



## **BUDGET SPEECH FOR 1995-96**

**C.V. PADMARAJAN**

*24<sup>th</sup> March 1995*

Sir,

I rise to present the Budget for 1995-96.

2. As Finance Minister of the State, I am acutely conscious of the fact that presenting the annual Budget is perhaps the most difficult of Government functions. The Budget arouses expectations amongst all sections of the people. These expectations can be met and fulfilled only within the constraints of our resources. Resources are derived from the people by way of taxes or through borrowing, which, in effect, entails taxation of future generations. I have to strike a balance between those who want to pay no taxes or less taxes and those who want Government to spend more money. I have also to keep in mind the future of the State and of the Government, ensure growth with financial stability, and at the same time devise measures to ensure that coming generations live in a happier, more prosperous Kerala. The Budget therefore, is an exercise in tight rope walking. It may please some, it may not please others; it may solve some problems but leave many other untouched for the future.

3. His Excellency the Governor, in his Address to the House, has already touched upon various new policy initiatives and programmes which our Government will be taking up during 1995-96. It is not my intention to repeat here the new measures already announced by him except where I have to provide additional funds for implementing them.

Sir,

4. We live in stirring times. Way back in 1806, the German Philosopher, Hegel, said "We stand at the gates of an important epoch, a time of ferment when the spirit moves forward in a leap transcends its previous shape and takes on a new one. All the mass of previous representations, concepts and bonds linking our world together are dissolving and collapsing like a dream picture". Hegel was referring to the Europe of the early nineteenth century, on the threshold of economic and political transformation. Today, we live in similar times. Great political and economic changes have been sweeping across the world. Mighty nations have crumbled, powerful ideologies and dogmas have yielded to the compulsions of economic reality.

5. It redounds to the credit of the late Prime Minister Shri. Rajiv Gandhi that he introduced fundamental changes in age-old attitudes and thought processes. It goes to his credit that the global information revolution, which had left India way behind, was

ushered into the Indian economic scene. It is his vision of the future of this great country that continues to guide us forward into 21st century. The concepts and philosophy of Shri. Rajiv Gandhi have been carried forward gloriously by Shri. Narasimha Rao and his able lieutenant, Dr. Manmohan Singh. India has now opened its doors to the world. Investible resources are pouring in, technological upgradation is taking place in increasing measure and the foundations are being laid for a strong and prosperous future for the country. "Not a single country in the world, no matter what its political system, has ever modernised with a closed door-policy", said the great Chinese leader, Deng Xiaoping, as early as 1982. It is this realisation which is at the root of the new economic policy, fashioned and implemented with so much success by the Government of India.

6. The policy of economic reform was introduced at a time when the nation was on the verge of bankruptcy. It was introduced at a time when recession had hit all parts of the world. At first there was scepticism on the part of investors, an initial disbelief in India's capacity to live upto its promises. The effects of Economic reform are now beginning to be felt. The Economic Survey for 1994-95, presented in Parliament, estimates an annual growth rate of 5.3 percent in the year, the fastest growth rate achieved in the last four years. Industrial production, which had virtually stagnated in 1991-92 is estimated to grow by 8 percent. Food grains production, which had declined to 168m. tonnes in 1991-92, is expected to attain a record high of 185m. tonnes in 1994-95; The dollar value of exports has gone up by 17 percent in the first ten months of the year, which, comes on top of a 20 percent increase in 1993-94. As the Prime Minister of Singapore said recently in his address to the Confederation of Indian Industry at Calcutta, "India, the giant, is rubbing sleep off its eyes. I am optimistic that if India keeps up the momentum of its economic and social reforms, it will be a leading economic powerhouse in the decades to come".

7. While adopting and implementing a new, bold economic policy, our national objective has been to ensure that our concern for distributive justice and for the welfare of the weaker, poorer sections of our society remains undiminished. In the words of Dr. Manmohan Singh, "To ensure that they too derive benefit in the short run, we have given the highest priority to strengthening programmes of rural development, employment generation, primary education, primary health and other key social sector programmes" Employment is expanding faster than three years ago, real wages of agricultural labourers have risen. There has been recovery in general living standards since 1991-92. This change has been brought about by the emphasis on rural development and poverty alleviation given by successive Central budgets. The allocation for rural development has more than doubled from Rs. 3100 crore in 1992-93 to Rs. 7000 crore in 1994-95. A large number of new schemes have been devised for the benefit of the weaker sections like Scheduled Castes and Scheduled Tribes, handloom weavers, coir workers, agricultural labourers and backward communities. Many new institutions have been created for their welfare.

8. As the "Economic Review 1994" circulated along with the Budget documents clearly indicates, the State's annual growth rates, agricultural growth rates and industrial growth rates have been higher than the national average throughout the 8th Plan period. This is in sharp contrast to the situation that prevailed in the Sixth and Seventh Plans,

when our growth rates were noticeably lower than the national average. Plan targets have been fully met during this period and, as a consequence, Planning Commission has agreed to a 23 percent increase in the outlay for 1995-96 which is now fixed at Rs. 1550 crore. 5.4 lakh continuing and 7.1 lakh non-continuing job opportunities have been created and 1.44 lakh people have been brought above the poverty line. In the implementation of Twenty Point Programme Kerala has risen from the 13th position in 1992-93 to the 2nd position in 1993-94.

9. It is time now to consolidate our gains and to press forward vigorously. Our objectives for the coming year are:

- (i) To sustain and further enhance the growth of Kerala's economy;
- (ii) To create a strong infrastructure for self-sustained growth in the future;
- (iii) To create employment opportunities for hundreds of thousands of young men and women all over the State;
- (iv) To give a special thrust to the development of core sectors such as agriculture, power, industries, tourism, housing and fisheries;
- (v) To protect the interests of weaker sections and backward classes and to place special emphasis on their development;
- (vi) To nurture and accelerate the development of traditional industries such as handlooms, coir, handicrafts and cashew;
- (vii) To ensure that Government's resources are efficiently and prudently used and to attract capital from other sources such as the private sector, non-resident Keralites and financing institutions, to supplement our development efforts;
- (viii) To use fiscal policy as an adjunct to plan schemes to speed up economic growth and
- (ix) To ensure long term financial stability of the State and the Government.

### **Agriculture**

10. The agricultural sector in Kerala has witnessed significant growth during the past three years. 1993 was declared as Paddy Development year and projects costing Rs. 52 crore were commenced for development of paddy. 1994 was declared as the year for Development of Coconut and a project costing Rs.215crore was commenced. A Spices Development project costing Rs. 15 crore is now under implementation. Similar projects have been formulated for development of cashew, arecanut and other crops.

11. All these projects will be implemented with even greater vigour during 1995-96. Coconut development schemes costing Rs. 80 crore will be taken up with assistance from Government and credit from financing institutions. Rs. 36 crore has been set apart for paddy development and Rs. 16 crore for spices. Larger amounts have been provided this year for cashew, arecanut and other crops. The uniqueness of 1995-96 will be that for the first time in the history of the State, development projects for all major agricultural crops grown in Kerala would be under implementation.

12. An integrated pest management programme is proposed to be implemented in the districts of Kasargod, Kannur, Wayanad and Kozhikode with the help of the Indian Council for Agricultural Research.

13. Due to the shortage of labour and the need to bring about reduction in the cost of production, tractors, tillers, reapers, dryers and other agricultural machinery will be

supplied to farmers with a subsidy of 50%. An amount of Rs. 225 lakh is provided for this purpose.

14 Horticultural crops hold pride of place in the agricultural economy of Kerala. We have many varieties of fruits and vegetables. Our medicinal plants are famous all over the world. There is great potential for floriculture. Taking these factors into account, we propose to implement an Integrated Horticulture Development Programme during 1995-96. During the first year itself more than 30 crops will be brought under the purview of this scheme. Production, processing and marketing will be components of the scheme, which will make use of advanced technology like tissue culture. The help of private sector institutions will also be sought for implementing the programme. In the first year an amount of Rs. 55 crore will be spent out of which the State's share shall be Rs. 37 crore. As part of the scheme a modern Bio-control Laboratory and a Tissue Culture Laboratory will be established.

15. A scheme for bee keeping will also be started. In the first year 25,000 farmers will be brought under the purview of the scheme at a total cost of Rs. 3 crore. A modern honey processing plant and marketing facilities will also be established.

16. Rs. 12 crore will be spent for development projects of the Kerala Agricultural University. It is also proposed to establish a Veterinary College in Wayanad and a Dairy Scheme Technology College in Idukki. An amount of Rs. 2.5 crore has been provided for this purpose.

17. The decision to exempt paddy growers from electricity tariff has already been announced in the Governor's Address. I am providing Rs. 3 crore to reimburse the loss likely to be sustained by the Kerala State Electricity Board on this account.

