



BUDGET SPEECH 1984-85

K. M. MANI

16th March 1984

Sir,

I rise to present before the House the Budget for 1984-85. This is the Sixth Budget that I present before this House and the Third Budget of the United Democratic Front Government.

2. This Government came to power during a period of financial difficulties. Yet, as a result of the financial discipline we maintained, it was possible for us to overcome those difficulties and commence the new year with only a nominal deficit. The unprecedented steps for additional resource mobilisation to the extent of Rs. 53 crore announced by me in the Budget 1983-84 gave us good grounds of optimism.

3. However, the high hopes were belied on account of the severe drought unheard of in the history of our State. In addition to the great losses suffered by the agricultural sector, there was a shortfall of nearly Rs. 100 crore in the revenues of the State. While the income went down considerably on this score, the expenditure on drought relief reached very high levels. Government undertook on a war-footing the endeavour to take drinking water to the doors of the people of the State. The Central Government sanctioned only Rs. 42 crore for draught relief as against which the State spent Rs. 59 crore. Thus the year that is coming to a close was a period of financial difficulties and extra burdens.

4. The rise in prices of essential commodities and the consequent increase in the cost of living causes great problems for the fixed income group. The steps taken by the Government to distribute essential commodities by strengthening the public distribution system provided great relief for the common man. On every occasion when the price index crossed the specified points, the State Government allowed new instalments of D. A. to its employees. Thus all the D.A. instalments sanctioned by the Central Government were sanctioned for the State Government employees also. During the Sixth Five Year Plan, from 1980 till 1984 we have sanctioned 20 instalments of D.A. The appointment of a Pay Commission is also an indication of the special consideration which the Government have for their employees. When it was known that the Commission's recommendations would be delayed, the Government sanctioned interim relief for its employees as promised earlier. When the report of the Pay Commission becomes available, the decision which the Government would take on the recommendations will be given retrospective effect.

5. We cannot meet the rise in prices merely through pay revision and sanctioning of D. A. The additional income received by the employees through such measures lead to inflation and that in turn leads to further rise in prices. To escape from this vicious circle,

the steps to check the rise in prices have to be implemented effectively. The difficulties caused by price rise is not experienced by Government servants alone. Common people as a whole experience that. The solution lies in maintaining strict financial discipline and directing the capabilities of the nation to productive spheres thereby increasing production to the maximum and accelerating developmental activities.

6. Even amidst great financial difficulties, the Government could carry on developmental activities without any hitch; this is no mean achievement. The Plan Outlay for the current year is Rs. 320 crore. According to the revised estimate, the Plan expenditure is expected to be Rs. 323 crore.

7. For 1984-85 we propose to implement a plan of Rs. 355 crore. Considering our financial resources, this is a large Plan. It is a remarkable achievement of the State Government that such an Annual Plan could be got approved. During the Sixth Five Year Plan, the total outlay for the State is Rs. 1550 crore. During the four years from 1980-81 to 1983-84 the State has already implemented a Plan costing Rs. 1216. 79 crore. Therefore, the remaining Plan outlay is only Rs. 334 crore. Yet we succeeded in getting the approval for a Plan to the tune of Rs. 355 crore during 1984-85. It has also been possible for us to ensure for next year's Plan, higher Central assistance than in the past.

8. In this context may I invite the attention of the House to an important aspect. Achievement of objects is more important than the size of the Plan. The rise in prices affects the Plan objectives adversely. As I said before, to meet the rise in prices, 20 D.A. instalments had to be released since 1980. On this account Rs. 474 crore were paid to the employees. This extra expenditure has eroded our Plan resources and this became an important reason for the increase of our deficit after each Annual Plan. In this last year of the Sixth Plan, we should learn a lesson from our experience before formulating the Seventh Plan. The Central assistance for the States in the Seventh Plan should be fixed taking into account the additional burden which the State Government will have to undertake to provide D.A. instalments for their employees to compensate the rise in prices.

9. I hope that the Award of the Eighth Finance Commission will help to remove the financial difficulties of the State. In the Commission's interim award, most of the States have been given nothing. This happened as a result of the distribution of grants on the basis of revenue gap. We have suggested to the Commission that all tax resources of the nation should be shared with the States and that changes are inevitable in today's principles of tax sharing. If the Eighth Finance Commission takes into account these suggestions and follows a pragmatic approach, the Commission's Award will be to our advantage. I do hope that the award will help to minimise the financial difficulties faced by the States.

Accounts 1982-83

10. The revised estimate for the year 1982-83 had indicated that the year would close with a deficit of Rs. 6.57 crore. However, the final accounts show that the year 1982-83 actually ended with a deficit of Rs. 1.48 crore.

Revised Estimate 1983-84

11. According to the revised estimates for 1983-84, the total revenue receipts are Rs. 958.54 crore against the budget estimates of Rs. 910. 51 crore indicating an improvement of Rs. 48.03 crore. The estimated expenditure in terms of the revised estimate is Rs. 1030.57 crore as against the budget estimates of Rs. 916.35 crore. At the time of finalising the resources for 84-85, the Government of India have not reckoned the ways and means advance and the overdraft relating to the current year. Besides they have recently intimated that there will be a marginal increase in the share of Central taxes. The Revised Estimate for the current year, accordingly, shows an overall surplus of Rs. 1.24 crore as distinct from the figure shown in the budget documents before the House.

Budget Estimates for 1984-85

12. The total revenue receipts estimated for 1984-85 are Rs. 1063.56 crore inclusive of the State's share of Central taxes to the extent of Rs. 222.98 crore. Of this the receipts from State taxes and duties are estimated at Rs. 582.94 crore. Non-tax revenues are estimated at Rs. 154.46 crore and grants-in-aid from the Government of India at Rs. 103. 19 crore. Revenue expenditure is estimated at Rs. 1019.97 crore of which Rs. 858.49 crore represent non-plan expenditure. The non-plan expenditure of Rs. 858.49 crore shows an increase of Rs. 71.80 crore over the budget estimates 1983-84 of Rs. 786.69 crore. The areas where major increases in non-plan expenditure have been estimated are interest payments, pension, Miscellaneous General Services (on account of expenditure on the Naval Academy, Ezhimala), Medical, Social Security and Welfare and Co-operation.

Annual Plan 1984-85

13. The outlay for the State Plan 1984-85, fixed on the basis of the discussions held with the Planning Commission, is Rs. 355 crore. The resources for the above plan have been estimated as follows:-

	<i>(Rs. in crore)</i>
(i) Central assistance	111 .27
(ii) Budgetary receipts of the State and resources of the K.S.E.B. and K.S.R.T.C.	32.68
(iii) Open market borrowings and loans	82.80
(iv) Additional resources mobilization	128.25

	355.00
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According to the budget estimates for 1984-85 presented to the House also the State Plan Outlay for 1984-85 is Rs. 355 crore. The gross plan outlay for 1984-85 is Rs. 442.67 crore including the Central share of the outlay on Centrally Sponsored Schemes (Rs. 74.82 crore), Special Central Assistance Schemes (Rs. 4.00 crore), provision for Western Ghat Development Schemes (Rs. 5.00 crore), provision for anti-sea erosion works specially assisted by the Government of India (Rs. 3.50 crore) and the outlay for E.S.I. Aided Schemes (Rs. 0 . 35 crore).

WAYS AND MEANS

14. The financial position of the State, as presented in the Budget Estimates 1984-85 now before the House, is as follows:-

	<i>(Rs. in crore)</i>
I. Opening cash balance	Nil.
II. 1984-85 <i>Operations</i>	
(i) Revenue Account:	
(a) Receipts	1063.56
(b) Expenditure	1019.97
Revenue surplus	43.59
(ii) Capital Account:	
(a) Receipts	530.29
(b) Disbursements	647.29
Net Capital account	(-) 117.00
(iii) Public Account:	
(a) Receipts	1268.38
(b) Disbursements	1214.92
Net Public Account	53.46
(iv) Over all deficit for 1984-85	(--) 19.95
III. Closing balance (I+II)	----- (-)19.95 =====

Subsequent to the finalisation of the budget 1984-85, the Government of India have intimated that there will be an improvement in the share of central taxes to the extent of Rs. 5.94 crore during 1984-85. The deficit for the next year will decrease on account of the improvements in the share of central taxes for 1983-84 and 1984-85 since communicated by the Government of India. The final position of the deficit for 1984-85 will be as follows:

	<i>(Rs. in crore)</i>
(i) Deficit according to the Annual Financial Statement presented before the House	(-)19.95
(ii) Increase in the share of Central taxes intimated by the Government of India after the finalisation of the budget (increase in R.E. Rs. 1.24 crore +	(+)7.18

increase in B.E.1984-85 Rs. 5.94 crore)

Total-Net

(-)12.77
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15. I shall now attempt a brief review of the activities of the Government.

16. The State has been doing consistently good work under the 20 Point Programme. The performance under Integrated Rural Development Programme, allotment of house sites, social forestry, employment generation schemes and Integrated Child Development Scheme have been rated very good at the All India level. During 1983-84, the outlay is Rs. 185.34 crore and the expenditure anticipated is Rs. 190.48 crore. With such an increasing tempo the proposed outlay for 1984-85 is Rs. 260.58 crore. The target under IRDP has already exceeded. Drinking water problem has been solved in 124 villages and 3992 house sites have been distributed. Besides, 1630 tribal families and 10,404 slum dwellers have been assisted. In sanctioning PHCs, sub centres and ICDS blocks, the achievement is 100%. In the matter of registration of village and small scale industries the target exceeded by more than 30%.

