certain services rendered by the hospitals and to utilise the proceeds for incurring expenditure upto Rs. 50,000 on maintenance and procurement of equipment. As this arrangement is working satisfactorily it is proposed to register the Hospital Development Committees as Societies and to enhance their financial powers to Rs.1 lakh.
 160. A Nursing school exclusively for the benefit of Scheduled Caste and Scheduled Tribe students will be started at Sasthamcottah with Central assistance.
 161. A paying clinic system will be introduced with a view to make optimum use of the costly equipment and other facilities now available in our Medical Colleges.

Sports and Youth Welfare

162. Consistent with the importance given by us to the sports sector, it is necessary to establish a strong set up to meet the requirements of the State. With this objective in view, the Directorate of Sports and Youth Affairs will be reorganised. It is proposed to impart more scientific training to sports stars.
163. If we are to perform well in national and international events, we will have to hunt for talented stars and equip them properly. A special scheme will be formulated this year to assess and identify new talents at the various state level meets and impart necessary training and instructions to them. Rs 10 lakh is earmarked for this.
164. To encourage outstanding sports persons and leading sports Clubs and to render financial assistance to enable them to participate in prominent events a scheme will be chalked out and implemented this year. Rs. 10 lakh is set apart for this.
165. The construction work of the stadium at Kochi which will have international standards will start soon. This work of the 'Rs. 100 crore stadium' will be completed in 1995. This stadium will be an asset to the whole State.
166. The Trivandrum Development Authority has formulated a new scheme for setting up a sports complex of international standards in Thiruvananthapuram. Government will extend appropriate financial assistance for the implementation of this project.
167. Government will provide Rs. 25 lakh for the construction of the Indoor Stadium at Kottayam, Rs. 15 lakh for the Pathanamthitta District Stadium and Rs. 10 lakh each for Municipal Stadia at Malappuram and Thiruvalla.
168. A Sports School will be started at Alathur in Palakkad District. Rs. 5 lakh is earmarked for this.
169. The functioning of the Aviation Training Centre, Thiruvananthapuram will be streamlined and expanded. Rs. 10 lakh is additionally provided for this.

Social Welfare

170. Based on the programme 'Savings for Welfare', announced in the last Budget Speech, Rs. 7.5 crore will be made available for welfare measures for the handicapped during this year.
171. Aids and appliances required by handicapped persons having an annual income of less than Rs. 12,000 will be supplied to them free of cost. Assistance will be given to the handicapped who have some occupation or other to develop their activities. Apart from this, financial assistance will be given for the manufacture of aids and appliances required by the handicapped on a priority basis.
172. Government propose to introduce a programme of computer training for the blind and the deaf. This will be implemented with the co-operation and support of voluntary organisations.
173. Under the Integrated Child Development Service Scheme a scheme for the supply of

nutritious meal for women and children is being implemented in 99 Blocks of the State. During the year this programme is proposed to be extended to 13 more Blocks.

174. It is also proposed to organise a scheme to set up self-supporting Anganwadis. As a first step in, this direction one Anganvadi each in a district will be selected. For generating income of their own, such Anganwadis will be provided with facilities for poultry farming, goat rearing and also for growing vegetables, mushroom etc. This will be implemented with the co-operation of mothers of the children who attend the Anganwadis, so that they may also be able to earn some income out of this. An amount of Rs. 14 lakh is being set apart for this.
175. The activities of the Women's Development Corporation will be expanded.

Tourism

176. Over the past three years, we could achieve substantial increase in the number of tourists coming to Kerala. Around one lakh tourists came to Kerala during 1993-94. The policies followed by us, our efforts in prompt conduct of festivals and lending wide publicity has begun to fructify. Emphasis will be given for attaining the goal of 5 lakh tourists by 2000 AD and for attracting maximum investment under the sector. An action plan has been evolved for this purpose.
177. A Tourism Investment Agency utilising services of experts will be constituted for rendering assistance to Non-Resident Indian and other investors under Tourism Sector. This new set up will help in simplification of procedures and in avoiding delays. Steps will be taken to conduct a study on the scope for investment under tourism sector during the next five years. A sum of Rs. 10 lakh will be provided for this purpose.
178. It has been possible to complete the preliminary works enabling commencement of construction of Bekal Tourism Plan during this year itself. For effective functioning of this scheme the Bekal Tourism Authority will be strengthened and necessary arrangements will be made for mobilisation of capital. A sum of Rs. 1 crore will be provided for this.
179. Special assistance will be provided for implementation of the scheme 'Destination Kerala', evolved for integrated development of fifteen select tourist centres.
180. Government will attach utmost importance to the generation of employment opportunities through promotion of tourism. A consortium of financial institutions will be constituted for intensive implementation of 'Tourism Employment Programme'.