18. Animal husbandry and dairy development are areas in which jobs can be provided to a large number of people at low cost within a short period. A new scheme for speedy development of these sectors will be implemented, which will also result in higher availability of milk, meat and eggs. Live Stock Production Processing and Marketing Co-operative Societies (LIPCOS) consisting of livestock farmers will be established in each Block. The Block level Societies will have branches at the Panchayat level and a State level Federation will also be formed. Bull calves, piglets, ducklings, chicks and goat kids will be distributed through these societies. Processing and marketing of fully grown animals and birds will also be taken up by them. Small slaughter houses, deep freezers and other facilities will be made available to each society. The total cost of implementing this project is estimated to be Rs. 80 crore. The help of NABAD, NCDC and other financial institutions and the Ministry of Food Processing Industries will be sought for implementing the project. For start up operations I am providing Rs. 3 crore for this project.

19. When this project is implemented, there will be greater demand for piglets and ducklings. A modern pig farm and a duck farm will therefore be set up for which a provision of Rs. 50 lakh is made in the Budget. For these projects, costing Rs. 10 crore, Government of India assistance is also expected. In addition, existing pig farms and duck farms under the Animal Husbandry Department will be further expanded.

20. The Veterinary Biological Institute presently functioning at Palode will be re-organised with all modern facilities and converted into a commercial establishment for the supply of medicines.

21. More Milk Producing Co-operative Societies will be established. More milk producers will be enrolled in the existing societies. Milk production units will be started to employ 1000 woman during 1995-96.

### **Industries**

22. There has been significant increase in the number of small, medium and large industries established during the past three years. The growth has been particularly impressive in the small scale sector, where 14533 units were registered in 1994-95 as against 8847 in 1990-91. Public sector industrial units have also begin to perform better, with 29 of them having made profits in 1993-94 as against 16 in 1990-91. The Public Sector Restructuring and Internal Audit Board has been established for monitoring and reviewing the performance of industrial units in the public sector and for devising rehabilitation packages for them.

23. One of the most significant achievements of the Government has been the emphasis given to industrial infrastructure development. The Kerala Industrial Infrastructure Development Corporation was set up in 1992 has already begun work on setting up an industrial township in Palakkad, an Export Promotion Industrial Park in Ernakulam and an International Apparel Park in Thiruvananthapuram.

24. In the traditional sector, the Integrated Coir Development Project, which envisaged the establishment of 100 defibering units and 200 motorized units at a total cost of Rs. 44.24 crore is under implementation. The bold initiative taken by Government to remove all controls on husk movement has resulted in plentiful supply of husk and considerable increase in production and exports. The Khadi and Village Industries Board has formulated projects costing Rs. 415 lakh under the Special Employment Programme to provide rural employment. 5200 acres of land have been brought under sericulture benefiting 6100 farmers.

25. Government has also succeeded in bringing about a qualitative change in the functioning of the Kerala State Industrial Development Corporation by bringing in prominent industrialists from all over the country on its Board. It is expected that the KSIDC will function as a dynamic catalyst for industrial growth.

26. Government propose to build on the foundations already laid during the past three years and initiate a series of measures in 1995-96 which would result in still more rapid industrial growth. 17,000 new SSI units are planned to be set up in 1995-96 for which an outlay of Rs. 24 crore has been provided. Industrial Park will be set up in all districts and an outlay of Rs. 40 crore has been provided to the Kerala Industrial Infrastructure Development Corporation (KINFRA) for this purpose. Besides, KINFRA will form a joint venture company with Industrial Credit and Investment Corporation of India for development of Infrastructure. An Infrastructure Development Fund will be set up and external assistance will be sought. The Electronics Technology Park ( Technopark) will be converted into a joint venture company.

27. An Integrated Powerloom Co-operative Village (IPCV) will be set up a total cost of Rs.11 crore. Three new schemes will be introduced in the handloom sector

interest subsidy to HANVEEV, revitalisation of 130 factory type Handloom Co-operative Societies and Group Insurance for weavers. Government hope that it would be possible to complete implementation of the Integrated Coir Development project by the end of 1997. Besides, two new products have been developed in the coir sector which need to be encouraged on a commercial scale. Coir pith, the disposal of which has been posing serious problems in the past ,can now be converted into a bio-fertilizer using 'Pith Plus'. The process of retting of husk can now be speeded up using 'Coir Ret'. In order to popularise these products, I propose to set apart Rs. 50 lakh for specific schemes taken up for the purpose in units set up under the Integrated Coir Development Project.

28. In the public sector, Government propose to continue the exercise of restructuring and rehabilitating Public sector units through the Public Sector Restructuring and Internal Audit Board, for which an outlay of Rs. 35 crore has been provided. As part of rehabilitation process, several integrated measures have been adopted. Depending upon the market position of each company, specific packages are being prepared by the Public Sector Restructuring Board.

29. A number of public sector units are planning expansion and diversification. Malabar Cements has finalised plans for starting a grinding unit at Kozhikode. Travancore Cements has started production of gray cement. The Membrane Cell Project of Travancore Cochin Chemicals and the Sulphuric Acid Plant of Travancore Titanium Products are expected to be completed this year. Kerala Electrical and Allied Engineering Company Limited has taken up new projects for production of nickel cadmium batteries and brushless alternators.

30. Government has been taking speedy action for reopening closed companies. Premier Tyres has already been reopened and has started functioning. Steel Complex Ltd. is expected to resume production shortly.

31. The KSIDC will be undertaking a major promotional programme during the year. It will also diversify into the financial services sector and take up merchant banking, venture capital and equipment leasing services. KSIDC proposes to open an office in Singapore for establishing contacts with potential investors.

32. The growth of industry will depend not only on incentives or on infrastructure, but on the procedures involved and the speed with which clearance can be given. Considerable work has already been done in this area and a number of Acts and Rules have been amended. However, the delays involved in sales tax registration and power connections continue to be irritants. I propose, therefore, to introduce a system of provisional registration of manufacturing units for the purpose of sales tax. Provisional registration certificates will be given to manufacturing units within seven days from the date of application provided it is supported by a certificate from the Director of Industries, KSIDC or KFC. The provisional certificate will facilitate procurement of all materials for construction and establishment of the factory, including raw materials for trial production. However, permanent certificates will be required before commercial production starts. For expediting clearance for power connections, I propose to set up an empowered committee headed by the Commissioner and Secretary (Power) which will simplify procedures and also give quick decision on pending applications, which the KSEB will be bound to carry out.

## **Infrastructure Development**

33. The growth of the State's economy, as of the national economy, depends to a considerable extent on the speed with which we are able to create modern infrastructure for development. The establishment of industry, expansion of tourism and development of exports depends essentially on the creation of new infrastructure. In his budget speech 1995-96, Dr. Manmohan Singh has underscored the need for sizeable investment in infrastructure. To quote, "infrastructure is another area of potential weakness. If we are to aim at economic growth of 7 to 8 per cent, which has been achieved in other countries and which alone can provide jobs we need for our growing labour force, then we need much larger investment and much greater efficiency in key infrastructure sectors such as power, road, ports, irrigation, railways and telecommunications". Considering the paucity of resources it is necessary to invite private sector participation in the development of infrastructure. In Kerala, some progress has been achieved in this direction in respect of power projects. We have to ensure inflow of private sector resource to fund other infrastructure activities also. Since a five year tax holiday has been announced in the Central budget for enterprises taking up infrastructure developmental activities in the area of highways, express-ways, new bridges, airports, ports and rapid mass transport systems, we can expect increased interest in private investment in this field. The Central budget also provide for deduction up to 40 percent of taxable income of financing institutions derived from financing of such investment. Kerala must take full advantage of these concessions and draw up strategies for rapid development of infrastructure.

### **Power**

34. Taking into account the magnitude of investment required to have adequate power, the Plan allocation has been increased to Rs. 459 crore, which is about 30% of the total plan outlay.

35. All round efforts are being made to complete various ongoing projects. All clearances required for the 126 MW diesel power plant at Kozhikode have been obtained and the first unit is scheduled to be commissioned within 18 months. Construction of the 100 MW diesel power plant at Brahmapuram has started and the first unit is scheduled to be commissioned in October 1995.

