



BUDGET SPEECH 2000-2001

T. SIVADASA MENON

14th March 2000

Sir.

I rise to present my budget for the financial year 2000-2001.

1. Sir, I take pride in being able to present the fifth budget of this Government and the first of this century and millennium. While presenting the budget before you, I also take pride that this Government has traversed possibly the worst of financial hardships that State Governments have faced. We have emerged successful and are still free to charter our own course. Sir, I wish to place on record, my deep appreciation to you and the members of this house for providing a most constructive and positive environment in such difficult times. I also wish to thank the Hon. Chief Minister and my Cabinet colleagues for taking a very holistic and forward looking approach in their departmental activities, so that we could sustain our finances and ensure the completion of developmental projects. The State has also successfully implemented its Pay Revision proposals. Hon. Members would be aware that even many financially healthy states have not touched pay revision. The proposals have been a heavy drain on the state exchequer in that as against Rs.218 cr. disbursed monthly on salaries in 1996-97, in the current year we have had to set apart Rs.367 cr. per month. In fact some of the more prosperous States have buckled under the fiscal strain. To avert a financial emergency, some of them had to sign a Memorandum of Understanding with Government of India to undertake hard decisions to control expenditure including a freeze on hiring new teachers. We have had no such crisis. We have had to undertake no such MOU with the Centre. The Government and the Legislature still continue to be the supreme decision making authority in all matters, financial.
2. Hon. Members may recall that while presenting the budget estimates for 1999-2000, I had anticipated an overall deficit of Rs.472.05 cr. In my budget speech, I had proposed to reduce the gap to Rs. 129 cr. Besides the annual budget, we have had an additional commitment of Rs.324.96 cr. in the Supplementary Demand for grants, which would have implied a deficit of Rs.797.0 I cr. However, by astute fiscal management, well considered decisions and a prudent approach we hope to

close the year with an overall deficit of Rs.141.46 cr. only.

3. I wish to share with you another major assault on our financial well-being. You may recall that the current year Annual Plan outlay was fixed at Rs.3250 cr. While doing so, in a meeting that the Deputy Chairman, Planning Commission had with the Hon. Chief Minister on 12.4.99, it was decided that the central devolution to Kerala would be Rs.2117 cr. We are now informed that the State cannot expect an amount more than Rs.1586 cr. This cut of Rs.531 cr. imposes a very heavy burden on the State's own resources to finance the Annual Plan. The Chief Minister has already taken up this issue with Government of India and we hope to get the final picture in about a week's time.
4. Hon. Members have been practically unanimous in pointing out the absence of any clear direction and indeed, the lack of imagination that is seen in the Union Budget for 2000-01. Customs duty has been lowered and Excise duty has been hiked measures that are sure to strike at the roots of our indigenous manufacturing sector and certainly widen our trade deficit, apart from inducing strong inflationary trends in economy. The emphasis seems to be on bringing in more tax payers within the tax net. The approach seems to be targeted at the middle class and turns a blind eye to the pattern of concentration of wealth in the country. Unfortunately, the focus in fiscal management lies in two retrograde directions: the first in reducing subsidies for the poor under the guise of 'targeting' them and the second in frittering away the precious wealth of the nation under the camouflage of 'disinvestments'. Financial management totally ignores the extent of tax evasion and avoidance prevalent in the country. There is a regressive movement towards a tax regime that preserves and protects the interests of a small fraction of our population, which owns 80% of the total wealth of the country. Hardly any sector in the economy has been given the momentum for growth in the Union Budget. Suffice it to say, one sees a very dismal picture of the economy in the Central Budget as a rudderless boat, cut loose from its anchor and left to the vagaries of the weather. It is against this national backdrop that I have to present my budget for 2000-2001.
5. Let me now place before this august House, my assessment of our state's economic performance. I shall follow that up with Government's plans for public spending for the coming year; and finally I intend to explain how I propose to raise revenue to cover Government spending, and what changes I plan to make to the tax system.
6. The last three years have proven that the steps that we have taken to strengthen the finances of the State and economy are paying off. Our central economic objective has been to achieve high and stable levels of growth and employment. The vision has been to build an economy in which everyone has the opportunity to participate and share in the benefits of economic success. This means providing a better quality of life for present and succeeding generations. I firmly believe that we have been successful in strengthening the sinews of a healthy and productive economy, right from the Panchayat level.
7. Perhaps no better affirmation of the State's economic growth could have come

than from the data given in the Reserve Bank of India's handbook of statistics of the

Indian Economy for 1999. Based on this, Kerala has been ranked fifth in the country on the basis of economic growth as at the end of 1998. On current prices, the State Domestic Product has grown steadily for the third consecutive year and has reached an all time high of 18.03%, and in constant prices, at 1993-94 levels, has recorded a healthy 5.6% growth rate. Per capita income has also registered an annual growth rate of 16.85% in 1998-99. These are by no means, a small achievement for this Government, which had to operate within a very restricted financial regimen.

8. I can, in all fairness, say that this remarkable achievement is because of two main factors. Government has delivered both administrative stability and microeconomic reforms particularly through the decentralized planning process. It has targeted public service expenditure well and created the right conditions for investment.

9. We have made great progress today in restoring to the State a sense of purpose and confidence. I am happy to inform this house that in 1999 unemployment in the State

touched its lowest level in the last decade. As a percentage of total population of the State there has been a decline of 0.83% in 1999. This is the first time that Kerala has been able to reverse unemployment. The number of registered job seekers in employment exchanges has remarkably stabilized at 37.9 lakh in 1999 as against 37.8 lakh in the previous year. Thus, job prospects for young people have improved significantly. We have a long-term economic ambition that we will be able to combat the problem of unemployment completely. By creating the right atmosphere in increasing employment opportunities for all, Government hopes to tackle one of the most important underlying causes of deprivation.

10. A budget always brings with it, its own special vocabulary. We talk in the language of deficits and surpluses and of percentages and indices. This is perhaps too ingrained in our system. But it would be a mistake if all this obscures what budgets "should really be about. I mentioned about the financial burden that the State had to face in the last two years. The revenue deficit has no doubt grown from Rs. 643 cr. in 1996-97 to Rs.2027 cr. in 1998-99. But here is a fact that I would like to remind the house. As per accounting norms laid down by the Comptroller and Auditor General all grants are classified as Revenue expenditure. As Hon. members are aware, we transfer roughly 40% of our Plan outlay to the Local Bodies as grants. Though easily about 70% of these grants are spent on capital expenditure, yet it can be accounted only as revenue expenditure. Towards this accounting nomenclature, Rs.2931 cr. transferred by this Government to the local bodies in the last four years has been classified only as Revenue Expenditure though 70% of this has gone to Capital works. Thus the amount of revenue deficit has become unrepresentative of the factual position. Even the Eleventh Finance Commission has accepted this anomaly. It is only due to such large capital expenditure made by the local bodies that the State has recorded a high and steady economic growth.

11. I would like to share with you another ground on which, as Finance Minister, I feel particularly happy about. You will agree that the State prepares for the future through its capital investments. In spite of the odds that I have had to contend with, and notwithstanding the massive transfer of resources to local bodies, there has been no let up in the capital expenditure over the last three years. Capital Expenditure has continued to grow from Rs.563 cr. in 1995-96 to Rs.765 cr. in this year. I intend to continue this trend in this budget for 2000-2001 that I am presenting before the house today. This house had enacted the Kerala Infrastructure Investment Fund Bill in the 1st session. We have successfully been able to raise Rs.507 cr. from investors. We are confident that through this fund, a minimum of Rs.200 cr. can be additionally pumped in as capital expenditure in 2000-2001 itself, over and above what I have proposed in the budget. I have kept Rs.25 cr. in the Plan as Government's equity contribution to the Kerala Infrastructure Investment Fund. A new legislative framework to support new infrastructure projects on the basis of Build, Own, Transfer (BOT), Build, Own, Operate, Transfer (BOOT) among others has been drafted and is under active consideration. All this will prepare the grounds for a stronger and vibrant Kerala.
12. In my last Budget Speech, I had expressed the hope that Government will be able to garner substantial resources through the Asian Development Bank. Unfortunately, the sanctions imposed in the wake of India's nuclear trials have delayed this. But ADB has now resumed the dialogue with Government. We are very hopeful that the agreement between ADB and our Government can be signed in 2000-01 itself. This will be a development that would have far reaching implications for the growth of our State.
13. There is ground for overall optimism on several fronts. Agricultural income after a steady decline for three years from 1995-1998 has recovered significantly. From an average of 1.3% during the previous three years, the growth rate in agricultural income has registered 3.82%. Similarly the manufacturing sector, which reached negative growth levels in 1996-97, has staged an admirable turnaround and is showing a growth rate of over 7% in the last two years.
14. My focus in this budget shall be two fold. I have tried to allocate resources to sectors of the economy that offer the best potential for the State and will yield the highest dividends to the State. No doubt, we will continue our efforts with the same vigour in basic sectors like education, health, industry and agriculture among others. But this budget will also recognise the benefits of higher investment in Information Technology and Tourism. These are areas where additional investment will further boost the present trend of our economic growth. At the same time, as the figures 1 present before you will show, I have tried to arrest the growth of the revenue deficit in the next year. This shall continue to be one of Government's prime concerns in the coming years.
15. Let me now outline the spending plan that I have for various sectors.

