



BUDGET SPEECH FOR 1970-71

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27th February, 1970

Sir,

I rise to present the Budget Estimates for 1970-71.

The decade that has just gone by was a period when our experiments at planned development faced crisis after crisis and the graph of our economic growth took a zigzag and irregular course. The Third Plan was launched with considerable optimism and it was generally expected that it would carry the country's economy to the take-off stage. This hope was belied and the closing years of the Third Plan witnessed successive crop failures followed by recession in industries. Attempts made to prepare and put into operation a development programme for the next quinquennium had to be given up. In the years that followed the Third Plan there was virtually a Plan holiday though Annual Plans on an ad hoc basis were formulated and pushed through. Indian Planning thus passed through a most trying period and even its most enthusiastic advocates became disillusioned at the turn of events. This frustration affected even the man in the street whose faith in the very concept of Planning received a shock. During the last two years, however, the economy has shown signs of improvement. A Fourth Plan was finally conceived and the country embarked on it though with greater anxiety and less confidence. Owing to a combination of very favourable circumstances there was a significant improvement in agricultural production during the last two years. Industry also regained its momentum. Standing on the threshold of the seventies we seem to have gone a long way from the days of the acute food shortage and industrial stagnation of the middle sixties. And we look forward to a decade of progress and development with renewed hopes. I consider it a privilege to have been called upon to present the Budget at this turning point in the history of the development of our State.

I would, however, hasten to sound a note of caution. It is true that processes of development have been set in motion in various sectors. But to keep up the tempo of development resources of considerable magnitude will have to be mobilised and most fruitfully employed. It is in the matter of raising resources that we are beset with severe handicaps. The reservation of most of the flexible sources of revenue with the Central Government under the terms of the Constitution combined with the commanding influence the Centre has achieved over the key centres of the economy during the last two decades of planning has curbed the initiative of the States in harnessing resources and placed them at the mercy of the powers that be at the Centre. It is doubtful whether there is any State in India today which can stand on its own without fiscal aid from the Centre either in the form of devolved taxes or grants-in-aid. It was taking into account this erosion of the fiscal autonomy of the States that our Government had moved for a review of the financial provisions of the Constitution with a view to sponsoring radical amendments to them and for the establishment of a permanent Finance Commission of a quasi-judicial nature. It is a matter of disappointment to us that though these ideas received a favourable consensus among leading economists and administrators in the country and a general measure of support from other States, no positive action has been taken so far in this respect.

It is an accepted fact that Planning has not helped to reduce inter-State disparities. Though balanced regional development is one of the avowed objectives of the Plan, the policies followed hitherto have been hardly conducive to securing this objective. An examination of the inter-State economic variables would reveal that “giants seem to have held sway both by snatching an undue share of private as well as Central sector investments and by harnessing the bulk of the resources flowing through the organised money market” and that in this all-India picture “it is no wonder that Kerala’s share from these sources has been relatively small”. I would, therefore unhesitatingly say that the Central Government has the constitutional and moral responsibility of coming to the rescue of our State which is one of the worst sufferers from the “backwash effects” of the process of development. Unless resources of a very high order are made available to the State by a selective and judicious operation of the fiscal mechanism, our efforts at economic development cannot make much headway.

While presenting the Budget for 1969-70, my predecessor had naturally expressed the hope that Kerala would get a fair deal from the Fifth Finance Commission. But the report of the Commission and the decision of the Government of India accepting its majority recommendations have dispelled any

lurking hopes we had that the ends of justice might perhaps be secured even within the framework of the existing fiscal system and has confirmed our worst apprehensions regarding the irretrievable havoc that can be caused if vital matters affecting financial stability of States are left to the individual judgments of a few persons however eminent and well intentioned they may be. It is our conviction that the Commission has failed to take note of the realities of the State's financial position and has recommended a scheme of fiscal transfers which has accentuated the existing disparities amongst the States. It is interesting to note that under the Commission's award seven States would have considerable revenue surpluses ranging from Rs. 15 crore to Rs. 419 crore over the Fourth Plan period while other States such as ours will have persisting revenue deficits. When the rather remarkable coincidence that all the beneficiaries happen to be the Hindi-speaking States is taken into account, complaints of discrimination against Southern States that have been voiced from certain quarters cannot be easily dismissed as unwarranted. Mysore and Kerala are the worst sufferers at the hands of the Commission, followed by Tamil Nadu and Andhra Pradesh. The extent of injustice done to our State can be fathomed from the fact that had the award of the Fourth Commission been continued without modification, the State would have received at least Rs. 215 crore as against Rs.193 crore that would be transferred under the new dispensation. The considerations which weighed with the Commission in deciding that Kerala State could manage with a lower order of fiscal transfers, despite the additional commitments on account of the maintenance expenditure on the Annual Plan 1968-69 and the increase in the emoluments of employees are not known.

A re-calculation of the estimates of revenue and expenditure made recently shows that after taking into account the share of Central taxes and grants-in-aid Kerala will have a deficit of Rs. 84 crore in the Non-Plan account. As the yield from any additional measures of taxation will have to be earmarked for financing the Plan, the bulk of the above revenue deficit will remain uncovered. The Taxation Enquiry Committee (1969) set-up by the State Government has made it clear that the State would not be in a position to go in for additional taxation in a big way. The estimate of additional taxation made by the Committee is Rs. 35 crore for the Fourth Plan period and this includes Rs. 14 crore by way of revision of electricity-tariff and duty. It, therefore, follows that large deficits are inevitable on revenue account during the Fourth Plan period. Under capital account, repayment of loans received earlier constitutes a heavy liability and we have reached the stage when we can repay the earlier loans only by fresh borrowings. Thus owing to factors beyond our control, the State Government will

be faced with unusually large deficits both on revenue account and on capital account and the situation can be remedied only by positive and imaginative action by the Government of India in the larger interests of integrated national development.

The Planning Commission has almost finalised the Fourth Plan and is giving finishing touches to it. It is expected that this will be presented before the Parliament in its present session. It has been indicated that the outlay for our State will be Rs. 258 crore financed by Central assistance of Rs. 175 crore and State's resources of Rs. 83 crore. Out of the Rs.83 crore, Rs. 33 crore will have to be raised by way of negotiated loans and market borrowings by the public enterprises. There are reports in the Press that the total size of the State's sector will be pushed up by Rs. 500 crore, though the Central assistance to the States will remain at the level originally estimated, viz. Rs. 3500 crore. We hope that our State will also benefit from the above step-up in the outlay and that the additional resources required will also be provided.

The Economic Scene

I now proceed to review briefly the economic conditions of the year 1969.

The year 1969 witnessed signs of improvement in the agricultural sector, owing to the fairly adequate rainfall and the adoption of improved varieties of seeds by the cultivators. The area under cultivation increased significantly in respect of most of the major crops. The total cropped area went up by 3.5 per cent while the area under rice increased by 8 per cent. The area sown more than once accounted for 74 per cent of this increase which reveals a healthy tendency towards multiple cropping of the existing cultivated area.

The production of all the major crops except tapioca and pepper increased considerably during 1968-69. In respect of rice Kerala had a record production of 12.51 lakh tonnes. The increase was of the order of 127 thousand tonnes which is 11.3 per cent over the previous year. The production of coconut and arecanut went up by 6.7 per cent and 7.1 per cent respectively. Banana and other plantains registered an increase of 4.3 per cent; cashew nut 1.1 per cent and sugarcane 0.7 per cent. The production of pepper and tapioca declined by 3 per cent and 2.8 per cent respectively.

Fish production went up by 45 per cent during the year. From 2.53 lakh tonnes valued at Rs. 10.2 crore in 1967-68, it went up to Rs. 3.66 lakh tonnes valued at Rs. 13.2 crore in 1968-69. The marine fish landings were 3.56 lakh tonnes as against 2.44 lakh tonnes in the previous year.

The foreign exports of Kerala during 1968-69 stood at Rs. 159.7 crore. The increase in export earnings was mainly in respect of cashew kernels and marine products. 61560 tonnes of cashew kernels were exported in the year as compared with 56220 tonnes in the preceding year. The increase in exports in terms of value was of the order of Rs. 7 crore. A significant aspect of the export trade in cashew may be mentioned here. While in the past the United States of America was the principal buyer of this commodity, new markets have developed in recent times and cashew is now exported to countries like U.S.S.R., U.K., East Germany, Australia and Canada also. The value of the exports of marine products increased from Rs. 16 crore in the previous year to Rs. 21 crore in the year under review. The products are marketed in as many as 35 foreign countries. The U.S.A. is the biggest buyer, closely followed by Japan. Other traditional items of export viz., coffee, coir products, tea and pepper suffered a setback during the current year.