Culture

181. It has been possible to create resurgence on the cultural front through the activities of the last couple of years. A draft cultural policy formulated with the aim to ensuring a proper direction and peoples' participation for cultural activities has been discussed all through the State. This policy will come into effect this year itself. For effective implementation of these and programmes borne out of it, a provision of Rs. 20 lakhs is set apart.
182. Government propose to take over the ancient 'Sreepadam' palace at Thiruvananthapuram and establish a Historical Museum. An amount of Rs. 10 lakhs will be provided for this.
183. A new scheme for providing TV sets to cultural centres in Panchayats and well managed art and cultural organisations will be implemented through the Culture Department from this year. Rs. 20 lakh will be specially allotted for this purpose.
184. A cultural talent bank will be set up for providing assistance to boys and girls who display conspicuous abilities at school/college levels and also for enabling such students to go ahead with their cultural activities without any hindrance. They will be considered specially for the cultural exchange programmes within and outside Kerala.
185. A surcharge will be levied on cinema tickets. The surcharge will be at the rate of one rupee for tickets costing more than rupees five and fifty paise for the tickets costing less. A

portion of the receipts from this will be utilised for the growth and technical advancement of Malayalam films and for the welfare of those working in the industry.

186. The subsidy given for attracting Malayalam film making activities in Kerala and for promoting such activities, will be increased. There will be a fifty per cent increase over the existing rates of subsidy.

187. A befitting memorial for the freedom fighters will be constructed in Thiruvananthapuram district under the auspices of the Culture Department. A museum depicting the life of the patriots who fought for the country will also be established.

Ports

188. Steps are being taken for completing the programmes formulated by the Government for the development of small and medium ports in Kerala. The "Kerala Maritime Development Corporation" will be formed during 1994-95. This Corporation which will help transport, movement of goods and dredging besides the development of ports will be started as early as possible.

189. A task force will be constituted for studying in detail matters connected with the development of Ports and for finding funds for investment in this field.

Housing

190. One lakh sixty two thousand houses have already been completed under the 'Rajiv Gandhi One Million Housing Scheme' at a cost of Rs. 300 crore. The aim is to construct two lakh more houses in 1994-95.

191. A special scheme will be implemented during the year for rehabilitating people living in flood-prone areas, with financial assistance from Central and State Governments. For constructing 31,500 houses under this scheme, a provision of Rs. 4.50 crore has been made in the budget.

192. Construction of the colony for working journalists in N.C.C. road, Thiruvananthapuram will be taken up during the year. The last phase of the 'Chengal Chula Project' will be completed this year. N.R.I. Housing schemes for non-resident Malayalees will be taken up in Kozhencherry, Ernakulam and Guruvayoor.

193. It has been decided to form a Housing Finance Company to ensure adequate finance for house construction activities. Rs. 1 crore is set apart for this as State share.

194. The State Housing Board provide 5% subsidy to the economically backward people who repay without default the loans taken by them under the scheme formulated for them.

Forest

195. Taking into account the increasing importance of forest wealth, Government is pursuing a forest policy of full preservation of natural forests and also protection of wild animals.

196. The forest stations which have been started with a view to make forest preservation more effective are functioning very successfully. Taking this into account, forest stations will be started in another eight forest divisions.

197. In order to find out different kinds of medicinal plants available in the forest areas of the state and also to develop and market them, a "Medicinal Plant Bank" will be started under the Forest Department. It is expected to provide work for 50,000 mandays per year for Scheduled Castes/Scheduled Tribes under this scheme. A sum of Rs. 5 lakh is provided for this purpose.

