



**ADDRESS
TO
THE LEGISLATIVE ASSEMBLY
KERALA**

1ST MARCH 2002

BY

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GOVERNOR OF KERALA

Hon'ble Speaker, Hon'ble Members

Let me at the outset welcome you all to this Budget session of the Eleventh Legislative Assembly. This session is being held in the backdrop of the worst financial crisis that the State has faced in its history, consequent to the gross financial indiscipline of the former Government and the indefinite strike resorted to by the Government employees.

2. My Government will propose its vision of a new and vibrant Kerala- a Kerala that is prepared to meet the challenges of globalisation and the twenty-first century. A State confident and willing to meet the opportunities and challenges that will arise. We cannot afford to sit on our past laurels. We have already lost too much time in preparing ourselves. I look back since I last addressed this House nearly eight months ago. I am happy to say that we have covered some ground since then. Significant initiatives have been taken but many more need to be taken. As the State of Kerala embarks towards its new vision, the people have high expectations. The performance and accountability of the Government will be strictly monitored. My Government

realises that the journey is long and difficult but there is satisfaction of moving in the right direction. As has been said, "In this age, which believes that there is a short cut to everything, the greatest lesson to be learned is that the most difficult way is, in the long run, the easiest."

3. In the past, Kerala led the country on many fronts. Literacy, land reforms, public distribution system, health care, cooperative movement, social security measures including protective labour laws, pensions and welfare funds for weaker segments, law and order, communal harmony, etc., are some of the sectors, in which Kerala was far ahead of other States. But that was the past. The world is changing rapidly and the State seems to be left behind. It is a time for introspection for all Keralites. The Kerala State Domestic Product has grown at a much slower rate than the Indian national average since the late 1970s. There has been stagnation in agricultural production and severe fall in prices of all major agricultural crops. Escalation of prices of raw materials and competition from other areas with cheaper labour sources have adversely affected traditional industries such as coir, cashew, and handloom. Industrial growth since the mid-1970s has been sluggish in general and even negative in some years. Unemployment has remained at about 3 times the all-India average. Our labour productivity is low. Unfair labour

practices like extortion under the garb of *attimari*, *gherao*, *nokucoolie*, etc. are a shameful blot on the fair name of Kerala. My Government will take deterrent action against such restrictive practices. The handful of beneficiaries of this criminal activity have spoiled the image of the State and denied the creation of thousands of jobs over the last two decades. Be it professional education, or investment, information technology or biotechnology, while India stands up to mark its economic presence in the global context, we find that Kerala has little role to play in it.

4. The State faces an unprecedented financial crisis. Contractors still remain unpaid for works done by them long back. Unemployment assistance, pensions to the old, destitute and marginal sections have not been paid for long. Capital expenditure has sunk to abysmally low levels as Government continues to live on borrowed moneys and ever enlarging debt trap. The State is being run on overdraft for over 200 days in a year. The Gross Fiscal Deficit of the State reached an unprecedented Rs 4500 crores during 1999-2000 and continues to be at that staggeringly high level. Nearly 75% of this Gross Fiscal Deficit goes to meet day-to-day expenses. The Debt burden of the State has reached a colossal Rs 24000 crores and interest burden an unbearable Rs 2400 crores per annum. The fact is that the Government is living

beyond its means. The tax and non- tax revenues of the Government are not enough to meet the salary and pension requirements of the Government. Fresh borrowings have to be made to meet interest liabilities of earlier borrowings. Government today survives on borrowings and Government of India advances not actually due. The Government is in a debt trap and is in a situation where it is borrowing only to pay salary to its employees. In January 2002 the additional borrowing of Rs 200 crores meant for Plan Schemes had to be diverted to pay salary. But how long can this continue? Government has raised the power tariff, bus charges and charges on some revenue receipts of Government. Yet the fiscal deficit remains like a yawning gap. My Government cannot agree to put additional burden on the common people to pay salaries to Government employees. The burden for regaining fiscal stability, the sacrifice required to return to financial normalcy, has to be shared by all, including Government employees. It is unfortunate that the employees who resorted to indefinite strike failed to see this writing on the wall and refused to cooperate with the Government in spite of numerous entreaties. The people of Kerala see that the Government employees continue to get their full salary and full pension apart from a host of other perquisites. I hope that the Government employees will rise to the occasion and withdraw the strike.

5. We stand at the crossroads today. We cannot sit back and bask in the glory of our past. We need to take bold and innovative steps so that our prime position is restored. I have no doubt that we can collectively do it.

6. Our situation leaves us with no choice. Reform is inevitable. There is no alternative. Kerala is faced with the reality of reform or ruin. The Kerala model of development, with high level of social development, was and is still relevant, but has to develop *further* to an alternative development model, which is sustainable, and growth oriented. The core mantras of this new era will be competition, performance, accountability, productivity, and financial discipline. The State must fight to regain financial stability. The task is to attain economic competitiveness without compromising on democratic governance, social cohesion and environmental sustainability. The economic strength so developed needs to be targeted to further improve standards of governance, social benefit and environment for *higher* standards of living for the citizens of the State. The timing is also extremely crucial as we are about to embark on a new Five Year Plan. It is with deep commitment that my Government will attempt to bring about this change. In this regard, I wish to point out that many States in the country have already progressed ahead of Kerala in the reform process. We are a *slow starter* in the

reform process but we need to leapfrog to regain our leading position in the country.

7. My Government had brought out a White Paper on the State's Finances in June 2001. During the last few months, my Government has moved forward in implementing several suggestions that came out of the wide public debate that was initiated in the State. The first guiding financial principle that my Government recognises is that it is absolutely imperative for us to restore the financial credibility of the State. Taking recourse to additional borrowing for financing day to day expenditure is a temporary though tempting solution but certainly an invitation to financial catastrophe. Naturally in the attempt to live within our means, various sections of society will have to sacrifice temporarily in the larger public interest for a better future.