36. In the context of liberalisation of policies, steps have also been taken to attract private sector investment. MOUs have been signed for setting up a 1200 MW gas based plant at Vypin, a 500MW coal-based plant at Thrigaripur, a 300 MW Naphtha-based plant at Vizhinjam a 300MW Combined Cycle plant at Palakkad, a 60 MW diesel plant at Kasargod and a 10 MW renewable energy project at Paravoor. Agreements have also been entered into for implementation of mini hydel schemes with the participation of the private sector at Anakkayam, Karikkayam, Ullunkal and Bhuthathankettu with a total capacity of 109.5 MW. Action is in progress in respect of 13 other schemes in this category with a total capacity of 90.5 MW. Other small projects such as Kuttiyadi Augmentation, Peringalkuth LB Extension, Kuttiyadi Tail Race, Chimony, Malankara and Peppara with a total capacity of 29.25 MW will be commissioned shortly. The National Thermal Power Corporation of India have cleared in principle implementation of the Pooyamkutty hydel power project

37. The achievements in the distribution sector are equally noteworthy. 56102 agricultural connections and 13137 industrial connections have been provided. 1478 Harijan colonies and 114 tribal colonies have been electrified.

38. As the quantum of power generated increases, transmission becomes a major problem. The KSEB will set up a Power Grid Corporation for giving special attention to this problem. I am setting apart Rs. 1 crore for the establishment of this Corporation. In addition, concerted efforts have been made to reduce transmission and distribution losses by establishing more sub-stations and also strengthening the existing ones. It is proposed to modernise the existing generating stations at Peringalkuthu, Neriya Mangalam, Sabarigiri, Sholayar and Sengulam with the objective of augmenting generation. Steps have also been taken to tap non-conventional sources of energy by setting up wind farms. Efforts are being made to improve the power situation in the Malabar region as well.

39. For domestic consumers who use less than 100 units of power, a concession at the rate of three paise per unit will be given from 1-10-1995. This intended to benefit low income groups and weaker sections; the revenue foregone will be compensated by the additional revenue generated by the Lower Periyar and Brahmapuram units, to be commissioned in October 1995.

#### **Roads, Bridges and Buildings**

40. During 1994-95, 17 bridges and 52 roads were completed and work was started on 22 bridges and 183 roads. Under the new MLA works scheme, work was started in 108 constituencies. Another significant fact is that Rs. 25 crore was additionally provided for repair of roads, taking into account the damage sustained during the monsoon.

41. The mini Civil Station at Tirur was completed and work is in progress on the Civil Stations at Pathanamthitta and Neyyattinkara. 47 major works are now in progress and 33 new major works are proposed to be taken up during 1995-96. Work on mini Civil Stations at Chengannur, Thrippunithura, Chavakkad, Manjeri and Koilandy will start in 1995-96. Action is also in progress to complete the Legislature Complex by December 1995.

42. In view of the large investments required in developing and maintaining infrastructure of this kind, Government is evolving a mechanism to attract private sector investment. Action is also in progress to increase the revenue earned by the Department, which will enable it to fulfill its commitments better. A major problem has been the accumulation of overdue payments. Government is considering introduction of a system for clearing the backlog within a reasonable time. The Plan outlay for 1995-96 has been enhanced to Rs. 95 crore from Rs. 75 crore in the previous year.

43. 1995-96 will be the Road Safety Year. Special programmes are being drawn up to improve road safety awareness.

#### **Water Supply**

44. During 1995-96 Rs. 80.50 crore of budgetary funds will be spent on water supply schemes. In addition, Rs. 40 crore of loan funds are also proposed to be deployed. A number of major schemes are proposed to be taken up, including augmentation of water supply in Thiruvananthapuram (outlay Rs. 26.50 crore), augmentation scheme for



Kochi (outlay Rs. 50 crore) and Phase II of the augmentation scheme for Kozhikode (outlay Rs.9.71crore). Kerala Water Authority has also drawn up a special action plan to complete various pending schemes.

45. Greater emphasis will be placed on quality control and laboratories, including setting up a mobile laboratory.

46. The problem of reaching drinking water to the people in drought stricken areas needs to be handled on a priority basis. I am providing Rs. 1 crore to the Kerala Water Authority for strengthening their machinery to meet this contingency.

#### **Ports**

47. Vizhinjam cargo harbour has almost been completed. Work on Azheekkal break water will commence shortly. Fishing harbours at Munambam and Puthiappa will be completed during 1995-96. Work on the fishing harbours at Thankasserry, Mopla Bay and Chombal are in progress and work on the Vizhinjam fishing harbour will commence shortly.

48. Fish landing centers at New Mahe, Chalil and Chettuva have been completed and works at Arthnunkal and Koilandy are scheduled to be completed by 31-3-1995.

#### **Transport**

49. The K.S.R.T.C. has been able to achieve considerable improvement during the last three years in terms of reduction of losses, decrease in operational costs and decrease in the average age of the fleet. During 1995-96, developmental schemes costing Rs. 51 crore are proposed to be taken up, including the commissioning of 900 new buses.

50. The dock belonging to the Water Transport Department is proposed to be modernised. It is proposed to purchase two new metal boats for improving passenger service. The workshop facilities at Alappuzha will be upgraded.

#### **Hill Area Development**

51. A Malabar Hill Development Authority is proposed to be established to provide basic infrastructure to people living in hill areas. The Authority will take up schemes for developing hill areas primarily by mobilising funds from financing institutions. The areas of jurisdiction of the Authority will be extended to cover other hill areas in due course. I am providing Rs. 50 lakh towards initial expenses of this Authority.

#### **Schemes or Weaker Sections**

52. Several new proposals have been incorporated in the Central Budget for 1995-96 for the benefit of Scheduled Castes and Scheduled Tribes. NABARD is to open an exclusive line of credit to co-operatives and regional rural banks for meeting the credit needs of Scheduled Tribes in 100 predominantly tribal districts. Another amount of Rs.100 crore will be provided by NABARD for financing Scheduled Caste and Scheduled Tribe beneficiaries indentified by the Scheduled Castes and Scheduled Tribes Corporation. A subsidised housing scheme for Scheduled Castes and Scheduled Tribes will be implemented.

53. In Kerala, 1994-95 has been an year of remarkable achievements in the development of Scheduled Castes/Scheduled Tribes and other Backward Classes. Substantial amounts have been spent on the construction of houses, on the grant of educational concessions and on the economic uplift of SCs/STs. Government now

propose to implement certain schemes for qualitative improvement in the education of SC/ST students.

54. Financial assistance will be given to SCs who fail to secure admission to regular colleges and are forced to study in parallel colleges. A Talent research Scholarship will be instituted to encourage brilliant students among SC/STs. Awards will be given to Headmasters of schools in which the pass percentage in S.S.L.C is the same for SCs/STs and for general students. Facilities will be strengthened in 41 Industrial Training Centers to give Vocational Training to SC/ST students. An amount of Rs. 10 lakh will be additionally provided for medical facilities for SC/ST students. A separate Tribal Development Office will be opened in Attappady. A special scheme will be launched to provide work to tribals in Wayanad by co-ordinating the activities of various departments. A Wayanad Health Society (WHS) will be created to take care of the health problems of tribals in the District.

55. During the last two years, the Kerala State Development Corporation for SC/ST has embarked upon major diversification of activities with institutional finance from the National SC/ST Finance Development Corporation. Next year the Corporation proposes to provide total financial assistance of Rs. 33 crore to another 1,11,000 persons for taking up self employment expanding its range of activities. The Kerala State Development Corporation for Converted Christians and other Recommended Communities has expanded its lending sizeably. Next year financial assistance will be given to 7000 persons. I am earmarking Rs. 25 lakh to enable the Corporation to function more effectively.

56. Government have already taken steps to register a Kerala Backward Classes Corporation with an authorized share capital of Rs. 25 crore. The Corporation will embark on a large number of development schemes for backward classes with assistance from the National Backward Classes Finance and Development Corporation. The early operationalization of the Backward Classes Corporation is one of the principal objectives of Government. I am therefore, providing Rs. 5 crore towards equity for the Corporation.

57. Under the integrated Child Development Scheme, 75 Central Sector Projects and 24 State Sector Projects have become fully operational. 14 Projects started by Government in 1992-93 and 5 other projects sanctioned recently will become fully operational in 1995-96. The remaining 40 development Blocks will be brought under ICDS stage by stage with the approval of the Government of India. 36 model Anganwadi Buildings will be constructed during 1995-96. The Community-based Rehabilitation of Early Detection of Childhood Disabilities Programme will be extended to three more Projects. Child survival and Safe Motherhood Programme will be implemented additionally in Kasargod, Kannur, Kozhikode and Wayanad districts.

58. A new scheme for the rehabilitation of inmates of orphanages will be implemented. Under the scheme, higher education facilities will be provided to children housed in orphanages run by voluntary agencies 200 children will be given scholarships at the rate of Rs. 300 per month to enable them to attend courses of study in recognised institutions. The emphasis will be on job oriented technical courses so that these orphans can stand on their own feet thereafter. The Kerala State Handicapped Persons Welfare

Corporation will continue their ongoing programmes for assisting handicapped persons with an annual income of less than Rs. 12,000.