Information Technology

16. Last year, I had announced that Departments could set apart up to 3% of their Plan outlays for deploying IT in administration, and had also announced an attractive package for IT units in the State. The initiatives of Government in the IT sector

have started paying rich dividends. The first phase of the State Information Infrastructure is under implementation. Kerala will be the first State to have its own Information Highway, which connects Sub-District Levels. As a part of increasing the efficiency of administration, IT deployment is actively underway in the following Major Departments: Treasuries, Sales Tax, Registration, Revenue, Motor Vehicles and Civil Supplies. The computer networking of Local Bodies will be completed in the next financial year.

17. On a pilot project basis, Integrated Service Centres, where a citizen can access a range of Government services under a single umbrella will be opened. A Telemedicine project to increase the coverage of specialised medical facilities will be set up in Kottayam Medical College.
18. A principal area of focus in the coming year would be the creation of employment opportunities utilising IT, through content generation using self help groups, establishing network of Internet Kiosks and promotion of high growth areas.. Three IT enabled Service habitats will be set up at Thiruvananthapuram, Kochi and Calicut.
19. District Level Software Technology Parks will be strengthened. Government will actively promote private sector participation in IT infrastructure investment. Government also proposes to launch a major programme to introduce computer education and computer-aided education in Government High Schools in the State. Three District Level Training Centres will be established in the State next year. I am setting apart a sum of Rs.16 cr. for Information Technology in my budget. This includes an allocation of Rs.2 cr. for the School of Information Technology and Management being set up as a centre of excellence in IT. In addition the powers given to Departments to devote up to 3% of their outlays for IT deployment shall continue.

Tourism

18. Tourism has emerged as a sector where the State enjoys significant competitive advantages. This is best reflected in the encouraging growth rate in tourist arrivals to Kerala, as against the negative growth seen in the All-India figures Investments in this sector have considerable multiplier effect through generation of demand for auxiliary services like accommodation, food and transport.
21. Backwaters of Kerala and Ayurveda are identified as the two 'Unique Selling Propositions' of Tourism in the State. Completing infrastructure projects of Pamba Kuttanad Region, integrated development of Ashtamudi and backwaters in Malabar and development of tourist amenities will be focus areas for Tourism in 2000-2001.
22. Comprehensive development of Fort Cochin, developing Veli Tourist Village to international standards through private sector participation, setting up joint venture sector projects such as eco-friendly floating resort at Pathiramanal and an international hotel at Vagamon, renovation of Hill Palace at Thripunithura and Napier Museum are proposed for the next year.
23. Government is keenly aware of the importance of well-planned promotion and marketing for attracting quality tourists to the State. The use of IT for tourism promotion through setting up a much acclaimed website for tourism

and releasing the CD-Rom widely commended for its quality illustrate the efforts in this direction.

24. I am happy to provide Rs.46 cr. in my Budget for these developmental activities in tourism. This is an increase of 28% over the allocation for this sector last year.

Local Self Governments

25. I am extremely happy and proud to state that the radical decentralisation process initiated by the State is progressing on course. This year, we expect Local Governments to commence approval of their plans in May itself. This is fitting testimony to the strength of the systems that we have put in place.
26. Once the new local governments are in place, a massive capacity building exercise would be undertaken to prepare the newly elected members to discharge their developmental responsibilities effectively. Kerala Institute for Local Administration (KILA) would take the lead role in this. In recognition of this special role, I am providing a special non-plan grant of Rs.5 lakh for KILA in my budget apart from the plan assistance of Rs.75 lakh. As a fitting recognition to KILA's role in decentralised planning, the Swiss Development Corporation will provide assistance of nearly Rs.4.5 cr. to the Institute.
27. In keeping with this Government's policy of encouraging well-performing local governments, I am happy to declare a new award for the best three Municipalities in the State and for this purpose, I set apart Rs.1.5 lakh. The award already instituted for the Best Panchayats will be continued.
28. We shall also encourage and enable Gram., Panchayats to borrow funds from NABARD under RIDF in 2000-2001. Through this, a minimum of Rs.50 cr. can be expected to flow from NABARD to the Grama Panchayats.
29. The Kudumbashree project of Government, conceived as a major poverty eradication programme, and implemented in line with the People's Planning programme is centred on the participation and empowerment of women from poor families. This programme has picked up momentum in the State in a big way. I propose to set apart Rs.10 cr. for the Kudumbashree project in my budget.
30. Government have decided to upgrade Kollam and Trissur Municipalities into Corporations. This takes effect from October 2000. To help the development of these areas, I propose to give a sum of Rs.2.65 cr. in my budget for Kollam and Trissur Development Authorities.
31. The Local Self Government Department is giving shape to a 'Canal Walk' project along the T.C Canal, which will join two very important tourist destinations of Aakkulam and Kovalam in Thiruvananthapuram. This project is expected to give a major fillip to tourism in the State. For preliminary expenses including the preparation of Detailed Project Reports, I am setting aside Rs.50 lakh.
32. The Greater Cochin Development Authority's allocation has been increased from Rs 1 cr. to Rs.4.5 cr. for taking up the construction of the Sahodaran Ayyappan Road. For the construction and road widening between Palayam and Pattoor and Killipalam and Karamana, I have increased the outlay for TRIDA in the next year from Rs. 1 cr. to Rs.4.5 cr.

Housing

33. Government is committed to its declared goal of providing housing for all the homeless and landless people of our State in a phased manner. Rs.30 cr. has been set apart for the subsidy component of 33000 houses under the Maitri Housing Scheme.
34. In 2000-01, Government intends to conduct a special resource mobilisation drive for housing. I am happy to announce that Government shall conduct a Special Bumper Lottery for raising funds for Housing for the homeless in the State.

Power

35. The performance of this Government in the power sector has been nothing short of spectacular. In the past three years, 845.5 MW of energy has been added to the State's grid to make Kerala the only State in South India that does not impose a power cut on its consumers. The focus shall be on exploiting our hydel potential to its fullest. Government of India has cleared the Athirapally project (163 MW). 16 Mini Hydel projects will be implemented with the support of the Government of China. In the next five years 1000 MW of power will be produced additionally from hydel sources. A 107 MW power plant is under construction in Kasargod. A 513 MW plant in Kannur and a 679 MW Siasin Energy Plant in Cochin are under active consideration of Government. As a result of our relentless follow up, Government of India has approved the 621 MW Cochin Refineries Project. KSEB intends to be an equity partner in this project, which generates power using the residual gases.
36. At the same time, no effort shall be spared to improve our Transmission and Distribution System. 98 new 33 K.V Sub Stations and 29 110 KV Sub Stations will be commissioned next year itself. In line with our Power Policy, we will be restructuring the Kerala State Electricity Board into 3 Profit Centres from 1.4.2000. The Power Sector has been allocated Rs.662.7 cr. in our Annual Plan. We shall continue our relentless pursuit of self-sufficiency in power, and put the State in a better position to meet the demands of tomorrow.

Civil Supplies

37. It has been a cardinal credo in this Government's policy that it is our primary duty to ensure food security to our people. Our Public Distribution System of Kerala has been lauded for its efficiency, effectiveness and transparency of operations. We are providing 10 kg of rice at Rs.4 per kg to 42% of the population based on our assessment of families below the poverty line. Government of India is subsidising the rice for only 25% of the population. Besides this we are giving a subsidy of Re. 1 per kilo on 16 kilo of rice given to all the families per month.
38. We are deeply disappointed by the proposal of Government of India in the Union Budget for 2000-01 that subsidies on PDS issues will be done away with. This has very serious implications for a State like ours, which depends on the PDS for food security. However, we are encouraged to note that most well minded citizens of the country have raised their voices in protest against the Centre's efforts to economise at the expense of the poor and the deprived. We are hoping that better sense will prevail on the Union Government.

39. Nevertheless, should the Centre persist in its misguided policy pronouncement, we shall be committed to maintaining food security for all our poor. Needless to say, the financial implication to us to achieve this without the help of the Central Government is daunting. Government is committed to keep the 42% of our population who are below the poverty line, within the PDS by giving the entire 20 kg of grains announced by the Centre, at the ration price itself. Besides, we shall continue the on rupee/kg subsidy on 16 kg of rice for all our consumers in the PDS. In addition, Government shall continue to provide food grains during festivals and the noon meal scheme for our children in schools. As a first step, I would like to announce an additional Rs.39 cr. as ration subsidy for bridging the gap.