Traditional industries with a low level of technology continue to dominate the industrial scene. Cashew, coir, bricks and tiles, handloom and oil milling employ about 83 per cent of the industrial workers. There were about 3087 registered factories in Kerala at the end of June, 1969. The total employment in the factory sector is of the order of 2 lakh. The increase in the employment opportunities created in the public and private sectors could not make any significant impact on the magnitude of unemployment prevailing in the State. Unemployment, particularly among the educated categories, has become a problem of very serious dimensions. The number of job seekers from among S.S.L.C. holders, graduates and post-graduates has increased from 103479 on 30th June 1968 to 125147 on 30th June, 1969.

The rising trend in prices continued in 1969. The average working class consumer price index numbers for the State which stood at 783 in 1968 rose to 815 in 1969 recording an increase of 32 points. The rate of increase is less pronounced in 1969 than in the previous year. This is mainly the result of the bumper production of rice and the relatively satisfactory supply position of foodgrains. The upward movement in the index was contributed mainly by chillies, coriander, coconut oil and coconuts which are also essential commodities of daily use.

To conclude, the economic conditions during the year have been favourable in several respects. Agricultural production has improved. With a record production of rice and with larger supplies of foodgrains from the Centre, there

was a welcome change in the food front. After a spell of recession, industry is also picking up. The economy is thus well poised for rapid development. Greater efforts are now required to achieve full and productive utilisation of the infrastructure created in the past so as to achieve all round economic progress.

I shall now deal with accounts for 1968-69 and the revised estimate for 1969-70 before passing on to the budget estimates for 1970-71.

ACCOUNTS FOR 1968-69

The year 1968-69 which began with a cash balance of (-) Rs. 3.62 crore ended with an apparent surplus of Rs. 5.72 crore. On 31st March 1969 the actual cash balance of the State Government with the Reserve Bank of India was however (-) Rs. 5.52 crore. As the State Government has to maintain a minimum balance of Rs. 30 lakhs with the Reserve Bank of India, the shortfall in the balance on that day was Rs. 5.82 crore. In the civil accounts this shortfall was accounted for as a temporary loan and credit was taken under "0. Public Debt". There was, thus, a corresponding surplus in the cash balance. As a result of the adjustments made during the first few days of April, 1969 the closing balance with the Reserve Bank of India as on 31st March 1969 showed an improvement of Rs. 4.92 crore and the final closing balance with the Reserve Bank of India came to (-) Rs. 60 lakhs. Taking into account the cash in treasuries and deposit in Banks, the overall cash balance of the State Government at the end of 1968-69 was (-) Rs. 9 lakh. But, in the budget documents, the closing balance has to be shown as Rs. 5.72 crore on the basis of the civil accounts compiled by the Accountant General.

On the revenue account, there was a surplus of Rs. 6.96 crore. The special grant given to the State to compensate for the inadequate provision for amortization of public loans made during the previous three years mainly accounted for this surplus. It may be mentioned in this context that this grant was only adjusted in the loan accounts with the Centre.

The financial stresses and strains that the State Government has had to face during the year will be clear from the fact that treasury bills for Rs. 8.86 crore were encashed besides availing of the maximum ways and means advance admissible, which remained outstanding at the end of the year.

REVISED ESTIMATE FOR 1969-70

The revised estimate of revenue for the year 1969-70 is placed at Rs. 136.20 crore which is higher than the budget estimate by Rs. 93 lakh. Under

the State's share of Central taxes an increase of Rs. 5.84 crore is estimated on the basis of the award of the Fifth Finance Commission. But, under grants-in-aid of the revenues under Article 275 of the Constitution, there will be a steep fall of Rs. 10.89 crore. The net effect of the award of the Fifth Commission is thus a diminution in the resources transferred from the Centre to the State during 1969-70 to the extent of Rs. 5.05 crore.

The proceeds from State taxes are expected to go up by Rs. 1.22 crore. Under sales tax an increase of Rs. 1.81 crore is anticipated. This improvement is offset by a shortfall of Rs. 84 lakh under State excise duties. Under non-tax revenues the main increases are from Forests (Rs. 73 lakh) and from State Lotteries (Rs. 125 lakh). Special receipts of a non-recurring nature are anticipated under Agriculture, Industries and Police. A shortfall of Rs. 63 lakh is anticipated in interest receipts from the Kerala State Electricity Board. The grant from the Centre for the Annual Plan is assumed at Rs. 9.31 crore and this records an increase of Rs. 1.35 crore over the budget estimate.

The expenditure on revenue account shows an increase of Rs. 2.68 crore. The increase in the Non-Plan sector due to general revision of pay of Government Employees is offset to some extent by savings anticipated under food subsidy (Rs. 125 lakh) and interest payments (Rs. 53 lakh). Following the heavy floods during the year, relief works had to be taken up. The revised estimate on Famine Relief operations records an increase of nearly Rs. 63 lakh over the budget estimate. In the Plan sector, increased expenditure is anticipated on minor irrigation, family planning and cadastral survey.

The expenditure on capital account is placed at Rs. 15.81 crore which is higher than the budget estimate by Rs. 3.74 crore. The increase which is confined to the Plan sector is mainly on roads, irrigation, construction of school buildings and water supply schemes. The provision of Rs. 20 lakh for investment in the Co-operative Societies with Reserve Bank funds is transferred from the Non-Plan to the Plan sector.

The disbursement of loans and advances (net) is expected to go down from Rs. 11.50 crore to Rs. 7.55 crore. The budget had contemplated the grant of a loan of Rs. 9.50 crore to the Kerala State Electricity Board for financing its power projects. A re-assessment of the resources of the Board vis-a-vis progress of expenditure on the projects has indicated that the Board would not require more than Rs. 4.50 crore by way of loans from the State Government.

The Annual Plan outlay approved by the Planning Commission for 1969-70 is Rs. 34.20 crore. The State Government had however budgeted for an outlay of Rs. 37.16 crore. During the year it was felt that there would be a shortfall on Power. Accordingly the outlay for Power was reduced from Rs. 13.50 crore to Rs. 10 crore and increases were made in other sectors as follows:-

<i>(Rs. in lakh)</i>		
Minor irrigation	..	50
Major irrigation	..	125
Education	..	100
Roads	..	75
Total	..	350

The actual expenditure on general education, water supply schemes, co-operation and large and medium industries is anticipated to be higher than the outlays fixed and the revised estimate of the Annual Plan is placed at Rs. 38.90 crore.

There is an improvement of Rs. 1.67 crore under Public Debt which is mainly due to special loans from the Centre for relief of natural calamities and the increased collections from the open market loan floated this year. On the other hand the transactions under Unfunded Debt indicate a shortfall of Rs. 1.15 crore. This is because the original idea to credit 50% of the increase in dearness allowance of the State Government employees from 1st April, 1969 to the provident fund accounts did not materialise.

The transactions under other debt and deposit heads are expected to yield Rs. 5.37 crore. The Kerala State Electricity Board had deposited an amount of Rs. 2 crore with the State Government and it is expected that this will be withdrawn only during the coming year. Government have allowed the Kerala State Road Transport Corporation to draw an amount of Rs. 1 crore from its depreciation fund. However, it is expected that the Corporation would require only Rs. 50 lakh in the current year and the balance during the coming year.

As a result of all the various transactions, an overall deficit of Rs. 19.46 crore is anticipated during the current year. The year which has opened with a cash balance of Rs. 5.72 crore is expected to close with a minus cash balance of Rs. 13.74 crore.

BUDGET ESTIMATES FOR 1970-71

Revenue

The budget estimate of revenue for 1970-71 is Rs. 144.47 crore. The State's share of Central taxes comes to Rs. 27.88 crore which is higher than the revised estimate for 1969-70 by Rs. 3.17 crore. The yield from State taxes is Rs. 64.77 crore which shows an increase of Rs. 3.78 crore over 1969-70. Normal increases are assumed under taxes on vehicles, stamps, electricity duty, registration fee etc. Under sales tax, the increase is Rs. 2.28 crore i.e., about 7 per cent and the total yield is over 50 per cent of the State taxes. The proceeds from agricultural income tax and state excise duties are more or less stationary. Under excise duties there may even be a fall unless special administrative action is taken to check illicit distillation and to secure an increased tempo in the auction bids.

Under non-tax revenues the increase is not significant. 'Forests' show an increase of Rs. 25 lakh. The net receipts from State Lotteries after deducting commission to agents is expected to go down in view of the keen competition that the State has to face in this field.

The grant from the Centre for the State Plan is taken at Rs. 9.53 crore. For Centrally sponsored schemes, a further grant of Rs. 3.49 crore is anticipated.

Expenditure

The expenditure on revenue account is estimated at Rs. 157.95 crore. The overall increase in the non-Plan sector is only 4%. This is because the estimates have been fixed with due regard to the need for economy.

The capital expenditure outside the revenue account is estimated at Rs. 18.62 crore. The bulk of it is in the Plan sector. A total provision of Rs. 15.16 crore has been included for disbursement of loans and advances. Against this a receipt of Rs. 6.08 crore is expected by way of recoveries of loans and advances issued in the earlier years. Thus the net disbursement is of the order of Rs. 9.08 crore.