17. Government implemented many effective programmes during the year to find a solution for the problem of unemployment among the youth. Under NREP the achievement so far is 74.45 lakh mandays. This year Government have already selected 15,100 candidates to avail loan assistance under Self Employment Scheme for educated unemployed youth. During 1984-85 it will be possible to assist another 25,000 persons under this scheme. Under the Rural Landless Employment Guarantee Programme, the State Government have taken up two projects for which Government of India have given their approval. These works costing Rs. 28.20 crore will be completed by March 1985. Works under this programme come under the categories of social forestry, minor irrigation, soil and water conservation etc. The Kerala unemployment assistance and self employment schemes will be continued during 1984-85.

18. Prolonged and severe drought made 1983-84 an adverse year for agriculture. The estimated loss in this sector would be about Rs. 1000 crore. Yet the State has tried its best to increase the agricultural production, through incentives and drought relief assistance. Schemes costing, nearly Rs. 3 crore were sanctioned as a measure of interim relief to rehabilitate coconut, pepper, spices, arecanut etc. In rice there was a marginal increase in production and a 4.6% increase in productivity over the 1980-81 level. The area under high yielding varieties will be increased by another 50,000 hectares during the coming year. It is proposed to take up various long-term and short-term measures to maintain the present level of production at 320 crore of nuts per annum. Kerala contributes about 65% of the country's total production of raw cashew nuts. Amounts will be specifically earmarked for stepping up the production of cashew. Under the Multi State Cashew Project, various long term measures are envisaged to improve cashew production while short-term measures in this field would include spraying and conduct of demonstrations on the scientific management of cashew plantations. The programmes for sugar cane and pepper development will be continued vigorously. For the development of small and marginal farmers the two components of the special programme, viz. the distribution of mini kits in pulses and oil seeds and land development works will be

continued during the next year. The Kerala Agricultural Extension Project will be implemented more vigorously.

19. An intensive Cattle Development Project will be established in Trivandrum District. Calf feed subsidy programme will be extended to one more district and 4000 families will be sustained to rear cross-bred heifers. The comprehensive animal health programme aimed at accelerating the establishment of a disease free zone in the State is already under implementation with central assistance in the districts of Trivandrum, Quilon and Pathanamthitta. Negotiations are underway with international agencies to extend this programme throughout the State. The Canine Rabies Control Programme will be vigorously pursued all over the State with a view to eliminate rabies from Kerala. A training centre will be set up at Cannanore to train farmers and extension workers in the field of veterinary care with the application of modern technology. To generate enthusiasm among the younger generation in poultry production poultry clubs will be established in selected schools and during 1984-85, 4000 students will be given five birds each, free of cost. Special programmes will be drawn up to assist the Harijans and the tribals on area-wise and colony-wise basis to take up livestock production activities. The programmes contemplated for the coming year aim at the additional production of 60,000 tonnes of milk and 5 crore eggs raising the annual production of milk to 11.2 lakh tones and that of eggs to 114 crore.

20. Rural Dairy extension and advisory service will be strengthened. Fodder development programmes will be continued. Steps have been taken to establish a new milk chilling plant at Marangattupally to cater to the needs of Meenachil and Vaikom Taluks. It is also proposed to establish a Regional Dairy Training Centre at Kottayam for imparting training to the dairy farmers, personnel of the dairy co-operatives and the educated unemployed. There are at present 1264 Dairy Co-operatives in the State. These will be organised on the Amul pattern. Harijan farmers would be given special assistance for the purchase of milch cows, construction of cattle sheds, cultivation of hybrid varieties of fodder etc. Candidates belonging to scheduled castes and scheduled tribes will be selected and sent to dairy institutions for diploma course in dairying; the entire expenses of these candidates will be met by the Government. Short training camps will be conducted in tribal hamlets. Under the Western Ghats Development Programme fodder resources will be developed in Wynad District and two milk chilling plants will be established. One of the important programmes in the field of Dairy Development presently undertaken for implementation in Kerala is the Operation Flood II Programme. This programme with an estimated outlay of Rs. 19.30 crore will be implemented during the next 4 years in the 7 southern districts of Trivandrum, Quilon, Alleppey, Kottayam, Ernakulam, Idukki and Trichur.

21. The Co-operatives in the State continue to be a conspicuous segment of our economy, particularly in the sphere of agricultural credit. The average deposit per primary agricultural credit society went up from Rs. 5.62 lakh in 1979 to Rs. 9.71 lakh according to the latest available figures. Similarly, the average working capital also rose from Rs. 15.23 lakh to Rs. 26.53 lakh during the same period. The loaning programmes targeted by co-operatives in 1984-85 are Rs. 220 crore as short-term loans, Rs. 45 crore as medium term loans and Rs. 38 crore as long-term loan. During the recent deposit mobilisation programme, the total deposit mobilised amounted to Rs. 93 crore against a

target of Rs. 40 crore. During the coming year a new District Co-operative Bank will be organised in Pathanamthitta District. New projects for financing agricultural development with NABARD's support and cottage and small scale industrial units with IDBI assistance will be taken up. The value of fillisters distributed by co-operatives is expected to touch Rs. 48 crore in 1984-85. An agro custom hiring centre-cum-workshop at Cannanore and a unit for manufacturing electric motor pump sets at Palghat are being set up with NCDC assistance. During 1984-85, 5 units to process different agricultural commodities will be set up under the co-operative sector. The consumer co-operatives continue to play an important role in the public distribution system. During 1984-85 consumer articles worth Rs. 55 crore will be sold in urban area and Rs. 140 crore in rural areas. Sahakarana Maveli Stores, a recent development in this field, is functioning well. Special retail outlets were opened during Onam, Christmas and Bakrid.

22. It is proposed to set up a three tier system of fishermen's organisations comprising of an apex federation at the top, regional fisheries development co-operatives at the middle level and village societies at the bottom. The Apex Federation and the District Co-operatives would be registered under the co-operatives statute. The Welfare Societies at the village level will be the primary members. The Apex Federation and the District Societies being governed by the Co-operative Societies Act would be eligible for NCDC. When this three tier organisation comes into being, the activities of the Fishermen's Welfare Corporation and the Fisheries Corporation will be immediately taken over by the new structure. At the appropriate time, the Inland Fisheries Development Corporation will also be merged with the Apex Federation. The Government have drawn up a comprehensive proposal for establishing integrated fishing village complexes in 59 selected villages along the coast at an investment of the order of Rs. 18.44 crore over a period of 3 years; besides the normal plan funds, bank finance will also be utilised for this. This programme is expected to benefit nearly half a lakh of fishermen in the traditional set up. In order to provide fishermen the adequate welfare assistance, a fishermen welfare fund will be constituted with contributions from fishermen, fish traders and owners of fishing craft to supplement an initial corpus payment by the State. It is also proposed to sponsor four prawn farmers development agencies in the districts of Ernakulam, Alleppey, Trichur and Cannanore. A squad of fishery guards has been organised to provide logistic support in marine patrolling as well as to ensure safe custody of mechanised boats seized for violation of the Kerala Marine Fishing Regulation Act. Fish Farms at Njarakal and Malipuram will be renovated leading to an annual additional income of Rs. 7.81 lakhs. The major portion of Neendakara Fishing Harbour will be completed in 1984-85. The third stage of Vizhinjam Fishing Harbour also will commence next year, along with the work on the landing centres at Chettuvai, Palacode and Cheruvathoor. 23. Emphasis will be laid on improving the existing facilities in the intermediate and minor ports of the state. Efforts will be continued to attract shipping traffic to minor ports. Crafts or vessels which have become unserviceable will be scrapped and new crafts or vessels acquired. The workshops at Neendakara and Beypore will be strengthened.

24. Government reiterate their intention to grant title deeds under a time bound programme to all settlers who were in possession of Government lands on 1-1-1977. Government have decided to bifurcate 203 Revenue Villages in consideration of the increased workload of the Village Officers and the convenience of the public. The land

acquisition for the Naval Academy at Ezhimala is going on at a brisk pace. Implementation of the provisions of the Land Reforms Act, particularly those relating to tenancy and Kudikidappukars has been given priority. Preparation of land records for implementation of land reforms and finalisation of resurvey records has been speeded up. The Survey Department has been reorganised for this purpose. 1067 hectares of surplus land have so far been distributed to the landless workers. Under the Housing Scheme for ex-Kudikidappukars, 1753 houses have been completed and loans and grants disbursed in 4812 cases. 25. Provision of house sites to the landless rural workers continues to be the sheet-anchor of the Housing Schemes. A new scheme Subsidized Aided Self Help Housing Scheme with the co-operation of Voluntary Agencies' was launched during this year. Under this scheme, voluntary contributions totalling Rs. 1.07 crore have been collected so far and construction of 13,000 houses has started. A perspective plan for the next ten years has been drawn up in the context of the 'International Year of Shelter for Homeless 1987' and forwarded to the Government of India.