59. Government have been distributing pensions to the old, the aged, the handicapped and the less privileged. Considering the overall increase in prices that has taken place over the years, I believe that it is time that we enhanced the quantum of these pensions. I therefore propose to raise the amount of Destitute Pension from Rs. 65 to Rs. 80 per month, Handicapped persons' pension from Rs. 85 to 100 per month, and Leprosy and Cancer patients' pension from Rs 100 to Rs. 115 per month. The lumpsum amount now given to widows for the marriage of their daughters will be enhanced from Rs. 1250 to Rs. 2000. The rate of scholarship now being given to girl students of the Muslim and Nadar communities will be enhanced from Rs. 50 to Rs. 75 at the primary/UP level. Rs. 75 to Rs. 100 at the high school level and Rs. 100 to 125 at the college level. The income limits for eligibility under the scholarship scheme for Muslim and Nadar girl students will be raised to Rs. 18,000 per annum uniformly. The allowance for intercaste marriages will be enhanced from Rs. 2000 to Rs. 5000. I am providing Rs. 8 crore to meet the additional expenditure consequent on these proposals.

#### **Schemes for Woman's Welfare**

60. The State Government propose to formulate an intergrated plan for promoting the welfare of women. The emphasis will be on providing new employment opportunities and new avenues for training. The major thrust of the scheme will be to bring together all departments and financing institutions now implementing separate schemes for the welfare of women. The creation of appropriate institutions to formulate and implement special schemes for women will also be considered. Assistance will be sought from international agencies as well as from financing institutions for the implementation of the schemes. I am providing Rs. 1 crore for initial expenses relating to the implementation of the integrated plan.

61. The Kerala State Women's Development Corporation has already launched a scheme of Bush Jasmine Cultivation in the districts of Thiruvananthapuram, Kollam, Ernakulam and Alappuzha. This Scheme will be extended to other districts also. The Corporation proposes to construct Working Women's Hostels at Manjeri and Devikulam. I am providing Rs. 25 lakh additionally as equity contribution to Kerala Women's Development Corporation.

62. I am also providing Rs. 50 lakh for a new scheme for women to be launched in Malappuram District. Under this scheme poverty alleviation programmes in urban areas will be undertaken by organising poor women into neighbourhood groups, area development Societies and Apex Community Development Society.

63. A new scheme will also be implemented for involving women in agricultural operations during the current year. The welfare of destitute widows is a matter of great concern to the Government. In addition to pension schemes already in existence, Government propose to draw up special schemes for their welfare. I am providing Rs.25 lakh for such schemes.

## **Rural Development**

64. The Central Budget for 1995-96 lays great emphasis on rural development and poverty alleviation. The outlay for rural development has been increased to Rs. 7700 crore. For speedy development of infrastructural facilities in rural areas, a Rural Infrastructural Development Fund is being constituted with NABARD. Four new schemes for the general welfare of the poor, especially in rural areas, have been introduced.

65. 44,000 families are to be given assistance under IRDP during 1995-96, the target of average investment per family being Rs. 13,000. The programmes for the development of women and children in rural areas will be strengthened further with setting up of 400 new groups. The outlay for JRY will be Rs. 115.10 crore and that for EAS Rs. 17.95 crore. These schemes will generate 97.10 lakh and 20 lakh mandays of employment respectively.

66. With the considerable increase in the number of families assisted under IRDP and the average investment per family, providing of marketing support becomes more important. Rural marketing will therefore be a thrust area during 1995-96. Another thrust area will be the watershed development programme, under which the focus will be on employment generation through development of waste lands.

## **Tourism**

67. The growth of tourism witnessed during the past few years needs to be sustained and further developed to achieve the State target of half a million tourists by the turn of the century. Much will depend on our ability to attract private investment in this sector and for this purpose a specialised agency is proposed to be set up. This agency will identify sites for establishing tourism projects, acquire lands where necessary, widely publicise the identified sites among potential investors and assist them in all possible ways. I propose to provide Rs. 50 lakh for establishing this agency.

68. A joint sector Company for developing and promoting Bakel tourism complex will come into being this year. I propose to provide Rs. 2 crore towards Government share of equity in this Company. Two new Yathri Nivas Complexes will come up in Wayanad and Pathanamthitta districts. A river rafting and water sports center will be set up at Chengannur and a tourism complex with water sports facilities at Paravur in Kollam district. A comprehensive scheme for tourist-oriented development of backwaters, involving introduction of house boats, water side amenities, floating restaurants and appropriate cruising vessels, will be launched this year for which I am providing Rs. 30 lakh. Another scheme for development of lesser known tourist location will also be started as part of the "Destination Kerala" programme and I am providing Rs. 60 lakh additionally for this purpose.

69. K.T.D.C. will continue to enter into joint venture agreements with leading players in the tourism field. A quality improvement programme will be taken up in the motels and budget hotels run by K.T.D.C. A major expansion programme will be undertaken in selected hotels and the equity holding of Government will be diluted.

## **Fisheries**

70. During the past few years, many new schemes have been introduced for the benefit of marine fishermen. As a consequence, production has gone up significantly and

incomes have improved. These schemes will continue to be implemented by Matsyafed and Department of Fisheries vigorously.

71. Special attention will be paid to the development of fresh water fish culture and brackish water fish culture during 1995-96. Government has already decided that ponds and tanks owned by local bodies may be given on long term lease to fish farmers. These farmers will be assisted under ongoing schemes implemented by Fish Farmers' Development Agencies. The reservoir fisheries programme, presently being implemented with German assistance, will be extended to six more reservoirs during the year. One fresh water prawn hatchery will be started by Matsyafed this year, for which I am providing Rs. 50 lakh. A pilot project for propagation and scientific culture of local fresh water fish will also be commenced during the year at Pallom in Kottayam District.

72. In the field of brackish water aquaculture, the capacity of the two hatcheries now being run by Matsyafed will be expanded from one crore to three crore prawn larvae I am providing Rs. 100 lakh for this scheme. A scheme will be introduced for fish culture in padasekharams in Kuttanad without altering present agricultural practices. A scheme for developing sanitation facilities in fishing villages will also be started.

73. The conservation and development of our fisheries resources is of utmost importance to the economy of Kerala. Unregulated industrial or construction activity, including reclamation of land, construction of bunds and other land development works may affect our fisheries resources in the future. Great attention has to be paid to this aspect of development, before it is too late. A Special Cell is therefore proposed to be constituted in the Directorate of Fisheries which will study all these aspects, and assist the State Pollution Control Board in its work.

#### **Local Administration and Decentralization**

74. Panchayat Raj will become a reality soon. The specific details of functions, schemes, institutions and personnel to be transferred to local bodies are being worked out on the basis of provisions in the Kerala Panchayat Raj Act and Kerala Municipalities Act. A definite picture on this will emerge within three months. I will approach the House with an Alteration Memorandum as soon as this work is completed. In the meanwhile I am making a provision of Rs. 2 crore in the Budget for establishment grants to Panchayat Raj Institutions at the District and Block level.

75. A comprehensive scheme for total sanitation in the State, called the "Cleaner Kerala" programme has been drawn up and some provision already made in the Budget. Considering the importance of the scheme, I am providing Rs. 1 crore additionally.

76. Considering the increasing commercial importance of Kasaragod and the possibility of industrial growth in the area with the establishment of new power generation projects, planned and orderly development of Kasaragod town has become a matter of high priority. I am providing Rs. 1 crore to the Kasaragod Development Authority for this purpose.

77. I propose also to constitute District Development Funds through provision of a part of the small savings loans received against collection of Indira Vikas Patra Deposits. I propose to earmark 15% of the net amount collected in each district for constituting this fund. Another 10% will be centralised and distributed to those districts which have insufficient potential for collection, but which have exceeded targets. A

collection campaign under this scheme will be launched during the months of May, June and July. The amounts allocated District-wise will be made known in October and the amounts distributed in the first week of January.

### **Consumer Protection and Public Distribution**

78. As Dr. Manmohan Singh mentioned, in his Budget speech, "inflation has surfaced again as a major problem". In a consumer State like Kerala, the problem is particularly acute. There is little that a State Government can do to control inflation, dependent as it is on national phenomena such as production shortages, money supply, extent of fiscal deficits and rising demand.

79. We can only provide a measure of relief to our less privileged brethren. To achieve this objective, we propose to vigorously implement the Essential Commodities Act and Rules, and to streamline the working of District level Food Advisory Committees and surprise squads at the field level. We also propose to monitor price movements more effectively at the State level through a computerised network linking all Districts to Thiruvananthapuram. We propose to use the Kerala State Civil Supplies Corporation as an effective instrument for market intervention, whenever and wherever necessary, for which purpose I am providing Rs. 15 crore.