198. About 60,000 Adivasis are living in, 664 colonies in the forest areas of the State. They are subjected to several kinds of distress, due to natural calamities, attack from wild animals etc. In order to safeguard their lives, Government will be introducing a "Personal Accident

- Insurance Scheme". An amount of Rs. 10 lakh is set apart for this purpose.
199. There are 12 Wild Life Sanctuaries and two National Parks in our State. A large number of people come to these centres of tourist importance for studying the environment, research etc. It is proposed to implement an "Eco-Tourism Package Scheme" costing Rs. 12 crore with the help of Central Government in our forest areas of Tourist importance including Wild Life Sanctuaries, without affecting the environment nature-equilibrium as also habitat of wild life.
 200. A wild life park will be started in Pythal Mala in Kannur District under the control of Forest Department. For this purpose, Revenue Department will transfer 750 acres of land including Pythal Mala and its adjacent areas to the Forest Department. A sum of Rs. 50 lakh is earmarked for the development of Pythal Mala.
 201. A "Wild Life Museum" will be started in Thrissur, comprising of the skeletons of wild animals procured by the Forest-Wild Life Department during different periods and furniture made out of different kinds of wood. Rs. 5 lakh is provided for this purpose.

Excise

202. Social organisations engaged in the task of rehabilitating drug and alcohol addicts will be encouraged and necessary financial assistance will be given to them. Rs. 5 lakh is earmarked for this purpose.
203. The abkari laws and rules framed thereunder will be strictly enforced. Necessary training will be imparted to the Excise staff for this purpose.
204. Strong steps taken for destruction of ganga cultivation have not met with complete success due to the peculiar topographic and climatic condition prevailing in the State. However, all possible facilities available in the scientific and technical field will be made use of for the purpose.

Revenue

205. Speedy steps for the grant of patta to the farmers of hill areas are being taken. Schemes for acquisition of land for afforestation have been formulated. Grama Sabhas and Taluk Sabhas play a vital role in boosting the efficiency of Revenue administration in Kerala. According to the figures available upto the end of December 1993, of the 1.50 lakh petitions received in the Grama Sabhas, 1.44 lakh have been disposed of. Out of the 31,980 petitions received in the Taluk Sabhas 26,400 have been settled. In the circumstances, the functioning of these Sabhas will be toned up. A sum of Rs. 25 lakh is provided for this purpose.
206. It has been decided to introduce a Revenue Card which will contain basic details of the family such as property, income, size and caste and which could be used for various purposes. A sum of Rs. 25 lakh is provided for the initial expenses for this.
207. A sum of Rs.5 lakh each is provided for the construction of the new buildings and libraries for the Kerala Bar Council and the Kerala High Court Advocates Association.
208. For revitalising the activities of the Kerala Advocate's Welfare Fund, Rs.10 lakh is provided.

Police

209. With a view to modernise the Police forces, Government have initiated several activities. It is proposed to link all police stations under district level by a computer net-work during the year. Existing wireless communication system will also be modernised simultaneously.
210. A special squad will be set up for identifying explosives and defusing them. Action will be taken to provide modern equipment for criminal investigation.
211. It has been decided to enhance the representation of women in the police force. A Circle Inspector will be put in charge of all stations in Taluk Headquarters. It is proposed to set up

- a 'Special Rapid Action Force' to effectively deal with the unexpected outbreak of communal riots and such other developments.
212. A Group Insurance Scheme will be introduced to help the families of Policemen dying in harness.
213. On the basis of the recommendation in the Report of M.K. Joseph Commission, it has been decided to enhance the number of police personnel in three phases.
214. The Kerala Police Housing Construction Corporation will be provided with assistance for construction of 1000 houses to police personnel.
215. On the basis of the recommendations of the Kerala Jail Modernisation Committee headed by A.P. Uduyabhanu, necessary structural improvements will be effected in the working of the Department.
216. Existing wages of the prisoners will be enhanced by 50%.
217. Administrative sanction was already issued for the construction of a new 8 storeyed building at a cost of Rs. 11.95 crore for the High Court. Construction of the above building will be started during this year.