Agriculture

40. Achieving food security in the State shall be the main focus in the Agricultural Sector. The thrust that this Government has given to improving productivity and efficiency in Paddy, Coconut and Vegetable production will continue. At the same time the emphasis on strengthening the base of the State in all areas of Agriculture will continue. Paddy Production has improved and Government has an ambitious target of increasing this to 21 lakh tonnes. Under the auspices of the Seed Authority formed by Government, 100 new Seed Villages for the distribution of high quality seeds will be formed. An amount of Rs.1 cr. will be set apart for this from the outlay on Paddy in the Budget. The formalities for the functioning of the Paddy Board are being completed I am setting apart Rs.10 lakh for its operations.
41. Government has stepped up its efforts to combat the mite attack on Coconut cultivation with the active participation of the Local Self Governments. We are sure of controlling the epidemic completely. I am providing Rs. 5 cr. in my Budget for this.
42. The GALASA programme, which is an intensive field intervention and innovative approach in technology dissemination for doubling the paddy production and thereby enhancing farmers' revenue, has been an unequivocal success in several areas of Palakkad District. Government hopes to extend this successful experiment to other parts of Palakkad, Kole Lands in Trissur and Kuttanad rice bowl with the active participation of the District Panchayats. 1.8 lakh hectares of paddy cultivation in these areas will be covered resulting in substantial employment opportunities to agricultural labourers. I intend to provide additional grant for the District Panchayats for this project during the course of the next year.
43. The State's effort in achieving self-sufficiency in Vegetable production through the Intensive Vegetable Production Programme has been an unequivocal success. This year, through the activities of 1101 Haritha Societies, we have been able to achieve a production of Rs. 600 cr. and 6 lakh tonnes vegetables creating 24 lakh man-days of employment. The Market Intervention Scheme of Horticorp shall be further strengthened in 2000-01.
44. Rubber producers have faced tremendous hardships in the last two years. Government have empathised with them and taken every step to alleviate their problems. We have committed to reimburse losses of designated procuring agencies and make good losses incurring during exports. Despite severe financial strain on the

State Government, we had no hesitation in exempting inter state sales of STC from the levy of Purchase Tax for another year. On this alone, the burden on the State Government would be of the order of Rs. 15 cr.

45. RUBCO has contributed substantially to ease the burden of the rubber farmer through their endeavours in setting up rubber-based industries in the State. As a fitting recognition of their efforts, I am announcing a special grant of Rs.2 cr. for helping RUBCO.
46. Government also intends to give shape to a Welfare Fund for Small Farmers with less than 2 ha of land. Once the details of the scheme are worked out, I intend to provide necessary Government contribution for the Fund in the coming year.
47. An amount of Rs.142 cr. has been set apart for the Agriculture sector under Plan in my budget.

Animal Husbandry and Dairy Development

48. Our State has registered an impressive growth in the dairy sector during the last three decades through sustained efforts in improving the proportion of crossbred varieties in cattle population and by expansion of veterinary services. Mobile artificial insemination units and Mobile milking machines will be introduced. Construction of buildings for 100 veterinary clinics will be taken up through local bodies and Veterinary Biologicals will be converted into an autonomous body of national relevance. 4 lakh crossbred milch cows and their owners will be enrolled under the 'Kamadhenu Insurance Scheme'. 20000 farmers will be trained in scientific animal husbandry services and 10000 educated unemployed youth will be trained to equip them for self-employment. The number of Artificial Insemination Centres will be increased to meet the desired target of one centre for 500 cows. I am also allocating Rs.10 lakh for the activities in the Brahmagiri Dairy Project.

50. I am providing Rs.43.11 cr. for this vital sector.

Education

51. The total allocation for Education in 2000-01 is RS. 2817 cr. Each year the State operates nearly ISO Plan schemes under this sector, accounting for the massive requirements of resources here.
52. Notwithstanding our financial difficulties, Government have implemented the UGC Scheme with effect from 1.1.96, with a total annual commitment of Rs.49.98 cr.
53. An outlay of Rs.6.5 cr. has been set apart for the new engineering colleges in Kozhikode, Wayanad, Palakkad and Thiruvananthapuram.
54. Government have decided to complete the de-linking of PDC from Colleges and complete the process of introduction of higher secondary courses in schools by 2001. Rs. 15 cr. has been provided under the Plan Budget for the second year's programme in 2000-01.

Health

55. Health has been given an enhanced allocation of Rs.697 cr. in the next year's budget. 944 primary health centres in the State have been transferred to local bodies. There

are several buildings/wards in primary health centres, which have not been made functional for want of staff. During 2000-01 it is proposed to create additional staff in 25 PHCs. I am setting apart Rs. 1.5 cr. for the strengthening of primary health centres.

56. Next year, besides strengthening existing Community Health Centres, Government also intends to upgrade 25 PHCs into Community Health Centres. I am providing Rs.2 cr. for this purpose in the budget.
57. I propose to give the Society for Rehabilitation of Cognitive and Communicative Disorders Rs.20 lakh in the budget.
58. The Regional Health and Family Welfare Training Centre will be upgraded into a State Institute. I am providing Rs. 10 lakh for this purpose in the budget.
59. Government intends to start speciality cadres in a phased manner starting first from major hospitals, speciality hospitals, district hospitals and finally in other hospitals including CHCs with over 100 beds. I am providing RS.25 lakh for meeting salary commitments for staff appointed under this programme.
60. Government is considering various proposals for starting of new courses in medical colleges. A new B.Pharm Course will be started in Medical College, Kozhikode. For this purpose and for strengthening existing courses I am setting apart Rs.30 lakh in my Budget.
61. During 2000-2001, it is proposed to establish a new dental college at Kottayam. I am setting apart Rs.10 lakh for initial expenditure for this in the budget.
62. The Directorate of Radiation Safety will be provided with its own staff and facilities in 2000-01. I have allocated Rs.9 lakh for this purpose.
63. During 2000-2001, Government proposes to start 25 new Ayurveda dispensaries and to upgrade 5 Ayurveda dispensaries into 20 bedded hospitals. For opening and improvement of dispensaries in rural areas and for the upgradation of existing dispensaries, I am earmarking Rs. 1.2 cr. in the budget.
64. Three Ayurveda hospitals will be upgraded into taluk level hospitals in 2000-2001. I have allocated Rs.15 lakh for this purpose.
65. The possibility of creating a Directorate for Ayurveda will be explored in the next year.
66. Fifty new homeopathy dispensaries will be opened in the next year. For the improvement of existing dispensaries and for opening new dispensaries, I have set apart Rs.1.4 cr. in my Budget.
67. A separate Training Division will be started next year for the professional training of doctors and para-medicals. I have provided Rs.50 lakh in my budget for continuing medical education for doctors and para-medicals.
68. Government intends to bring the Pariyaram Medical College into its ownership for integrating it more completely into the medical education system and to assure better services to the faculty and students. As a first step, I am happy to announce an amount of Rs.50 cr.
69. I shall also provide a special grant of Rs. 10 lakh for the EMS Memorial Co-operative Hospital at Padanna in Kasargod in recognition of the role of this hospital

in improving delivery of health services in Kasargod.

70. The internationally recognized Mayo Clinic of USA has come forward to help in setting up a world-class institute for research into preventive measures for diabetes and methodologies for its treatment, training and education. I have provided Rs.50 lakh in my budget for the establishment of the Institute.

Industries

71. The Industries Sector has been given an enhanced allocation of RS.257 cr. in the State Plan. This is an increase of nearly 15% from the previous year.
72. Government have introduced a "Single Window System" for granting clearances, certificates and licenses required for an industry within a prescribed time limit. The thrust next year shall be on generating more employment for the women of our State. 20000 new SSI units will be set up in the State with a capital investment of Rs.480 cr. and job opportunities for 88000 persons.
73. For providing State Investment Subsidy for Small Scale, Medium and Large Industries alone. I have provided Rs.18.73 cr. in my budget. For promotional activities in the industrial sector through Kerala Financial Corporation, Kerala State Industries Development Corporation and KINFRA, I have allocated Rs.65 cr. A provision of Rs.13.3 cr. has been earmarked for industrial infrastructure facilities in Kannur, Kozhikode, Malappuram and Alappuzha.
74. The allocation for Industries Department also includes Rs.65 cr. for the restructuring, revival and diversification of the Public Sector Undertakings of the State. The Kerala Industrial Revitalisation Fund has been able to raise Rs.180 cr. from the market. With Government's participation in the fund. we shall see major initiatives in strengthening the public sector in the State in 2000-2001.
75. The Kerala State Cashew Development Corporation is being given Rs.5.5 cr. for replacing machinery, renovating factory shed and modernisation and for setting up Centre for Cashew Research and Development. Last year in my budget speech. I had proposed assistance to the Corporation for extending cashew cultivation. The initial work for this has been completed. I shall additionally provide Rs. 5 cr. to the Corporation for this in the next year.
76. Government proposes to declare the year 2000-2001 as the *Coir Geo-Textile Year*. I have made a provision of Rs.5 cr. for a new scheme for the development of Coir Geo-Textiles. Government also intends to establish a High-Tech Coir Park at Perumon in Kollam. To this end, I am providing Rs.2 cr. in the budget.
77. For the development of Handloom through primary handloom weavers' co-operative societies I am setting aside Rs.6.45 cr. A total provision of Rs.22.28 cr. is proposed for the handloom and powerloom sectors in the State.
78. It is estimated that 13000 labourers are engaged in the Khadi Industry in Kerala. This sector is facing a grave crisis on account of factors like lack of basic infrastructure and poor wages for khadi weavers. To help the industry get back on its feet, Government feels that some measure of support should be extended to it. Government intends to provide to the weavers an incentive of 10 paise per hank yarn

used in this industry. For this purpose, I am setting apart RS.25 lakh in my budget.