8. My Government solemnly resolves to restore the sanctity of the budget that was sadly undermined in the last few years. Economic growth has to generate the resources needed in the scale required for achieving poverty reduction. Unstable financial management is inimical to growth and undoubtedly hurts the poor most.

9. It is in this context that my Government intends to usher in appropriate fiscal reforms in Government. Financial

stability in the context of our State relies on three vital ingredients.

- Fiscal discipline including expenditure control;
- Allocation of resources consistent with policy priorities; and
- Good operational *management* of the finances.

10. We have witnessed the strike of Government employees in recent days as a reaction to some minor allowances being cut. The employees must realize that we have reached a situation where Government exists only for itself and even much worse, is raising public debt to pay for itself. Naturally, such a situation is not sustainable. Government cannot abdicate its basic responsibility of economic and social development of vast majority of people of the State.

11. It is said that charity begins at home. And so must reforms. Financial reforms have to be accompanied by *administrative* and structural reforms because unless the root of the problem is tackled, the problem is likely to recur. Therefore, my Government will strive to modernize Government systems with a view to make its performance result oriented. There is need to upgrade the skills of the civil service. My Government will introduce a rigorous

schedule for in-service training and induction training to enable the civil servants to cope effectively with the changing scenario. Strict accountability will be enforced especially on Secretaries and Heads of Departments.

12. Some the recommendations of the Kerala Administrative Reforms Committee (KARC) have already been accepted and implemented. The other recommendations of the KARC reports will be examined on a time bound basis and where feasible, implemented this financial year itself. The identification of surplus posts and their deployment in more productive areas will be high priority task for my Government. A major overhaul of the Rules and Procedures will be undertaken with a view to ensure speedy disposal of files and early redressal of grievances of the public. Citizen friendly IT initiatives by all Departments will be given top most priority in the first phase. Computerisation of Government Departments will be completed expeditiously as a measure to improve efficiency and productivity. Computerisation in the Secretariat and the Collectorates will be completed within one year. Treasury computerization will be completed in the next six months.

13. The Tenth Five Year Plan is to begin from 2002-03. The Tenth Plan targets a growth rate of 8%. My Government has formulated the Tenth Plan with a different approach; it is

more about doing things differently, in an efficient manner. An attempt has been made to move away from incremental allocations, to structure schemes according to relevance of sectors, for the development of the State. The Plan shall focus on employment generation, with emphasis on generating private sector investments, institutionalisation of decentralised development and accelerated poverty eradication with priority given to disadvantageous groups like Scheduled Castes and Scheduled Tribes. It is proposed to fix the size for the Tenth Five Year Plan at Rs.24,000 crores.

14. The accent of the Plan would be employment generation. Multiple strategies and specially designed schemes have been formulated to enhance job opportunities. In order to supplement Government investment, emphasis would be given on creating the appropriate environment and providing necessary incentive for private investment in all the sectors of the economy. The priority sectors would be Information Technology, Tourism, Poverty reduction, Employment generation, Health, Biotechnology and Infrastructure development.

15. During the first year of the Plan, a detailed Anti-poverty Sub Plan would be put in place, through a grass-root level planning process. A key component of this Sub Plan would be the Master Plan for Tribal Development, which aims at all-round development of the tribals of the State, who

unfortunately have not benefited from the general development of the State. The allocation for SCP is being increased from 9.74% to 10% and Tribal Sub Plan from 1.9% to 2.25%. This is ample proof of the commitment of my Government to the cause of under-privileged – though the share of SC/ST population is only 11.02%, the allocation earmarked for them is 12.25%.

16. Decentralization would be further strengthened and fully institutionalised during the Tenth Plan period. The focus would be on enhancing the quality of local level planning, upgrading implementation capabilities, carving out a role for local governments in economic development and strengthening their capacity to manage the institutions and services transferred to them. The allocation for the local governments has been stepped up from the Ninth Plan share of 30.5% to 33.33%.

17. No development is possible without adequate investment. Therefore, my Government is taking special efforts to mobilise resources from international agencies like the World Bank and the Asian Development Bank. Nearly Rs 5225 crores of externally aided projects are planned during the Tenth Plan. This is against less than Rs. 500 crores of external assistance availed of during the Ninth Five Year Plan.

18. My Government will also strive to obtain maximum assistance from Government of India under various sectors. A number of projects have been posed to the Central Government in different sectors and all efforts will be taken to persuade Government of India to expeditiously sanction these projects.

19. Apart from bilateral and multilateral international agencies, my Government will try to attract investment from the private sector, both domestic and foreign, in the fields of industry, infrastructure and other sectors. Various policy initiatives have already been taken in the last few months in this regard. An IT Policy, a draft Tourism Policy, a draft Urban Policy, a draft Industrial Policy and a draft Labour Policy have already been announced by my Government. The aim is to provide an investor friendly enabling environment in the State. My Government also proposes to bring out a separate Mineral Policy to encourage mineral based industry in the State. Further, with the objective to create a transparent framework and to streamline the process of investment proposals in the infrastructure sector, Government has already presented to this House, the Kerala Infrastructure Bill. My Government now proposes to show case Kerala as an attractive investment destination on the global map through the "Global Investors Meet" to be conducted later this year. All Departments have been requested to identify projects for the Global Investors' Meet.

20. Central Sector projects which are being pursued for investment by my Government include the Rs 1,600 crores LNG terminal at Pudu Vypeen being promoted by Petronet LNG Ltd., Rs 1,800 crores Gas pipeline project by Gas Authority of India Ltd., Rs 1,800 crores International Transshipment Container Terminal at Vallarpadam with private participation, a Golf Course cum Tourist Center at Vallarpadam in Cochin Port Trust land, Cochin Shipyard Repair Project, Rs 4,400 crores Kayamkulam Super Thermal Project, Central Ayurveda University, Coconut Technology Mission, etc.