80. Our consumer Redressal Fora and the State Commission have been eminently successful in the task of protecting the interests of consumers. They will be further strengthened by the provision of a non-time grant of Rs. 190 lakh from the Government of India and Rs. 50 lakh from the State Government. A special effort will be made to clear all cases pending for more than 3 months.

81. We propose also to pay special attention to the Department of Legal Metrology, which is entrusted with the task of checking and inspecting weights and measures used by traders. I propose to provide Rs. 50 lakh for strengthening this Department.

### **Health**

82. All round efforts were made during 1994-95 to improve and upgrade the services provided by the department. A main thrust area was the improvement of facilities and provision of adequate personnel in primary health centre and taluk hospitals so that the benefits of health services are available to the maximum number of people. These efforts will continue during 1995-96. 31 new primary health centres are proposed to be opened during 1995-96; a three shift system will be introduced for nurses and para medical staff in district hospitals and hospitals for women and children. Greater emphasis will be placed on training of medical and para medical staff. A qualitative upgradation of the training centres at Thiruvananthapuram and Kozhikode are also planned. A number of improvements are proposed in the Medical College Hospital. Pain relief clinics will be started in all Medical Colleges. Trauma care centres are planned in Thiruvananthapuram, Kottayam and Kozhikode Medical Colleges. Rajeev Gandhi Institute of Medical Science is proposed to be set up in the Thrissur Medical College campus, to focus on distance education of medical and para medical personnel. For start-up expenses, I am providing Rs. 10 lakh for this Institute. Qualified hospital

administrators will be appointed in each Medical College. New Postgraduate courses in Neuro Surgery and Surgical Gastroenterology will be started in Kozhikode and Thiruvananthapuram Medical Colleges respectively. Construction work for new out-patient and surgical blocks for Medical College, Alappuzha will commence during the year. A 100 bedded post-graduate hostel will be constructed for Medical College, Kozhikode with an outlay of Rs. 20 lakh. New laboratory facilities will be built up for the MLT course in Thiruvananthapuram Medical College.

83. The Dental Colleges at Thiruvananthapuram and Kozhikode will be made autonomous institutions; their admission capacity will be enhanced from 70 to 120. Additional M.D.S course will also be started in both the colleges.

84. The Child development centre in SAT hospital will be registered as an autonomous society, to be developed as a National Centre of Excellence.

85. Five more Ayurveda dispensaries will be set up and one dispensary will be upgraded to a 20 bedded hospital.

86. The Drugs Control Department will be strengthened, for which an outlay of Rs.20 lakh is provided. In order to meet the increasing expenditure on Drugs Control administration, the Drugs Act will be amended for enhancing the levy of fees.

87. A District office of the Kerala State Pollution Control Board will be set up at Kollam.

## **Education**

88. All round efforts are being made to improve the quality of education and to ensure that the benefits of our educational services reach the maximum number of students. The scheme for computer education in schools will be extended to 50 more schools, with assistance from Government of India. 100 more vocational courses will be started in the Vocational Higher Secondary Schools. While undertaking construction works for schools, adequate priority will be given to providing tiled roofs for schools that have thatched roofs.

89. The Cochin University of Science and Technology will set up four International Centres of Excellence during 1995-96. Engineering Colleges in Thiruvananthapuram and Thrissur will be made autonomous institutions so as to provide them adequate flexibility to improve the quality of education. Government is also considering a proposal to delink pre-degree course from 7 major colleges which have been declared as Centres of Excellence. It is also proposed to vocationalise courses in the centres of excellence with assistance from UGC. The Institute of Fine Arts at Mavelikkara and Thrissur are proposed to be upgraded into Colleges.

90. Eight more Technical High Schools will be upgraded into polytechnics during 1995-96. Two Polytechnics will be made autonomous institutions, so as to provide them adequate flexibility in their operations. The Industry Interaction Cell in Kalamassery will become fully operational in 1995-96. The functioning of the Commissionerate of Entrance Examination will be modernised with adequate provision for additional equipment and personnel. The Commissionerate also proposes to take up new activities during 1995-96. Re. 1 crore will be earmarked for the Indian Institute of Management proposed to be set up in the State. For the post-literacy campaign to be

conducted with assistance from Government of India Rs. 1 crore will be additionally provided. For the new University in North Malabar, Rs.1 crore will be provided.

### **Labour**

91. Government has succeeded in ensuring industrial peace throughout the State. Productivity-linked long term agreements and bonus agreements have been concluded in several industrial undertakings. Most closed units have been reopened, and workers in these units have secured a good share of the arrears due to them. Government proposes now to work jointly with representatives of labour and managements to formulate a Code of Conduct, which will ensure lasting industrial peace in the State. A productivity campaign, involving both Trade Unions and managements, will also be launched in major industrial locations. Industrial Relations Committees will be formed in all new industrial parks and estates to be set up in the public, co-operative, joint or private sectors and in respect of new power generating units of 50 mw or above in the public or private sectors. Industrial Relations Committees will also be set up for the spice industry, beedi industry, FACT ammonia plant, Cochin Export Processing Zone, Technopark and for medical representatives.

92. A new Welfare Fund is proposed to be introduced for beedi workers. The Bill to bring this Fund into being will be introduced in the current session of the Assembly. The Toddy Workers' Welfare Fund Act will be amended to introduce a pension scheme for toddy workers. A Welfare Fund will be constituted for the benefit of workers in the tailoring trade. A new welfare Fund will also be constituted for palmyrah workers.

### **Irrigation**

93. During 1994-95, 249 Minor Irrigation Schemes were completed. 268 schemes are under implementation. During 1995-96 also a number of Minor Irrigation Schemes will be taken up. Under the Jaladhara Project, 95 schemes have been completed and 81 are in progress. one of the significant achievements during the year is commencement of the Kerala Minor Irrigation project, with assistance from the European Economic Community, for Lift Irrigation, River Basin schemes and renovation of tanks. A major externally aided project for Community Irrigation was also started during the year with Dutch assistance. The outlay for the scheme is Rs. 21.68 crore.

### **Revenue**

94. A number of measures have been taken to streamline the department. These include speedy disposal of files, special emphasis on redressal of grievances etc. Computerisation of land records is another significant scheme which is being introduced in four districts initially.

95. The Government attaches utmost importance to the speedy issue of pattas to assignees of land under various schemes, including regularisation of occupations in forest lands. 508,260 pattas have been issued till 31.5.1994. Similarly, priority has been given to speedy disposal of transfer of registry cases, a large number of which are pending. Resurvey will be resumed in areas not covered so far. A new system, by name "Torren



System", under which survey has to be done before land transactions are registered, will be introduced to further streamline the process.

96. The Revenue Training Institute, which is being set up for improving and upgrading the skills of revenue and survey officers, will start functioning in April 1995. I am providing Rs. 10 lakh for setting up the Institute.

97. The programme for construction of village offices will continue during 1995-96. It is proposed to construct buildings for the remaining 107 village offices. Record rooms will also be provided for 200 village offices under a centrally sponsored scheme.

98. His Excellency The Governor, in his address, had mentioned that Government proposes to bifurcate some very large Taluks and to create some new Taluks during 1995-96. I propose to provide Rs. 50 lakh for the purpose.

### **Housing**

99. A number of housing schemes are now under implementation for various sections of society. The special scheme for construction of houses for the victims of 1992 flood damages has been approved and is under implementation. The target is to construct about 31,000 houses. 93 housing complexes for pavement dwellers are under construction. Construction of houses for earthquake victims of Latur, which was taken up as a special programme, is scheduled to be completed by March 1995. A new housing scheme has been proposed for low and middle income groups. Another new scheme to be implemented is to provide financial assistance for repair of houses.

### **Home**

100. In order to enable the Police Force to maintain law and order effectively and perform other essential functions such as prevention of crime, investigation of criminal offences etc., the facilities and communications network will be modernised in a phased manner. Greater emphasis will be given to this area during 1995-96. Government is considering a proposal for increasing the strength of district armed reserves. A proposal for setting up central traffic and crime stations in each district by redeployment of available personnel and setting up more control rooms in selected locations is also being considered.

101. In order to effectively safeguard the interests of women and deal with complaints regarding atrocities against women a special cell will be set up under a lady Superintendent of Police.

102. The activities of the Police Housing Corporation are proposed to be expanded. It now plans to construct a headquarters building for the KAP battalion, Adoor and also quarters and flats at Thiruvananthapuram.

103. The laboratories under the control of the Chemical Examiner are proposed to be modernised substantially.

104. Steps have been taken to tone up the functioning of the Vigilance Department. A sizeable number of enquiries and surprise checks were made during the year. In future, the emphasis will be on prevention of corruption through strengthening intelligence work.

**Administration of Justice**

105. During 1994-95, steps have been taken to start new courts in Kottayam, Perambra, Ranni, Muvattupuzha, Vadakara and Pala. Family Courts have started working in Kollam and Thrissur. During 1995-96 also it has been proposed to start a number of new courts. Steps will be taken to substantially improve infrastructure and residential facilities for Judicial officers, utilising a centrally sponsored scheme.