Fisheries and Harbours

79. The Fisheries Sector is vital to the State for both its contribution to the domestic product of the State but also for the fact that a very large number of poor and marginalized earn their livelihood in this sector. The allocation for this sector has been enhanced to Rs 81.2 cr. has been in the increase of nearly 20% over that of last year. For dissemination of information of shoal movement to fishermen and for facilitating rescue operations, the Department will set up a wireless communication network in the State.
80. For helping our fishermen to mobilise necessary working capital requirement, Matsyafed will set up a Credit Card scheme in Kasargod, Kannur and Kollam districts. The promotion of self-help groups in the fisheries sector. creation of new employment opportunities for fisherwomen are some of the new thrust areas for the year.
81. One of the main objectives of Matsyafed is to make available inputs including kerosene oil to poor fishermen. I am happy to announce that I shall be allocating Rs.5 cr. additionally to Matsyafed for this.
82. New traditional landing centres at a cost of Rs.2 cr. will be constructed at Kanhangad, Thikkodi, Poovar and Kadapra.
83. In 2000-01, a Mahseer hatchery at Munnar and a Prawn Hatchery at Kannur will be set up. I have provided for Rs.2.1 cr. for hatcheries in my budget.
84. A new Regional Fisheries Technical School will be opened at Kasargode. An amount of Rs.50 lakh has been provided for this.
85. The Fisheries Department will open a new fisheries dispensary at Anthur Panchayat in Kannur District. Rs.54 lakh has been provided for the development of coastal social infrastructure facility in the sector.
86. I am setting apart Rs.2 cr. for the Janakeeya Matsya Krishi Programme under which 10000 ha will be covered in 2000-2001.
87. I propose to provide an amount of Rs.3 cr. as contribution to the welfare fund for allied workers like fish vendors, beach and peeling workers.
88. I am also providing Rs.3.25 cr. for the saving-cum-relief scheme for fishermen in the State to promote the habit of saving among them.
89. The work on the fishing harbours at Thalai, Munarnbarn and Muthalapozhi is in progress. I am happy to announce Rs.2 cr. for these projects over and above the budget provision.

Roads and Bridges

90. The figures in my budget would clearly show the importance that Government has accorded in the past for the proper maintenance and upkeep of the roads in the State. In spite of the transfer of village roads to the Panchayats, expenditure on roads has

been increasing consistently. An amount of Rs.375 cr. has been provided for this sector in the budget.

91. Under the World Bank assisted Road Infrastructure Development Technical assistance project, detailed design of 600 km of roads, land acquisition and other works for the construction of 400 km of roads will be taken up 2000-01. I have set apart an outlay of Rs.30 cr. for this.
92. As share capital contribution for the newly formed Roads and Bridges Development Corporation, I am providing an amount of Rs.1 cr. in my budget. The corporation will construct a chain of railway over bridges as part of its initial activities.
93. Government has been able to increase the outlay for roads under the Rural Infrastructure Development Fund to Rs.150 cr. this year. We are hopeful of increasing this outlay for Roads and Bridges under RIDF in 2000-01.
94. The other salient areas of focus in my budget, include the construction of 9 railway over bridges. feasibility study for a BOT project for Kollam and Alappuzha bypasses, improvement of Kannur-Kozhikode section of NH 17, four laning of Aluva-Angamali and Trissur-Vaniyampara stretches of NH 47 and increasing the use of rubberised bitumen on our roads.
95. I have already announced increased budget provisions for city roads in Thiruvananthapuram and Kochi through the Development Authorities. I also intend to provide Rs.2 cr. for PWD roads in the city of Calicut.
96. I shall also provide Rs.2 cr. for constructing a fly over on the Palakkad-Dindigul railway line to ease the congestion on the level cross in the heart of Palakkad town.

Transport

97. During the year 2000-01, the activities of KSRTC shall be expanded. The Corporation proposes to introduce 1200 buses at a total cost of Rs.120 cr. All major workshops and depots of KSRTC will be computerised.
98. The computerisation of the Motor Vehicles Department will be completed in two years. Considerable improvement in citizen response functions of the Department, its efficiency and revenue collection are expected. I have provided Rs.6 cr. for this purpose in the budget. Road Safety Clubs will be set up in Schools and Colleges of the State.
99. I have also set apart Rs.10 cr. for acquisition and development of land for a new terminal for the Thiruvananthapuram International Airport.

Inland Navigation

100. In addition to completing the Sultan Canal Project, the renovation of the Kollam-Kovalam reach of the T.S Canal at an estimated cost of Rs.70 cr. will be taken up in April 2000.
101. The Kerala Shipping and Inland Navigation Corporation will be made the nodal agency for opening coastal shipping routes for passenger and freight traffic. The possibility of operating high-speed modern passenger vehicles along the coast from Thiruvananthapuram to Ernakulam and Kozhikode will be explored.

Ports

102. I am providing Rs.4 cr. for the development of Azheekal Port in the budget for

2000-01.

103. A 100 m. wharf is in construction in Beypore. I intend to provide Rs.75 lakh for completing the rest of the work in the next year.
102. I am also allocating RS.25 lakh as initial expenditure for the development of the Shipping harbour at Alappuzha.

Major and Minor Irrigation

105. The allocation for the Major and Minor Irrigation Sectors in the budget for 2000-2001 is Rs.343 cr. The primary endeavour of the Irrigation Department in 2000-01 will be the early completion of ongoing Irrigation Projects. Work on the Banasura Sagar Irrigation Project and the Bridge- cum-Regulators at Charnaravattom are in the initial stages of execution. A scheme is also underway to replace the 62 shutters of the Thanneermukkom barrage in a phased manner. The work on Thrithala regulator cum bridge is progressing fast. Steps will be taken to complete the work in 2000-2001 itself. The repair and rehabilitation of first-generation irrigation projects in the State will be carried out with assistance from Government of India. RS.20 cr. has been allocated for this purpose.
106. A substantial number of Minor Irrigation and Lift Irrigation schemes have been taken up in the State with NABARD assistance. In the fifth tranche of RIDF scheme of NABARD alone, 86 such small Irrigation schemes have been approved in the State.
107. The Department will also focus on water conservation measures in view of the State's high water runoff rate. A network of 21 check-dams across various rivers benefiting 1947 ha has already been completed.
108. Central Assistance for anti sea erosion works has been discontinued for the past few years. To control the severe sea-erosion that ravages the coast of the State every year, proposals worth Rs.304 cr. for the construction of 86 km of sea walls and 37.4 km of old sea walls have been taken up with Government of India.
109. Major Irrigation Projects, Kallada, Muvattupuzha, Karapuzha and Idarnalayar have been provided Rs 40 cr., Rs.45 cr., Rs.11.75 cr. and Rs.16 cr. respectively.
110. The Regulator cum Bridge project at Chamravattom has been allocated Rs.5 cr. in my budget.

Water Supply

111. The Kerala Water Authority intends to partially commission the Sewerage Scheme for Thiruvananthapuram in 2000-01. OECF schemes for Thiruvananthapuram, Kozhikode and rural regions of Pattuvam, Cherthala and Meenad will be commenced early during 2000-01. Under the Accelerated Rural Water Supply Scheme, a pilot project will be taken up in Kasargod district based on Community Participation in scheme conception, design, implementation and maintenance.
112. 14 rural water supply schemes and one urban water supply scheme have been posed to the Life Insurance Corporation for assistance. Action is also underway for obtaining financial assistance from HUDCO for new water supply schemes in Alappuzha, Ernakulam and Thiruvananthapuram Districts and for the uncovered areas of the Thiruvananthapuram Sewerage scheme. The schemes in Alappuzha and

Ernakulam will lay special emphasis on how best the regions most prone to outbreak of waterborne diseases can be helped.