26. To meet the unprecedented drought and consequent acute scarcity of drinking water in most parts of the State 660 tube wells were drilled, 3020 kms. length of pipe lines laid and 11,216 taps provided in addition to transport of water in tankers in areas where piped supply could not be given. On the whole, 40 lakh of people were provided with drinking water facilities and a sum of Rs. 21 crore was spent. As a preventive measure to meet possible drought situations in future, the tube well programme will be continued during 1984-85. It is proposed to drill about 700 tube wells during the next year. Chirayinkil and Nattika Firka Water Supply Scheme are now being implemented with bilateral assistance from the Dutch Government. During 1984-85 similar schemes are proposed to be taken up in Kundara, Mala, Cheriyana, Koippuram and Thrikkunnapuzha with Dutch assistance. Rural Water Supply Schemes in Edappal, Kolancherry and Cheekode areas will be taken up with Danish assistance. World Bank assistance is expected for Water Supply Schemes in respect of Greater Cochin, Quilon, Kottayam, Puthencruz, Adoor, Chitara, Vilappil and Payyannur with an estimated total cost of Rs. 89 crore. Out of these the Chirayinkil Project is already partially commissioned and will be completed in all respects during 1984-85. LIC assistance will continue to be availed of; 60 LIC aided Rural Water Supply Schemes will be completed during next year and 25 lakh of rural people will be additionally provided with protected water supply in 1984-85. 150 Harijan-Girijan Colonies will be provided with safe drinking water during the year. During 1984-85 it is also proposed to take up 8 more Urban Water Supply Schemes with LIC assistance in Nedumangad, Val' kala, Chengannoor, Chavakkad, Shornur, Manjeri, Ponnani and Kothamangalam. Augmentation of Kottayam and Quilon Water Supply Schemes and the Water Supply Scheme for Idukki Township has been posed to World Bank for assistance. The Government have constituted the Kerala Water and Waste Water Authority. It is expected that setting up of the Authority will enable mobilisation of additional institutional finance for accelerated implementation of water supply and sanitation programmes.

27. There are 18 ongoing major and medium projects under different stages of execution in the State. Out of these 18 ongoing projects, 7 projects viz., Pamba, P. V. 1. P., Chitturpuzha, Kanhirapuzha, Kuttiadi, Pazhassi and Kallada are spilling over from Third Five Year Plan. Out of these except Kallada and Pazhassi, all the other five projects are programmed to be completed by the end of Sixth Five Year Plan. The five projects,

viz., M. V. 1. P. Chimoni, Idamalayar, Attappady and Karapuzha are spilling over from the Fifth Plan and the strategy is to complete them in a suitably worked out fixed time-frame. The remaining projects viz., Kakkadavu, Beyporepuzha, Kuriarkutty-Karappara, Meenachil, Chamravattom, Banasurasagar and Vamanapuram are new schemes which have started during the Sixth Plan. Government will seek to ensure that these new projects do not suffer the same fate as the earlier projects which were affected by lack of finance. The Project report for modernisation of Neyyar Project has been prepared and sent to Central Water Commission. During 1984-85 emphasis will be on completion of spill over works. The physical programme during 1984-85 includes taking up of the work of widening and deepening the leading channel of Thottappally spillway intended to relieve floods in Kuttanad area, taking up of a few new works to protect areas most affected due to 1982-83 floods and arranging investigation work for the preparation of long range basin-wise master plan for flood control. The programme also includes arrangements for the purchase of 2 dredgers for deepening river mouths of certain rivers for quick discharge of flood waters and taking up of the construction of dry dock and workshop at Ernakulam in addition to reconstruction of the existing drydock at Alleppey. The first stage of Champakara Canal Scheme connecting Cochin Port with the industrial area in Ambalamugal has been completed and the second stage will be started during 1984-85. The Neendakara-Cheriazhikal Scheme will be completed during next year. In addition, it is also proposed to improve the West-coast canal from Cochin to Quilon and the Cochin Canal to Udyogamandal.

28. The State which was enjoying comfortable power position, faced severe power crisis due to monsoon failures. This affected the industrial sector as well as the resources of the Board itself. It is expected that the 75 mw Idamalayar power station and 390 mw Idukki Stage II will be commissioned in 1984-85. Idukki stage III will also be completed during next year. The Sabarigiri Augmentation Scheme can also be completed in 1984-85. Possibilities of getting foreign aid to Lower Periyar Project are being explored. Puyankutty H.E. Project Stage I (240 MW) costing Rs. 250 crore, Madupatty Small H.E. Project (2 MW) costing Rs. 2.92 crore, Power Generation Scheme under Muvattupuzha Valley Irrigation Project (6MW) costing Rs. 7.8 crore and Power Generation Scheme under Malampuzha Irrigation Project (2.5 MW) costing Rs. 2.95 crore are expected to be cleared by the Central Electricity Authority soon. It is proposed to effect 1 lakh new connections to domestic and industrial consumers and install 10,000 street lights during the year. The Rural Electrification Corporation will be providing an amount of Rs. 1310 lakh for various schemes. A few unelectrified areas and Harijan habitats are proposed to be electrified using the R.E.C. funds. In addition, 13,000 agricultural pump-sets are also proposed to be connected up during 1984-85 utilising R.E.C. and NABARD financing.

29. During the coming year 8 new P.H. Centres will be opened and 4 existing centres will be upgraded as Community Health Centres. In P.H. Centres with bed strength above 30, a Gynaecologist will be appointed. The programmes to raise bed strength in hospitals, introduce specialities, update equipment, establish polyclinics in District and General Hospitals, construct buildings and provide vehicles for District Medical Stores, provide ambulance to all district and taluk headquarters hospitals, strengthen mobile units for repair and maintenance of hospital equipments, establish cancer detection centres in District hospitals and improve medical facilities in Idukki District will be continued.

Three schools to train family health workers were newly sanctioned during the year. The school health programme announced by me in an earlier budget is making good progress in a phased manner. During 1984-85 it is proposed to conduct medical examinations of pupils in Standards I, II and VII. By the end of the current year, National Leprosy Eradication Programme will be extended throughout the State. A Government of India Project with a Leprosy Rehabilitation Promotion Unit at an estimated cost of Rs. 36 lakh will be established for the rehabilitation of the disabled leprosy-cured patients. A notable programme in the Health sector next year is the commencement of the World Bank Aided India Population Project. This is a time bound programme lasting for 5 years beginning from 1-4-1984. The total cost of this project is about Rs. 48 crore, out of which nearly Rs. 9 crore is earmarked for 1984-85. Under this project, 60% of the provision is for visible inputs like dispensary buildings, maternity wards, 14 operation theatres, ambulance etc., The backward districts of Wynad, rvlalappuram, Palghat and Idukki have been selected for implementation of this programme. It is proposed to start 30 Ayurveda Dispensaries during 1984-85. Out of these, 9 will be for Scheduled Castes and 9 for Scheduled Tribes. 3 Mobile Ayurveda Dispensaries will also be started, one of which will be a floating dispensary in Kuttanad. A Panchakarma Hospital and a programme for training in Panchakarma is also proposed for 1984-85.

30. The police policy of the State Government has led to improvement of law and order. As part of the modernisation of the working of the police force, the Computer Centre and Telecommunication- Unit are being developed with additional equipments. Apart from completing the training of about 3000 recruits for armed police battalion, additional recruits will also be taken in for training. It is considered necessary to improve the security arrangements in State Government offices and State Government Public Undertakings. There are demands made on the police for security arrangements by institution of public utility like banks etc. Proposals are therefore under consideration to establish a security force on the model of Central Industrial Security Force to meet this need. One Battalion of such security force will be formed during 1984-85. The change in Policemen's uniform was implemented. New works for Police housing will be taken up in High Range areas where the problems of accommodation is more acute. Institutional finance will be sought to give loans to more policemen to put up their own houses. During 1984-85 fifteen new police stations are proposed to be opened. New Fire Stations were opened in Chittoor and Shornur. Administrative sanction has been given to open new Fire Stations in Kundara, Angamali and Attingal. Six new Fire Stations will be started next year. Sanction has been given to buy equipment worth Rs. 109 lakh, utilising the loan assistance of General Insurance Corporation. With a view to expediting the disposal of cases, thus helping the public, five new Courts were sanctioned and two Second Class Magistrate Courts were upgraded. District Court and Chief Judicial Magistrate Court were sanctioned for Pathanamthitta District. An Additional District Court was sanctioned in Alleppey. Strengthening of staff was sanctioned in the Civil and Criminal Courts as well as in the High Court. The passing of the Public men (Prevention of Corruption) Bill is a significant step in this Government's efforts to fight corruption in public life. A reorientation has been given to the Vigilance enquiries to give more attention to deal with corruption by higher level public servants. The activities of public servants who have amassed wealth beyond their known means of income will be

examined in depth to deal strongly with delinquent officers. To this end the Vigilance Department was strengthened with men and equipments.

31. Under the Public Works Department, Areecode bridge, Kaniampuram bridge and Railway over-bridge at Calicut were completed during 1983-84. 753 road works costing Rs. 781 lakh were taken up under Drought Relief Programme. 165 lakh ear marked for providing communication facilities in Harijan-Girijan areas will be fully utilised. Under the scheme of taking up two roads in each Constituency, 187 roads have been taken up. The remaining roads will also be taken up shortly. Government of India have sanctioned Rs. 175 lakh as loan under Central aid programme of State roads of economic and inter-state importance. The improvement of portions of Cochin-Madurai road and M.C. road are proposed to be undertaken using this amount. Under C.R.F. Government of India have earmarked Rs. 122 lakh. In addition to ongoing works, the Cochin Link Road project will be taken up for execution under the Scheme. The Kerala State Construction Corporation has taken up 70 works costing Rs. 22 crore.

