

JANUARY 3, 1969

*Honourable Mr. Speaker and Members of the Legislative Assembly,*

I am glad to welcome you once again to a new session of the Assembly. I wish you a happy New Year and hope that the third year of your legislative work which is now opening will be of benefit to the people of the State.

I cannot but recall on this occasion that both my predecessor and myself had expressed the hope that, despite the difficulties that are obviously present in the working of a coalition ministry, the Council of Ministers formed in this State nearly two years ago would serve the State for its full term of five years. I am happy that, while the record of some other coalition Governments in the country has not been smooth and while the working of the coalition in our State has not been free from difficulties, my Council of Ministers has been able to iron out all the differences that occasionally arose among them. I hope that the same thing will continue during the coming three years as well.

Reviewing the work of my Council of Ministers so far, I am happy to observe that earnest efforts are being made to study and solve the basic problems of the development of the State. The Planning Board, formed more than a year ago, has completed its initial study of the economic problems of the State and has prepared the outline of a plan for its development. The draft plan proposals which will be placed for your consideration during this session is the result of such a study. The draft plan attempts to indicate the general direction which the development of the State's economy should take. The Fourth Five Year Plan envisaged by the Board is a part of the general line of the longterm development of the material and human resources of the State.

It is obvious that such a plan for the State cannot remain in isolation; it can be formulated and implemented only within the framework of the all-India Plan. It is however equally obvious that, while it should be fully in consonance with the all-India Plan, there should be a Plan for the State which takes account of the specific features of the situation in, and the specific problems of, this particular State. The formation of the State Planning Board and its labours have helped to make a beginning in the evolution of such a State Plan within the framework of the all-India Plan.

This takes me to the serious difficulties which the planning process in the country as a whole is facing today. The decision was taken over a year ago that the financial year 1969-70 should be the first year of the Fourth Five-Year Plan. The Planning Commission did accordingly make its preliminary work of laying down the "Approach to the Fourth Plan". It came to certain conclusions on the magnitude of efforts required for ensuring a particular rate of growth during the five-year period. It is however a matter of concern that the finalisation of the Plan is even now uncertain. The possibility of raising resources for the Plan—internal resources as well as external aid—is so uncertain that basic decisions regarding the size of the Plan and the resources to be raised by the Central and State Governments remain yet to be taken.

Permit me in this context to refer to the financial position not only of this State but of the States in general. The Fifth Finance Commission has, in the Interim Report submitted a few weeks ago, drawn pointed attention to the fact that State have been increasingly obliged to have recourse to what are called "overdrafts". The necessity for this did not arise till 1953 when the Reserve Bank increased the limits of Ways and Means Advance for all the State and special ways and means advances of Rs. 2 crores for each State were also permitted against Government of India securities. Even these measures however did not arrest the process of State Governments being faced with financial problems. The Government of India therefore had to provide during the Second Plan period ad hoc assistance to the extent of Rs. 128 crores to 7 State Governments to clear their unauthorised overdrafts. During the next (Third) Plan period the number of States requiring such assistance rose to 11 and the amount provided to them to Rs. 286 crores. During the next two years (1966-67 and 1967-68), the amount of Central assistance for clearing overdrafts was of the order of Rs. 148 crores and Rs. 128 crores respectively. Considering the upward revision of the limits of Ways and Means Advances in March 1967, it can be seen that the overdrafts of all the States during the last two years have been approximately the same as that of five years of Third Plan and more than double that of the Second Plan.

The Finance Commission has rightly expressed serious concern at the persistence and large size of unauthorised overdrafts. It has also made certain proposals for putting an end to this state of affairs. It is however a matter of regret to me and to my Council of Ministers that the Commission has not correctly

appreciated the real reason for these developments. My Government, like several other State Governments, has pointed out that the basic problem underlying this situation is the lop-sided allocation of responsibilities and resources as between the Centre and the State. While the States have to discharge responsibilities involving huge expenditure, almost all the elastic sources of revenue are with the Central Government. That is why State Governments in general have been pleading with the Centre for a revision of the existing financial set up. It is a matter of regret that this plea has been rejected by the Finance Commission. This has its implication on the finances of our State also. My Government is already considering steps for raising more resources mainly through non-tax measures. My Finance Minister will bring forward proposals regarding these while presenting the Budget for 1969-70.