**Forest**

106. In order to continue the efforts for protection and conservation of forests, 12 more Forest Stations are proposed to be set up during 1995-96. An insurance scheme will be implemented for members of Scheduled Tribes living in forests, to provide coverage against disease, injury and death. Government is considering the establishment of a National Forest Forensic Science Institute with the objective of improving forest protection and streamlining the handling of forest related offences. An Elephant Museum is proposed to be set up in Thiruvananthapuram, as well as Training Centre for Mahouts in Kodanad.

**Sports and Youth Affairs**

107. A re-organisation of the Directorate of Sports is being processed and is expected to be partly implemented during 1995-96. A proposal to set up a new Swimming Pool at Thiruvananthapuram is under consideration. The Jimmy George Indoor Stadium is proposed to be air-conditioned in order to improve standards and to attract prestigious tournaments. An indoor stadium is proposed to be set up in Kottayam, with assistance from the Kerala Sports Council. The Council also proposes to set up a Swimming Pool at Alappuzha. A new sports complex including an international cricket stadium is proposed to be set up in Thiruvananthapuram with substantial public participation. I am providing Rs. 2 crore for this project. I propose also to provide Rs. 50 lakh each for developing two new stadia at Kozhikode and Kasaragod respectively.

**Co-operation**

108. Co-operative institutions in Kerala have been consistently successful in mobilising substantial amounts of funds. In order to reduce limitations in deployment of these funds, credit facilities have been liberalised. This includes a simplified procedure for financing small and cottage industries, increase in cash credit limits, loans for housing of higher limit and loans for consumer items. During 1995-96 the loan target for agriculture is Rs.570 crore, of which Rs. 375 crore will be short term, Rs. 95 crore medium term and Rs. 100 crore long term loans.

109. In order to improve the quality of service, a Mercantile Co-operative Bank has been established in Kozhikode to provide special services for the business community. I am providing Rs. 50 lakh towards establishment of a new co-operative tyre factory in Kottayam District.

## **Cultural Affairs**

110. Kerala has a rich cultural heritage in terms of literature, arts, architecture etc. A number of programmes have been drawn up to promote and facilitate various cultural organisations, activities, preservation of monuments etc.

111. The folklore Academy will become operational during 1995-96. A new scheme to provide financial assistance to those who undertake serious study and research on tribal and folk arts will be introduced, for which Rs. 5 lakh will be provided. A comprehensive project for scientific conservation of Kerala Murals will be launched, for which Rs. 10 lakh will be provided. A new department of Museums and Art Galleries will be formed by bifurcating the existing department of Museums and Zoos. This is expected to ensure better care of Art Galleries and provide greater attention to artists and their works. No additional expenditure is envisaged since the new department will be set up through re-deployment of available personnel.

112. Memorials to our writers and cultural leaders have received special care and attention of the Government. The development programmes taken up at Thunchan Memorial at Thirur and the works taken up at the Veluthampi Memorial at Mannady and A.R. Raja Raja Varma Memorial at Mavelikkara are at different stages of implementation. The Shadkala Govinda Marar Memorial at Ramamangalam will be developed on a priority basis. A special development project aimed at highlighting the works, life and achievements of Kumaran Asan will be launched at the Kumaran Asan Memorial at Thonnakkal. The activities of the Asan Memorials at Pallana and Kayikkara will be integrated. Rs. 25 lakh will be provided in the budget for the development of Kumaran Asan Memorial.

113. The creation of a Film Archives for the scientific preservation of Malayalam films has been a long felt need. Many well-known films are now being lost to posterity for want of scientific preservation. Government will set up a Film Archives at Thiruvananthapuram. A provision of Rs. 30 lakh will be made for this purpose. An International Film Festival will be organised every year in Kerala. An amount of Rs. 25 lakh is being provided for the conduct of an International Film Festival in 1995-96.

114. In order to alleviate the problems of the film industry, a Cinema Welfare Fund is proposed to be constituted. The mode of operation of the fund will be decided in consultation with representatives of the film industry.

## **Science and Technology**

115. The Department of Science and Technology proposes to substantially upgrade the existing Technology museum into a Science Park. When completed 12 new galleries will be there for different fields of science. The department also proposes to establish a new Planetarium and Observatory.

## **Reform of Fiscal and Financial Administration**

116. It is high time that we took steps to further professionalise and streamline the fiscal and financial administration of the State. The areas that need special focus include augmentation of revenue, improving expenditure control, eliminating wastage, mobilising institutional finance and strengthening audit and inspection mechanisms.

117. The Finance Department has a key role to play. Some steps have already been taken to streamline the functioning of the Department. The Government proposes to further simplify the procedure for sanction of Plan schemes by enhancing the delegation of powers to Working Groups headed by the Secretaries of the Administrative Departments concerned. Delegations of powers within the Finance Department has already been ordered: this will considerably increase the speed of disposal. A computerised system for monitoring disposal of files has been introduced. The use of electronic data processing facilities will shortly be extended to other areas such as monitoring of revenue collection, expenditure and cash flow. Finance Department will be restructured to give greater emphasis to resource augmentation, inspection and monitoring.

118. The Department of Treasuries needs to be revamped. The Government plans to implement a comprehensive scheme to simplify and streamline the procedures in the Department. Computerisation of treasuries, which has begun sometime ago, will be completed during 1995-96. Special emphasis will be given to improving customer service. It is also planned to construct an office complex for housing the departments of Treasuries, National Savings, Local Fund Audit and State Insurance for which Rs. 50 lakh will be provided.

119. For implementing various reforms under consideration, we will also need professional advice and support of higher quality than is available today. To fulfill this need, I propose to convert the Centre for Taxation Studies into a State Institute of Public Finance. The State Institute will have a special cell to collect and disseminate information on instruments of finance available for commercially viable projects to be taken up for implementation by various departments and sources of finance, both within the country and abroad. The organisation will be so structured as to have sufficient flexibility to achieve its objectives. Rs. 1 crore has been provided in the Annual Plan for 1995-96 for setting up the Institute.

120. The main source of revenue for the State is sales tax. The A. I. T. & S. T. Department needs to be strengthened and modernised in order to enable it to continuously augment revenue. Action is being taken to provide considerable additional manpower and vehicles. It is also proposed to provide adequate computer facilities for the Department, in view of the high volumes of data storage and retrieval. The check post complex at Walayar will be further upgraded with facilities and man power. A similar complex will be set up at Amaravila during 1995-96. Check posts will also be computerised to facilitate efficient storage and retrieval of data. Two new district offices headed by Deputy Commissioners will be set up in Pathanamthitta and Malappuram Districts. A separate revenue recovery wing will be set up in the A.I.T.& S.T. Department.

121. The time taken for disposal of pending sales-tax assessments has been a matter of serious concern. The Department plans to develop and maintain a data- base on the pendency of assessment cases which will enable it to priorities its work. District level clearance camps will be held to expedite the disposal of summary assessment cases. It is expected that this will enable the Department to concentrate on cases with higher revenue potential.

122. The high pendency of cases with the Sales Tax Appellate Tribunal has been another issue of concern. The pendency now is as high as 22000. We plan to increase the number of benches of the Tribunal from five to seven. Officers of the rank of District Judge drawn from the judiciary, will be appointed on each bench as judicial members. The benches will be provided with adequate facilities and office equipment. We also plan to set up a State Taxation Tribunal, to be headed by a sitting or retired High Court Judge with experience in taxation matters.

123. Government also intends to strengthen the Excise Department. Permanent staff will be provided for the major check posts at Manjeswar, Muttanga and Walayar, with adequate infrastructure. In order to effectively check drug trafficking, a narcotic cell will be set up, with adequate staff. To facilitate anti-ganja operations in hilly districts, communication equipment and arms will be provided for the narcotic units; Rs. 10 lakh will be provided for this purpose.

124. An Excise Training School will be started to provide regular training for staff. I am providing Rs. 50 lakh towards initial expenditure. A Vigilance Cell will be set up in order to tone up the functioning of the department, with adequate manpower and infrastructure; for this purpose, Rs. 5 lakh will be provided. For construction of new office buildings and maintenance of existing offices, Rs. 25 lakh will be provided.

125. The Registration Department also needs to be developed further, as a major revenue earning department. Considering the large number of cases in which under-valuation is taking place, I propose to set up a revolving fund of Rs. 10 crore, to be utilised to purchase under-valued properties, which will then be auctioned off to generate revenue. Steps will also be taken to fix fair value of lands in a scientific manner. We also plan to augment the manpower of the department in order to enable it to effectively prevent evasion of stamp duty.