21. My Government recognises tourism as the engine of growth giving a big push to Kerala's economy in the coming years. It is a core competency sector on account of its potential for generating income and creating employment opportunities. My Government will therefore be giving more emphasis on developing infrastructure and quality of tourism in the coming year. Government will strive for sustainable development of tourism with due emphasis on conservation and preservation of natural heritage and culture. Human resource development for tourism development will also be focused upon. More private investment in the tourism sector will be facilitated. My Government will continue its efforts to develop new markets in USA and Gulf countries for

attracting upmarket tourists. I am happy to note the distinction received by our State in promotion of tourism and hope that this position of pride will be maintained in future also.

22. Yet another potential area for the State is Information Technology. The IT Policy pronouncement, made by my Government last year, defines a comprehensive vision for harnessing the opportunities offered by IT for the social and economic development of the State. The Policy is expected to provide a strong impetus for rapid growth of IT Industry in Kerala, as also all round IT development in the State. Technopark, which has internationally competitive business infrastructure and environment for IT industry, on par with the best facilities world wide, is shortly set to become Asia's largest IT Park, with the commissioning of two new buildings at Trivandrum. The work on the Hi-Tech Park at Kochi is set to commence shortly, with efforts under way to secure international tie-ups. My Government proposes to attract large private investment in-flows into the IT sector. In this context, I am happy to note that the response of investors to Government's recent policy initiatives has been favourable.

23. My Government proposes to establish a State Educational Grid that would network a few colleges in the State in the coming year. The grid would not only provide a platform for delivering quality higher education and new

technologies to students, but would also enable sharing of resources and best practices across centers of excellence in the State. Further, drawing on the earlier success of the Total Literacy campaign, Government proposes to launch a Total IT Literacy campaign as a mass based, popular program with active participation of the community and the private sector, which would provide for imparting appropriate levels of IT training to various sections of the population. Yet another initiative in this sector includes a major training program for IT Enabled Services, in Colleges and Polytechnics to fully exploit the potential of IT Enabled Services in the State. The IT@School initiative would be speeded up to cover all high schools in the State at the earliest.

24. Due to the recent initiatives taken by my Government, it is expected that a few new self-financing Engineering Colleges will start in the State during the current year. My Government will also introduce a Unified Universities Bill, which would provide for an efficient administrative structure for the Universities and thereby making the higher education system dynamic and responsive to the changing needs of the society. The State would be setting up a Council for Higher Education, which will act as a co-ordinator and guide for the Universities and other institutions of higher learning. It is proposed to give academic, administrative and financial autonomy to selected institutions including Professional Colleges, Arts & Science Colleges and Polytechnics.

25. My Government will be implementing the various policy pronouncements mentioned in the Industrial Policy in a time bound manner. My Government also proposes to restructure Kerala State Industrial Development Corporation as the main industrial promotion agency in the State. The Government has already taken preliminary steps for the acquisition of the land for the Industrial Development Zone. My Government will also take intensive steps for marketing of KINFRA parks.

26. The Approach Paper prepared by the Enterprise Reforms Committee has been accepted in-principle. Action for restructuring of public sector units on the basis of the same will be taken by my Government.

27. We realise that in the post liberalisation economic scenario, industrial growth needs to be pursued vigorously in sectors in which we have core strength. Apart from Information Technology and Tourism, Government proposes to give special focus to Food processing industry and Biotechnology-based industry in the Tenth Plan. Efforts will be made for expeditious adoption of international food safety norms and procedures.

28. Besides, special efforts will be taken to prepare the small-scale industry to face global competition. Cluster-based approach will be extended to cover more units.

Subcontracting exchange will be set up to facilitate subcontracting by our industry. Besides, Government will encourage private investment for setting up industrial estates. My Government will also take time bound steps to issue pattayams to all industrialists in SIDCO industrial estates. As part of our efforts to develop a rich knowledge based society, my Government proposes to set up a Patent Facilitation Center to facilitate easy registration of our intellectual wealth of all kinds.

29. Traditional industry is a large employment provider in the State. The sector has been languishing due to various reasons. My Government is committed to the revitalization of this sector. Recognising this, my Government has announced a special package of Rs 100 crores for revitalizing this sector, which will address the needs of handloom, coir, cashew, fisheries, handicrafts, and khadi and village industries sectors. The latest IT technology of online markets and e-commerce will be leveraged for connecting all traditional industry products of Kerala to international markets through a multi-dimensional e-commerce portal. The e-commerce portal will start operations shortly.

30. The Khadi and Village Industries Board will strive to promote units in new areas like IT while simultaneously strengthening weaving sector through new designs and effective marketing.

31. In the coir sector, my Government will focus on entrepreneur development, research and technology upgradation programs along with substantial private investment. For this purpose, some of the new initiatives include assistance to entrepreneurs especially those who take on production of value added coir products attractive to the market and for market development. My Government will facilitate the use of coir geo-textiles in civil constructions and other applications. Coir cooperatives will be restructured to reduce cost of production, enhance production and build capacity for demand driven products.

32. The road sector is poised for a major upgradation of around 1600 kms of State Highways and major District Roads under the Rs 1200 crores World Bank assisted Kerala State Transport Project, which has just commenced. Government also proposes to avail of much higher levels of financial assistance from NABARD for constructing roads and bridges. The National Highways in the State are being further improved this year, by improvement of riding quality, widening to 4 lanes and major road and bridge construction. My Government proposes to use Natural Rubber Modified Bitumen (NRMB) on all State Highways and major District Roads. The Roads and Bridges Development Corporation (RBDCK) has undertaken the construction of 20 Railway

over bridges, which are all progressing well. Further, my Government also wishes to attract private participation in the road sector for which the Road Fund Act has already been legislated. My Government has also offered other areas in the Public works Department for private investment in infrastructure.