The allocation of financial resources between the Centre and the States, however, is only one aspect of the Centre-State relations which, as I had pointed out in my address last year, came to the fore-front in a sharp manner after the fourth General Election. On some constitutional and political aspects too, indications of strain between the Centre and the States are visible—particularly between my Government and the Centre. I hope everybody concerned will take steps to give serious consideration to this state of affairs and to see that the developing strain between the Centre and the States is not allowed to deteriorate further.

Let me now come to some important developments within the State.

There has been a slight improvement in the food situation. As opposed to 1967-68 when the rice content of ration distributed was only 80 grams for adult per day, except during some few weeks, 1968-69 has been a little better in that 160 grams could be supplied for 16 weeks and 120 grams for another 11 weeks. This was possible because of larger arrivals from the Centre. There is however uncertainty regarding the future and my Government feels concerned about it. I hope that the Centre will do its best to assure adequate and timely supplies.

It is also a matter of regret that the Centre has not found it possible to maintain the subsidy on ration rice which it used to provide previously. As you know, my Government was hoping that, in view of the peculiar problems and difficulties faced by the people of this highly deficit State, the Centre would come to our rescue by maintaining the subsidy. It was with this hope that, even after the Centre withdrew the subsidy, my Government continued to subsidise the distribution and incurred a total expenditure of about Rs. 9 crores during the first sixteen months of its period of office. Seeing that this is an unbearable financial burden, my Government had reluctantly to end the subsidy. I still hope that the Central Government will give special consideration to the problems of this State.

Just as on food, so too on the location of Central sector projects and the allocation of financial resources, the Government and the people of this State feel that what is legitimately due to them has not been conceded. The inordinate delay in the matter of the Second Ship Building Yard in Cochin and the decision not to go ahead with the projected Precision Instrument Factory in Palghat are causing acute disappointment. The recommendations made by the Fifth Finance Commission in its Interim Report are also disappointing to us.

My Government had, in December 1967, appointed a Committee to examine the possibility of simplifying and rationalising the tax structure in the State. The Committee has submitted its report last week.

My Government had also appointed a Pay Commission to examine and review the scales of pay and emoluments (excluding D.A.) as well as other conditions of service with financial implications. This Commission is expected shortly to submit its report.

Another step taken by my Government with regard to the conditions of service of Government employees is to revise the provisions of the Service Rules. You have already passed the Kerala Public Services Act. As you know, my Government have regularised the services of all contingent and work establishment employees. My Government is shortly setting up a Committee with a non-official Chairman and with the representatives of the Government as well as of Service Organisations to review the existing rules. Some of the existing provisions like the one relating to restriction on the literary activities to be undertaken by Government employees have been modified. The system of maintaining confidential records has also been revised.

I hope that these steps will give substantial satisfaction to the Government employees.

The measures taken by the Government to concede their demands will, I hope, make the Government employees realise their responsibility to the people of the State. My Government is conscious that all that has been conceded to the employees has not been fully satisfactory. What has been conceded still falls short of the

justifiable demand for a need based minimum wage and full neutralisation of the rise in cost of living—demands with which my Council of Ministers is in full sympathy. I however, hope that the employees will realise the serious limitations within which this Government is functioning and that the Government has gone to the utmost limit in the face of the extremely difficult financial condition of the State. There is, in fact, a feeling among sections of the general public that the concessions given to the Government employees have imposed a heavy burden on the rest of the people of the State. I hope that the Government employees will take note of this feeling among the people and try to remove it by devoting themselves heart and soul to the service of the people. I also hope that the people at large will see the wisdom contained in the Government's decision to strive for making the services contented.

To improve administrative efficiency and to give attention to backward areas, my Government have decided to constitute two new districts and to integrate Taluks and Community Development Blocks as units of administration.

The labour situation in the State has been comparatively calm and problems are being solved as they arise. It is worthy of mention that, for the first time in recent years, there was no agitation in the Cashew Industry on the issue of bonus during the Onam festival. The Plantation Workers' strike involving 2½ lakh workers lasted for over three weeks but was ultimately settled. It is the endeavour of my Government to set the machinery of the Labour Department in motion in order to settle disputes as quickly as possible. To facilitate this process, the State's Industrial Relations Board was recently reconstituted and it held its first meeting. The State Arbitration Board has also been reconstituted with three eminent men drawn from the administrative and legal fields. Several pieces of legislation for the welfare and benefit of workers have also been initiated.