32. A new Scheme for the Integrated Development of the forests and the all-round development of the tribals has been prepared under the World Food Programme of the United Nations. The total investment under this programme will be Rs. 10 crore. It is expected to generate employment opportunities to the tune of 35 lakh mandays. It will also help the tribals to acquire more nutrient foodstuffs. The Social Forestry Programme announced by me in an earlier budget, has now reached the take off stage with world bank assistance. Silent Valley is expected to be declared as a national park during 1984-85. The vested forest fund envisaged in the Kerala Private Forest Vesting and Assignment Act, 1971 will be formed during 1984-85.

33. The activities of the Harijan Welfare Department fall mainly under 3 categories, viz. education, economic uplift and health and housing and other schemes. It is reported that the enrolling ratio of scheduled castes in primary classes has also reached the level of other communities. During 1984-85 Government will consider enhancement of scholarships and stipend rates. Special training for Harijans competing for recruitment to defence service will be provided. The facilities in welfare hostels and cosmopolitan hostels will be improved. Book Bank Scheme will be extended to all professional colleges. Adult education programmes for scheduled castes will be taken up on a large scale with the help of voluntary organisations. Stress will be laid on the creation of hygienic amenities in all Harijan habitats. Harijan-Girijan Co-operatives will be strengthened with financial support. Machinery for enforcement of protection of civil rights will be strengthened. Government will continue its efforts to totally eradicate untouchability. Under the auspices of the Department of Tribal Welfare it is proposed to start 15 single teacher residential schools in remote tribal areas where general sector educational facilities are not available. The working group has recommended the provision of incentive grants for various levels of pre-matric studies to help reduce the prevailing high drop-out rates. A re-organisation of the Tribal Welfare Department parallel to the set-up in the Harijan Welfare Department is being considered.

34. Government are aware of the financial problems of Rural Local Bodies and are awaiting the report of the Panchayat Finance Commission before looking into this matter. With a view to provide living amenities to the poor Harijans and Girijans, a phased programme to provide drinking water, power, sanitary facilities and road access to

colonies is proposed to be implemented through the Panchayats. The scheme will be focussed on the welfare of the colonies under the One Lakh Housing Scheme and those in the Harijan and Girijan Colonies. Government have launched a massive programme for reduction of urban slums. During the first 4 years of the Sixth Plan, a total sum of Rs. 270 lakh was provided for implementation of these schemes. It is assessed that 42,000 persons have already been benefited. The Centrally Sponsored Scheme for integrated development of small and medium towns covering 9 towns in our State is in good progress. To eliminate scavenging, the State Government formulated a scheme costing Rs. 45 lakh and presented the same to Government of India. As the first stage, the Government of India have approved the Project for Cochin, Calicut and Palghat. For the next stage, proposals for Tellicherry, Cannanore and Quilon have been submitted to Government of India. This programme will be extended to other towns also.

35. Kerala State Road Transport Corporation has taken up a massive programme for replacing of old vehicles. It is proposed to replace 350 old buses during 1984-85. The Corporation will start a new regional work-shop at Parassala. The services of all K. S. R. T. C. employees have been made pensionable. It will also introduce a housing scheme for its employees. In the Motor Vehicles Department more border check-posts will be opened to check unauthorised plying of vehicles from neighbouring States. Flying Squads will be set up in all districts to ensure that traffic rules are strictly followed. The capital base of Kerala Inland Navigation Corporation will be strengthened to enable it to acquire more modern barges so that its volume of cargo transport can be increased.

36. The target of VI Five Year Plan under the Social Welfare Sector in the State for starting 61 ICDS projects has been achieved during 1983-84 itself. The programme for 1984-85 is for the continuance of these projects. CARE and World Food Programme foodstuffs will also be introduced in these projects as much as possible in the place of local food. It is proposed to upgrade 2,225 Special Nutrition Programme Centres into the level of Anganawadi Centres of ICDS Projects.

37. On the labour front, a realistic labour policy is being followed with a view to minimise strikes, lay-offs and lock-outs and to increase industrial and agricultural production. To ensure the overall welfare of the working class Housing Scheme for Plantation Labour, Coconut, Palmyra and Arecanut Tree Climbers Welfare Scheme, Cashew Workers Welfare Schemes, Coir Workers Welfare Scheme and Handloom Workers Welfare Scheme are being implemented. Kerala Motor Transport Workers' Welfare Fund has been constituted. The Kerala Head Load Workers' Act, 1978 has been implemented in Trivandrum, Chalai and the provisions of the Act will be extended to other areas based on the experience gained here. The work of establishing an industrial hygiene laboratory under the Department of Factories and Boilers is in progress.

38. In the field of industry, the Government will make all possible efforts for increasing the pace of industrialisation. In the SSI Sector, the aim will be to set up 5000 Small Scale Industrial Units and 10,000 Artisan Units during 1984-85. This will provide employment for nearly 50,000 persons. Government will devise a scheme for giving various clearances for starting industries through one-window at the District level. A high powered Industrial Assistance and Guidance Bureau at the State level with powers to sanction all clearances at Government level and by Government agencies will be constituted. Task Forces for the development of infrastructure in the "No Industry"

districts of Wynad and Indukki have been constituted. During the current year Kerala State Industrial Development Corporation has commissioned 7 new plants at an aggregate capital cost of Rs. 24.8 crore and have started on 8 new plants with an estimated capital cost of Rs. 18 crore. They now have 29 new plants under construction of which 18 are expected to be completed during 1984-85. Kerala State Industrial Development Corporation's current range of operations is the largest ever indicative of an upsurge in the industrial development of the State, especially in the joint sector. As far as cashew industry is concerned, Government will promote cashew workers' co-operative societies in private factories which have remained closed during the 1983 cashew season. We are also taking up with the Government of India, a scheme for constituting a Price Fluctuation Fund for cashew. . In the field of Coir Industry, the Government of India have been requested to approve the levy scheme for providing more husks to the co-operative societies. Government are aware of the need to support the marketing efforts of the handloom sector which is facing strict competition from the power loom sector and the mill sector. High cost of inputs and fluctuation in the prices of these inputs have adversely affected the handloom sector in Kerala. Another Central Beedi Co-operative Society on the lines of the Dinesh. Beedi, Cannanore and Kairali Beedi at Shornur will be started with primaries in Alleppey, Quilon, Pathanamthitta and Trivandrum Districts. Khadi and Village Industries Board will take steps to provide employment to 10,000 Harijans and Girijans in the various units assisted by them.

39. Under TRYSEM, nearly 6000 persons have been trained, out of which nearly 2000 were Harijans and Girijans. Under a sub-scheme of IRDP which focuses attention on women in villages, women are encouraged to take up economically viable activities on a group basis. This scheme is being implemented in Wynad and Palghat Districts.

40. It is proposed to introduce a "faculty development scheme" for updating the knowledge base of the university teachers. Attention will be paid to provide more buildings for colleges and to equip Libraries and Laboratories. The first volume of the Children's Encyclopaedia in Malayalam will be taken up in 1984-85. Centres of excellence are proposed to be started in existing technological institutions in the following specialties: Water resources and management, micro-processor applications, energy studies, power research, environmental studies and appropriate technology development and rural engineering. To benefit the rural youth below the poverty line, particularly, the Harijans and the Girijans, it is proposed to start Special Job Oriented Training programmes in all existing institutions with a view to train at least 10,000 youths per year. Seven more T.G.M.T. Centres exclusively meant for Harijans and Girijans will be set up at Agali, Sholayar, Kallada, Vythiri, Peermedu, Rajakkad and Melukavu. Six commercial institutions will be started in Quilon, Trichur, Kottayam, Ernakulam, Wynad and Cannanore. Seven Junior Technical Schools have been started this year and vocationalisation at post S.S.L.C. level has been started in 8 Junior Technical Schools. One Pre-primary school will be started in each Educational Sub-District. Special coaching now being given to Harijan-Girijan students in Standard X will be extended to Harijan- Girijan students in the Standard IX also. Educationally backward villages will be identified and enrolment of children of school going age in those villages will be intensified by engaging more Educational Extension Officers. For better supervision and inspection of school education, Subject Inspectorates will be organised in each District.

41. It was announced in the last Budget Speech that a Sports Complex will be set up. A technical Committee of experts has almost completed a detailed project report for the purpose. It is expected that the construction of the Complex can be commenced during 1984-85. The civil works for the Trivandrum Indoor stadium have been commenced. This stadium with a seating capacity of 7000 will be equipped with facilities for conducting international tournaments. A Regional Sports Centre will be set up at Ernakulam. A Swimming Training Centre will be constructed at Alleppey. There is a proposal to open a branch of the Kerala Aviation Training Centre at Cannanore during 1984-85.

42. As suggested in the budget presented by me for 1976-77 two lawyers were appointed in every taluk to provide legal aid to the poor and economically weaker sections. In addition Government have recently formed a State Legal Aid and Advice Board to review the working of the Scheme for free legal aid to transmit to the poorer sections of society legal knowledge thereby giving them a legal awareness and to organise legal camps and clinics. Legal Aid Committees will also be constituted at the High Court, district and taluk levels with a view to make the legal aid scheme more effective.

43. The Government propose to start a public sector undertaking to take up the wholesale trade of liquor in the State. The Company for this purpose has already been registered.