Public Relations

218. A special grant of Rs.2 lakh will be provided for the modernisation and development of the 'Institute of Journalism' under the auspices of the Press Club, Thiruvananthapuram.
219. It has been a long-standing desire of the Kerala Union of Working Journalists that the offices of the District Press Clubs are brought within a computer net work. For this, a grant-in-aid of Rs. 2 lakh will be provided to the Kesari Memorial Trust functioning under the auspices of the KUWJ.
220. A sum of Rs. 5 lakh will be provided to the Kerala Press Academy for the expansion of its activities.
221. Steps will be taken to strengthen the financing institutions to cope- up with the recent resurgence on the industrial front. The Kerala Financial Corporation will organise several programmes which would help in the acceleration of the economic and industrial progress of the State. A "Venture Capital Fund" will be formed to assist industries which require high technical knowledge. A programme will be launched for leasing of machinery to the small scale units.
222. Kerala State Financial Enterprises Ltd., has evolved a scheme for the purchase of ultra modern equipment necessary for the improvement of medical facilities in Government hospitals. As a first phase, this programme will be implemented in Medical College Hospitals during this year.
223. It was an achievement to have collected the targeted amount under National Savings Scheme during the current year. It was thus possible to implement several programmes with people's participation. The programme "Savings for Educational Development" implemented under the auspices of District Councils was a success in almost all districts. Rs. 30 crore has been mobilised during the current year under this programme. It is proposed to utilise 1/4th of the above amount, amounting to Rs. 7.50 crore, for the construction of new buildings and for improving infrastructural facilities in Government schools.
224. The Hon'ble members would remember that in the last three budgets, special schemes were introduced for investment in sectors requiring urgent attention by setting apart 25% of deposits in Indira Vikas Pathras. This year I propose to utilise the share from Indira Vikas Pathras for the care of cancer patients, for preventive care and other measures against this deadly disease and for establishing 'Pain Relief Clinics' in Medical College Hospitals. I

request the co-operation of one and all for the successful implementation of the new scheme "Savings for Cancer Care".

225. The successful implementation of the National Savings Scheme is due, in a significant way, to the agents working in this area. Steps will be taken to disburse allowances to them on a monthly basis.
226. It is quite gratifying that it has been possible for Government to keep up the commitments towards Government employees even in the midst of severe financial difficulties. Out of pending instalments of D.A. due to Government employees and teachers, one instalment will be paid in cash from 1-4-1994.

Sales Tax

227. Sales Tax accounts for about two thirds of the State's tax revenue. Receipts from Sales tax has grown from Rs. 897 crore to Rs. 1520 crore, registering an increase of around 70% within the last three years. In the last three budgets, the taxation policy adopted by us was one which sought the co-operation of agriculturists, industrialists, exporters and above all, traders. The policy of increasing the collections without raising the tax rates, by prevention of evasion of taxes and diversion of trade will be continued. This policy has proved to be very advantageous.
228. Government views seriously the evasion of tax in certain areas. There are complaints about planned evasion of tax in the trade of hill produces, edible oils, condiments, iron and steel, gold etc. For countering this effectively, an "Investigation Wing" was constituted last year. This has begun to yield good results.
229. A Joint Commissioner's Office and a Central Intelligence Wing headed by an IAS Officer will be established at Ernakulam for the co-ordinated functioning of the 'Intelligence Wing' and 'Investigation Wing' of the Sales Tax Department.
230. Taking into account the recommendations of the 'Commission for Taxation Laws' and 'Centre for Taxation Studies' the following proposals are submitted.

231. Concessions to Agriculture

- (i) Facilities for compounding of Agricultural Income Tax is proposed to be extended to Tenants-in-Common also. But the system should be opted by all tenants and the share of each tenant together with his individual property shall not exceed the limit prescribed for compounding.
- (ii) Keeping in mind the coconut cultivators and the oil milling industry the rate of tax on copra purchased by oil millers for crushing is reduced from 1% to 1/2%.
- (iii) Insistence of 'C' form for interstate sale of copra is proposed to be dispensed with. It is hoped that the prices of copra will go up as result of this.
- (iv) Rate of tax on interstate sale of dessicated coconut is proposed to be reduced from 4% to 2%.
- (v) In order to facilitate export of dried ginger and pepper, exemption under section 5 (3) of the Central Sales Tax Act will be granted, if these commodities are exported within 3 months from the date of purchase.
- (vi) Deduction from the total agricultural income of plantation companies is proposed to be allowed in respect of amounts invested by them in new industrial concerns as equity within the State subject to a maximum of 50% of such investment or one crore rupees whichever is less. But this deduction will not be allowed for investments in plantation industry or ancillary agricultural activities. Such investments shall not be transferred within five years of such investment.