126. Government has already considerably strengthened the Department of National Savings during the current year. Small savings collection will be taken up on a campaign basis both within the State and outside to further improve the State's resource position. We will also ensure that there are no delays in payments of incentive to depositors and commission to agents.

127. The Department of Local Fund Audit is now auditing the accounts of a large number of institutions such as Local Bodies, Universities, charitable endowments etc. The pendency of audit being very high, it would be essential for us to streamline the functioning of the department on priority. This would be all the more important in view of the devolution of powers and resources to the local bodies under the Panchayat Raj system. It is also proposed to strengthen the Department with adequate manpower and facilities. Steps will also be taken to review the present manner of functioning, so as to improve the effectiveness and quality of audit.

128. These measures, it is expected, will result in substantial augmentation and considerable increase in availability of resources for undertaking development programmes. For strengthening the revenue-earning Departments and audit mechanisms, I am providing Rs. 15 crore.

## **Resources**

129. A continuous effort to widen our resource-base and to streamline our collection machinery is necessary to ensure long term financial stability. Besides reforms in fiscal and financial administration, we have to take recourse to resource augmentation, measures to narrow down our revenue deficit and reduce our dependence on borrowing. A recent study conducted by the Reserve Bank of India does not rank Kerala among the financially weak States. However, we have to constantly work on improving our financial health to meet the needs of the future.

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xR.B.I Occasional Papers Vol. 15 No.4, December, 1994, "Resource Gap of the State Governments. Measurement and Analysis".

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### **Concessions**

130. In order to provide a measure of relief to the weaker sections of society and to combat, to some extent, erosion of purchasing power on account of inflation, I propose to reduce tax rates on the following articles of common use:

i. Edible Oils	from 8%	to 4%
ii. Chillies, coriander, garlic and curry powder(including spice powder)	from 6%	to 4%
iii. Jaggery	from 6%	to 4%
iv. Coffee	from 8%	to 4%
v. Aluminium household utensils	from 6%	to 4%
vi. Handmade Soap	from 5%	to 4%
vii. Spectacles	from 8%	to 4%

131. I propose also to exempt Kerosene lamps (including petromax lamps) from sales tax.

132. Our farmers have responded magnificently to our policy initiatives. Growth in productivity has taken place in respect of all crops. Prices have generally gone up except in the case of coconut. Coconut growers, therefore, deserve a special deal. I am exempting them from agricultural income tax for a period of one year. In order to promote milling of copra within the State, I propose to grant complete exemption from tax on the purchase of copra, provided the final product suffers tax either under K.G.S.T or C.S.T. Acts. There is potential for growth of refining capacity within the State. I therefore propose to set off the tax paid on the purchase of oil for production or refined oil against the tax paid on the final product whether it be K.G.S.T. or C.S.T. These measures, I hope, will encourage the establishment of more production capacity within the State, which will lead to increase in the demand for coconut and ultimately to long-term stability in price.

133. I propose also to raise the exemption limit for the levy of Agricultural Income Tax from Rs. 28,000 to Rs. 40,000. The following other tax relief measures are also propose:

- i. Rate of sales tax on rubber rollers will be reduced from 10% to 4 %.
- ii. Rate of sales tax on cardamom will be reduced from 5% to 4%.

- iii. Pesticides will be completely exempted from sales tax
  - iv. Sale of green tea leaves by agriculturists to tea factories will be exempted from sales tax, provided tax is payable by the factories on the tea processed out of such leaves.
  - v. As a measure of relief to dairy farmers, I am reducing the sales tax on oil cake from 5% to 4%
  - vi. For the benefit of fishermen, I am reducing the sales tax on spare parts for marine engines from 10% to 6%.
  - vii. There will be complete exemption from stamp duty on IRDP up to Rs. 25,000.
  - viii. Industry is fast emerging as a major thrust area. Growth has been most impressive in the small scale sector, which has the added advantage of providing enormous employment opportunities at relatively low cost. In order to further promote growth of the small scale sector, I propose to limit rate of sales tax in respect of the products of all small scale units with a turnover not exceeding Rs. 50 lakh per annum to 4 percent. In order to lower cost of production and to encourage manufacturers of capital equipment within the State, I propose to bring down the rate of sale tax on machinery sold to manufacturing units in Kerala from 10% to 3%. I also propose to lower the rate of tax on the sale of goods used for the generation and distribution of power to KSEB, NTPC and power generation projects in the joint sector (with a capacity of 25KW or more ) to 4 percent. Since the growth of industry is contingent on the establishment of industrial parks and estates. I propose to exempt all lands purchased for setting up such estates and parks in the public co-operative or joint sectors from payment of stamp duty.
134. Other measures of fiscal support to industries are as follows:
- i. Industrial units making readymade garments, brassiers and hosiery goods whose annual turnover does not exceed Rs. 5 lakh will be exempted from sales tax for a period of two years from 1.4.1995. For reckoning this limit, the turnover of different units making products sold under the same brand name will be aggregated.
  - ii. Rate of tax on cement hollow bricks will be reduced from 12.5 percent to 8 percent.
  - iii. Rate of tax on electronic goods, sound transmitting equipments, telecommunication apparatus and wireless reception instruments will be reduced to 10 percent.
  - iv. Wirecut brick manufacturers will be exempted from the payment of purchase tax on clay and firewood.
  - v. Tax payable by biscuit manufacturers within the State on sale of biscuits manufactured and sold by them will be reduced to 4 percent.
  - vi. All metal crushing units will be given the facility of compounding tax at the following rates from 1.4.1995.
    - a) Machine size not exceeding  
12"x9(surface area not 108 sq.inches) Rs. 12,500 per annum

- b) Machine size exceeding 12"x9 but not exceeding 16"x9(surface area exceeding 108sq. inches, but not exceeding 144sq.inches). Rs. 25,000 per annum
- c) Machine size exceeding 16"x9" (Surface area exceeding 144sq. inches) Rs. 50,000 per annum

### **Measures to Check Evasion and Leakage of Revenue**

135. I propose the following measures for checking evasion of tax:

- i. Permit system will be introduced to regulate transport of building materials into Kerala like marble and cement by persons other than registered dealers.
- ii. Exemption granted to bakeries will be restricted to those whose annual turnover in respect of bakery products does not exceed Rs. 3 lakh.
- iii. Exception granted to the products of charitable institutions will be limited to those institutions in which production is only incidental to their charitable activities. In other words, only those institutions which have charitable activity as their predominant objective will be entitled to exemption.
- iv. Exemption on the sales of products of village industries will be limited to the products of units set up under the aegis of the Kerala Khadi and Village Industries Board, and whose annual turnover does not exceed Rs. 10 lakh. This will also give a decided advantage to local village industry.
- v. Mutual benefit funds and companies which lend money and which are not sponsored by the State or Central Governments, or Government agencies or nationalised banks will be brought under the purview of the Kerala Moneylenders Act.
- vi. In order to check cigarette smuggling into the State to avoid payment of luxury tax, necessary penal provision will be incorporated in the statute.

### **Augmentation**

136. I now turn to measures for augmenting revenue:

- i. In the budget for 1993-94, the rate of tax on High Speed Diesel was brought down from 25% to 17% in the expectation that it will have a salutary effect on the general price situation. This expectation has been belied. Since most goods are brought to Kerala from other States, reduction of the rate of tax on diesel within Kerala is not likely to reduce the prices of transported goods. I am, therefore, restoring 25% rate of sales on High Speed Diesel.
- ii. Rate of sales tax on motor vehicles (including 2 and 3 wheelers), chassis of motor vehicles, and bodies built on the chassis of motor vehicles will be increased from the present levels of 4% and 5% to 8% uniformly.
- iii. The rate of sales tax on aviation turbine fuel will be raised from 12.5% to 15% on granite tiles and slabs from 6% to 8%, on pan masala and similar arecanut-based preparations from 6% to 10%. and on readymade garments from 6% to 10%.



- iv. Turnover tax on foreign liquor (IMFL as well as imported liquor) will be raised from 3% to 5%.
- v. Entry tax on motor vehicles will be raised from 6% to 12%.
- vi. Licence fee on hotels will be limited to those having turnover not exceeding Rs. 25 lakh. The tax of 6% now being charged on cooked food served in star/bar hotels will be extended to hotels with an annual turnover exceeding Rs. 25 lakh.
- vii. Compounding of tax for gold and silver ornaments will continue, but it will be ensured that compounded tax is not less than 150% of the compounded tax paid during 1994-95.

### **Agricultural Income Tax**

137. Since compounding of agricultural income tax was introduced in 1991, there has been no revision in the rates of compounded tax. The prices of cardamom, pepper, coffee and rubber have increased substantially during the intervening period. The compounded tax rates are therefore proposed to be raised as follows:

(i) *Cardamom C Zone and Pepper*

The present rates of Rs. 350, Rs. 500, Rs. 900 and Rs. 1,500 will be raised to Rs. 450, Rs. 650, Rs.1150 and Rs. 1,900 respectively.