44. The Kerala State Civil Supplies Corporation procured from surplus State a quantity of 1,50,000 tonnes of rice and distributed at subsidised rates which were below market rates and maintained a distribution of 5 kgms per ration card per week during the last one year. After August 1983 the issue has been continued at 5 kg. per ration card per fortnight taking advantage of the improvement in availability by fresh crop arrival. The above distribution of rice was over and above the distribution of rice allotted from Central pool. During the year 133 new ration shops have been opened. the total number of ration shops thus rising to 12036. It is proposed that the activities of the public distribution in the State will be strengthened during the next year by developing infrastructure facilities and also increase in the quantities to be supplied through the public distribution channels.

45. Under the Department of Industrial Training, special training is imparted to Harijans and Girijans in popular trades with relatively greater employment opportunities. A scheme to give training to 25 Harijan-Girijan candidates in Foremanship Diploma" Course at Foreman Training Institute, Bangalore has also been evolved. During 1983-84, four Town Employment Exchanges have been sanctioned at Karunagappally, Changanachery, Chittoor and Ponnani.

46. The Directorate of Economics and Statistics proposes to take up 2 new studies during 1984-85, one on Coir Industry and the other about the loop-holes in Agricultural modernisation.

47. The 15 days' draw announced in the last Budget Speech has been introduced with effect from the draw in February 1984. Already a sum of Rs. 2.7 crore has been earned as net profit during the current year. This may rise to Rs. 3.2 crore by the end of the year.

48. The Government Press at Mannanthala is taking shape. Preliminary steps to start Government Presses in Vazhoor and Quilon are in progress. In Kozhikode a new unit has already been started. It is also proposed to start a Government Press in Wynad.

49. The MPKBY agents have been doing good promotional work for national small savings collection. Government after considering the work so far done and the potential remaining to be tapped, feel that in recognition of the work done by the MPKBY agents so far and in view of the need for further encouragement for their work, the incentives now in force have to be revised. Their bonus and monthly allowance will be enhanced. A sum of Rs. 10 lakh is earmarked for the purpose.

50. Government will enhance the grant to Wakf Board in 1984-85 to meet their additional expenditure on social welfare activities.

51. It is proposed to reorganise the structure of the Kerala Financial Corporation in April 1984 so as to make it more efficient. The Corporation will be opening new branch offices in the districts of Wynad and Pathanamthitta. With this, the Corporation will have officers in all the districts in the State. The powers of the district level officers will be enhanced so as to avoid delay in sanctioning of loans. The Corporation will be giving special consideration to applications for loans for industrial projects in the 'no-industry' districts of Wynad and Idukki. Credit Camps are being organised in district headquarters and other important centres with a view to providing a new incentive to industrial entrepreneur. A new method of desk clearance has also been introduced under which processing of each application would be speeded up within two weeks and the applicant would be given suitable suggestions and information regarding its further course.

52. Government will continue to emphasise the role of public sector in the development of the State. Government are aware of the weaknesses in their structure in some areas and will try to correct the situation to help them to reach commanding heights. To this end Government propose to undertake a strict and thorough review of the working of the public enterprises by the Public Enterprises Board. Government also have before them some proposals for merger/amalgamation/liquidation of some of the undertakings.

Debt Relief for Small Farmers

53. The plight of the small farmers reeling under the increase in production cost as well as cost of living on the one hand and suffering the consequences of the drought on the other is indeed tragic. It is not proper for a democratic government which gives dearness allowance, pay raise and interim relief in the organised sector to forget the unorganised group of small farmers. As a new economic concession I propose to minimise their debt burden. 50% of the principal and the whole interest payable by the poor farmers owning land upto 1 hectare who have defaulted Government agricultural loans upto Rs. 3,000 which were repayable before 1-1-1984 will be waived. In the case of those owning land above one hectare and upto two hectares, their interest liability will be waived, if they remit before 30-6-1984 the entire principal of Government agricultural loans upto Rs. 3,000 due before 1-1-1984. A sum of Rs. 25 lakh is earmarked for this.

Dewatering Expenses for Second Crop

54. Government have been meeting fully the dewatering expenses in Kayal, Kole, Punja and Kari lands in Kerala for the first crop paddy. Considering the hardship caused to the paddy cultivators on account of the high cost of production and also to help them to raise the second crop, Government propose to meet the dewatering expenses for the second paddy crop as well. A sum of Rs. 30 lakh is set apart for this purpose.

Interestfree Loan to Sm.all Farm.ers

55. There has been substantial loss to the small fanners in the State due to the recent drought. The damage caused to the cash crops such as Coconut, Arecanut, Coffee, Cardamom, Rubber, Cocoa, Pepper, Nutmug, Cloves and Tea has been irreparable. For the rehabilitation of the above crops, the State Government has prepared a five year plan costing Rs. 600 crore and submitted the same to the Union Government which is being considered by them. However, it is imperative to provide immediate assistance to the small farmers of the drought affected areas. Therefore interest free medium term loan at the rate of Rs. 250 per hectare will be paid to those whose crops have been fully damaged, for rehabilitation A sum of Rs. 2 crore is earmarked for this.

Liberalised Pension for State Pensioners

56. Based on a judgement of the Supreme Court the Government of India have issued orders extending the benefit of the liberalized pension formula to all Central Government pensioners (other than family pensioners) who were in receipt of pension as on 1-4-1979. According to the existing orders in the State, the State pensioners who retired on or after 31-3-1979 have been allowed pension under the liberalised pension formula. Following the policy adopted by the Government of India in the matter, and considering the fact that the older pensioners are getting comparatively lesser rates of pension, I propose to extend the benefit of liberalised pension computed on the basis of the slab system to all State service pensioners who were in receipt of pension as on 1-4-1979, broadly on the other terms and conditions prescribed by the Central Government, with suitable modifications that may become necessary on the basis of the State pension Rules. Those benefited by this measure will be allowed the enhanced pension with effect from 1-4-1984. This proposal will benefit about 60,500 State service pensioners. A sum of Rs. 4 crore is earmarked for this purpose in 1984-85.

Prizes for Olympians

57. In the Revised Budget for 1982-83 I had introduced a scheme of incentives in connection with the ASIAD. 1984 is the Olympics year and I therefore feel that a similar scheme is warranted in this context. All participants and coaches in the 1984 Los Angeles Olympics who hail from Kerala will be awarded Rs. 15,000 each. Olympics Winners who belong to Kerala will be awarded Rs. 3 lakh for Gold, Rs. 2 lakh for Silver and Rs. 1 lakh for bronze medals, Keralite members of India's Olympics teams will also be eligible for these prizes. For this a sum of Rs. 15 lakh is earmarked.

Regional Sports College

58. Of late Kerala has established its credentials in the field of sports and games. The spectacular achievements of our athletes in the Asian Games and the commendable performance of our State, University and School Teams in the various regional and national meets are worth recalling in this context. At the same time the facilities for

Physical Education in this State are not adequate. The State Government propose to establish a Regional College of Sports and Physical Education in Trivandrum and to this end will provide 50 acres of land and a portion of the expenditure to enable the Government of India to set up the same. For this purpose a sum of Rs. 10 lakh is earmarked for 1984-85.

Grant for Orphanages raised

59. At present the orphanages in Kerala State are given grants by the Government at the rate of Rs. 45 per inmate per month. This rate was fixed many years ago and bears no relation to the cost of living today. It is therefore proposed to enhance the rate of grant to orphanages to Rs. 60 per head per month. For this a sum of Rs. 50 lakh is earmarked.

Grant for Homes for the Handicapped

60. Similar to this is the problem of the Homes for the physically handicapped. At present these Homes do not get any assistance from the Government. As a token of Government's interest in the welfare of the physically handicapped, it is proposed to provide grants for them also at the rate of Rs. 60 per inmate per month. For this a sum of Rs. 15 lakh is earmarked.

Group Insurance for Advocates' Clerks

61. Through an earlier budget, a welfare fund was constituted for the Advocates in Kerala. But it was not possible till now to introduce any relief measure for the clerks working in their offices. There are practical difficulties to form another fund on the pattern of the Advocates' Welfare Fund. Therefore Government propose to bring them under the umbrella of a Group Insurance Scheme to be operated through the State Insurance Department so that when they grow old or die, their families will get some assistance. It is proposed to introduce this Group Insurance Scheme under the auspices of the Kerala Bar Council which will register the names of all Advocates' Clerks who are in service as on 1-4-1984 or who join on a later date. Under this scheme every Advocates' Clerk will be given an insurance cover of Rs. 10,000 payable in the event of death; in other cases they, will get a lumps urn payment based on the length of service, at the end of their service provided the service is not less than 5 years. One half of the receipts through the stamps on Vakalath and Power of Attorney payable under Article 16 Schedule 2 of Kerala Court Fees and Suit Valuation Act, i.e. the amount after deducting the Government share payable to the Legal Benefit Fund, will be earmarked for this. The additional liability of the Bar Council if any for paying the premium under the Group Insurance Scheme will also be made good by the Government. For this scheme a sum of Rs. Five lakh is earmarked.