232. Concession to Industries

- (i) As an encouragement to new Small Scale Industrial Units, a new scheme, "Incentive for

Growth Scheme” is proposed to be launched. As per this, Government propose to grant a special subsidy to Small Scale Industrial Units paying tax, based on their production. Small Scale Units presently enjoying exemption from tax and those units to be set up from 1-4-1994 will be permitted to enrol in this scheme. This subsidy shall not exceed 150% of the term loan availed of by the units.

- (ii) The reduced rate of tax of 6% on biscuits manufactured by small scale industrial units in the State is proposed to be continued for two more years. At the same time, new biscuit manufacturing units to be set up from 1-4-1994 will not be given exemption from Sales Tax.
- (iii) Rate of tax on cement paint manufactured by Small Scale Industrial Units in the State is proposed to be reduced from 12.5% to 8%. At the same time units set up from 1-4-1994 will not be given exemption from Sales Tax.
- (iv) Exemption is proposed to be granted with effect from 1-1-1994 in respect of the purchase tax payable on softwood purchased for the manufacture of packing cases, tea chests, plywood, veneers and splints and also on clay and firewood purchased for the manufacture of bricks and tiles. At the same time, such units to be started from 1-4-1994 will not be given sales tax exemption.
- (v) Purchase Tax payable on Ayurvedic herbs and firewood purchased for the manufacture of Ayurvedic medicine is proposed to be reduced from 8% to 3%.
- (vi) Sales of industrial raw materials, plant and machinery (including components), spare parts, tools and consumables to 100% Export Oriented Units are proposed to be exempted for a period of 5 years from the date of approval of such units by the Central Government.
- (vii) The reduced rate of tax of 1% applicable to monoblock pump sets manufactured by co-operative societies is proposed to be extended to coupled pumpsets upto 5 HP manufactured by such societies.
- (viii) Pulpaya and Thazhappaya are proposed to be exempted from tax.
- (ix) Polythene tubing are proposed to be included in the category of packing materials and subjected to the reduced rate of 5%.
- (x) Rate of tax on handmade soap is proposed to be reduced from 6% to 5% and that in respect of other soaps is proposed to be raised from 8% to 10%.

233. Concessions to Trade and Commerce

- (i) The minimum assessable limit of turnover under the Sales Tax Act is proposed to be enhanced from the present Rs. one lakh to Rs. two lakh.
- (ii) Rate of tax on aluminium products, including aluminium extrusions, is proposed to be reduced from 12.5% to 6%.
- (iii) Rate of tax on bearing below 5 mm size is proposed to be brought down from 10% to the reduced rate of 6% applicable to spare parts of motor vehicles.
- (iv) Rate of tax on ghee is proposed to be reduced from 10% to 8%.
- (v) The rate of tax of 10% and 5% respectively on mica at the first and last points of sale is proposed to be fixed at 6% each at both points.
- (vi) The reduced rate of 2% applicable to monoblock pumpsets is proposed to be limited to monoblock pumpsets upto 1 HP only.
- (vii) Rate of tax on other pumpsets is proposed to be reduced from 12.5% to 10%.
- (viii) Refined coconut oil is proposed to be included in the first schedule as a separate entry and subjected to tax at 3%.
- (ix) Rate of tax on stencil paper and typewriter ribbon is proposed to be reduced from 10% to 5%.
- (x) Suit cases and brief cases made of plastic, nylon, leather and moulded materials are proposed to be removed from double point tax and subjected to single point tax @ 10%.

- (xi) Laminated sheets and expanded polystyrene are proposed to be taxed @ 6% at both the first and last sale points instead of the present rates of 10% and 5% respectively. Thermocol will also be included in this item.
- (xii) The first point tax on timber is proposed to be raised from 4% to 6% and that at the last point is proposed to be reduced from 4% to 2%.
- (xiii) Rate of tax on turmeric is proposed to be reduced from 8% to 6%.
- (xiv) Rate of tax on unclassified items is proposed to be reduced from 8% to 6%.
- (xv) Voltage stabilizer is proposed to be brought under Sixth Schedule and subjected to value added tax @ 6%.
- (xvi) Rate of tax on water supply and sanitary equipments, fittings, water meter, spare parts and accessories is proposed to be reduced from 12.5% to 10%.
- (xvii) Rate of tax on zinc is proposed to be reduced from 10% to 3%.

An additional revenue of Rs. one crore is expected by these measures.