113. The new project Kerala Rural Water Supply and Environmental Sanitation Project at a total expected outlay of about Rs 450 cr. is being implemented with World Bank

Assistance. I have provided Rs.5 cr. for this project in the budget.

114. To increase the quantum of coverage in non-covered and partially covered habitations to 40 lpcd. I have provided an allocation of Rs.35 cr.

Labour

115. The Labour Agenda 2000 announced by Government is a comprehensive charter of programmes drawn up to equip the labourers of Kerala for the 21st century. Government have constituted an Apex Co-ordination Body viz. the Labour Mission to co-ordinate and monitor the implementation of these programmes. I am setting apart Rs. 3 cr. for this in my budget.

116. Improving conciliation skills and legal acumen of the officers in the Labour Department through training are pre-requisites for safeguarding the general welfare of workers both in public and private sector and for developing a congenial labour atmosphere in the State. To this end, I am allocating Rs.10 lakh in the Budget.

117. An Occupational Disease Detection and Treatment Centre will be set up in the State at a cost of RS.25 lakh.

118. I am also happy to announce an increase of Rs.20 in the monthly pension for agricultural workers in the State, and shall be providing Rs.6 cr. for this.

119. As a part of extending social security coverage to more workers in the State, I am glad to announce that Light Motor Vehicles (Auto, Taxis, Tempos) workers will also be included in the existing Motor Vehicles Welfare Scheme.

Treasuries

120. The pilot phase of the Treasuries Computerisation Programme has been operationalised in the District Treasury, Thiruvananthapuram.

121. In this budget, I am setting apart Rs.3 cr. as Plan allocation for this project. I am happy to announce that the Planning Commission has decided in its meeting last week to give us an additional assistance of Rs.5 cr. before the end of this financial year. This is in addition to the Rs.5 cr. given by the Planning Commission in 1997-98.

122. The project will be extended to all the Treasuries in the State by November 2000.

Revenue

123. The most comprehensive restructuring of Revenue Department ever attempted by Government has been completed. Revenue Cards will be issued in 2000-01 to all families in the State. These cards will substantially cut down delays in the issue of certificates - a matter that has been of sore concern particularly to our poor and underprivileged.

124. An information network assisted under the Centrally Sponsored Schemes connecting village offices, taluk offices, collectorates and the Secretariat will be made functional in the coming year.

125. Thiruvananthapuram is the only district, which does not have a Civil Station. 3.25 acres near Kowdiar Square has been identified for a new civil station. The work for starting the construction will be initiated in 2000-01.

126. The Survey Department will be reorganised on a scientific basis next year. Outdated equipment in the Survey Department will be replaced by electronic and computer-based equipment. The work of digitising revenue maps has been taken up through two pilot projects with Central assistance. Two taluks in Kottayam and three taluks in Ernakulam districts will be covered under this pilot project. A satellite survey using the Global Positioning System will be introduced in the Survey Department in the coming year.

127. I have provided Rs.114.07 cr. for Revenue Department in my budget.

Welfare of Scheduled Castes and Scheduled Tribes

128. This Government shall endeavour to improve the welfare of the Scheduled Caste and Scheduled Tribe families in the State. The Maithri Housing Programme was launched to realise the avowed objective of providing houses for all Scheduled Caste and Scheduled Tribe families in the State. In the last two years, 161 Grama Panchayats were selected under this programme. This programme will be extended further next year. A sum of Rs.33.17 cr. has been set apart for this.

129. The vision of housing for all Scheduled Caste and Scheduled Tribe families can be realised only if Government is able to ensure that the landless families are also given necessary land for them to build the houses. I have provided a sum of Rs.1 0.14 cr. for purchase of land for Scheduled Caste and Scheduled Tribe families.

130. This budget will address the pressing question of ensuring jobs for all Scheduled Caste and Scheduled Tribe persons. I have set apart Rs.1.5 cr. for initial expenses to set up 3 industrial estates. I have also provided amounts for setting up a defibering unit in Thiruvananthapuram and a printing press in Trissur.

131. The economic emancipation of the poor and marginalized families of Scheduled Castes and Scheduled Tribes depend on their being given ownership of tangible assets. To help such families acquire a minimum of 50 cents of agricultural land. an amount of RS.20 cr. has been earmarked in this budget.

132. Many co-operative societies run by Scheduled Caste and Scheduled Tribe persons become unviable due to their lack of access to funds to meet working capital requirements. It is intended to set up a revolving fund for tiding over this difficulty. I am providing a sum of Rs.80 lakh for this purpose.

133. It is intended to start two model residential schools in Thrissur and Alappuzha Districts under the Scheduled Castes Department and two model residential schools in Kottayam and Kollam under the Scheduled Tribes Department. With this. all Districts in our State will have model residential schools. In addition. model residential school for children from Linguistic Minority Communities will also be opened in Idukki, Palakkad and Kasargode.

134. Government also intends to give shape to a comprehensive package of technical and economic assistance for Scheduled Castes and Scheduled families that will ensure a much higher level of employment for these families. This package will seek to protect these families from the vicissitudes of the labour market. An insurance scheme for them is also included in this package.

135. The scheme for rehabilitating landless Adivasi families residing on Roadsides will be extended further in 2000-01. An amount of Rs. 90.81 lakh has been set apart for this.

136. The scheme of appointing social activists in Adivasi colonies to help coordinate and assist them will be extended. 385 new persons will be appointed next year at a honorarium of Rs.1 000 per month.
137. Two new Post Matric Hostels will be opened in Trissur and Kollam districts. Some of the other measures proposed in 2000-01 are increase in Mess Charges for Post Matric SC/ST students from Rs.600 to Rs.700 per month, increase in stipends and lump sum grants for SC/ST students.

Sports and Youth Welfare

138. The Kerala Sports Council will begin the construction of a Swimming Pool at Manikkal Panchayat in Thiruvananthapuram to international standards. To facilitate preparing our sportsmen and women for the next Asian Games, the Sports Council proposes to lay a synthetic track in the Central Stadium. I am announcing a special grant of Rs.50 lakh over and above the budget provision of the Council. I have also enhanced the provisions for the Kerala Sports Council by 17.5% from Rs.4.0 cr. this year to Rs.4.7 cr. in 2000-2001.
139. The Usha School of Athletics is a novel venture in Koilandy started in honour of Kerala's pride in the field of athletics, P.T. Usha. To help the school take roots and contribute richly to the development of sports in our State, I am providing a one-time grant of Rs. 15 lakh.
140. An expert committee comprising of MLAs has been constituted to submit a report on the youth welfare activities in the State. Their report is awaited. To encourage talent in rural areas, it is proposed to institute a scheme of awarding prize money for the winners in the Keralautsavam at the District Level.
141. The State-wide Physical Fitness Programme was inaugurated in Trissur District. Children between the ages of 10 and 17 are covered in this programme. Children who are identified as physically fit above a stipulated level are awarded certificates. This visionary scheme is expected to have very far-reaching implications for the physical and mental well being of our future generations. I am setting apart Rs.6 lakh for this scheme in my budget.
142. The Kerala State Youth Welfare Board proposes to establish 14 District Youth Centres to coordinate youth welfare activities in the States. I shall provide Rs.28 lakh for this purpose.
143. There is a high level of youth participation in several spheres or social and developmental activities. They include literacy movement, environment protection, promoting communal harmony and national integration among others. These activities often done through clubs and youth movements have to be recognized adequately so that they will serve as examples for others to emulate. To this end, Government intends to set up the Kerala State Youth Awards for young men and women as well as Awards for the Best Club in the State. I am happy to announce a grant of Rs. 10 lakh for the purpose.
144. The Munnar Adventure Sports Academy has become operational. Courses with employment opportunities like Paragliding, trekking etc. will be started in this Academy. This institution will developed as a hub for promoting Adventure Tourism in the State.
145. Sports and Youth Welfare has been allocated an amount of Rs.28.34 cr. in my budget.

Special Olympics

146.The Annual Special Olympics for the physically and mentally handicapped is an expression of our love and caring for the most disadvantaged section of our society. This event brings thousands of our handicapped brothers and sisters and seeks to recognize their presence amidst us. It would be a tribute to our commitment to them to offer assistance for this. I am setting apart Rs.10 lakh as assistance for the event.

Cooperation

147.The co-operative sector in Kerala has become an effective instrument for the socio-economic reconstruction and planned development of the State's economy. This Government is committed to make this a self-reliant movement and broad base the activities in this Sector.

148. The lack of adequate number of seats in the Professional Colleges of our State is the main reason why our young boys and girls have to rely on institutions elsewhere for their professional education. Government recognises the importance of increasing necessary infrastructure for professional education within the State. At the same time we realise that the interests of the poor and deprived should not be overlooked in our zeal to open up more professional avenues. This is the reason why Government has set up a Cooperative Academy for Professional Education. This Academy will be instrumental in setting up professional institutions in selected districts in the State. During the year, intend to work out a resource mobilisation drive and finance the infrastructure creation through a special grant of Rs.50 cr. to CAPE. This will be an unprecedented programme of its kind in the State.'