Youth Clubs in every Panchayat

62. The future of India is in the hands of the youth. If we are to hasten the transformation that we desire in the economic and social spheres, the youth power has to be shaped and guided in that direction. Even in the situation when the unemployment of the educated has become very acute, the creative abilities of the youth are today not properly utilised for constructive activities. If that power could be harnessed in our villages and diverted to areas of social service, it will be a valuable contribution towards the future of the nation. The United Nations has declared 1985 as International Youth

Year. Participation, Development and Peace are the objectives declared for the youth in the international year. To achieve these objectives they have to be given the required participation in the country's total development process. It is essential for the success of the development programmes to ensure their participation in the policy making bodies dealing with the programmes. To attain the objective of development, the personality of the young generation which has to provide the leadership for tomorrow's society has to be developed. As each generation is influenced by the surroundings of the individual, environmental development is very important. If that has to be hastened, efficiency in the field of production has to be enhanced. Unless they are given the training and the inspiration for economic, social, educational and cultural activities, they will not be able to provide leadership for the development of an area or for better effectiveness of social welfare activities. The young people will be able to provide adult education and will also be able to teach the school drop-outs as well as those who out of ignorance had never gone to school. Similarly, they will be able to bring comfort to the weaker sections of society and help them to take full advantage of the concessions granted by Government from time to time. The third objective declared by the United Nations is Peace. International peace is more relevant today than at any other time in the history of mankind. The world being a comity of nations and each nation being the aggregate of individual citizens, it is necessary to inculcate in the young people a consciousness of this matter. Similarly, the young people can do a lot to remove social tensions within the society in general and among the youth in particular. They can also be the most useful instruments to promote communal harmony. To act -as a focal point to co-ordinate the above mentioned many fields of activity, Government propose to start youth clubs in every Panchayat. These clubs which are service oriented in the realm of rural development and social work will, I believe, help the young people to discover gainful self employment also. I hope that these clubs will become catalytic agents which will hasten the changes in the economic, social and cultural sectors of Kerala. These clubs formed in every panchayat will be given an incentive grant at the rate of Rs. 1,000 per year and the same will be distributed through the State Youth Welfare Board. These clubs will be formed giving due representation for the student and youth organisations which are active in the social and cultural fields. For this purpose a sum of Rs. 15 lakh is earmarked for 1984-85.

Income limits for Educational Concessions raised

63. Government propose to enhance the income limits now prescribed for eligibility for educational concessions applicable to the economically backward sections of society, other than scheduled castes and scheduled tribes based on Kumara Pillai Commission Report and the Government orders thereon. The prescribed limits of annual income now are Rs. 8,000 and Rs. 10,000. These will be enhanced to Rs. 10,000 and Rs. 12,000 respectively. The additional expenditure anticipated on this account is Rs. 51 lakhs.

Savings Schemes for Students

64. Large circulation of money and price rise is a peculiar phenomenon of modern age. If expenditure is reduced, savings habit encouraged and small savings collected and if the monies so received are spent on productive lines, the present dangerous trend can be arrested to some extent. The best way for this is to inculcate the savings habit among the students and the youth who are the promise of the future. This objective can be

achieved through a self Savings Scheme for Students in Upper Primary Schools, High Schools and Colleges. If a specific sum is collected every month from the students who come forward to deposit voluntarily, a large Fund will become available. The small savings so collected will be returned to them with reasonable interest when they leave school and colleges on completion or termination of their studies. It will be found very useful for the students for their future. Although the expenditure on education is as high as 45% of the State's revenue receipt, the education up to secondary level is now free. Therefore the students will have no difficulty to deposit a small amount in this voluntary savings scheme. It is proposed to implement this programme under the auspices of the Treasury Savings Bank with the cooperation of colleges and schools. A U.P. School pupil joining the scheme will have to deposit Rs. 5 per month; the rates in the high school and college will be Rs. 7 and Rs. 10 respectively. To develop interest to join this savings scheme, a prize scheme will also be introduced for the students, teachers and educational institutions. At the end of each academic year, the Account numbers of all students who have joined the scheme will be subjected to a draw and the student who gets the first prize will be given a Premier Padmini Car or equivalent money. The student who gets the second prize will be given a scooter or its equivalent in cash and the student who comes third will be given a cycle or its equivalent as prize. The educational institution in each category which enrolls the maximum number of students on a percentage basis will be given a trophy and the teacher in charge of the scheme in that institution will be given a scooter or its equivalent in cash. In addition the teachers in charge of this scheme in each institution will be given an allowance based on the number of accounts in the institution. I expect whole-hearted welcome for this scheme which is useful for the students, teachers, educational institutions and the society as a whole. It is expected that in the first year it will be possible to collect a sum of Rs. 20 crore through this scheme net of all expenses and repayment if all the 34 lakh of students excluding the children in L. P. Schools join this scheme. Taking credit for only one third of the students joining the scheme a collection of Rs. 8 crore is anticipated in 1984-85.

Group Insurance for Government Employees

65. In the budget for 1976-77 I had introduced a scheme of Life Insurance with the State Insurance Department for all State Government employees who joined service after July 1976. In 1977 Family Benefit Scheme was introduced as an optional scheme with a view to give Government employees at a low cost the twin benefits of insurance cover in the event of death and a lumpsum payment based on the amount remitted at the time of retirement. In 1980 Government of India introduced a Group Insurance Scheme. This Government propose to introduce a similar scheme in this State also. Under this scheme the employees will have to contribute at the rate of Rs.10, Rs.20, Rs.30, Rs.40 and Rs. 50 per month for which the insurance cover would be Rs. 10,000, Rs. 20,000, Rs. 30,000, Rs. 40,000 and Rs. 50,000 respectively. An employee having 30 years of service at the time of retirement contributing Rs. 10 per month would get approximately Rs. 15,000, those contributing Rs. 20 would get Rs. 30,000, Rs. 30, Rs. 45,000, Rs. 40, Rs.60,000 and Rs. 50, Rs. 75,000. The scheme would be optional unlike the Group Insurance Scheme of the Government of India. Those who contribute to the Family Benefit Scheme would be allowed to continue under that scheme simultaneously or cease subscription to that scheme and join the Group Insurance Scheme if they so desire. It is hoped that the introduction of an Optional Group Insurance Scheme conferring the

benefits of a substantial insurance cover to help the families in the event of death of an employee while in service and a tidy lumpsum payment at the time of retirement would be welcomed by all sections of the employees. The accrual for 1984-85 is expected to be Rs. 7 crore.

Relief to Traders

66. Government have taken various steps through the earlier budget with the objective of the development of trade and industry in the State. Various reforms were introduced in the structure of the sales-tax law and various reliefs and concessions were announced for the small scale traders. The Government, however, have great concern about the need to solve the remaining problems. Therefore, Government on the recommendation of the concerned local bodies will take steps to introduce the Rent Control Act in areas where it is not applicable now, but has necessarily to be made applicable. Similarly, necessary reforms will be introduced in the Weights and Measures Act. May I now draw the attention of the House to certain other programmes beneficial to the trade and industry in the State.

High Level Commission

67. Government have already implemented many recommendations made by the Thavaraj Committee which studied the tax structure of the State and the Gulathi Committee which was specially appointed to restructure the tax law. However, Government propose to undertake more studies in the realm of sales tax. I had mentioned during the budget discussions last year that the Government would appoint a Commission to examine the sale tax law. Preliminary steps to this end have already been taken. This Commission is being appointed with the mandate to point out regulations, if any, remaining in the law which are detrimental to trade and industry, to suggest remedies therefore, to make suggestions to check the evasion of tax and to plug loop-holes, to suggest new sources of revenue and in order to achieve these objectives to suggest reforms in the law and simplification of the tax structure. The Commission will consist of a legal expert of the rank of a High Court judge, an economic expert and an expert on taxes. Government will obtain the report of the Commission at the earliest and take appropriate decisions.

Reorganisation of the Intelligence Wing

68. Although there exists a machinery to detect and stop tax evasion, considerable income is being lost on account of the inadequacies, short-falls and loop-holes in the law. It is possible to enhance the tax income by introducing the required reforms in the law and by making the work of the Intelligence Wing more effective. It is proposed to make the Intelligence Wing more effective and efficient through reorganisation. For this 3 expert branches will be formed under the Intelligence Wing for investigation, detection and enforcement.

The Investigation Branch will be responsible for undertaking studies about the growth of production and sales in the State, development of industries and commerce, growth in tax income and possibilities for additional tax mobilisation. The Detection Branch will attempt to locate areas now not subject to tax and channels of tax evasion based also on the information transmitted by the Investigation Wing. The Enforcement

Branch will be responsible for bringing into tax net areas of tax evasions. In the background of the ruling of the High Court of Kerala that the Intelligence Officers cannot exercise all the powers of the assessing authorities, Government will bring an amendment to enable the Intelligence Officers to exercise all such powers. By proper co-ordination of these three branches the working of the Intelligence Wing will be more efficient and thereby the tax revenue will also increase. An expenditure of Rs. 5 lakh is anticipated on this account and in 1984-85 an additional income of Rs. 3 crore is expected.

CHANGES IN TAX STRUCTURE

Prevention of tax evasion through under invoicing

69. It has come to the notice of the Government that in many cases the tax due is lost because of under invoicing. There are instances of forming sister concerns to transfer goods to them at a lower rate to escape the high rate of tax at the stage of the first sale, the sister concerns selling to consumers at the real price. In view of the single point tax system, it is not possible today to levy tax at the second stage. It will be possible to meet such evasions if the sales-tax officers are empowered as in Tamilnadu to assess tax on the real market value, ignoring the low price shown in the bill. Therefore, Kerala General Sales tax Act will be suitably amended to levy tax based on market price wherever necessary. As a result of this step an income of Rs. 1.50 crore is anticipated during 1984-85.