- (xviii) Compounding system of tax is proposed to be introduced for gold and silver trade. 150% of the maximum tax actually paid for 12 months in any of the three immediately previous financial years will be the compounded tax. In the case of dealers who have done business for less than one year, compounded tax will be proportionately decided for the full year. The compounded tax will be permitted to be paid in 12 equal monthly instalments. Those who opt for composition will be exempted from purchase tax on old ornaments.

An additional revenue of Rs. 2 crore is expected.

- (xix) The compounding system for works contract is proposed to be revised. According to this compounding at 5% of the contract amount will be permitted for all contracts, other than civil contract, provided the amount for each contract does not exceed Rs. 50 lakh. This will be given retrospective effect from 1-4-1984. Contractors who voluntarily file return and pay compounded tax before 31-7-1994 will be given reduction in the compounded rate as follows:
 - (a) Civil contracts .. by 1/2%
 - (b) All other contracts .. by 1%

Tax to be deducted by awarders from the amount due to the contractors is proposed to be fixed at 2% of the contract amount for civil contracts and 5% for all other contracts.

An additional revenue of Rs. 10 crore is expected.

233 Now I propose the following measures for additional resource mobilisation:

- (i) Tax @ 5% is proposed to be imposed on bread and bun sold by bakeries having an annual turn over of Rs.25 lakh and above. Bakeries which have not reached this turnover limit shall pay tax from the date on which this turnover is reached.

An additional revenue of Rs. one crore is expected.

- (ii) Granite metals produced by mechanised crushing units is proposed to be taxed @ 5% at the point of sale by such units.

An additional revenue of Rs 25 lakh is expected.

- (iii) Iodised salt is proposed to be taxed @ 6%.
- (iv) Concessional rate of tax under section 5 (3) of the Sales Tax Act on raw materials, component parts, packing materials etc. taxable at rates above 4% bought for use in production is proposed to be raised from 2.5% to 3%.

An additional revenue of Rs. 5 crore is expected.

- (v) It is proposed to bring iron and steel under sixth schedule to value added tax @ 4%.

- An additional revenue of Rs one crore is expected.
- (vi) Lime shell is proposed to be brought under 1st schedule and to be taxed @ 4%. But sale of lime shell by co-operative societies to industrial units in the state is proposed to be exempted from tax.
No additional revenue is expected.
- (vii) Rate of tax on interstate sales of newsprint is proposed to be fixed at 4%.
An additional revenue of Rs. 50 lakh is expected.
- (viii) The reduced rate of tax of 5% on an electronic good is proposed to be increased to 6%.
An additional revenue of Rs. %50 crore is expected.
- (ix) In the light of the decision of the Supreme Court, wheat products are proposed to be removed from 2nd schedule and to be brought under first schedule. Rate of tax will continue to be 4%. But if tax is levied on wheat products, tax paid on wheat in the State can be deducted from the tax on wheat products.
An additional revenue of Rs. 50 lakh is expected.

234. In order to remove ambiguity in the statutes and to prevent tax evasion, the following measures are proposed.

- (i) Hill produces and plantation crops which are now subjected to tax at the purchase point are proposed to be taxed at the same rates at the point of first sale when brought from outside the State.
- (ii) Tax is proposed to be levied on products manufactured out of raw materials brought from outside the State against C-form, irrespective of the turnover limit.
- (iii) Concessional rate under section 5(3) of the Sales Tax Act for the purchase of raw materials, packing materials etc. is proposed to be restricted to those who actually pay tax on the products.
- (iv) Interest is proposed to be levied on amounts finally sustained by appellate or revisional authorities or Court in appeals, revisions or other proceedings against assessment or recovery proceedings from the date specified in the notice of demand including the period covered by stay granted in such proceedings.

It is proposed to make the above provisions applicable to all dues outstanding as on 1-4-1994 also.

- (v) Sales Tax Officers are proposed to be empowered to sell goods found in unclaimed godown in public auction.
- (vi) Provision is proposed to be made to confiscate goods vehicles (including those relating to parcel agencies) engaged in smuggling of coffee, rubber, cardamom, ginger, pepper, arecanut and iron and steel.
- (vii) It is proposed to amend Sales Tax Laws with a view to prevent smuggling of cashew and hill produces through border areas by headloads.
- (viii) It is proposed to make provision to levy penalty, upto an amount equal to the tax defaulted, on those who default tax without sufficient cause.
- (ix) It is proposed to make it obligatory on the part of assesseees to Agricultural Income Tax to intimate acquisition and disposal of landed properties to the assessing authority within two months of such acquisition disposal.