33. My Government is deeply concerned about the crisis facing the agricultural sector in Kerala on account of the sharp decline in the prices of major agricultural commodities over the last few years. The decline of prices has been aggravated due to removal of Quantitative Restrictions by Government of India on import of these commodities. My Government has therefore, strongly urged the Central Government to protect the agriculture sector in Kerala through imposition of adequately enhanced levels of import duty on major agricultural commodities of Kerala, especially because such higher level of duties are feasible within the provisions of WTO Agreements. Considering the seriousness of the crisis, the Central Government also needs to take up direct market intervention schemes in all-major agricultural commodities affected by decline of prices.

34. Government recognises the fact that there can be no going back on trade liberalisation, consequent to the WTO Agreements. Therefore, enhancement of productivity and competitiveness is the long-term objective of Government

policy. To respond with a set of policy measures that can tackle the challenges posed by the WTO Agreements, Government has constituted a high-level Commission under the chairmanship of Dr. M.S. Swaminathan. It's interim report is expected later this month. Apart from the long-term preparedness, my Government has also taken a series of important measures to provide immediate relief to farmers, especially small and marginal farmers, who have been hit hard by declining prices and loss of markets. A special package of measures for providing relief to the agricultural sector with an outlay of Rs. 100 crores has recently been announced. It is expected that the special package will not only provide immediate relief to suffering farmers cultivating coconut, rubber, paddy, ginger, arecanut, coffee, tea and pepper but will also generate momentum for agricultural development in the State. Further, special measures for ameliorating the condition of the farmers in Kerala are under consideration of Government.

35. Government will also promote horticultural development, through homestead schemes and through the organization of women as Self-Help Groups. A significant thrust for marketing of horticulture products is proposed to be given by setting up of an Agri-Export Zone in collaboration with APEDA. Development of marketing infrastructure such as cold chains will be taken up through the Horticultural Development Corporation.

36. Soil and water conservation measures are critical not only for increasing agricultural productivity but also for the sustainable use of natural resources. My Government proposes to avail of assistance under NABARD's newly created Watershed Development Fund for watershed development scheme in Palakkad and Malappuram districts.

37. Government is deeply aware of the role of Biotechnology and Information Technology for the development of agriculture. Protection against pests and diseases and rapid multiplication of quality planting material of horticultural crops through tissue culture are two areas of promise. Tissue culture and biotechnology will also be the pivot of floricultural development programs.

38. My Government realises the urgent need to complete projects, which are already delayed and has therefore prioritized Kallada Irrigation Project and Pazhassi Irrigation Project for full commissioning this year. Minor Irrigation and Lift Irrigation schemes, which are of great comfort to small and marginal farmers, have lost their utility owing to poor maintenance. It is proposed to undertake a survey of such Minor Irrigation and Lift Irrigation schemes, and rehabilitate them depending on their utility. The future management and maintenance of the schemes so rehabilitated will be entrusted to farmer groups. My Government will also

take measures to correct the existing distortions and introduce Participatory Irrigation Management techniques in the implementation of Command Area Development Agency (CADA) to make it more relevant and productive. Kanjirapuzha and Muvattupuzha Irrigation Projects will be completed expeditiously. The investigation of Meenachil, Chaliyar and Vamanapuram Irrigation Projects will be taken up on a priority. My Government will also take all steps to ensure that the interest of our State is protected in the issue of raising of level of dam at Mulla Periyar.

39. My Government recognizes the urgent necessity to restructure the Kerala Water Authority, which has become financially fragile. My Government proposes to convert KWA into a professional agency, under whose leadership private sector participation in the field of drinking water should be encouraged. Government will selectively offer commercially viable drinking water projects for private sector involvement. The Kerala Rural Water Supply Agency will be groomed as an umbrella organization that would channelise resources from various agencies to achieve the target of 'Drinking Water for All' by 2007.

40. My Government is committed to conserve forests and wild life of the State, including the sustainable development of the varied eco-systems along with the upliftment of the

forest dwellers. My Government proposes to bring the entire forests under Participatory Forest Management (PFM). Towards this end, 116 Eco Development Committees (EDCs) have been formed in and around Periyar, Chinnar, Neyyar and Parambikkulam Wild Life Sanctuaries. Around 199 Vana Samrakshana Samithis (VSS) have been formed in other forest areas. Another 400 People Committees are proposed to be formed which will include Tribal VSSs. The Tribal VSS will also be given right to collect non-timber forest produce.

41. Further, an innovative program, the Participatory Conservation Program (PCP) for the conservation of biodiversity, outside forest areas has been launched with the active involvement of the NGOs throughout the State. A second Biosphere Reserve 'Agasthyamalai Biosphere Reserve' has been formed comprising the areas of Shendurmy, Neyyar and Peppara Wild Life Sanctuaries. The second Tiger Reserve-Anamala-Parambikulam Wild Life Sanctuary is also on the anvil. Four Elephant Reserves - Wayanad, Nilambur, Anamudi and Periyar have been brought under the Asiatic Elephant Conservation Programme, the 'Project Elephant'. The measures for protection of forest wealth are proposed to be strengthened to prevent smuggling, bio-piracy, illicit trade of wild life articles, ganja cultivation etc.

42. My Government recognises the need for Bio Diversity Conservation and will take steps in this direction. Also afforestation outside forest areas will be promoted to increase green cover in the State.

43. My Government has undertaken an ambitious program for re-settlement and development of 22,653 landless tribal families and 31,584 tribal families having less than 1-acre land through Tribal Resettlement and Development Mission. My Government has already identified 68,981.73 acres, of which 30,779.52 acres is under vested forests in the northern districts. Government of India has been addressed for clearance of these lands for assignment. Government has already assigned land to 242 landless tribal families in Marayoor and 151 families in Kundala in Idukki district. Soon land will be allotted in Kannur, Kottayam, Ernakulam and Idukki districts. A draft Master Plan for the social, economic and overall development of the Scheduled Tribes in the State is also being finalised in consultation with tribal groups. Development programmes for the resettled families are proposed to be implemented through autonomous empowered tribal societies, viz. the *Adivasi Vikasana Oorukuttams*.