149.The Cooperative Department intends to launch a special scheme for helping Self Help Group for farmers in the State. I intend to provide Rs.5 cr. for giving interest free loans to these groups in the next year.

150. Dinesh Beedi Workers' Central Co-operative Society is a prime example of the role that the co-operative movement plays in the State. Started in 1969, this Society provides employment to 42000 under its umbrella. Today the Society is all set to make an effort at diversification into new ventures in IT, Animal Husbandry and Dairying. It is important that Government extends all possible assistance for this Society, which has come to be regarded as an example worthy of emulation in the Co-operative Sector. I intend to provide a grant of Rs. 50 lakh for the Society. In addition, Government intends to exempt the employees of the Society from payment of Professional Tax. Local Self Government will give shape to necessary proposals towards this.

Culture

151. The Manaveeyam Cultural Mission has been able to provide a rich and impressive fair of cultural programmes in the State as a part of welcoming the new millennium.

152. The Multi-purpose cultural complex constructed with the assistance from Government of India will be dedicated to the nation next year.

153.The Cultural Institutions, the State Language Institute, the State Encyclopaedia Institute, State Children's Literature Institute. Kerala Sahitya Academy, Kerala Sangeetha Nataka Academy intends to introduce a pension scheme for its staff. I will be providing Rs 4 cr. as Government contribution for this purpose.

154. For the activities of the Mahakavi Kumaran Asan National Institute at Thonnakal, I am providing RS.25 lakh as a special grant in my budget.

155. I also intend to provide Rs.20 lakh for the Thunchan Smarakorn Committee to help upgrade its activities as a Trust.

156. I also intend to increase the non-plan grant to Kerala Kalamandalam by Rs. 10 lakh. I am raising it from Rs.5 lakh in 1999-2000 to Rs.55 lakh next year. In addition, the plan grant to Kerala Kalamandalam has also been increased by Rs.10 lakh in my budget.

Employment and Training

157. KESRU (Kerala Self Employment Scheme for the Registered Unemployed) is a scheme for providing job opportunities for the unemployed. I intend to provide a sum of Rs. 1 cr. for this Scheme.

158. I am setting apart Rs.30 lakh for the phased computerisation of the Employment Exchanges of the State.

WakfBoard

159. The Kerala Wakf Board gives pensions for various classes of religious teachers, pensions for widows, the destitute and the ill under its social welfare scheme. I intend to increase the allocation for this from Rs.20 lakh in this budget to Rs.50 lakh.

Forests

160. The forests of Kerala are luxuriant in flora and fauna and rich in bio-diversity. The main thrust of forest management in the state will be on conserving the biological diversity in the natural forests, on ecological and environmental stability and increasing forest cover and productivity.

161. An amount of Rs.80 cr. has been set apart for forest department for the management of natural forests and forest plantations, bio-diversity conservation, catchment conservation programme, Kerala forestry project and medicinal plant conservation among others.

162. Government is considering the constitution of a society for promoting the activities of Eco-tourism in the eco-tourism destinations within forest areas.

Police

163. The general law and order situation in the State has been peaceful. There have been neither incidents of death due to police firing nor any lock-up death this year. The general thrust of activities in the Department has been in improving the infrastructure and amenities for the police force.

164. The allocation of Rs.446 cr. under Plan and Non Plan in this budget is for ongoing and new efforts to improve and modernise the Police Department.

Vigilance Department

165. It is the declared policy of the State Government to combat corruption in public services and to assure a clean system of governance for its people. The activities of the Vigilance Department have been geared up for this end. The Kerala Lok Ayukta Act 1999 is a comprehensive piece of legislation armed with powers to deal with corruption among all public servants and public men in positions of authority. There will be a special focus next year on training Vigilance Officers in the CBI Academy at Ghaziabad. The total allocation for the department is Rs.13.55 cr.

General Welfare

166. I am very happy to announce a new scheme for unmarried women over fifty years - a vulnerable section of our society, which has hitherto not been brought under any of our social security measures. These women will be given a Pension on the same scale as the Widow Pension Scheme now in vogue. I expect an additional annual financial commitment of Rs. 10 cr. for this.
167. I also intend to increase the destitute pension by Rs.1 0 per month. There will be an additional expenditure of Rs.2.5 cr. on this.
168. I also propose to hike the unemployment assistance by Rs.20 per month. The estimated additional expenditure for this will be Rs.6 cr. per year.
169. A revised Pensioners Medical Scheme will be operationalised next year. I am also happy to declare that Government intends to introduce a Contributory Welfare Scheme for Pensioners in the coming year.
170. There are nearly 50,000 Anganwadi Workers and Helpers playing a crucial social role in our State. I intend to raise their honorarium by Rs. 100. The financial commitment on account of this will be Rs.5 cr
171. I am also providing an additional Rs.25 lakh for completing the construction of the Government Press Buildings at various locations in the State.
172. I also intend to look into the Welfare Scheme for Advocate's Clerks and enhance the assistance under the scheme realistically.
173. The Press Club, Kannur has submitted a proposal for the computerisation of their office and for setting up Internet facilities. I am providing Rs. 10 lakh for this purpose. I also intend to provide Rs.5 lakh for the various projects undertaken by the Press Club, Calicut. The contribution to the Pension Scheme for retired journalists will be increased.
174. I had, while explaining the success that this Government had in tackling unemployment, reiterated our resolve to fight unemployment in our society. The speedy disposal of applications by the Public Service Commission to fill up vacancies is vital to this objective. For the computerisation of the PSC, I am announcing a sum of Rs. 50 lakh.
175. Government will during the course of the year give shape to a Scheme for providing Housing Quarters for Members the Public Service Commission through the Housing Board.
- 176.** At the outset, I had outlined the excellent record of growth that the State has been able to realise in the last few years. Government gratefully acknowledges the contribution of the nearly five and a quarter lakh employees in making this possible. I am deeply conscious of the fact. that hard fiscal reality has not allowed us to pay the D.A arrears to our employees. These difficulties notwithstanding. I am happy to announce the payment of 10% of D.A with the salary for the month of June.

REVENUE PROPOSALS

177. Due to introduction of uniform floor rate with effect from 1-1-2000 certain adjustments in the rate of structure became necessary. But some of the states have deviated from the agreed floor rates and fixed rates of tax of certain items below the floor rates. Union Territory of Pondicherry has not even cared to implement the floor rates. In the circumstances we have also reduced rate of tax of certain items.
178. Rate of tax on Pepper, cardamom and Areca nut were reduced to four percent from

eight percent. The rate of tax on hank yarn, which is used for weaving handloom cloths, was reduced to one percent from four percent. The rate of tax on cotton yarn was reduced to two percent. Rate of tax on hand made soap was reduced to four percent from eight percent. The rates of tax on newsprint and paper were reduced to two percent and four percent respectively from eight percent. Besides this, branded bread and bun, iodised salt and agricultural implements were completely exempted from tax. Rate of tax on pump sets up to 2 HP was reduced to four percent and above 2 HP to eight per cent from twelve percent and that on rubber rollers and purchase tax of sugar cane was reduced from eight percent to four per cent. Further reduction in respect of the tax paid on the purchase of coffee beans and seeds used in the manufacture of coffee powder sold under brand name which is not registered under the Trade and Merchantise Marks Act. softwood purchased for the manufacture of matches. packing cases. plywoods. splints and veneers, tea chests and on clay and firewood used in the manufacture of bricks and tiles (Kiln burnt) from the tax payable on the products was also allowed. These changes in rates were given effect from 1st January 2000 itself.

179. Now, I propose to reduce the rate of tax of certain commodities.
180. Tax rate of agricultural produces such as turmeric. nutmeg. clove and kacholam will be reduced to four percent from eight percent. An estimated loss of revenue of Rs.1 cr. is anticipated.
181. While fixing floor rates as in the case of other commodities. the tax rate of rubber was also fixed at the nearest slab after taking into account of surcharge also. Due to this there was an increase of one percent in purchase tax of rubber. This Government had allowed a lot of tax and non-tax reliefs to the rubber growers.
182. Purchase tax is not levied or collected from agriculturists. However I propose to reduce the rate of tax of rubber to eleven percent. An approximate revenue loss of Rs. 10 cr. is anticipated.
183. In my last budget, I had exempted rubber cultivators having an extent of agricultural holdings up to 20 hectares from Agricultural Income Tax. This benefit will be extended for one more year. Rubber cultivators having an extent of agricultural holdings up to 20 hectares need not pay agricultural income tax due on rubber for the accounting year 2000-2001. Approximate revenue loss of Rs.2 cr. is anticipated.
184. I propose to reduce the tax on raw cashew processed in the state from eight percent to four percent for a period of six months from 15th March 2000. Revenue loss anticipated is Rs.3 cr. In the context of the reduction granted in the rate of purchase tax, the provision for set off already granted will be withdrawn.
185. In order to help Coffee growers who are affected by the price fall on coffee, coffee growers holding not more than 20 hectares of land will be exempted from the payment of agricultural income tax for a period of one year. The coffee growers falling under the above category need not pay agricultural income tax for coffee for the accounting year 2000-2001. Revenue loss anticipated is Rs. 75 lakh.
186. Price fall of cash crops, diseases like Root wilt, mandari etc have adversely affected the agricultural sector. In this context I consider it necessary to announce possible tax relief to small farmers. Farmers holding to announce possible tax relief to small farmers. Farmers holding agricultural land not exceeding 5 hectares will be exempted

from Agricultural Income tax. All Agriculturists who have opted for compounding will be benefitted by the exemption on the first five hectares. This exemption will be applicable from the accounting year 2000- 2001 onwards. Revenue loss of Rs.3 cr. is anticipated.