From the above actions and by effectively controlling evasion and by intensifying arrear collection, an additional amount of Rs. 30 crore is expected to be collected.

235. The Sales Tax rate on arrack and the compounded rate of 20% on twice the rental amount will continue unchanged.

236. Luxury Tax

- (i) The minimum limit for levy of luxury tax in hotels is proposed to be raised from Rs. 30 per person to Rs. 40.
- (ii) Non A/C rooms which charge Rs. 40 and above per person will attract a tax of 7.5% in place of the existing higher rates. Those who stay in A/C room will be charged a rate of 10% instead of the present 15%.
- (iii) Annual registration fee at the following rates is proposed to be levied on hotels and lodging houses having at least 5 rooms to be rented:

(a) Star Hotels	Rs. 5,000
(b) Others	
(i) In Corporation limits	Rs. 1,000
(ii) In Municipal and Township limits	Rs. 750
(iii) In Panchayat areas	Rs. 500

- (iv) Compounding rates for luxury tax are proposed to be revised as follows:

- (a) There will be no compounding facility for Star Hotels.
- (b) Other Hotels and Lodging houses:

1. *In Corporation Limits:*

(i) Per A. C. room	Rs. 1500 per annum
(ii) Per Non A. C. room	Rs. 1000 per annum

2. *In Municipalities and Town ships*

(i) Per A. C. room	Rs. 1000 per annum
(ii) Per Non A. C. room	Rs. 750 per annum

3. *In other areas:*

(i) Per A. C. room	Rs. 750 per annum
(ii) Per Non A. C. room	Rs. 500 per annum

- (v) All Star Hotels and hotels and lodging houses which pay tax under the compounded system are proposed to be exempted from affixing of seal on the bills by the assessing authority.

An additional revenue of Rs. Two crore is expected from the above measures.

237. New Tax Measures

(i) *Entry Tax on Motor vehicles*

In order to prevent loss of revenue on account of vehicles being purchased directly from other States, it is proposed to introduce entry tax on motor vehicles.

An additional revenue of Rs. 5 crore is expected.

(ii) *Luxury Tax*

- (a) It is proposed to levy luxury tax on cigarettes, Tax will be levied @ 5% on the sale value of cigarettes at the point of first sale in the State.

An additional revenue of Rs. 15 crore is expected from this.

- (b) Luxury tax @ 5% on the sale value at the point of first sale in the State is proposed to be levied on all kinds of sarees costing Rs. 2000 and more.

An additional revenue of Rs. 5 crore is expected.

Motor Vehicles Tax

238. The Motor Vehicles tax rates in our State are comparatively lower than those in the neighbouring States of Tamil Nadu and Karnataka. Considering this fact I propose a slight increase in Motor Vehicles Tax.
239. A ten per cent increase above the existing rate is proposed for goods carriers. Additional revenue to the tune of Rs. 3 crore is expected on this account.
240. Omnibus vehicles belonging to the non-transport category are now being taxed at rates lower than motor cars. It has been noticed that such vehicles having a passenger capacity of more than seven persons are often being used for non-private purposes also. Rates for private service vehicles will be made applicable to this type of vehicles also. Additional revenue of Rs. 83 lakh is expected.
241. The tax rates of all vehicles except autorickshaws have been increased several times in the past. The auto fares are also being increased from time to time. But, for a long time now, the tax rates of autorickshaws have not been revised. In view of this, the tax rates of autorickshaws now paying Rs. 25 will be increased to Rs. 40 and for those now paying Rs. 60 the tax will be increased to Rs. 90. An additional revenue of Rs. 83 lakh is expected.
242. When compared to the rates in the neighbouring States, the tax rates of contract carriages that can carry more than 12 persons is the lowest in Kerala. It is reasonable to increase this to the level obtaining in the neighbouring States. The tax now being charged at the rate of Rs. 500 per seat per quarter for all India tourist omnibuses entering Kerala will be enhanced to Rs. 1000. An additional revenue of Rs. 5.35 crore is expected.
243. The tax rate of stage carriages of neighbouring States is comparatively higher. Under the circumstances, the tax rate per seat of stage carriages per quarter will be enhanced to Rs. 50. An additional revenue of Rs. 15 crore is expected.