44. The welfare of the Scheduled Castes in the State will get the top most priority of my Government. The Centre of

Excellence, promised in the last budget, to be set up at the IIM, Kozhikode has been established. My Government would establish more model Residential Schools for the benefit of poor Scheduled Caste students.

45. The Scheduled Caste persons must be encouraged to take full advantage of the IT revolution. My Government proposes to give financial assistance to Scheduled Caste youth for training in IT sector and also to facilitate their employment in trade and commerce, utilizing IT. My Government will also prepare schemes for giving financial assistance to well established SC/ST Societies to establish enterprises, which provide employment for SC/ST persons.

46. I am glad to inform this august House, that as promised, the Kerala State Ex-Servicemen Development and Rehabilitation Corporation has been registered under the Companies Act in December 2001. This Corporation will start its effective functioning soon. I am also glad to inform you that it has also been decided to grant assistance to dependant parents of deceased defence personnel from the Chief Minister's Sainik Welfare Fund.

47. Kerala has always been among the leading States in the field of sports. In order to encourage young sportsmen and sportswomen, my Government has enhanced the quota

for appointment in Government service from 20 to 40. The backlog of the sports quota will also be fully filled up at the earliest. My Government would like to promote two-tier system of sports, viz. school sports and rural sports with a new concept "Health for all through Sports for all". To draft a project in this regard, an Expert Committee has been constituted.

48. My Government proposes to bring legislation for the welfare of the Advocates' Clerks in the State. It is also proposed to bring legislation for establishment of a self-financing School of Law on the model of National Law School of India University, Bangalore for improving the quality of professional legal education in the State.

49. My Government is taking steps to further strengthen implementation of public distribution system. Identification of beneficiaries under the Antodyaya Anna Yojana and Annapurna schemes has been completed and distribution started to all the beneficiaries. Financial difficulties notwithstanding, my Government has provided free rations to all tribal families in the State from September 2001 to December 2001. My Government will use IT to improve the efficiency of the public distribution system in the State. A total digital database has been developed and issue of new ration cards has begun based on the same. A pilot project for

issuing electronically smart cards as ration cards has also been launched in four ration shops in Thiruvananthapuram district, which is the first such attempt in the rationing sector in the country. To further strengthen the existing measures for availability of essential goods to common man, my Government will start Maveli stores in all panchayats, which do not have them. Additional Medical Maveli stores will also be started through the Kerala State Civil Supplies Corporation.

50. My Government will take steps to bring in transparency and efficiency in the revenue administration through computerisation of land records at the district and taluk levels and digitisation of the survey records. At least 200 Village Offices in the State will be covered during 2002-03.

51. My Government proposes that "Malayorakarshaka pattayam" holders be given right to mortgage their property to facilitate mortgage of the same for agricultural loans. My Government also proposes to amend the Kerala Land Reforms Act to exempt Cashew and Vanilla plantations from the ceiling provisions with prospective effect. The preparation of the District Disaster Management Plans will be completed in all Districts by December 2002.

52. My Government is concerned at the threat to the biophysical environment system of the rivers in the State through uncontrolled dredging of sand. It will take effective steps to ensure proper implementation of the Kerala Protection of River Banks and Regulation of Sand Act, 2001.

53. My Government will take efforts to revitalize the Kerala State Housing Board. Top priority will be given for social housing and "Housing For All" will be taken up as a Statewide scheme with particular emphasis to Economically Weaker Sections. Infrastructure Development projects for Satellite and Industrial Townships respectively at Aakulam and Kalamasserry and a modern Eco-Township at Ernakulam will be taken up by Kerala State Housing Board with foreign /private direct investment. The Kerala State Housing Board shall also formulate a new housing scheme for the below poverty line landless and homeless in the State.

54. My Government will use the social capital gained so far as the foundation for taking steps towards more equity in health care delivery. The focus will be on the health care delivery to poor and marginalised. A Health Insurance Scheme for those below the poverty line will be introduced. My Government has provided Rs 30 crores for providing medicines in Government hospitals for the poor and the needy. The primary health care shall be strengthened. For

development of Naturopathy treatment, it is proposed to upgrade the 30-bedded Naturopathy Hospital in Varkala to a 100-bedded hospital. A Heart Foundation is proposed to be formed during 2002-2003, in the Cardiology Department of the Trivandrum Medical College, in order to coordinate the clinical care service, rehabilitation programs, preventive cardiology, research and as an academic forum. My Government has submitted a proposal for a health system project costing Rs 500 crores to be implemented with World Bank assistance for strengthening government hospitals in secondary and tertiary sectors. There has been an enormous growth of Para Medical Training Institutions and Service Centres in the State. Many of these are poorly staffed and ill-equipped. My Government proposes to set up a professional Para Medical Council to lay down the standards and prescribe training syllabus and qualification of staff in such Para Medical Institutions.

55. My Government has also taken a major initiative to encourage Public Private Partnership in Health sector with the objective of improving quality of services and delivery of secondary and tertiary health care at affordable cost. Health care infrastructure such as Health care services- super specialty blocks, in patient facilities such as pay wards construction, Bio medical waste disposal system at the Hospitals, Bystanders services such as accommodation etc

can be developed by encouraging investment from private sector, philanthropists and charitable organisations. Self-financing Medical colleges, Ayurveda Colleges, and Siddha Colleges will be set up. My Government will also organise study exchange programs for students and teachers of Medical Colleges with Sweden.

56. My Government has initiated measures for preparing the State for introducing tax reforms in the form of Value Added Tax in the State. Since the Empowered Committee of Finance Ministers on Tax Reforms has decided to postpone the date of introduction of VAT to April 2003, the State will get more time for effective preparation so as to ensure smooth transition of the State into the new tax administration which will be more transparent and efficient. As a precursor to this, my Government has initiated steps for modernizing the Commercial Taxes Department and it is proposed to complete the computerisation of the Department in 2002-03. With this, Government intends to achieve better tax administration and transparency. Government intends to create an atmosphere of voluntary tax compliance, through rationalization of tax structure, public awareness and training of the departmental personnel.