187. In order to provide relief to fishermen, it is proposed to exempt fishing net completely from tax. A loss of revenue of Rs. 50 akhs is expected.
188. I propose to completely exempt Outboard Motor Engine of less than 15 HP sold by Apex Co-operative Societies established for the welfare of Fishermen to their members. A revenue loss of Rs.1 cr. is anticipated.
189. Instead of the exemption for Units having turnover upto 10 lakh and set off of tax paid on purchase of raw materials allowed to Khadi and Village Industries with effect from 1.1.2000, units mentioned in the schedule to the Khadi and Village Industries Commission Act, 1956 will be completely exempted from tax. The list of units eligible for exemption are mentioned in Annexure I. A revenue loss of Rs.2 cr. is anticipated.
190. Rate of tax on products of Khadi and Village Industrial units which are not included in the above list and which are approved by the Khadi and Village Industries Commission of India or the Kerala Khadi and Village Industries Board is proposed to be reduced to four per cent. Revenue loss of Rs.5 cr. is anticipated.
191. In the case of industries which had taken effective steps prior to 1.1.2000 to set up new units or to expand, modernise or diversify, it had been decided to grant exemption for the full period subject also to their commencing commercial production on or before 31-12-2000. This time limit is proposed to be extended to 31st December 2001. Further the tax concession is proposed to be extended to those who have purchased land and applied for loan prior to 1-1-2000 for the purpose of expansion, modernisation or diversification. But penal action will be taken and exemption granted will be cancelled wherever it is noticed that this provision is misused by furnishing false information.
192. Rate of tax of chemically treated rubber wood will be reduced to four percent from eight percent. Revenue loss of Rs.50 lakh is anticipated.
193. It is proposed to completely exempt tax on sales of paddy procured by Paddy Procurement Co-operative Societies to modern rice mills. Revenue loss of Rs. 10 lakh is anticipated.
194. Solar energy devices are proposed to be exempted from tax with effect from 1-1-2000.
195. It is proposed to grant exemption in respect of tax leviable under section 5A of the KGST Act on the purchase of materials by industrial units within the State for use in the manufacture of other goods, where such purchase is effected from another industrial unit within the State. A revenue loss of Rs.1.5 cr. is expected.
196. Purchase tax on scrap purchased by PVC footwear manufacturers is proposed to be reduced from twelve percent to four percent. A revenue loss of Rs. 5 lakh is expected.
197. I propose to make the following enhancement in the tax rates of commodities taking into account the tax rates in the neighbouring states also.

Items	Rate Existing (%)	Rate Proposed
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		(%)
First Schedule		
1. Cement	12	15
2. Paints of all kinds	12	15
3. Electric Fan, Mixie Grinder, Cooking Range, Water Heater	8	12
4. Battery other than dry cell	12	15
5. Electrical Wiring cables	8	12
Fifth Schedule	10+2	12+4
6. Microwave oven and parts	10+2	12+4
7. Refrigerator, Water Cooler, Air conditioning Plant, Air Cooler, Room cooler and components and spare parts.	10+2	12+4
8. Washing Machine, Dishwasher and their components and spare parts.	10+2	12+4
9. Vacuum Cleaner	10+2	12+4

Revenue gain expected on account of this is Rs.20 cr.

198. I propose to include tea sold under brand name as a separate item and to levy tax at the rate of eight percent But the tax paid on unbranded tea will be set off against the tax payable on branded tea. Revenue gain expected is Rs.5 cr.
199. Rate of tax on goods purchased from SSI units enjoying exemption, which are subsequently sold under brand name, is proposed to be reduced to eight percent. No change in revenue collection IS anticipated.
200. Fee for registration, appeal, revision etc under the KGST Act, which were fixed years back, is proposed to be revised. Details are given in Annexure II. Additional revenue of Rs.2 cr. is anticipated.
201. Rate of tax on bullion used in the manufacture of gold ornaments is one percent whereas the rate of tax on old gold ornaments, which are used in the manufacture of gold ornaments, is four percent. In order to remove this anomaly the rate of tax on old gold ornaments used in the manufacture of new gold ornaments is proposed to be reduced to one percent It is expected that tax loss will be set off due to increase in trade.
202. In order to promote manufacturing activity within the State, the concessional rate of three percent under section 5(3) of the KGST Act will be made applicable to all purchases of raw materials used for manufacture of goods within the State irrespective of whether the product is liable to tax or not Additional revenue of Rs. 2 cr. is expected by preventing trade diversion.
203. It is proposed to levy entry tax on furniture, paints and chassis and body of motor

vehicles, Additional revenue of Rs. 1 cr. is expected.

204. In order to prevent evasion of sales tax and entry tax on account of residents of the State buying vehicles from other states and registering them there, it is proposed to empower officers not below the rank of an Assistant Commissioner of the Commercial Taxes Department to collect entry tax by checking vehicles. Additional revenue of Rs. 3 cr. is expected.
205. Vibratory compactors, pavers and pneumatic tyre rollers will be included along with excavator, bulldozers, cranes and other earth moving machinery and such goods and their components and spares will be taxed at the rate of four percent. Additional revenue of Rs.50 lakh is anticipated through prevention of trade diversion.
206. In order to help poultry farmers in the State, the exemption in respect of poultry and poultry meat is proposed to be limited to poultry farmers and hatcheries in the State. Additional revenue of Rs.5 cr. is expected from this.
207. The compounded rate of Sales tax for mechanised metal crushing unit, which was fixed in 1995, is proposed to be revised as follows

Existing rate	Proposed rate
Rs. 12,500	Rs. 15,000
Rs. 25,000	Rs. 30,000
Rs. 50,000	Rs. 60,000

Additional revenue of Rs.50 lakh is expected.

208. It is proposed to introduce a new compounding system for realisation of royalty from granite metal quarries based on the number and size of the metal crushing machines. This scheme will make the collection simple and easy. Details are shown in Annexure IV. Additional revenue of Rs.5 cr. is expected through this measure.
209. The lease rent for Government lands will be revised.
210. Now I propose certain measures intended to increase efficiency of tax administration and to prevent leakage of revenue. Details are given in Annexure - III. Additional revenue of Rs.50 cr. is expected from these measures.
211. Necessary steps will be taken during this year itself to strengthen the commercial taxes check posts and to carryout urgent repairs and maintenance keeping in view the special report of the subject committee of the Legislature on rectification of deficiencies in the functioning of check posts. An amount of Rs.5 cr. is set apart for this. Additional revenue of Rs.50 cr. is expected through increased efficiency of check posts and arresting of tax evasion.
212. With a view to prevent traffic block, necessary facilities in the model of Walayar Check post will be provided at Commercial Taxes Checkpost, Bangara Manjeswar and "*Green Channel*" system will be introduced.
213. Steps are already on for the computerisation of Commercial Taxes Department. It is expected that computerisation of offices including check posts will help to improve the efficiency of the Department and to effectively curb tax evasion.
214. Traders Welfare Fund Board will be reconstituted by including more members. I set apart an amount of Rs.50 lakh as grant for the functioning of the Board.

SUMMARY OF FINANCIAL POSITION

215. When I presented my budget for 1999-2000 in this august house, I had estimated

that the State would have a closing balance of (-) Rs.129 cr. taking into account the measures I had announced for Additional Resources Mobilisation. I have been quite near the mark, and this year I expect Government to close its books with a balance of Rs. (-) 141.46 cr.

216. The overall position for the current year 1999-2000 is as follows:

Revised Estimates 1999-2000 (in Rs. cr.)	
Revenue Receipts	8736.91
Revenue Expenditure	11218.24
Revenue Deficit	(-) 2481.33
Capital Expenditure	765.40
Loans and Advances (Net)	(-) 263.60
Public Debt (Net)	1855.88
Public Account (Net)	1538.76
Overall Deficit	(-) 115.69
Opening Cash Balance	(-) 25.77
Closing Cash Balance	(-)141.46

217. As against Rs. 9455.97 cr. proposed as Revenue Receipts in the budget for 1999-2000, the revised figures are likely to be around Rs.8736.91 cr. At the same time expenditure, which was projected to be Rs. 11686.37 cr., is likely to be only Rs. 11218.24 cr.