Stamps and Registration

244. Government intend to bring forward suitable amendments to the Kerala Stamp Act with a view to deal effectively with cases of undervaluation of property resulting in considerable loss to the State. It is proposed to insert a provision to the effect that the value shown in the document submitted for registration should be the fair value of the property and where the value shown is less by 15% of the fair value or more, Government will have the power to buy the property paying additional amount of 25% over the value shown. Government consider that this will go a long way in curbing the tendency to undervaluation. An additional revenue of Rs. 50 crore is anticipated on this account.

Forests.

245. Sale of wind-fallen trees is still going on. The sale of rosewood trees in Ambalavayal colony in Wayanad district is also in progress. The income on this account will be higher than what

was obtained during the current year. An additional revenue of Rs. 35 crore is anticipated.

246. Planning Commission has agreed to issue of bonds by the State Government for Rs. 70 crore for financing the Annual Plan 1994-95. This has been taken into account in estimating the resources of the State for the year. Over and above this, Government propose to raise resources by way of additional bonds, enhanced collection of small savings and deposits in Public Account. An additional income of Rs. 35 crore is anticipated on this account.

247. May I give a summary of financial transactions of the year 1993-94. The year 1993-94 was expected to close with a gap of Rs. 81.64 crore after taking into account additional resources mobilisation. However, as a result of various steps taken, the revenue deficit could be brought down to Rs. 466.68 crore as against Rs. 618.17 crore estimated earlier. The over-all transactions during the year were expected to close with a surplus of Rs. 43.24 crore. But, as a final (March) batch of Supplementary Demands for Grants had to be presented involving a net cash outflow of Rs. 31.88 crore, the overall surplus for the current year has come down to Rs. 11.36 crore. The cumulative deficit is estimated at Rs. 72.28 crore after reckoning the carry over deficit of Rs. 83.64 crore. The net additional resources mobilisation for 1994-95 will be Rs. 225.01 crore. The additional expenditure for implementing the new schemes now announced by me comes to Rs. 38.52 crore.

248. This year also, I am presenting a deficit budget, The details are as follows:-

(Rupees in Crore)		
	Revised Estimate 1993-94	Budget Estimate 1994-95
Revenue Receipts	3951.33	4219.96
Revenue Expenditure	4418.01	5053.33
Deficit	(-) 466.68	(-) 833.37
Capital Receipt	2141.54	2124.83
Capital Expenditure	1983.07	1846.77
Surplus	158.47	278.06
Public Account Net	351.45	372.03
Overall surplus/Deficit	43.24	(-) 183.28
Carry over deficit	(-) 83.64	(-) 72.28
Cummulative deficit	(-) 40.40	(-) 255.56
Net Yield from A.R.M.(1994-95 measures)		225.01
Addittional expenditure on account of Supplementary Demands for Grants March 1994	31.88	
Expenditure on additional measures announced		38.52
Net Deficit	(-) 72.28	(-) 69.07

Sir,

249. I now come to the last part of my speech. The appointment of a Finance Commission as part of the Panchayat Raj set up has been mentioned earlier. The Panchayat Raj-Nagarpalika set up will come into being shortly. It is necessary to make available to the local self governing bodies the required resources simultaneously with the transfer of responsibilities to them. With this objective, I intend to obtain an interim report from the Finance Commission and

approach this house with an alteration memorandum based thereon. It is only then that a clear picture of the changes that will arise in the present financial set up will be available. I may also state that I would be constrained to take certain measures for additional resource mobilisation in such circumstances.

Sir,

250. We are leaving behind a period of acute financial difficulties. I do not claim that the financial crisis has been fully overcome. Still in a way it is an achievement that it has been possible to bring down the budget deficit from the level originally estimated. More over, the efforts made by us with the basic objective of achieving maximum results utilising the limited resources has produced the desired results. Our aim is not only to retain this level of achievement but also to accelerate the pace of development.

251. Kerala's commendable achievements in the social and cultural fields have attracted the attention of the entire world. It is our responsibility to the future generations and also the need of the hour to devise ways and means for the development strategy of our State. This is part of a grand plan of action for the entire people of Kerala. Let us march forward unitedly forgetting all differences, to build up a prosperous Kerala.

252. As sufficient time is not available for a grant by grant discussion and voting by the House before the end of the financial year, I also propose a vote on account for the first four months of 1994-95.

JAI HIND