57. Huge arrears of welfare pensions have accumulated over the last few years. It shall be the endeavour of my Government to progressively clear the arrears in phases, over the next two years.

58. Unemployment has been growing at an alarming rate in Kerala. The number of registered unemployed in the various Employment Exchanges exceeds 44 lakhs while only about 16,000 are being absorbed per year. Besides, there is also disguised unemployment and under employment in the agricultural and traditional industries sector. The huge queues of applicants for even small number of vacancies reflect the extremely limited number of opportunities arising in the State for employment. My Government is committed to creating more employment opportunities under the Tenth Plan. Private investment will also be mobilised in a big way for creating additional employment. In the context of such dismal employment scenario, my Government cannot agree to the demand for raising the retirement age of Government employees.

59. My Government has already announced a draft Labor Policy that aims to make Kerala a more investor friendly destination as well as endeavours to reorient the social security system in Kerala to cater to the needs of vulnerable workers in unorganised sectors. Special deterrent legislation will be enacted to curb unlawful activities in the State. A body of experts will be set up to revamp moribund labor legislation and rules. Fresh welfare measures will focus on women workers, tribal workers and other identified vulnerable categories. The Welfare Fund Boards under the

Labor Department will be computerised in a year to facilitate better disbursement and reduce administrative costs. Social security cards will be introduced. The legislation and rules governing the Welfare Fund Boards will be rationalised and modernised.

60. My Government also proposes to computerise the Employment Exchanges in the four major districts utilising special central assistance. Two new I.T.Is for women are contemplated in Wayanad and Pathanamthitta in the Tenth Five Year Plan period. My Government will undertake a comprehensive revamping of the training courses offered by the I.T.Is to make them more in tune with the requirements of the modern job market. My Government will also endeavour to convert the existing Industrial Hygiene Laboratory into an autonomous unit called "Institute of Occupational Safety and Health".

61. My Government has already announced the new Urban policy which provides for infrastructure for development, beautification, cleanliness etc in urban areas with private participation. Further, Government will implement "Valmiki Awas Yojana" for providing housing for slums. Kudumbasree network will be extended throughout the State. "Kudumbasangamam", a sustainable development program will be implemented to provide gainful employment by

transforming every household in Kerala as an economic production unit in an economically-ecologically compatible manner. Audit of local bodies will also be strengthened. A new housing scheme for Municipal and Panchayat employees will be launched under the auspices of Kerala Urban Development Finance Corporation Ltd. My Government also proposes to establish a unique environment friendly "Eco-City project" comprising of Kottayam and eight adjoining Panchayats with private participation.

62. My Government will endeavour to restructure the animal health care delivery system with the active participation of insurance agencies so as to alleviate the burden of the livestock farmers regarding health care and breeding. Government plans to eradicate all contagious diseases through mass vaccination with the active participation of local self-government institutions. Special emphasis will be given for fodder development by activating the partnership of Dairy Development Department and Kerala Livestock Development Board.

63. My Government also proposes that all ICDS Centers will be nurtured and developed into Resource Centers for women and children. Life cycle approach will be the basis for the development of women and children, and efforts will be made for a holistic approach in the development of women and children with active ingredients such as education, health

care, vocational training, micro enterprises, etc. De-institutionalisation of welfare homes will also be considered.

64. The Youth of the State are the future of the State. They constitute average 37% of the population. My Government is committed to welfare and development of the youth. The Youth Welfare Board will act as a nodal agency for all youth activities in the State. It will also act as an Information Centre for the youth. My Government also proposes to institute an award at the District and State levels for the best youth activists and youth clubs. Nehru Yuvak Kendra in the State will be fully activated.

65. My Government will take steps to improve the quality of general education in the State. I have already mentioned about the IT@school program to be implemented throughout the State. The project addresses all issues regarding computer education in schools, including preparation of curriculum, textbook and multimedia content, training of teachers, infrastructure facilities required and mobilisation of resources. In addition, my Government will take steps to improve Science, Mathematics and Social Science Education in High Schools. Work oriented education in areas like vermi-compost, book keeping, screen printing, writing chalk, book binding, agarbathi making, plaster of paris in Secondary Schools will be pursued as an integral part of education.

Vocational Education in High Schools will be given to help students to earn during their course of study. My Government also gives stress for improvement of English language in schools by setting up of District Centres of English. Similarly, development of Sanskrit Education will also be pursued through scholarships to Sanskrit students and financial assistance to Sanskrit pandits under indigent circumstances. The Centrally Sponsored Scheme, namely "Sarva Shiksha Abhiyan" will also be implemented.

66. The process of delinking the Pre-Degree courses from the Universities will be completed from the academic year 2001-02. A curriculum committee has been constituted for consultation on academic matters relating to Higher Secondary Course. My Government has also introduced private registration for Higher Secondary Course from this academic year (2001-02) onwards and about 1-lakh students are expected to join as private candidates.

67. The official language of the State is Malayalam. My Government is committed to progressively and in a time-bound manner, have all Departments work in Malayalam, especially where there is a citizen interface. Software programme in Malayalam has been developed and this is expected to boost the use of Malayalam at all levels. All

Panchayat Offices will commence using the newly developed software in Malayalam this year.