Prevention of smuggling through the railways

70. Government have come to know of instances of transport of taxable goods in clandestine names through ports and railways evading tax. The evasions which take place in this field cannot be totally avoided without suitable amendments in the relevant Central Statutes to insist on sales tax clearance before booking the goods through the railways. In the absence of such statutory changes in the central laws, it has become necessary to amend the sales tax law enabling purposeful inspection of specified goods in transit to ports, railway stations, etc. and insistence of security deposits in suitable cases. Therefore, on the lines of Section 29A of the General Sales tax Act, amendments will be brought for Section 30 to subject goods taken to and from notified stations for special inspection, thereby protecting the income which is now being lost. A sum of Rs. 2 crore is expected as additional income on this account.

Multi point taxes converted single point

71. Through the earlier budgets most of the items subject to multipoint taxation were made taxable at single point. So far 170 items have been covered. Although there are only very few items remaining under multi point taxation, I propose to bring under single point taxation all remaining items which can practically be transferred so. Accordingly 89 items including petroleum products and non-ferrous metals and alloys, decorative and fancy materials, adhesives, vegetable oils, cotton and woollen goods, building materials, glass, packing materials, printed materials, spices etc. will be brought under single point taxation. Details have been enumerated in the Finance Bill being presented and the items enumerated will be subjected to tax at the rates specified therein. An important demand of the traders and industrialists of the State is being met through

this step which is convenient and beneficial to the trading community. The State will not lose any income, on the contrary an additional income of Rs. 2.50 crore will accrue.

CHANGES IN TAX RATES

Increase in the multi-point rate

72. In the Southern States, except the Union Territory of Pondicherry, the rate of multi point tax is 5% while it is only 4% in Kerala. Raising of our rate also to 5% is only just and reasonable. Hence, the multi point tax rates on the remaining goods will be raised from 4% to 5% which will give an additional revenue of Rs. 1.25 crore.

Revision in tune with C.S.T. rates

73. When the concessional rate of C.S.T. was 3% the tax leviable on the inter-state sale of goods to certain specified institutions outside the State was also reduced accordingly. Now that the C.S.T. rate has been raised to 4% our rate will also be restored to 4%. The additional yield on this account will be Rs. 25 lakh.

New Tax Resources

74. Although the 46th amendment to the Constitution has empowered the States to levy consignment tax on goods transferred from within the State to outside the State for sale, its benefit has not yet accrued to us in the absence of the required amendment of the Central Sales-tax Act. The Central Government should take immediate steps' to ensure for the States the intended benefit. In this context I wish to enter certain areas where we could not introduce taxes hitherto.

(i) Tax on hire purchase

Hire purchase is very common today. It is a system whereby the price of the purchased goods is remitted in instalments and the ownership is transferred when the full amount is so remitted. The principle so far followed in respect of such transactions was that tax could be levied only on the depreciated value reckoned at the time of payment of the last instalment. But, in view of the fact that there is no legal objection today to levy tax when possession is transferred on payment of the first instalment, tax will hereafter be levied on the full value of such goods. Additional income expected from this measure is Rs. 1 crore.

(ii) Tax on Works contract

Contract works have assumed greater significance today. At present there is no provision to tax the goods used by a contractor as an indivisible part of the contract. This impediment has now been removed by the 46th Amendment. Therefore, henceforth, the goods transferred for use in a works contract which have not been subjected to lawful tax before will be made liable for S.T. On this score an additional income of Rs. 1.25 crore is anticipated.

(iii) Tax on the transfer of right to use any goods

Till now it was not possible to levy tax on goods which are transferred by the owner for use by another. Such goods will decrease in value through long term use. However, since the technical objection has now been removed, tax will be levied on such goods hereafter. I expect an income of Rs. 90 lakh on this account.

(iv) Sale tax on the sale of goods by an unincorporated body or association to its members

Supply of goods by an unincorporated body or association of persons to their members could not be subjected to tax so far. Now that the above difficulty has been removed, Government proposes to levy tax on such transaction as well by suitably amending the K. G. S. T. Act. The additional income on this account is Rs. 25 lakh.

(v) Tax on transfer of goods otherwise than in pursuance of a contract

When transfer of goods is effected on the basis of legal obligation such transfer does not come within the ambit of the definition of sale in the Sale of Goods Act. This is due to lack of contract between the parties. But now it has become possible to subject such transfers also to sales tax. Therefore such transfers will also be made liable to S. T. from 1984-85 onwards. I expect an additional income of Rs. 90 lakh on this score.

'Tax on coffee shifted from the producer to the Coffee Board

75. Coffee is an item subject to single point tax at the stage of first sale. Earlier, Coffee Board used to levy this tax at the time of auction of pooled coffee, but as most of the pooled coffee is stored outside the State and auctioned there, the tax levied will accrue to the State where coffee is stored at the time of the sale. As a result our State has been losing a large amount of tax. In the light of the Supreme Court Ruling that the pooling of coffee by the producer can be deemed to be a sale, Gulathi Committee recommended that the tax could be levied from the producer and that the loss of the State thus avoided. Accepting this recommendation, the point of tax on coffee was later shifted to the producer. However this step has caused great difficulties for the coffee cultivators. There has therefore been widespread and insistent demand from coffee cultivators that the point of tax should be shifted away from them. Government have come to the conclusion that if instead of levying sales-tax on the producer at the point of sale, a purchase tax is levied on the Coffee Boards at the time of pooling not only can the difficulties of the cultivators be removed but the collection would also become easier. Therefore hereafter coffee cultivators will be exempted from tax and the same tax will be levied from the coffee Boards at the time of purchase through pooling. This measure will bring relief to thousands of cultivators and the State will earn Rs. 1 crore additionally.

Sales tax on Export Tea modified

76. Government have been watching with concern the declining trend in tea sales in the Cochin auction consequent on the starting of Coimbatore auctions and also as a result of a number of concessions given by neighbouring States. According to Section 5 (3) of the Central Sales Tax Act all exportable goods are exempted from sales-tax provided the export of goods takes place in pursuance of an earlier contract with a foreign buyer and the good exported is one and the same for which the contract was entered into. However, the Tamil Nadu and the West Bengal Governments have dispensed with the pre-requirement of pre-existing orders and extended the benefit to the export sales that take place within 6 months of the date of the auction. Government feel that introduction of such a concession for the export sales of tea in Cochin auctions will act as an added incentive to tea producers to sell more of their products through Cochin auction and will also increase the movement of goods through Cochin Port. Hence, in the interest of

Cochin Port and as an incentive to tea exporters to sell their produce in Cochin auctions, sales-tax exemption will be granted in respect of sales of tea from Cochin auctions which are exported within 6 months from the date of auction as has been already done by the Governments of Tamil Nadu and West Bengal. This measure will arrest the tendency of the trade to shift away from the State and consequently the State will stand to gain on this score.

Tax rates lowered on a par with neighbouring States

77. As an incentive for the growth of trade, commerce and industry in the State, tax rates of a number of commodities which were higher in this State were reduced during the past few budgets. The results have been encouraging. Similar adjustment remains to be done in some more areas.

Tax on Motor Vehicles

78. Due to the difference in the rate structure and unhealthy competition from the neighbouring States, business on cars and chassis of motor vehicles have been deteriorating and the same is being shifted to other States. During the year 1983-84 the sales of motor vehicles went down by about 75%. Till recently there was no sales-tax on motor vehicles in the Union Territory of Dadra, Nagarhaveli and manufacturers of vehicles began to sell their vehicles from there. Similarly the rate of tax on motor vehicles is very low in Mahe, close to Kerala. A tendency on the part of the manufacturers to establish sale outlets -in such area is discernible. To meet this threat effectively and to revive the trade in our State, it is necessary to reduce the tax rates suitably. The following steps will be taken for the purpose.

(i) Tax on Motor cars reduced

Though the sales-tax levied on motor cars in the State is 9% while it is 8% in Andhra Pradesh, 6% in Mahe and Pondicherry. The rate prevailing in Tamil Nadu is also very low. In order to sustain the trade in the State and to safeguard our revenues, we have also to reduce the rates of tax on motor cars. Therefore the sales tax on motor cars will be reduced to 6% from 9%.

(ii) Reduction of tax on motor chassis

While the rate of tax on chassis of motor vehicles is 15% in Kerala, it was 15% in Karnataka, 12% in Tamil Nadu, 8% in Andhra Pradesh and 6% in Mahe and Pondicherry. These rates were recently reduced to 6.5% in Karnataka, 6% in Tamil Nadu, 5% in Andhra Pradesh. Therefore the rate of tax on chassis of motor vehicles will be reduced to 6% from 15% in Kerala. It may appear that the above reductions may lead to loss of revenue, but in reality the business turnover would increase as a result of regaining the lost trade thereby generating more revenue. There will therefore be an additional revenue of Rs. 2.50 crore on this account.