Annual Plan

At the recent discussions with the Planning Commission and the Government of India an outlay of Rs. 46 crore has been agreed upon for 1970-71. The State Planning Department has made a provisional break-down of this outlay Scheme-wise. On the basis of this break-down and the budgetary

requirements for various schemes suitable amounts have been provided for the Plan. The total budgeted outlay comes to Rs. 46.94 crore. There is thus an increase of Rs. 94 lakh which is mainly on share contribution to Co-operatives (Rs. 70 lakh), a scheme newly brought under the Plan and on Housing (Rs. 28 lakh). After the estimates have been finalised, the Programme Adviser of the Planning Commission visited the State and had a round of discussions with the State officials with a view to finalise scheme-wise allocations. The budget does not, however, take into account any possible changes that might be necessary as a result of these discussions.

I shall now pass on to deal with some of the salient aspects of the budget estimates for 1970-71.

Agriculture

With 92 per cent of the cultivable land in the State already under the plough there is not much scope for extending the area under cultivation. Herein lies the importance of intensive cultivation and multiple cropping. Government have therefore been formulating schemes towards this end and have been persuading cultivators to use fertilisers and high yielding seeds and to convert single crop lands into double and triple crop lands wherever possible. The majority of the farmers are small holders who are unable to raise resources to provide the necessary inputs. Government therefore propose to organise Ela production units mainly for their benefit. The scheme is to organise compact areas of 500 acres or more into production units. Government will make available high yielding varieties of seeds, improved agricultural machinery, plant protection chemicals, besides providing finances and technical guidance. The cultivation of the area will be a joint venture supervised by a Production Committee representing the agriculturists, members of the co-operatives and Panchayats. A provision of Rs.10 lakh is made for organising Ela production units in 1970-71. Another new scheme proposed for 1970-71 is the small farmers' pilot project. This is a Centrally Sponsored Scheme and the details are only being worked out. A token provision is made for it in the budget.

About 750 acres of the Kayamkulam Kayal have been reclaimed and brought under paddy cultivation. A major scheme to cover 20,000 acres of Kole lands in Trichur District has been prepared and is being processed for implementation. A similar scheme for the Kuttanad area is being drawn up and preliminary investigations are in progress. It is also proposed to form a Development Authority for the integrated development of the Kuttanad region. The authority is

intended to provide the necessary infrastructure by way of roads, bridges, etc. A token provision is included in the budget for this purpose. The reclamation of fallow and waste lands in Cannanore District is being followed up by the Agro-Industries Corporation.

The establishment of the Agro-Industries Corporation is a symbol of the new orientation in agricultural activities. The Corporation has undertaken distribution of tractors, tillers and pump sets and other agricultural machinery to the cultivators on hire purchase basis, thus enabling our ryots to make use of modern methods of agricultural operations. Another significant development is the utilisation of institutional finance in an increasing measure. Schemes have been drawn up which qualify for assistance from the Agricultural Finance Corporation and the Agricultural Re-finance Corporation and Co-operative Banks. We have also had fruitful talks with the custodians of some of the nationalised banks and have been assured of a generous support from the banking sector to the productive ventures of the State. Thus the much needed finances for investment in the agricultural sector are being secured.

Government have decided to start an Agricultural University in the State. The location of the proposed University will be at Trichur. A provision of Rs. 1 lakh is included in the budget for meeting the preliminary expenses. It is hoped that the establishment of the University will give the necessary impetus for research work on agricultural and allied programmes and bring modern scientific knowledge and technology within the reach of the farmer.

Cash crops which have export possibilities have also received adequate attention. The hybrid pepper 'Panniyur I' evolved at the Agricultural Research Station, Taliparamba which has proved popular in this State and the neighbouring States yields four times more than the ordinary variety. Thus the sustained efforts made for increasing agricultural production are paying dividends and the State is now virtually passing through a green revolution.

For the development of plantations of tea, rubber etc., various schemes of financial assistance are in vogue. While the owners of domestic plantations generally take full advantage of the rehabilitation schemes, the foreign companies do not bestow sufficient attention on this matter. For instance in regard to tea plantations which are virtually monopolised by the nine foreign companies, there has been a grievous neglect of replanting operations. Obviously the foreign companies are concerned only at exploiting the existing resources. Owing to their short sighted policies, the State may one day be faced with sudden fall in the

production of tea and similar cash crops. In the larger interests of the economy of the State and the country as a whole, we consider that some positive action is called for, in regard to the management of the foreign-owned Plantations. Government have already appointed a Commission with Dr. P. K. Bardhan, Professor of Economics, Indian Statistical Institute as the Chairman and Dr. Tendulkar, Associate Professor, Indian Statistical Institute as Member to conduct an enquiry into the working of the plantations. The Commission will be assisted on the technical side by Dr. K. T. Jacob formerly Director of Research in the Rubber Board. The terms of reference to the Commission are:

- (i) to study the present condition of the foreign-owned plantations in Kerala and their contribution to the State's economy.
- (ii) to review their development efforts since 1961 and their plans for the next ten years and
- (iii) to suggest steps necessary to improve the efficiency of these plantations for making greater contributions to the economy of Kerala and the export trade of the country.

The Commission will also examine the case for nationalising the foreign-owned plantations and suggest the principle and quantum of compensation to be paid if any.

Land Reforms

The year 1970 heralded a bloodless but nonetheless radical revolution. With the issue of the Notification under Section 72 of the Kerala Land Reforms Act the New Year Day marked the formal end of feudalism in this State. Landlordism in all its aspects and ramifications has been abolished and direct relationship established as between the State on the one hand and the actual cultivator on the other. This is as far as the legal position is concerned. For making this New Deal into a reality for hundreds of thousands of cultivators in this State, a good deal of administrative processes have to be gone through. I would like to assure this House and through this House the people of Kerala, that this Government is pledged to complete these processes in the shortest possible time, quickly but smoothly, uncompromisingly but lawfully.

This is an exciting task but a task which holds out promises for the future of this State and our peasantry. This might spell far-reaching changes in the social outlook and organisation in our villages and in our rural economy. I hope this

will set in motion a chain of reactions in the process of which the surplus money and savings available with our people will get themselves channelled into productive investments rather than get sunk as dead investments in lands. We are also hopeful that a good portion of the compensation amounts that the land-owners will be getting will also find its way into investments in industrial and other wealth producing activities.

The administrative machinery was set in motion even before the Amendment Bill received the assent of the President. A separate Department under a Secretary to Government called the Land Reforms Department was formed in the Secretariat to attend exclusively to land reforms implementation and other allied matters. Government have also sanctioned necessary field staff for the implementation of the land reforms. One hundred and forty-five Land Tribunals are now in position – forty of them attending to the work of Land Tribunals exclusively and the others attending to it in addition to their normal duties as Special Tahsildars or B.D.Os. A provision of Rs. 86 lakh is included in the budget for implementation of land reforms. If the volume of work demands it, Government will not hesitate to sanction more Tribunals and more field staff.

The provisions relating to the land ceiling in the Land Reforms Act have also been brought into force. The administrative task in this respect will start in a big way only after the end of this financial year for the reason that the persons having lands in excess of the ceiling have time till 31st March 1970 to file their statements.

Another important part of the land reforms now under implementation relates to the purchase rights conferred on “Kudikidappukars”. These Kudikidappukars who form the bulk of the agricultural labourers and artisans in the State constitute the backbone of our agricultural economy. While Government would not tolerate any unlawful appropriation of private property under the pretext of extending to the Kudikidappukars the benefits under the Act, they are at the same time determined to go the whole hog to confer on the Kudikidappukars the maximum benefits that they are entitled to under the Act.

Government accord the highest priority to programmes which enable the Kudikidappukars to get ownership of their due lands by mutual agreement between the Kudikidappukars and the landlord. I am glad to note that this idea is gaining momentum. I hope that by the end of April thousands of Kudikidappukars will become owners of the lands in the Districts of Ernakulam, Alleppey, Quilon,

Kottayam and Trichur. The staff of the Revenue and Development Departments have been pressed into service in this exciting task and I am happy to say that they have been taking to this work with considerable enthusiasm and with a sense of dedication. Schemes have been started to transfer ownership to the tenants by mutual agreements of concerned parties in other parts of the State also.

Along with the implementation of the K.L.R. Act Government are also taking steps for the preparation of record of rights so that the benefits under the Act are not denied to any tenant or Kudikidappukaran.

I must, however, make it clear that Government have no illusions that the departmental machinery alone can tackle the problem on a large scale. We have necessarily to seek the co-operation of the entire people, all political parties and social organisations throughout the State. And I appeal to one and all to rally round the land reforms implementation movement of the Government and make it a real agrarian revolution.