(ii) *Cardamom B Zone*

The present rates of Rs. 600, Rs. 1,100, Rs. 2,100 and Rs. 3,000 will be raised to Rs. 750, Rs. 1,400, Rs. 2,650 and Rs. 3,750 respectively.

(iii) *Cardamom A Zone*

The present rates of Rs. 800, Rs.1300, Rs. 2800 and Rs. 3700 will be raised to Rs. 1000, Rs.1650, Rs. 3500 and Rs. 4650 respectively.

(iv) *Coffee*

The present rates of Rs. 350, Rs.500 Rs.900 and Rs. 1500 will be raised to Rs. 700, Rs. 1000, Rs. 1800 and Rs. 3000 respectively.

(v) *Rubber*

The present rates of Rs. 600, Rs. 1100, Rs. 1800 and Rs. 2700 will be raised to Rs. 750, Rs. 1400, Rs. 2250 and Rs. 3400 respectively.

### **Value Added Tax**

138. A beginning was made during 1993-94 in introducing Value Added Tax. I propose to extend Value Added Tax to items 2, 3, 4, 5, 7, 8 and 10 of the 5th schedule subject to double-point tax to tax them at the following rates:

Item	Proposed rate of tax
(a) Foamed rubber sheet etc.	10%
(b) Laminated sheets etc.	12%
(c) Mica	12%
(d) Dry wood, Veneer plywood etc.	12%
(e) Synthetic rubber foam etc.	12%
(f) Timber	8%
(g) Typewriter (including electronic typewriter)	15%

### **139. Motor Vehicle Tax**

(i) The tax now levied on standing passengers in stage carriages is only Rs. 50 per head per quarter, which is very low when compared to the tax on sitting passengers (Rs. 300 per head per quarter). The tax on standing passengers will, therefore, be increased to Rs. 100 per head per quarter.

(ii) Tax in respect of the four categories of two wheelers has not been increased during the last few years. A slight increase in the rates of tax is, therefore, proposed as follows:

- (a) Two wheelers having unladen weight not exceeding 100 kg-  
from Rs. 12 to Rs. 18 per quarter,
- (b) Two wheelers having unladen weight between 101kg. and 200 kg -  
from Rs. 15 to Rs. 22 per quarter.
- (c) Two wheelers having unladen weight exceeding 200 kg -  
from Rs. 18 to Rs. 25 per quarter.
- (d) Two wheelers with sidecar or drawing a trailer-  
from Rs. 21 to Rs. 30 per quarter.

(iii) Besides, an additional surcharge of 5 percent will be levied on the tax on all categories of vehicles.

### **Registration and Stamp Duty**

140. Land values have been growing astronomically in Kerala. Transactions have gone up manifold in number. However, Government has not benefited proportionately by way of stamp duty and registration fees. I have already outlined the measures which Government proposes to take to check undervaluation and evasion. Besides, I also propose to raise registration fees from 1 percent to 2 percent.

### **Lotteries**

141. The face value of the " Maveli" lottery ticket is proposed to be raised from one rupee to two rupees. A new lottery, " Kerala Soubhagya", will be introduced, with the ticket having a face value of Rs. 7. With this, the number of weekly lotteries will increase from 3 to 4 . The Vishu Bumper Lottery will be converted into a Super Bumper Lottery, thus raising the number of Super Bumper Lotteries to four per year.

### **Non-Tax Revenues**

142. Government also propose to make earnest effort to improve collection of non-tax revenues with the support of all departments. A committee headed by the Chief Secretary is proposed to be constituted to periodically review rates, fees etc. fixed for various Governmental services and prices fixed for goods sold by Government Departments, to devise ways in which collection of non-tax revenue can be maximized, and to monitor collection.

### **Bonds**

143. Planning Commission has agreed to the issue of non-SLR bonds amounting to Rs. 170 crore during the year. Out of this, bonds amounting to Rs. 150 crore will be issued by KSEB and Rs. 20 crore by the Kerala Industrial Infrastructure Development Corporation. These amounts have been taken into account while estimating resources.

### **Administrative measures**

144. Amendments will be made in the KGST Act to assess works contracts (excluding labour-portion) with effect from 1-4-1984. Amendments will also be made in the Kerala Moneylenders Act to remove ambiguities regarding security deposit. Iron and steel will be brought under the second schedule to the KGST Act.

**Conclusion**

145. The Budget for 1995-96 strives to achieve the goals of growth with distributive justice and the welfare of the poorest sections of our people without sacrificing our concern for the financial stability of the State. There is emphasis on long term growth of the State, as evidenced by the importance given to power generation and distribution, Industrial infrastructure, agricultural development projects, the far-reaching tax concessions for industry and agriculture and our effort to simplify procedures to achieve these objectives. We are also continuing with our policy of attracting private investment in increasing measure from all areas. For the weaker sections, sizeable amounts have been provided for strengthening various institutions set up for their welfare and for taking up various new schemes. For the destitute, we are proposing to raise pensions, set up new Welfare Fund Boards and new pension schemes. A new thrust is also planned in the area of women's welfare and it is the objective of this Government to organize them effectively for taking up various development schemes. We have also kept in mind the immediate problems facing the people, such as rising prices, problems faced by coconut growers and shortages of drinking water and we have set apart funds for tackling these problems. At the same time, we have laid stress on the financial stability of the State and we have devised a series of measures for ensuring long term financial health.

146. Since the preparation of the Budget documents, there have been two significant developments. Firstly, Government of India have indicated that the State's share of Central taxes in the year 1994-95 is likely to be substantially more than what was originally anticipated. The net increase inclusive of augmentation of revenue collection is expected to be of the order of Rs. 75 crore. Secondly, Government of India have accepted the recommendations of the Tenth Finance Commission, which affects our receipt estimates for 1995-96. The share of the State in Central taxes is expected to go up from Rs. 940.65 crore provided in the Budget estimates for 1995-96, to Rs. 1032.36 crore. We had made a provision of Rs. 145.51 crore towards Plan Revenue Deficit Grant, which will now no longer be available to the State. Central share of assistance for calamity relief goes up from 23.25 crore to Rs. 39.22 crore. The net effect of all these changes including the increase in the grant in lieu of tax on railway passenger fares, is a decline in the flow of Central funds to the State to the extent of Rs. 51.18 crore.

147. In calculating the final position, I have taken into account changes in the amount of Central funds available to the State in 1994-95 and 1995-96, additional welfare measures now announced, additional resource mobilisation measures and measures to augment revenue through strengthening and streamlining of revenue earning. Small departments and collection procedures. The final position is as follows:-

(Rupees in Crore)

	Revised Estimate 1994-95	Budget Estimate 1995-96

Revenue Receipts	4489.55	4928.69
Revenue Expenditure	5183.87	5777.19
Deficit	(-) 694.32	(-) 848.50
Capital Receipts	1558.53	1799.74
Capital Expenditure	1306.01	1437.38
Surplus	252.52	362.36
Public Account(Net)	379.30	411.34
Overall Deficit	(-) 62.50	(-) 74.80
Carry over Surplus	(+) 9.97	(+) 22.47
Cumulative deficit	(-) 52.53	(-) 52.33
Net yield from A.R.M(1995-96 Measures)	--	200.00
Variation in receipts on account of share of Central Taxes etc. (Net)	75.00	(-) 51.18
Expenditure on additional measures announced	--	84.00
Surplus (Net)	(+) 22.47	(+) 12.49

**148.** Kerala State is rich in resources, but is at the same time beset with serious developmental problems Tucked away as it is, in the South-Western corner of the country, it has little access to the domestic markets of the north. The people of Kerala have traditionally been looking outward across the seas and as a consequence, there has been export of manpower and inflow of money. This has resulted in inflationary pressures developing within the State and movement inward of consumer goods produced in other parts of the country. Thus, Kerala consumes far more than it produces. We have to fully exploit the market potential within the State and develop productive capacity. In this task, we have to overcome various obstacles like inadequacy of infrastructure, negative perceptions regarding out labour and the flight of investible resources to other States.

149. Above all, there is need for a broad consensus amongst all section of our people. If we are able to forge amongst ourselves unity of purpose and direction, if we stand together in promoting the cause of development and if we act as one in all matters concerning the well-being of the people, we can build a strong and prosperous Kerala. In the words of the renowned economist Sukhomoy Chakravarthy, "Societies which have grown fast during the recent period have done so not because the sum total of problem solving efforts has been vastly greater in any measurable sense, but because they could evolve a broad consensus on priority", Let us strive to achieve such consensus.

150. 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 1995-96.

JAI HIND.

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