68. My Government's policy will be to enable the cooperative sector to become an effective mechanism to eradicate poverty and raise the standard of living of the poor masses. As a relief measure to the members of co-operative societies, including farmers who availed loans from credit co-operatives and became overdue, my Government is implementing a one time settlement scheme. As per the scheme, if the loanee clears the dues before 31.3.2002, the entire penal interest will be waived. The rate of interest on loans issued from credit co-operatives has been reduced. Action has already been initiated to appoint Project Implementation Team for the new Integrated Co-operative Development Programme to be implemented in Kollam, Alappuzha, Ernakulam and Kozhikode districts with the financial support of National Co-operative Development Corporation. Integrated Co-operative Development Programme will be extended to Thiruvananthapuram district also. An Expert Committee has been appointed to study the present working of District Co-operative Banks and to suggest measures to improve the working of these Banks. Another Expert Committee for preparing an alternative pension scheme for the employees of co-operative sector, coming under the Employees Provident Fund and

Miscellaneous Provisions Act, has also been appointed. Kerala State Co-operative Hospital Complex and Centre for Advanced Medical Services Ltd., Kannur, taken over by Government, has again been brought under co-operative sector. More professional colleges will be started in the co-operative sector. It is proposed to start 3 more Engineering Colleges under the sector during the year in Pathanamthitta, Alappuzha and Thiruvananthapuram districts. The Co-operative Employees Self Financing Pension Scheme has been extended to all employees of the co-operative sector. The benefit of the scheme is proposed to be given to the employees who have retired from service after 1.1.1974 and are alive.

69. My Government also proposes to bring a self-reliant Co-operative Societies Act after detailed discussions with co-operators. The societies registered under the proposed Act will be free from Government control and there will be no financial support from Government to these societies. Further, Arbitration Court for settlement of non-monetary disputes in the co-operative sector will be established during the year.

70. My Government is also taking steps to develop some of the minor and intermediate ports on BOT basis with a view to meeting the growing traffic demands and encouraging coastal shipping. A Maritime Academy will be established in

Thiruvananthapuram during the year 2002-03 to offer courses for aspirants seeking employment in Indian and Foreign vessels.

71. My Government will adopt a people centered community approach with respect to all developmental activities in Fisheries during the Tenth Plan. Conservation and management measures will be strengthened to ensure sustained growth of the sector. Fish production in the inland sector will be augmented and the net income of fishermen and fish farmers will be enhanced through introduction of appropriate culture techniques and management. New multi-species prawn hatcheries will be established. The productivity of reservoirs will be increased. The Matsyafed Net Factory will be expanded with Japanese grant. In order to ensure supply of kerosene in sufficient quantities and at concessional rate, to the fishermen, a Kerosene Distribution System will be introduced. An Integrated Scheme for the Development of social infrastructure at an estimated cost of Rs.500 crores is proposed to be implemented. My Government also proposes to bring a comprehensive legislation covering various issues like access rights to fishing implements, fishery resources, right of first sale of fish, infrastructure, markets, conservation and protection of rights of the producer as well as the consumer. The report of the Special Officers for setting up of the Coastal Development

Authority has been received. This will be speedily examined and the Authority made functional this year.

72. My Government is concerned at the continuing cash losses of the KSEB. The 25% tariff increase and economy measures taken by the KSEB have reduced the cash losses from Rs. 160 crores/month in May 2001 to Rs. 90 crores/month today. My Government recognises the need for comprehensive reforms in the Power Sector. Accordingly, my Government has signed a MoU with the Government of India for bringing in power sector reforms, which will be carried out in a time-bound manner. In order to protect the interests of stakeholders in power sector, the State Electricity Regulatory Commission will be set up shortly.

73. During the next five years, the total annual consumption of electricity is expected to increase from thirteen thousand million units to twenty three thousand million units. Minimizing Transmission and Distribution loss, intensifying system improvement works and expanding the distribution base will be targeted. Government has already commenced severe austerity measures to minimize expenditure in the State Electricity Board. Proper inventory control, streamlining of purchase of materials, reducing flab in establishment have been started already and will be continued. Simultaneously, intensive revenue and arrears collection measures are also being implemented. In order

to achieve electrification of all households in the State during the Tenth Five Year Plan period, it is proposed to accelerate electrification of households in rural and urban areas with a target of five lakhs connections during 2002-2003. It is also proposed to improve consumer service by opening more sub stations, sections and collection centers and by computerisation of billing and revenue collection in a phased manner.

74. Strategies will be developed and implemented for harnessing the hydel energy potential of our 44 rivers in a most eco-friendly manner minimising impact on forest land and disturbance to bio-diversity. The existing schemes for Kuriakutty-Karappara, Achencoil-Kallar, etc. will be reworked for implementation with minimum loss of forest. Renovation, modernisation and up-rating works of old hydel projects will also be given top priority in order to improve generation and to modernise control systems. The load dispatching and distribution management information system would be computerised and modernised.

75. My Government is aware that the high cost of energy from naphtha based Kayamkulam Thermal Power Station is causing concern not only to the Electricity Board but also to the consumers. Government will take all steps necessary to expand this Thermal Power Station into a liquefied natural gas based Super Thermal Power Station to generate and supply energy at affordable rates.

76. Government will also make all attempts to complete the construction of 400 KV line from Madurai to Thiruvananthapuram and persuade Government of India and Power Grid Corporation of India to undertake construction of 400 KV line from Kolar to Kozhikode in order to evolve sustainable solutions to the electricity problems in the northern districts.

77. My Government recognises the contribution of enterprising non-resident Keralites (NRKs) to the State. My Government is committed to the welfare and well-being of the large number of Malayalees settled outside the State and abroad. A NORKA cell has been established in Kerala House, New Delhi in December 2001. My Government now proposes to introduce a pension for NRKs in association with Life Insurance Corporation of India. Also, the field agency of Non Residents Keralites Affairs Department is proposed to be converted into a Corporation for widening its scope of activities and resource channelling and investment promotion. With the view to augment the participation of NRKs in building up Kerala's infrastructure, Government has constituted a Infrastructure Initiative Fund which will structure viable commercial projects.

78. A new Department, namely the Department for Parliamentary Affairs was created to coordinate the legislative matters of the State. The Department proposes to

conduct training programmes to strengthen the Parliamentary system in the State. Innovative programmes for Members to get more exposure on Parliamentary institutions and practices will also be organized.