Assignment of Government Lands

The scheme for assignment of Government lands to the landless poor is being pushed through with great vigour. Till October, 1969, about 7600 hectares of Government land have been assigned. About 50000 hectares remain to be assigned. Almost a mass movement has been initiated in the State recently giving an impetus to the programme. In addition to the lands directly under the control of the Revenue Department, 16000 hectares of arable forest lands will be cleared and made available for distribution. We hope that a major part of it could be assigned in 1970-71. An extent of 1250 hectares of land in Koothali Estate in Kozhikode has recently been made available for assignment. In Kuttanad big landlords are holding kayal lands unauthorisedly by way of encroachments or time-expired leases. Steps have been taken for the resumption of these lands with a view to distributing them among the deserving people. Special machinery has been put into the field to locate similar unauthorised occupations by big land holders and companies. It is also worth mentioning in this connection that the Government have recently amended the Kerala Land Assignment Rules removing the restrictions against alienation of lands so as to enable the assignees to secure loans from the Banks.

A scheme for the settlement of landless agricultural labourers in poramboke lands is also being implemented. The pattern of financial assistance is that each family will get a grant of Rs. 825 besides a loan of Rs.175. A provision of Rs.10 lakh is included for the scheme in the budget.

Food Position

The year 1969 witnessed a welcome relief from the stresses and strains on the food front. The increase in the internal production of rice together with larger supplies from the Centre has contributed towards the improvement in the food position. It was possible to distribute rice ration at 160 grams per adult per day for 34 weeks in 1969. Even during the remaining period rice ration was issued at 120 grams. The per capita availability of rice increased from 221 grams in the previous year to 264 grams during 1969. Naturally, the increase in the open market price of rice was arrested. The removal of internal check posts except during times of procurement operations, permission for import of rice from surplus States through normal trade channels and entrustment of the wholesale distribution of ration articles to the Food Corporation of India are the special features of the food policy followed by this Government.

It is noteworthy that the temporary reduction of the rice ration to 120 grams made from 1st February this year has not yet had any marked impact on the open market prices or the overall availability of food grains. We, however, hope to restore the cut from next month.

Fisheries

Fisheries occupy a prominent place in the economy of the State and even of the Country. The marine fish landings of Kerala account for over 40 per cent of the entire country's yield though the State has only a little over 10 per cent of the coast line of India. We have achieved commendable progress in the field of mechanisation and now the State is on the threshold of deep sea fishing with travels which can remain out in the sea for six to seven days at a time.

The development of fishing harbours is being pursued with vigour. It is hoped that the work of the Vizhinjam Fishing Harbour would be completed soon. The improvement of fishing harbour facilities at Cochin is under consideration. It is also proposed to take up the construction of fishing harbour at Neendakara as early as possible.

A Master Plan for fishery development involving an investment of Rs. 306 crore has been drawn up and submitted to the Government of India for financial assistance. It is needless to mention that the project has not only immense possibilities for the development of the State's economy but will lead to sizeable expansion of our foreign exchange earnings. It is hoped that considering its national importance, liberal assistance would be forthcoming from the Government of India.

A scheme for development of selected areas for fishing activities has been drawn up. We expect that the required finances will be forthcoming from the Agricultural Re-finance Corporation. A token provision is accordingly included in the budget for 1970-71 to implement the scheme in one area.

Ameliorative measures for fishermen have also received increasing attention from Government. During 1969, grants to deserving fishermen were given for thatching their dwelling houses. The fishermen are a hard worked section facing considerable hardships and rigours in the pursuit of their vocation. Theirs is a highly risky existence; accidents and deaths frequently occur in the course of their work depriving several families of their bread winners. Government have been seriously considering the question of introducing permanent measures of relief to them apart from temporary doles of a discretionary nature. It is now proposed to introduce a scheme for providing insurance cover to the fishermen who are engaged in fishing so that in the event of their death while at sea, their families will be duly taken care of. The details of the scheme are being worked out. A token provision is included in the budget for the scheme.

Dairying and Animal Husbandry

The programmes of dairy development for 1970-71 include the establishment of a dairy plant at Alleppey, the increase in the capacity of the Trivandrum Dairy and the setting up of a Milk Powder Factory attached to the Ernakulam Milk Scheme. For the last mentioned scheme only a token provision has been provided in the budget, since the scheme has not been fully processed. One of the problems facing the dairies is seasonal surplus milk. During the flush season the dairies have to accept more milk than they can dispose of. The proposed Milk Powder Factory will utilise the surplus milk of the dairies during the flush season and thus minimize wastage and losses.

Under Animal Husbandry the various development programmes have been registering remarkable progress. An increased allocation has been made for the Indo-Swiss Project, Madupetty. The proposed cattle feed plant at Malampuzha is expected to go into commercial production during 1970-71. The factory has a capacity of producing 30000 tonnes of balanced feed annually. The Bacon Factory is also expected to commence full-fledged commercial production in 1970-71. The capacity of the factory is one tonne of finished products a day. The canning section of the factory has already started functioning; the carcass rendering section is due to go into operation during 1970-71.

Irrigation

There are 17 major and medium irrigation schemes in progress. The Fourth Plan programme is to complete all these schemes before taking up new schemes. It is expected to complete the Periyar Valley and Chittur Puzha during 1970-71. The work on Pamba, Kallada, Kuttiadi, Kanjirappuzha and Pazhassi is also making progress. The remaining 10 schemes are more or less complete. Besides, Government have decided to give top priority to the execution of the Chimmoni-Mupli irrigation project in Trichur district. A total provision of Rs. 4.5 crore has been included in the budget for the execution of the various irrigation projects. For the Kallada project alone the provision is a little over one crore of rupees and for Kuttiyadi the provision is a little less than a crore.

For minor irrigation there is a provision of Rs. 2 crore in the budget. The Panchayats will be actively associated with minor irrigation programmes. A scheme for the free supply of pump sets to the Panchayats has been provided in the budget. It is also proposed to deepen the existing irrigation tanks in the Panchayats. A provision of Rs. 20 lakh is included for both the schemes together. Another new scheme under minor irrigation is the installation of pump sets in rivers and streams and supply of irrigation water to contiguous blocks of paddy area. The works when completed will be handed over to the Panchayats. A provision of Rs. 10 lakh is included for the purpose.

Forests

The main objective of the Fourth Plan Programme is to improve the existing natural forests and to increase the area under Plantation which would provide raw materials for forest-based industries. The Planting programmes for 1970-71 include raising of Teak, Softwood, Anjili, Bamboos and Fuel Wood. It is also proposed to cultivate Sugarcane in 5000 acres of forest land to supply raw materials for the Mannam Sugar Mills.

The scheme for the formation of a Forest Corporation has almost been finalised and it is hoped that the Corporation will come into existence very soon. A provision of Rs. 5 lakh is budgeted for 1970-71 for investment in the Corporation. A token provision is also included for the acquisition of private forests in Malabar area.

Power

The power position in the State continues to be comfortable and we have, in fact, been supplying power to Tamil Nadu since September 1969. But we cannot

be complacent about this and it is necessary to complete the projects on hand without delay, so that the State is never again forced into the nightmarish days of power shortage which we faced during the last Plan period. The Idukki Project is the biggest development project undertaken in the State. The Government of Canada are helping us in the project with financial and technical assistance. For various reasons, the progress of the project has been slow and there was a major stoppage of work last year. The concreting of the giant Idukki and Cheruthoni Dams has since been resumed, but there are still some problems relating to other works. The Government are taking steps to bring together all the parties concerned with a view to evolving an understanding that will last till the completion of the project. I hope that all concerned will realise the importance of the project to the State and its economic development and ensure that not a day is lost from now on, so that the first unit is commissioned in early 1973 and the project can be completed by the year 1974.

But due to the failure of the contract for the Kuttiadi Dam and the disputes and litigation arising therefrom, the commissioning of the project has been delayed. The work on the dam has been resumed recently. The project is of vital importance for stabilising the supply position in the Malabar area. I hope that all concerned will realise this and ensure that work proceeds uninterruptedly so that the project can be completed by 1971.

The transmission and distribution system in the State needs considerable strengthening. Since last year, the State Electricity Board has stepped up its programme of erection of sub-stations and transformers and construction of transmission lines. These will be stepped up further in the coming year and the supply and voltage conditions will steadily improve.

During the Gandhi Centenary Year, it was the intention of Government to undertake a major programme of rural electrification. The State Electricity Board had also raised additional resources by issuing bonds and from the Life Insurance Corporation and had placed order for materials—nearly thrice as much as in previous years. Unfortunately the supplies have been very poor due to the acute shortage of raw materials like aluminium and steel. The State Government have taken up this question with the Government of India. I hope that the Government of India will find an early solution to it.

The provision proposed in the budget for the power programme next year is Rs. 15 crore.

In this biggest public sector undertaking of the State a major award on wages, is being implemented this year. By bilateral agreements, wage increases

have also been given this year to sections of workmen not covered by the award. As the House is aware, the employees of the Board are now being paid at levels higher than those obtaining in almost all other States.

Industries

Development of industries is most vital to the State's economy. The pace of industrialisation during the first two Plans was very slow and the investment in the sector particularly by the Centre was meagre. Sustained efforts are, therefore, required to build up a sound industrial base. We have been consistently pressing for larger Central investments in the State and these efforts will have to be followed-up. It is however, gratifying that the Cochin Ship Yard Project will commence work shortly. The Hindustan Latex has already started regular production. It is expected that the Cochin Fertilizer Plant will also go into production soon.