218. At the outset, I had informed this honourable house that one of my prime concerns in the coming year in my fiscal management will be in controlling revenue deficit. For the year 2000-01, I expect an increase of 16.41 % in tax receipts. I am confident that this can be achieved by the major tax collecting departments in Government. At the same time. I hope to control expenditure at 8.05% from current year's level. Thus my figures for 2000-01 will show a sharp decline in revenue deficit of Rs.529.91 cr. from this year's revised figures. It is my resolve to improve this in the next year and move towards a balanced budget for the State, where Government will be borrowing only for financing Capital Expenditure. Taking into account the various revenue measures and concessions and the additional expenditure that I have announced in my speech. there will be an overall deficit of Rs.193.70 cr.

219. The summary of the position for the year 2000-2001 is as follows:

Budget Estimates 2000-01 (in Rs. cr.)	
Revenue Receipts	10170.35
Revenue Expenditure	12121.77
Revenue Deficit	(-)1951.42
Capital Expenditure	758.45
Loans and Advances (Net)	(-) 214.38
Public Debt (Net)	1922.97
Public Account (Net)	990.63
Overall Deficit	(-)10.65
Opening Cash Balance	(-)141.46

Closing Cash Balance	(-) 152.11
Net yield from ARM Measures (2000-01)	(-) 108.10
Additional Expenditure announced in Budget Speech	149.69
Deficit	(-)193.70

220. The State has struggled hard and despite every adverse situation been able to consolidate its position. It is no mean achievement that Kerala is counted among the only five States with sound financial management. Yet I would like to caution that we are still not out of the woods. Fairly testing times lie ahead of us. Every rupee spent has to be done in priority sectors alone. Every rupee that can be earned has to be collected and put to good use. We cannot afford to apportion hard earned resources in unproductive sectors, or expect others to invest in Kerala unless we provide an environment for lucrative return.
221. The country should gear itself up for accelerated economic growth to take its place among developed nations. Kerala is poised to play a lead role in seeking to foster a culture based on advancing innovation in the economy. We however, are a consumer state. Our tax base is very narrow. With the limited means at our command, we shall strive to ensure a most harmonious environment for our industry, trade and services. The Centre's policies and the over all market for rubber, coconut and other hill produce have placed an unmitigated burden on our farmers. The means available with the State are also very meagre. However, I wish to assure this august house and through it, the hardworking people of Kerala that no budgetary constraints will hold back the Government from ensuring basic facilities, adequate infrastructure, a stable investment climate and a rational tax structure designed for growth. I have been fortunate to receive your wholehearted cooperation in this endeavour in the past and hope to receive the same in the future.
222. Budgets are more than the figures that they present. They are indeed milestones in the economic history of a people. My budget seeks to provide a sharper stimulus to growth while reaffirming the humanism in development that should be the hallmark of any progressive government. What I have sought to do is to facilitate opportunities for the financial resources at our disposal to join together with our human, natural and technological resources so that we too can take advantage of the very bright world opening out to us in the 21 st century.
223. I am hopeful that the troubled waters will subside and the troubled foliage will be lulled to rest and a day will dawn in the near future wherein we will be able to build a more prosperous Kerala and a New India of the dreams of the freedom fighters and those who laid their lives for the sake of the freedom of the country. Let us stand united as one man for achieving this goal.
224. I am also presenting the Vote on Account for expenditure for four months from 1 st April 2000 to 31st July 2000.

Thank You

ANNEXURE-I

(See Para 189)

Khadi and Village Industries

1. Manufacture of Matches, fireworks and Agar bathies
2. Manufacture of soaps
3. Tanning of hides and skins and ancillary industries connected with the same
4. Manufacture of leather goods
5. Manufacture of hand made paper
6. Manufacture of cane gur and khandsari
7. Manufacture of Manure and methane gas from cow dung and other waste products
8. Manufacture of lime products
9. Manufacture of shellac
10. Manufacture of vegetable and fruit products
11. Manufacture of bamboo and cane goods other than furniture.
12. Manufacture of goods through black smithy other than manufacture of furniture
13. Manufacture of goods through carpentry other than manufacture of furniture
14. Manufacture of fibre products other than coir
15. Manufacture of household utensils in Aluminium
16. Manufacture of maize and ragi products
17. Manufacture of products of dipped rubber latex such as rubber bands, balloons and gloves.
18. Manufacture of palm products
19. Manufacture of pottery
20. Production of honey
21. Manufacture of ghani oil

ANNEXURE II
(See Para.200)

Schedule of changes in the fees under the KGST Act

SI. No.	Item	Existing	Proposed
1.	Registration fees (a) For dealers whose turnover is below Rs 3 lakh (b) For dealers whose turn over is Rs. 3 lakh and above but below Rs. 10 lakh	(in rupees) 100 250	(in rupees) 250 500
2.	Fee for branch registration	50	100
3.	Fee for Permit (under Section 15)	50	100
4.	Revision under section 45 A (a) Before Deputy commissioner (b) Before Commissioner	100 250	200 500

ANNEXURE III

ADMINISTRATIVE MEASURES

(See Para.210)

- (i) It is noticed that certain gold dealers who have opted for compounding purchase running jewellery business and treat it as branch of own Business in order to reduce tax liability. A provision will be made to fix the compounded tax in such cases by reckoning the turnover for the previous year in respect of the newly bought business for the previous year.
- (ii) In cases where no tax is payable by the first seller in respect of goods coming under the fifth schedule to the KGST Act, provision will be incorporated to make the subsequent seller pay the tax due on the first sale (rate given in Col.4 of Schedule V). Where the subsequent seller is the last seller also, he will be made liable to pay tax at the rate given in Col.8 of the Schedule.
- (iii) Revision before Commissioner will be provided for against orders of Deputy Commissioner under the Entry Tax Act and a fee of Rs. 500/- will be fixed. Fee for appeal will be raised from Rs.100/- to Rs.200/-. The *suo moto* powers of the Commissioner will be limited against orders prejudicial to Revenue.
- (iv) Investment deposit made u/s.9 (3) of the AIT Act will be deemed to have been made in the previous year if the deposit is made at any time before the due date for filing of return. This provision will be made effective from the date from which the Investment Deposit Scheme came into force.
- (v) In order to curb tax evasion of transporting agencies, parcel agencies and contract carriages who transport goods without records contemplated under the KGST Act, provision will be incorporated in the KGST Act to penalise such agencies and carriages. The penalty will be equal to twice the tax due on the goods transported without records subject to a minimum of Rs. 5000/- and this will be in addition to the penalty leviable under sub section (4) or any action under Sub section (14) of section 29 A. For repetition of the offence, in addition to the levy of penalty, the vehicle will be detained for a period of one month.
- (vi) In order to remove the ambiguity in the second proviso to sub section (6) and the proviso to sub section (8) of section 17 of the KGST Act, an explanation will be added to the section providing that all assessments in respect of which a statutory return had been filed by the dealer and/or a notice in the prescribed form had been served and the assessment in respect of which had not been completed, will be deemed to be pending and in the case of a re-assessment the order of the statutory authority giving rise to such reassessment had been received. Provision will also be made to validate all assessments done in accordance with this explanation.
- (vii) In order to remove the ambiguity in sub section (6) of section 39 of the Kerala AIT Act 1991 an explanation will be added to the section to the effect that in the

case of those who have filed return, the time limit for completion of assessment shall run from the actual date of receipt of the return by the ALTO and in the case of those who have not filed return the time limit prescribed under section 41 shall apply. A provision to validate assessments already completed in accordance with this explanation will also be incorporated.

- (viii) In the context of substitution of the 1st schedule with effect from 1.1.2000 necessary amendments will be made in section 5 (2C) (i) (a) of the KGST Act.
- (ix) A fee at Rs.250/- will be levied for petitions including stay petitions filed before the Commissioner and Appellate Tribunal and at the rate of Rs.100/- for petitions before other authorities under the KAIT Act. KGST Act, Tax on Luxuries Act and The Entry Tax Act.
- (x) The Commissioner of Commercial Taxes will be empowered to issue clarifications regarding rate of tax etc. under the Sales Tax Law and an amount of Rs.500/- will be fixed as fee for applications therefor.

ANNEXURE IV
(See Para.210)

Royalty Compounding

Crusher Size (cm)	Annual Compounded rate per machine
1. 30.48 x 17.78 to 40.64 x 22.86	Rs. 25000/-
2. 40.64 x 22.86 to 76.20 x 20.32	Rs. 50,000/-
3. 76.20 x 26.32, 76.20 x 22.86, 106.68 x 15.24	Rs.1,00,000