79. The draft Science & Technology Policy (2001) of the Government of India has laid emphasis on technology development, transfer and diffusion and invited attention to the role of institutions in promoting innovation and generating intellectual property. In order to align the programmes of S&T institutions in the State with a new policy and enhance their inputs for Kerala's scientific and economic development, my Government proposes to introduce necessary reforms in the structure and functions of STEC.

80. A time-bound action plan has been approved for induction of information technology in the Motor Vehicles Department. In the first phase, back-end computerisation of Regional Transport Office, Thiruvananthapuram, Sub R. T. Office, Kazhakootam and Head Office will be completed in the first half of 2002. Government have approved introduction of computer based Learner's Driving Test, which will be implemented initially at the Transport Commissioner's Office, Thiruvananthapuram. Government have also decided to modernise and computerise all the Motor Vehicles Check-posts with a view to plug the leakage of non-tax revenue, and also to install electronic weigh bridges in all Motor Vehicle Check-posts in a phased manner.

81. KSRTC proposes to replace worn out and over-aged buses from its fleet by induction of 300 new buses. With a view to improve the efficiency in office management, operations of all the depots of the KSRTC will be computerized, with provisions for networking. It is also proposed to introduce electronic ticketing machines during this financial year.

82. A Rs 1,000 crores Skybus Metro project is proposed to be undertaken in association with Konkan Railway Corporation. The State Water Transport Department will be provided with energy efficient fiber reinforced plastic boats to enable the Department to reduce its annual losses substantially.

83. My Government proposes to create a Directorate of Cultural Affairs through redeployment of existing posts for coordinating and streamlining the activities of various institutions under the Culture Department. The Department of Archives is having one of the greatest archival collections of palm leaf manuscripts. A comprehensive scheme for the conservation and storage of this rare and invaluable treasure will be implemented with support from international agencies. Also, the State Institute of Archaeology, Art History, Conservation and Museology will be elevated as a center of excellence with assistance from the National Museum Institute and Universities abroad.

84. My Government has decided to observe the Golden Jubilee Year for Rural Development for the period commencing from 2nd October 2001 to 2nd October 2002. During this period additional self employment will be provided to 75,000 people under the Self Employment Scheme of Swarna Jayanthi Grama Swarozgar Yojana (SGSY). It is also proposed to implement special projects for copra processing and food processing through Self Help Groups (SHGs) in rural areas.

85. The newly launched program of Sampoorna Grameen Rozgar Yojana (SGRY) aims at employment generation, food security and creation of infrastructural facilities. My Government will give top priority for providing employment and food security to tribal people under the scheme. It is proposed to implement special projects for desiltation, removal of water-borne weeds and renovation of ponds and water sources under this scheme.

86. The RD-NET is proposed to be extended to training institutions like KILA, SIRD etc. and to be developed into information dissemination centers for new technologies, best practices and on-line services.

87. My Government is committed to providing a peaceful and safe environment in the State. I am happy to say that the law and order situation has been, by and large, peaceful,

except a few isolated incidents. My Government took immediate steps to ensure that these incidents could be effectively controlled. The Police forces have been asked to act firmly and without any bias against any attempt to disturb law and order in the State.

88. My Government is appreciative of the role played by the State Police in maintaining law and order and providing security to the people of Kerala. To enable them to play this role more effectively, my Government will take steps for speedy modernisation of the State Police Force by equipping them with the latest communication equipment, vehicles, arms and other modern equipment. The welfare of the Policemen is also uppermost in the minds of the Government. Additional Housing and other welfare measures would be given top priority. The Centrally Sponsored Scheme for modernisation schemes of the Police will be expanded and implemented expeditiously. My Government also proposes to raise the proportion of women in the State Police to 10% at the earliest.

89. The modernisation of the jails will also receive priority attention of my Government. Existing jails will be modernised and capacity enhanced to cope with the emerging challenges.

90. My Government would also strive to update the technical know-how in the field of forensic science in order to strengthen the Chemical Examiners Laboratory to be at par with other similar scientific institutions dealing with forensic science, both nationally and internationally.

91. My Government recognises the yeoman service rendered by firemen in various calamities. The modernisation of the Fire Force, which has been badly neglected over the past decade, will get special attention. In order to rationalize the workload of the Fire Force personnel, daily duty shift system have been implemented in the State Fire Services with effect from 1.1.2002. The construction work of the new Fire Service Training Institute is in progress at Viyyur.

92. My Government is also taking steps to improve the criminal justice administration in the State. The Government has sanctioned 26 Fast Track Courts. Ten of these Fast Track Courts have already started functioning and others would be started soon.

93. Let me conclude by reiterating that Kerala needs to work hard to regain its leading position in the system of things. We have to introspect and critically look at our failings and build on our strengths. We need to change our mindset. We have the potential and we are second to none. We have to apply ourselves to the cause of the State whole-heartedly and dedicatedly.

94. My Government has a vision of a prosperous and economically vibrant Kerala. A Kerala, which is a model of democratic decentralization, which is a model of social co-existence for developing societies, and most importantly also a model of economic competitiveness. While we have made commendable progress in the first two, we still lag behind on the economic front. We need to bridge this gap. But this requires strong will and commitment of the highest order. The problem is not in the realization of such change, but the distance, which we have to travel, before we can actually reach contemporary standards.

95. This is the task and it is a challenge, which we the leaders of today are faced with. All of you will have to rise as true leaders and facilitate difficult choices. I am sure the leaders of today will not fail the next generation. As Mahakavi Vallathol said:

“മുന്നോട്ടുതന്നെ ഗമിക്കും വഴിയിലെ
 മുന്നുള്ളുകൊളംകെ ചവിട്ടി മെതിച്ചുനാനം
 പിന്നാലെ വന്നിടും പിന്മുറപ്പാങ്ങൾക്ക്
 വിന്യാസവെളയിൽ വേദന തോന്നാമെ”

(We will march forward,
Crushing all the thorns in our way
Tender feet that follow
Will not have to suffer the pain).

Let us begin this journey together to usher in a new, vibrant
and economically prosperous Kerala.

Jai Hind.