The revised Industrial Policy Statement, 1967 has been drawn up to attract prospective industrialists to the State and to promote industrial development. The policy has received encouraging support. In the Alwaye-Ernakulam region, a Pepper Extract Unit, a Pharmaceutical Unit, a Unit for the manufacture of Formic Acid, a Catalysts Manufacturing Unit and a corrugated Paper Manufacturing Unit are coming up. It is expected that most of these units will be commissioned within a year. In the Large and Medium Sector, M/s Kerala Spinners, Alleppey and O.E.N. (Oak-Electro Netic) India Limited, Ernakulam started production in 1969. During the current year, seventeen applications for industrial licence have been recommended to the Government of India of which six are for starting new industries and eleven for expansion of existing units in the State. Government of India have issued 5 letters of intent. The question of establishing a Titanium Complex and a Scooter Project are under the consideration of Government. The Pesticides Committee appointed by Government has recommended the setting up of a project for the manufacture of six Pesticides during the first stage and seven during the second stage. The question of setting up such a unit is engaging the attention of Government. A project report for a Petrochemical Complex has been received and is being studied. Government have also under active consideration the question of fully utilizing the iron ore resources located in the Calicut area. We have also made a request to the Government of India that one of the three proposed steel plants in the public sector should be located in our State. A letter of intent for establishing an automatic bottle making plant is expected from the Government of India shortly.

The existing public sector undertakings have taken up schemes for expansion, diversification and consolidation. Provision for necessary financial assistance to these undertakings is included in the budget for 1970-71. A transformer factory was commissioned at Mamala in the Ernakulam District as an expansion scheme of the Kerala Electrical and Allied Engineering Company Limited. An investment of Rs. 10 lakh (Rs. 4.5 lakh as share and Rs. 5.5 lakh as loan) in this company is contemplated in the coming year. Considerable progress has been achieved in the establishment of a plant for the manufacture of 50 tonnes of titanium dioxide per day in the Travancore Titanium Products Ltd., Trivandrum. Provision is made in the budget for 1970-71 for an investment by the State Government of Rs. 50 lakh in this concern. A project for the expansion of the Plywood Factory at Punalur, with Czechoslovakian collaboration is nearing completion. Government will be giving financial assistance of Rs. 6 lakh in the coming year to the factory. The Kerala Ceramics has started the manufacture of 'paper coating clay' in their mines at Kundara with Japanese collaboration. A unit to manufacture transfer pictures will commence working this year. Government propose to invest Rs. 30 lakh in the Kerala Ceramics Limited in 1970-71.

Traditional industries like coir, handloom, handicrafts and cashew have a special significance in view of their employment potential. Besides, they earn valuable foreign exchange for the country. The problem in respect of these industries is how to modernise them without any curtailment in the employment opportunities. Unless modern technology is employed at least in a limited way, the products will not be able to face the stiff competitions of world market and retain hold over foreign markets for long. At the same time the State cannot, for obvious reasons, afford to dislodge any part of the labour force now employed. Government have, therefore, worked out a plan of action for most of these industries.

A project costing Rs. 15 crore has been prepared for the revitalisation of the coir industry. As a first step a Coir Corporation has been registered in 1969 as a private limited company with an authorised capital of Rs. 50 lakh. The Corporation will act as an exporter of coir products and thereby help in marketing the products. A new licensing system for retting coconut husks has been introduced with effect from 1st December 1969; the ceiling prices for retted husks have also been fixed. For financing the programmes of the Corporation, during 1970-71 Government will contribute Rs. 20 lakh in the form of share capital and loan.

The cashew industry which brings in foreign exchange of the order of Rs. 60 crore employs about a lakh of persons. In recent years the industry has been in doldrums with a periodical lock-outs and lay-offs resulting in spells of total unemployment to the workers who are even in normal times underemployed. Government have, therefore, stepped into this field and formed a Cashew Corporation with an authorised capital of Rs. 50 lakh. The corporation intends to trade in the raw materials and to start a few cashew-processing units. The problems of this industry centre round import of raw materials, their equitable distribution and fair deal to labour. The Corporation is fully seized of these problems and will be progressively enlarging its sphere of activity. Government propose to invest Rs. 20 lakh in the Corporation in the form of equity capital and loan capital.

Handicrafts products also figure in export trade. To promote exports—both foreign and domestic, the Kerala Handicrafts Development Corporation has been formed with an authorised capital of Rs. 50 lakh. The sales emporia run by the State Government at Delhi, Coimbatore and Madras have been transferred to the Corporation. The Corporation proposes to open a new Emporium in Bombay. A provision of Rs. 5 lakh is included in the budget estimate for 1970-71 for share participation in and giving loans to the Corporation. It is also proposed to extend financial assistance to Handicrafts Co-operative Societies. A provision of Rs. 3 lakh is made in the budget for this purpose. Another provision of Rs. 2 lakh is included for assisting the Apex Society.

The Handloom Industry sustains more than a lakh of persons in the State. With a view to assisting those who are engaged in this industry, a Handloom Finance Corporation has been formed. Government have invested Rs. 16 lakh in it. The Handloom Industrial Co-operatives are not functioning efficiently. Larger financial assistance may have to be extended to them. An amount of Rs. 5 lakh is included in the budget for this purpose. Marketing of handloom goods requires special attention. As part of the programme of encouraging sales, it is proposed to open Handloom Houses in all the District headquarters where the goods can be displayed attractively. A provision of Rs. 4 lakh is made in the budget and it is the intention of Government to open as many houses as possible during the coming year.

The additional responsibilities that fall on the department consequent on the increased activities naturally necessitate strengthening of the staff, particularly in

certain branches of the department like Handlooms. A lump sum provision of Rs. 50,000 is made in the budget for the entertainment of additional staff.

The Bamboo-based industries are among the oldest traditional cottage industries in Kerala. The industry estimatedly employing a lakh of persons is now controlled by a set of middle men who exploit the workers at different stages from the extraction of raw materials from forests to the supply of finished mats. The Committee constituted to enquire into the conditions of this industry has recommended that a Bamboo Industries Corporation may be formed. A token provision is made in the budget for the formation of the Corporation.

The State Government's total investment in the share capital of commercial and other undertakings comes to nearly Rs. 26 crore. The working of the Government-owned companies has been far from satisfactory and Government have been getting very poor returns. Various remedial measures were suggested and tried from time to time to improve the working of these companies. But there was no systematic follow-up of these measures. Government therefore propose to organise a Cell attached to the Finance Department to look after the working of the public sector undertakings. This cell which will be styled as the Bureau of Public Sector Undertakings will be headed by a competent senior officer who has the necessary intimate knowledge and experience in the working of industrial concerns.

Before leaving the subject, I may dwell on the problem of financing the various industrial enterprises. A State like Kerala handicapped by paucity of financial resources will hardly be in a position to provide funds on any significant scale. We have, therefore, to turn to banks and other financial institutions for funds. The Public Sector Undertakings and the Corporations should be able to secure the needed resources for their programmes from these institutions. With the nationalisation of the major banks, the climate is now favourable for institutional financing being available. Government will be prepared to give necessary guarantees to these concerns to get finances from Banks, Life Insurance Corporation and other similar institutions.

Transport

The Kerala State Road Transport Corporation has been incurring losses during the previous years. It is proposed to streamline its working to promote its operational efficiency and improve its financial results. The programme of the

Corporation for 1970-71 is to purchase 284 buses and start 200 additional schedules. An outlay of Rs. 230 lakh is required by the Corporation. Out of this, the contribution by the State Government will be Rs. 60 lakh.

The State Water Transport Department is now running the boat services in Alleppey District which were operated by the former Water Transport Corporation. The functioning of the services is not satisfactory. To operate the services more economically and efficiently, it is proposed to increase the fleet strength and appoint necessary operating staff. In addition to the limited allocation under the Plan (Rs. 4 lakh) an amount of Rs. 5 lakh is included outside the Plan for purchase of boats.

It is also proposed to organise an Inland Navigation Corporation for which a token provision is retained in the budget.

Public Works

During the current financial year the outlay for public works had to be substantially enhanced. This was because following the heavy rains extensive repairs to the communication system had to be undertaken. Further the outlay for school buildings was also enhanced. For 1970-71 a provision of Rs. 5.25 crore is included for repairs and maintenance of roads and Government buildings. This represents a significant increase over the allotments made in the previous years.

A provision of Rs. 4.3 crore is included for construction of buildings and Rs. 3.3 crore for roads and bridges.

Education

The per capita expenditure on education in Kerala is the highest, among the Indian States. During 1968-69 it was Rs. 22.86 as against Rs. 11.08 in India as a whole. The State has already achieved 100 per cent enrolment in schools of children in the age-group 6-11. About 60 per cent of the children in the age-group 11-14 are attending schools today.