TAX CONCESSIONS

S. T. Exemption limits raised

79. In the revised budget 1982-83, the minimum assessable turnover limits were enhanced from Rs. 15,000 to Rs. 25,000 in the case of goods taxable at single point and from Rs. 50,000 to Rs. 75,000 in the case of goods taxable at multipoint. Considering the

inflationary tendencies and price rise, it is necessary to enhance the limits fixed in 1982. Moreover, the dealers have been demanding such enhancements for the benefit of the small traders. Taking into consideration all those aspects, it is proposed to further enhance the minimum assessable and registrable turnover from Rs. 25,000 to Rs. 50,000 in the case of goods taxable at single point and from Rs. 75,000 to Rs. 1,00,000 in the case of goods taxable at multi point. Thus the dealers whose total turnover is below the above limit will be totally exempted from sales-tax liabilities. Consequently, the sales tax

officers will be able to concentrate more on higher tax slabs and therefore there will be no loss on this account.

Compounding limits raised

80. When the basic exemption limit of S. T. is enhanced from Rs. 75,000 to Rs. 1,00,000, it is but natural that the compounding limit is also to be raised. Therefore the compounding facility will be extended to traders with a turnover upto Rs. 1,10,000 as a result of which Rs. 50 lakh is expected as loss of revenue.

Simplified Assessment system further simplified

81. I had through my first budget for 1976-77 introduced a simplified assessment system for the benefit of the smaller dealers. Later the limit was increased to Rs. 1,50,000 in 1981-82 and further enhanced to Rs. 2,00,000 in 1982-83, thus giving its benefit to all dealers whose total turnover fell below those limits. This system of accepting the return of these small dealers without verifying the accounts every year and subjecting the accounts to scrutiny only once in three years gives great relief to the dealers. But complaints have arisen that the relief is diluted by the conditions provided in Section 17 (4) of the K.G.S.T. Act. The present system of allowing the benefit by comparing the tax incidence of the accounting year with that of the previous year at different slabs for different tax liability provided by clauses a, b and c of Section 17 (4) will be removed and the benefit will be conferred on all dealers whose admitted total tax liability for the year does not decrease by more than 25%. This will benefit thousands of small dealers in the State and will result in loss of revenue of Rs. 50 lakh.

Tax relief for School Co-operatives

82. Though previous budgets, some tax concessions were conferred on certain goods purchased by School Children. But school requisites sold through the school co-operative societies are still subjected to tax. I feel that if these societies which are established and run for the welfare of the school children are also exempted from tax liability, it will be a boon to the school children. Therefore, the school co-operative societies will be exempted from tax on the sale of school requisites to school children. The loss on this account will be Rs. 10 lakh.

Abolition of Sales-tax on Dyes used in the Coir and Handloom Industry

83. Dyes used in the traditional industries of coir and handloom are now taxable at 10%. Demands have come up from these sectors to remove the tax on dyes. Government are convinced that for the development of these traditional industries which employ lakh of workers it is necessary to remove the tax on dyes and therefore the 10% tax on dyes used in the handloom and coir industries will be abolished. A short-fall of Rs. 50 lakh will be considered on this account.

Revised guidelines for Agricultural income-tax

84. For the proper assessment of field expenditure, yield and price of the crops, Government published a guideline in 1981. These guidelines which have to be applied in the case of assesseees who do not maintain proper accounts are of immense use to such assesseees. Taking into consideration the increase in the expenditure and prices of crops since 1980 the guideline will be revised based on the latest statistics.

Rebate for replantation in A.I.T.

85. I have attempted through earlier budgets various steps to effect suitable change in the agricultural income tax structure on the lines of the Central Income tax Law. However many things remain to be done. While there are provisions for rehabilitation allowance under the Income-tax Act there is no such allowance under the Agricultural Income tax Act except in the case of rubber. The expenditure incurred for replanting, new planting, and for the maintenance of non-yielding plants are not admissible deduction under the Agricultural Income-tax Act in computing the taxable income. In short, the revenue expenditure incurred for earning the income alone is admissible. In order to increase the agricultural production in the State, replanting is essential and there must be some incentives to the agriculturists. It follows therefore that while fixing the taxable income after deducting the expenditure incurred for earning the income at least a portion of the capital expenditure incurred has to be allowed to other crops also. It is therefore proposed to allow a replanting allowance of 3% of the capital expenditure involved. The estimated loss on this account will be Rs. 25 lakh.

Estate Duty on Agricultural Property Waived

86. Till recently the Government of India was imposing estate duty on the principal value ascertained as provided in the Estate Duty Act, 1953 of all properties including agricultural lands. In the Budget for 1983-84 the Government of India declared their intention to remove the levy of estate duty on agricultural lands. As the levy of estate duty on agricultural land is excluded from the ambit of the Estate Duty Act, 1953, the power to legislate in regard to this matter will be restored to the concerned State Legislature. The State Government also propose to translate the measure into a reality and to this end they will take necessary action through a resolution of the Legislative Assembly to enable the Parliament to give effect to the proposal. Considering the soaring land value in Kerala this measure will be of immense benefit to the agriculturists.

Revision of fees and duties due to Government

87. The various fees and duties being levied on the basis of various statutes and Government orders issued from time to time in respect of various departments of the State were fixed long ago. From a recent study Government are convinced that it is necessary to enhance these rates now. The fees levied by the departments of Co-operation, Registration, Motor Vehicles, Electrical Inspectorate, Ports, Factories and Boilers, Public Works, Civil Supplies, Weights and Measures, Industries, Excise, Tourism, Revenue, Mining and Geology, Finance, Forest, Taxes etc. were, as already mentioned, fixed long ago. The fees mentioned in the various enactments and rules like Kerala Co-operative Societies Rules, Kerala Chitty Rules, Kerala Partnership Registration Rules, Societies Registration Act, Travancore-Cochin Literary Scientific and

Charitable Societies Registration Act, Kerala Motor Vehicles Rules, Indian Electricity Rules, Factories Act, the various rules and orders based on Essential Commodities Act, Shops and Commercial Establishment Rules, Foreign Liquor Rules, Distillery Rules, Rectified Spirit Rules, Varnish Rules, Denature Spirit and Methyl Alcohol Rules, Abkari Auction Rules, Minor Mineral Concession Rules, Kerala Forest Act, Cardamom Rules, Electricity Duty Act, Weights and Measures Act etc. can be revised. The above are only a few examples. There are other areas where the rates can be revised. I do not propose to enumerate them here. Instead of the Government declaring increases in these fees unilaterally it will be better to appoint a Revenue Board Member as a One Man Commission to study this in depth and submit specific recommendations. The Government will appoint such a Commission right at the beginning of next year, obtain its report within the least possible time and revise the fees taking a decision on the Commission's recommendations. Even according to the preliminary study mentioned by me it is assessed that an additional income of Rs. 12 crore will be forthcoming. However, in the first year it may be necessary to allow 3 months for the Commission's study and the Government's decision. Therefore I expect an additional income of Rs. 9crore for the remaining 9 months in 1984-85.

88. I had mentioned earlier in Para 14while discussing the ways and means position that the year 1984-85 would end with a deficit of Rs. 12.77 crore. After taking into account the expenditure required 1for the new schemes I have just announced as well as the additional receipts to be received during the year from the new measures I have just declared, the final picture will be as follows:-

	<i>(Rs. in Crore)</i>
(1) Closing balance according to Budget Estimates 1984-85	(-)12.77
(2) Additional expenditure during 1984-85 towards interim relief already announced and additional commitments on account of pay Revision, D.A. and Bonus	(-)52.00
(3) Additional expenditure commitment on account of new schemes and measures now announced	(-)7.80
(4) Net yield from the finance proposals just announced	(+)40.40

Net position	(-)32.17
	=====

Government consider that the above deficit can be met from the additional devolution to be received from the Government of India based on the award of the 8th Finance Commission which is operative from 1984-85 and through maintenance of strict financial discipline.

89. Hon'ble Members will recall that additional resources to the tune of Rs. 52.53 crore were identified by me in the Budget last year. A large number of areas which had not engaged the Government's attention were tapped in that process. However, we had to find more resources this year to make both ends meet. At the same time certain concessions had to be given in deserving sectors. I had therefore the unenviable task of locating new sources of revenue after giving such concession without at the same time casting a burden on the common man. That I have been able to raise Rs. 40.40 crore even under these difficult circumstances is, to my mind, no mean achievement and I am sure that the entire House will agree with me on this.

90. The Kerala Provisional Collection of Revenue Ordinance to provide legal sanction for the finance proposals contained in the budget with effect from 1-4-1984 is now in force. Based on that I propose to introduce before the House immediately the Finance Bill, 1984 incorporating the tax proposals in the Budget.

91. We have passed an year full of trials and tribulations. We succeeded in facing and victoriously outliving the challenges of the period. The internal strength that we obtained by facing adversities and experience that we earned in surviving the crisis have encouraged us in the construction of a new social order. We have to move ahead without faltering and forgetting the past and targeting what is ahead. There is no doubt that this new enthusiasm and the eagerness to work will lead us to new dimensions of progress. The distance that we have covered is less than the distance we have yet to traverse. It is therefore not the time to take rest. This is a time when we should forge ahead in unison to climb higher and higher. Let not the hand placed on the plough be withdrawn. We shall never become rear-oriented. We have no complacency in our race to the not-too-distant morning. The confidence that the pillar of cloud and the pillar of fire will guide by day and by night is what leads us on.

92. I submit the budget estimates and proposals for consideration and approval by the House.

93. Since we do not have the time for a grant by grant discussion and voting by the House before the end of the financial year, I also propose to present a Vote on Account and connected: Demand for meeting the expenditure during the first four months of 1984-85.