The time has now come to make a definite shift in emphasis towards qualitative improvement as against schemes for quantitative expansion. The huge backlog in the matter of educational facilities like buildings, play grounds, science equipments, materials and furniture has to be cleared, according to a phased programme. This is a matter calling for investment of considerable magnitude but nevertheless requiring attention on high priority basis. Acting within the

constraints of finance, the Government are allocating as much funds as possible for investment in this sector. A comprehensive but phased programme of construction of school buildings has been drawn up and is being implemented.

It is proposed to improve the teaching of science in schools and towards this end the syllabus has been revised. The new curriculum with special emphasis in science subjects which will be spread over 220 days will be introduced from the academic year 1970-71 in classes I to V. Government have also pursued some of the other useful suggestions made by the National Education Commission and accordingly reforms in the system of examination are under way. Besides improvement of text books, new programmes like work experience in schools are being introduced so that education will be more purposeful.

A change in the administrative set up of the Education Department is also felt necessary in keeping with the new orientation on the academic side. Government have accordingly accepted in principle a scheme for the reorganisation of the department, abolishing the regional level offices and creating educational offices at the level of revenue districts in deference to the wishes of the Hon'ble Members of this House and as suggested by a Special Officer appointed for the purpose. With the reorganisation, the inspecting officers will be relieved of their administrative tasks and they will be in a position to conduct closer supervision over the working of the schools and devote greater attention to the maintenance of academic standards.

The reopening of the schools after the mid-summer recess coincides with the onset of the heavy south-west monsoons. It has been our tragic experience in the past that almost every year a few semi-permanent sheds and old rickety buildings here and there collapse sometimes during the working hours causing danger to the lives and limbs of the children. Government have, therefore, decided to change the school year from 1970-71 onwards so that there will be a break during the period of heavy rains, that is, the last ten days of June and the whole of July.

Government have decided to convert part time posts of teachers into full time ones on a phased out programme. The problems of the staff of private colleges, such as parity in scales of pay, direct payment and retirement benefits are problems which are urgently engaging the attention of the Government.

In the field of University Education the most significant event in the coming year will be the starting of the third University at Thrikkakkara, Ernakulam.

The Government of India have advised us that we may go ahead with the formation of the third University subject to availability of adequate funds. As the nucleus of the proposed University already exists at the University Centre, the immediate additional investment in starting the University may not be prohibitive. The outlay provided for grants to the Kerala University include amounts required for the preliminary expenses for the starting of the new University. A special grant of Rs. 27 lakh is proposed to be given to the Kerala University over and above the block grant for meeting the cost of acquisition of land.

Production of text books, glossaries and reference books for various subjects in Malayalam is under way. The State Institute of Languages which has been entrusted with this work has already prepared glossaries in four subjects. A provision of Rs. 15 lakh is included in the budget for 1970-71 for the preparation of text books for the purpose of switching over the medium of instruction at the University stage to Malayalam. If this provision is found inadequate, steps will be taken to release additional funds in the course of the year. In other words it will be ensured that the tempo of the work will not be hindered by lack of funds. While on this subject I may also indicate that the work of reformation of the Malayalam script is also making progress. A provision of Rs. 1 lakh is retained in the budget for 1970-71 for meeting the necessary expenses.

Accepting the offer made by the Government of G.D.R. we have decided to buy a Press estimated to cost Rs. 1 crore for the printing of text books. As the Government of India is placing a bulk order for 15 Presses, we are likely to get the Press at a concessional rate. In any case, we need pay only Rs. 15 lakh during 1970-71 when the machinery is delivered. The balance of the value need be paid only over a period of 8 years.

In regard to Technical Education also, the accent is on improving the quality rather than increasing the intake. Substantially higher provisions are made for purchase of equipments for the Engineering Colleges and Polytechnics. It is proposed to start post-graduate course in the College of Engineering, Trichur during 1970-71 for which an amount of Rs. 6.5 lakh is included in the budget. Provision for the development of the post-graduate course in the Engineering College, Trivandrum is also retained.

Cultural programmes have also received increased allocations in the budget for 1970-71. To encourage the production of quality films, it is proposed to formulate a scheme for the award of prizes for the best two Malayalam films

produced each year. The grant for the Sangeetha Nataka Academy will be raised to Rs. 75,000 a year from 1970-71. For the Asan Memorial Association an increase in the matching grant subject to a maximum of Rs. 50,000 is contemplated. A non-recurring grant of Rs. 1 lakh is proposed to be given to the Vivekananda Rock Memorial Project, Kanyakumari.

A number of Malayalee Associations outside the State are running educational institutions for the benefit of the children of Keralites residing there. It is proposed to extend liberal financial assistance to such Associations. A provision of Rs.2 lakh is included in the budget for this purpose.

Health

In regard to medical services the State is in the forefront among the States. The per capita expenditure which was Rs. 6.82 in 1969 is higher than in most of the other States. Over the years there has been a steady increase in the number of medical institutions and bed strength besides expansion in the facilities for treatment. But, still, much more has to be done to step up the efficiency of the health services. For instance, the number of nurses may have to be substantially increased to ensure better attention on the patients. Though the accepted pattern is to have one nurse for every ten beds in actual working, this is not realised. It is proposed to increase the strength of nurses according to a phased programme. A beginning in this direction will be made during 1970-71 for which a token provision is retained in the budget. A total provision of Rs. 1.7 crore has been made in the budget for purchase of medicines and this is substantially higher than the amounts used to be spent in the previous years. There are serious complaints about the system of purchase, stocking and distribution of medicines. The question of streamlining the procedure to ensure a more effective utilisation of the funds provided in the budget is under the active consideration of Government.

Among the special programmes for the implementation in 1970-71 may be mentioned the establishment of dental clinics in a few taluk hospitals, installation of blood banks, X-ray units and other equipments in certain hospitals, creation of Paediatric units in District Hospitals and air conditioning of the operation theatre in the Medical College Hospital, Trivandrum.

The outlay for family planning has been substantially increased. An increase of Rs. 49 lakh has been allowed in the revised estimate for 1969-70. The provision for 1970-71 is Rs. 227 lakh which is higher than the revised estimate by Rs. 27 lakh.

It is proposed to enhance the stipend of House Surgeons from Rs. 150 to Rs. 200 p.m. A provision of Rs. 2.4 lakh is included in the budget for this purpose.

General Administration

The last few years witnessed an all round expansion of the activities of Government. While on the one hand the increased developmental activities necessitated the creation of new cadres and even new Departments, the increased tempo of revenue collection had, on the other, led to strengthening of administrative machinery in other Departments. During 1969 the new District of Malappuram was formed. But only a few District offices were sanctioned in the year. During 1970-71 it is proposed to form an Excise Division, a District Statistical Office, a District Industries Office and a District Treasury at Malappuram. The proposal for forming Malanad District is being examined very urgently with reference to the Special Officer's Report and a token provision is made in the Budget.

Five new Sub Registry Offices and four new Sub Treasuries will be opened in the coming year in places where the need is keenly felt. An audit wing is proposed to be formed in the Motor Vehicles Department. The Agricultural Income Tax and Sales Tax Department will be strengthened so as to cope with the additional responsibilities. For the proper inspection of electrical installations one Regional Electrical Office will be formed at Calicut. The reorganisation of the Department of Public Relations which has been in a state of lethargy and inaction has been under the consideration of Government and orders on this matter have just been passed. Government have also started a monthly journal named "Janapathom" as an official organ of the Government, from January 1970.

Appointments to the Kerala State Road Transport Corporation have been brought within the purview of the Public Service Commission; recruitment to statutory Corporations and Government Companies will also be brought within its fold. This will go a long way towards securing social justice particularly to the backward classes and introduce fairness and impartiality in selections to all public offices. To minimise the inconvenience to prospective candidates it is proposed to introduce postal order system in lieu of the present system of remittance of application fee in treasuries.

Even though the emphasis in administration has shifted from law and order to development, Government cannot afford to show any negligence or laxity in

their responsibility in maintaining peace within the State. It is felt that the present strength of the State Police force is insufficient to cope with the problems of law and order. Government, therefore, propose to raise new battalions, besides increasing the strength of the existing ones. A provision of Rs. 20 lakh is made in the budget for this purpose. Another provision of Rs. 10 lakh is made for purchase of vehicles for the Police Department. It is also proposed to strengthen the cadre of Sub Inspectors so that the police force will be properly officered.

When the Panchayat Raj Bill becomes law there will be basic changes in the system of administration as well as in the organisation of Government Departments. These changes have not, however, been reflected in the budget, as a clear picture has not yet emerged. Government are also actively considering the question of abolishing Community Development Blocks which have reached Post Stage II. Once a Block reaches Post Stage II the developmental activities shrink, as adequate funds are not available. The continuance of the Blocks in the absence of outlays for activities has come in for criticism from the public. It is realised that a decision on this has to be taken without further delay. For the time being, however, the Block Development Officers and other staff are being enlisted for the work of implementation of the Land Reforms Act.

Rehabilitation of Repatriates

The number of repatriates from Ceylon, Burma and other countries is on the increase. The task of rehabilitating them is one of national importance and we hope to get full assistance from the Government of India in this matter. Various schemes are under consideration to enable the settlement of the repatriates. Among them may be specially mentioned a scheme for the establishment of a Rubber Plantation, a scheme for the expansion of the Premo Pipe Factory and the starting of certain industrial units. The details of the schemes are being worked out and sent to the Government of India for approval. Token provisions are therefore retained in the budget, so that quick action can be taken after getting clearance from the Central Government. We also propose to contribute an amount of Rs. 1 lakh towards the share capital of the Repatriates Co-operative Finance and Development Bank.

Unemployment

The problem of unemployment is a matter which calls for positive action on the part of the Government. Various schemes are under consideration to increase employment opportunities. Financial assistance for the implementation of

the schemes is expected from the Government of India and other sources. Banks and other financial agencies are also expected to provide finances to enterprising persons possessing the technical know-how to start small industries on their own. Token amounts are included in the budget so that suitable employment-oriented schemes can be formulated in the coming year. The starting of production centres attached to the Industrial Training Institute is one of the schemes in hand for absorbing some of the unemployed technical personnel. I take this opportunity to assure the House that the problem will be tackled from all angles and that while formulating new schemes and projects their employment potential will be one of the prime considerations in assigning priorities.

Social Welfare

Among the social welfare programmes, measures for the welfare of scheduled castes and scheduled tribes occupy the pride of place. The main emphasis is on Harijan welfare is education. Considerable outlays are provided year after year for the grant of liberal scholarships to the students belonging to scheduled castes and scheduled tribes. This has provided ample opportunities for them to pursue higher studies and take their rightful place in society. Pre-examination training to Harijan students is also being imparted with a view to equipping them for the various competitive examinations. An Employment Cell has been created in the Secretariat for reviewing the progress in their employment and to ensure adequate representation in the various branches of public service. Schemes for giving them training in small vocations which do not involve much technical expertise (e.g. weaving, mat making etc.) are being implemented with a view to generating self employment among them. The Government feel that these programmes should be followed up by providing them with finances and enabling them to start trade or profession or industry. With this end in view, it is proposed to form a Corporation to provide financial assistance to members of scheduled castes and scheduled tribes. The proposal is still in the formative stage and hence only a token provision has been made in the Budget for this purpose.

A Social Welfare Board is also proposed to be constituted to chaperon all social welfare activities now being undertaken by some of the Government Departments and by private bodies with the assistance of Government. A token provision is made in the budget for this purpose.

Housing

Housing is a basic necessity and in an overpopulated State like Kerala any neglect in this field can only lead to explosive situations in matters of health and

hygiene. The main impediment in pushing through housing programmes is paucity of funds. The limited allocations Government have been making year after year have not been able to make any significant impact on the problem. Government have therefore, decided to constitute a Housing Board so that funds from financial institutions can be secured. The proposed establishment of the Housing Board is thus an event of considerable significance and it is expected this will break new ground in the solution of the very acute problem of housing in the State.

Pending the organisation of the Housing Board separate allocations aggregating to a crore of rupees have been made for the various housing schemes. Besides, an amount of Rs.30 lakh is included for housing for policemen.

Development Finance Corporations

The local bodies in the State require substantial amounts of capital to finance their development works such as water supply, drainage, markets, roads and commercial undertakings. At present they depend by and large on loans from State Government. But as the State Government itself is in severe financial strait it is not possible to provide adequate finances out of the State exchequer. The Rural-Urban Relationship Committee appointed by the Government of India in 1966 had recommended the creation of a Municipal Finance Corporation. The Kerala State Taxation Enquiry Committee 1969 had also proposed the setting up of a Local Finances Corporation. Government have accordingly constituted an Urban Development Finance Corporation for securing loans and advances to urban local bodies for their developmental works. The Corporation is the first of its kind in India.

For financing development works of the Panchayats it is proposed to create a Rural Development Finance Corporation. We hope that the Corporation would be able to finance all remunerative and self-supporting projects by utilising institutional finance.

WAYS AND MEANS

The revenue account shows a deficit of Rs. 13.48 crore. The programmes of capital expenditure and disbursement of 'loans and advances' for the year 1970-71 involve an outlay of Rs. 27.70 crore. To finance these schemes, it is proposed to raise an open market loan of Rs. 9 crore. We have also to repay a loan of Rs. 3.27 crore in the coming year. From the Government of India, loans totalling Rs. 28.75 crore are expected. This includes loans for the State Plan (Rs. 22.22 crore) and State's share of small savings (Rs. 1.75 crore). Against this

we have to repay an amount of Rs. 24.51 crore. Loans from L.I.C. and R.B.I. aggregating to Rs. 1.50 crore are also anticipated. The net collections under Unfunded Debt are placed at Rs. 3.26 crore. Provision has also to be made for the repayment of the short term deposit of Rs. 2 crore made by the Kerala State Electricity Board in 1969-70.

The annual financial statement that is being presented to the House thus discloses the following position.

	<i>(Rs. in crore)</i>
Deficit on Revenue Account	: (-) 13.48
Capital Expenditure	: (-) 18.62
Loans and Advances by the State Government (Net Expenditure)	: (-) 9.08
Debt and Deposit heads (Net Receipts)	: (+) 15.32
Overall Deficit	: (-) 25.86
Opening Balance	: (-) 13.74
Closing Balance	: (-) 39.60

The overall deficit of Rs. 25.86 crore is made up of a revenue deficit of Rs. 13.48 crore and a capital deficit of Rs. 12.38 crore. As has been explained earlier, large deficits are inevitable so long as the present irrational policies in regard to federal fiscal adjustments continue and till such time as our economy picks up and achieves a faster rate of growth. We have impressed upon the Government of India that it will be impossible to balance our budget without substantial central assistance. We have also urged that the injustice done to our State by the Fifth Finance Commission should be corrected by sanctioning additional financial assistance to cover the gap on the non-Plan account. We have also sought for a re-scheduling of the repayment of Central loans so as to get some relief in the capital account.

While we have necessarily to depend on the Central Government for strengthening our financial base, we have at the same time to pursue all possible methods of raising resources. During the last two years our Government have initiated a number of original schemes for raising resources. Perhaps Hon'ble Members may be amused by the fact that the scheme of lottery which when first

announced was received with a certain amount of mistrust and considerable opposition from some of the other State Governments has not only become highly remunerative and popular but has gained acceptance and recognition among almost all the States and today we find the spectacle of States vying with one another in exploiting this source to the maximum extent. The lottery scheme in our State has been made more attractive by revising the prize structure. A few months back the Kerala Financial Enterprises was registered with a view to undertake commercial activities like chitties and kuries, on a systematic scale. It can reasonably be expected that this institution when it gets well established, will be able to command a prominent place among the financial institutions of the State and help in harnessing suitable sources for developmental programmes.

I now pass on to deal with the measures for raising additional revenue proposed to be introduced in 1970-71. Honourable Members may kindly recall that the State Taxation Enquiry Committee (1969) headed by Dr. M. J. K. Thavaraj, an eminent economist and consisting of prominent public men including our present Chief Minister has recommended measures for raising an additional revenue of Rs. 35 crore during the Fourth Plan period. I take this occasion to record once again Government's appreciation of the Committee's work. Some of the recommendations of the Committee were taken up for implementation during the current financial year. We propose to pursue some of the remaining recommendations.

AGRICULTURAL INCOME TAX

The structure of agricultural income tax applicable to companies is proposed to be recast on the lines recommended by the Taxation Enquiry Committee. The super-tax and surcharge now levied separately will be integrated with the basic tax under the proposed system.

The rates of tax will be as follows:—

A. *Domestic Companies*

If the income does not exceed Rs.25,000 :	45 per cent of the total income
If the income exceeds Rs.25,000 but does not exceed Rs.10,00,000 :	55 per cent of the total income
If the income exceeds Rs.10,00,000 :	65 per cent of the total income

Provided that the income tax payable by a domestic company, the total income of which exceeds Rs. 25,000 shall not exceed the aggregate of:

- (a) the income tax which would have been payable by the company if its total income has been Rs. 25,000 and
- (b) 80 per cent of the amount by which the total income exceeds Rs. 25,000.

B. *Foreign Companies*

In the case of a company other than a domestic company, 75 per cent of the total income.

An additional revenue of Rs. 40 lakh a year is expected by the revision of tax structure.

TAX ON BUILDINGS

It is proposed to introduce a non-recurring tax on buildings constructed or in respect of which major repairs and improvements are undertaken, on or after April 1, 1970. The rates of tax will be fixed on a progressive scale as follows:-

<i>Value of building</i>	<i>Rate of tax as a percentage of the value of the building</i>
1. If the value is Rs.10,000 and below	Nil
2. (a) If it exceeds Rs.10,000 – on the first Rs.10,000 of the excess of the excess	1
(b) Do. – on the next Rs.10,000 of the excess	2
(c) Do. – on the next Rs.20,000 of the excess	3.5
(d) Do. – on the next Rs.50,000 of the excess	8
(e) Do. – on the balance of the excess	20

The tax will be levied as soon as the construction is completed and will be collected in lump or in four quarterly instalments. A rebate of one per cent of the tax will be given if the tax is paid in lump within the time fixed in the demand notice. In the case of buildings constructed in various stages, the tax will be initially imposed at the stage when it is first put to use and then revised in every successive stage. A revenue of Rs.25 lakh is estimated from this tax in a year.

CESS ON PROPERTIES AND BUILDINGS

Though the levy of a cess on the rental value of properties and buildings was announced in the last budget, the measure did not come through. We propose to pursue this. Accordingly a cess of 2.5 per cent of the annual rental value of properties and buildings will be imposed. Government intend to collect this cess directly. A revenue of Rs. 50 lakh a year is anticipated from this measure.

SALES TAX

A. Revision of Rates

After duly examining the recommendations of the Taxation Enquiry Committee, the following changes in the sales tax structure are proposed to be introduced.

(i) The rate of sales tax on the following goods is proposed to be enhanced from 12 per cent to 15 per cent.

- (a) Refrigerators and air conditioning plants and component parts thereof.
- (b) Gramophones and component parts thereof and records.
- (c) Wireless reception instruments and apparatus, radios excluding radios and transistors costing not more than Rs.150, radio gramophones, electrical valves, accumulators, amplifiers and loud speakers and spare parts and accessories thereof.
- (d) Sound transmitting equipments including telephones, loud speakers and spare parts thereof.
- (e) Cinematographic equipments including cameras, projectors and sound recording and reproducing equipments, lenses, films and parts and accessories required for use therewith.
- (f) Photographic and other cameras and enlargers, lenses, films and plates, paper and cloth and other parts and accessories required for use therewith.
- (g) Binoculars, telescopes and opera glasses.
- (h) All arms including rifles, revolvers, pistols and ammunitions for the same.
- (i) Cigarette cases and lighters.
- (j) Dictaphone and similar apparatus for recording sound and spare parts thereof.

(ii) The rate of tax on mosaic tiles and marble chips will be enhanced from 7 to 15 per cent.

(iii) Ornaments made of silver and gold will be taxed at single point instead of multi-point. The rate of tax will be 15 per cent at the first sale point.

(iv) The rate of tax on fire-works, including coloured matches, foamed rubber sheets, cushions, pillows and other articles of foamed rubber will be enhanced from 7 to 12 per cent.

(v) Soap will be taxed at 3 per cent multi-point instead of 5 per cent single point.

(vi) The rates of tax on motor vehicles, chassis of motor vehicles, trailers, motor bodies built on the chassis of motor vehicles, motor tyres, tubes, batteries and other spare parts and accessories of motor vehicles, motor cycles and cycle combinations, motor scooters, motorettes, and tyres, tubes and other spare parts and accessories of motor cycles, motor scooters and motorettes will be enhanced from 12 to 13 per cent.

(vii) Ice will be taxed at 7 per cent at the first sale point alone.

An additional revenue of Rs. 45 lakh is estimated as a result of these changes.

B. Checking Evasion

As a measure of checking evasion, it is proposed to levy a tax on the purchase of goods within the State in respect of which no tax has already been levied either on the sale point or on the purchase point by any dealer who consumes such goods in the process of manufacturer of other goods or disposes of such goods in any manner other than by way of sale in the State or despatches them to a place outside the State except as a direct result of sale or purchase in the course of interstate trade or commerce. This measure is expected to bring in a series of transactions that could not be taxed now owing to legal impediments and will effectively plug one of the loopholes in the law. An additional revenue of Rs.20 lakh is estimated on this account.

REGISTRATION FEES

As recommended by the Taxation Enquiry Committee, the fees for the registration of documents in books (1) and (4) are proposed to be fixed at a flat

rate of one per cent of the value in lieu of the present slab system. The exemptions for registration of certain types of documents will also be withdrawn as recommended by the Committee.

The rates of fees prescribed for other purposes will also be revised as indicated below:-

	<i>Existing Rs.</i>	<i>Proposed Rs.</i>
Fee for copy of memorandum under Sections 64, 65, 66 and 67 of the Indian Registration Act	1.50	2.50
Fees for general search relating to every other year in the books of which search is continued	1.50	2.00
Fees for revocation of power of attorney	1.00	2.50
Fees for filing a translation of power of attorney, filing a special power of attorney, petition objecting to the return of a document to a person in whose favour the receipt has been drawn up	0.50	1.50
Fee for keeping a document pending appearance of parties executing it and for complete refusal to register a document	0.50	2.50

An additional revenue of Rs.10 lakh is anticipated by this revision.

COURT FEES

The rate of fee fixed for certain slabs for plaint or written statement, etc., in Article I of Schedule I to the Kerala Court Fees and Suit Valuation Act is proposed to be revised from 37 paise to 40 paise and 75 paise to 80 paise.

The fee for applications or petitions presented to Government which do not involve the exercise or non-exercise of power conferred by law or rule having the force of law will be raised from 50 paise to Re. 1. The fee for similar applications or petitions presented to the Board of Revenue or Chief Executive Authority will be reduced from Rs. 1.50 to Re.1.

PROVIDENT FUND CONTRIBUTION

The minimum rate of contribution to the General Provident Fund to the Kerala Government employees is 6 per cent. It is proposed to step up this

minimum to 8 per cent effective from 1st April 1970. This higher minimum will be made applicable to the Kerala Aided School Employees Provident Fund also. A net receipt of Rs. 70 lakh is estimated in a year by this measure. Considering the substantial benefits that have accrued to the Government employees as a class during the last few years, as compared to other sections of the community, we hope that they will not grudge making this contribution to the total resources pool of the State.

As a result of the above proposals an additional revenue of Rs. 190 lakh is expected from State taxes. Under Provident Fund Deposits there will be a net increase of Rs. 70 lakh. The total improvement in the financial position is thus Rs. 260 lakh in a year. Since the budget has gone to print, we have been informed that the State's share of Union excise duties in 1970-71 will go up slightly. Our State's share records an increase of Rs. 15 lakh. There will also be an increase of Rs. 2 lakh under estate duty. Taking into account all these factors, the overall deficit of Rs. 25.86 crore anticipated in the budget will go down to Rs. 23.09 crore and the year will end with a closing balance of (-) Rs. 36.83 crore.

INCREASE IN PENSIONS

Though the budgetary position is not favourable, Government feel that the destitutes and certain categories of pensioners stand in need of some immediate relief. Accordingly the following measures are proposed:-

(i) *Destitute Pensions*:—Under the existing rules, the minimum pension is Rs. 5 per mensem and the maximum Rs.15. It is proposed to raise the amount to Rs. 20 per mensem in all cases. Accordingly all persons who are entitled to relief under the scheme of destitute pensions will get a pension of Rs. 20 per mensem.

(ii) *Service Pensions*:—The minimum pension payable to service pensioners of the State will be raised from Rs. 35 per mensem to Rs. 45 per mensem.

The benefit of this rise will be applicable to those who retired from aided schools and who are getting pension under the rules in Kerala Service Rules.

There are a few teachers, who retired from aided schools prior to 1st June, 1960. Eventhough they have put in long years of service they are not getting any pension or any other benefits. Government consider that these teachers should also be given a pension. Accordingly it is proposed to give such teachers the minimum pension of Rs. 45 per mensem, from 1st March, 1970.

The additional expenditure on these relief measures is estimated to be of the order of Rs. 50 lakh a year. Necessary provision for 1970-71 has been included in the budget estimates.

A word more and I have done. The budget estimates have been prepared with due regard to the need for sustaining the processes of development in various sectors. It is our determined objective to overcome the severe constraints that now curb our initiative in mopping up resources and with this end in view we are trying to seek the support of banks and other financial agencies to the extent possible. It is in furtherance of this intention that we have decided to constitute Boards and other autonomous bodies to operate in vital sectors like housing, urban development, rural development and inland navigation. With our agricultural economy registering a faster rate of growth and industrial sector passing through a stage of diversification and consolidation, the outlook for the future is bright and re-assuring and we can confidently look forward to a period of uninterrupted progress and development. The sizeable investments we have made in the past for development of power, promotion of irrigation facilities, construction of a network of communications, provision of educational facilities with a technical and scientific bias and improvement in the conditions of health of the people, have really built up over the years, the infrastructure needed for the systematic and many-sided development of our economy. Concentrated efforts are now required to sustain the newly generated momentum of development and to secure for the toiling masses, the benefits of a fuller and richer life. The tasks that lie ahead of us are exciting though exacting and call for the effective utilisation of the entire resources of the State, human as well as material. Let us all, therefore, unitedly and whole-heartedly put our shoulders to the wheel and work together in this thrilling adventure.

N. K. SESHAN.