The minimum wage rates of the employees of the shops and establishments were enhanced earlier this year and recently increased minimum wages for agricultural workers and plantation workers have been notified. My Government will continue to take steps to revise and refix minimum wages wherever necessary.

Apart from the wages and conditions of service for the workers in employment, there is also the question of growing unemployment, due among other things to the difficulties which our traditional industries are facing. My Government has proposed a scheme for the rehabilitation and reorganisation of the coir industry. Proposals are also under consideration for the setting up of a Cashew Corporation. Measures have been taken to rehabilitate about twelve thousand beedi workers of the Cannanore District who have been thrown out of employment due to closure of two major factories.

Efforts to rehabilitate and reorganise traditional industries however do not meet the requirement of absorbing the employment-seeking people of the State. It is necessary that a well-organised plan of industrialisation is undertaken. My Government has therefore consistently pleaded with the Central Government for the location of several Central Sector projects in the State. While the response from the Central Government has generally been disappointing, you will be happy to hear that there are reasonable expectations that a Newsprint Mill will be located in the State and a Petro Chemical Complex developed around the Cochin Refinery. Though our past experience should of course make us cautious in nursing these expectations. I hope these Projects will be established as early as possible. Due to the efforts taken by my Government I expect that certain major private industrial units like the Titanium Complex and an Electronics factory will be established soon.

Other projects for which there are reasonable expectations are the setting up of a Soviet-aided State Farm, the proposed development of some ports and harbours in collaboration with Messrs. Indopol Limited, the construction of an aerodrome near Calicut and the expansion of the Trivandrum Airport.

To alleviate the problem of unemployment of technically trained persons, Government will be undertaking some measures in the next year's Plan. As a part of these measures, Production Centres attached to Industrial Training Institutes will be started. These will provide employment on a modest scale to those who have undergone training.

The work of assigning Government land to landless poor people is in progress. The necessary technical and non-technical staff to accelerate this programme has been appointed. Government hope to complete the assignment of land as early as possible. In the field of agrarian relations in order to make the tillers the actual owners of the land, a series of bills like the Sripandaravaka Lands (Vesting and Enfranchisement) Bill, Sripadam Lands (Enfranchisement) Bill, Tiruppuvaram Payment (Abolition) Bill and Land Reforms (Amendment) Bill have been introduced in the Assembly and they are at various stages. By the passing and implementation of

the Land Reforms Bill, the long-cherished hopes of kudikidappukars, tenants and tillers will be realised. Government is seriously thinking of introducing bills to abolish various service tenures. Indebted agriculturists will get relief by the passing of the Agriculturists' Debt Relief Bill which has been published.

Improvement is being registered in agricultural production. The new variety of seed IR-8, is yielding results and becoming popular. The use of this new variety, followed, as undoubtedly it should be, by further research and experiments to evolve still more high-yielding varieties together with other measures for increasing productivity, should help narrowing the deficit in food and at the same time increase the availability of exportable cash crops. For the co-ordination of research, teaching and extension and for studying the problems and possibilities of the crops peculiar to our State, an Agricultural University will be started by my Government. The services of the Agro Industries Corporation that has recently been started will help the cultivators in improving their productivity.

Fishing operations and processing of fish are fast getting modernised in the State with the priority given by Government to this sector in our Plans. Further development will depend on the exploitation of the deep seas off our coast with modern trawlers and equipment. A master-plan for the comprehensive development of fisheries has been prepared by my Government and will shortly be discussed with the Government of India. My Government hopes that adequate assistance will be forthcoming from the Government of India for the development of this important foreign-exchange earning industry.

In the field of education, the paucity of buildings has been a matter of concern to all of us. My Government have made determined efforts in tackling this problem. During this year 400 new buildings have been completed and another thousand are in various stages of construction. A significant development last year was the establishment of the University of Calicut. It is our ambition that the University Centre at Ernakulam should develop ever long into a University. The services of the Language Institute, which has been set up recently, will help the introduction of Malayalam as the medium of instruction in higher education. Similarly, the enactment of the Official Languages (Legislation) Bill and the adoption of the reformed script in Malayalam will hasten the switch-over to Malayalam in administration.

The massive family planning programme started some time ago has got into stride and I hope that the tempo that has been built-up will not merely be maintained but further enhanced with the spread of the awareness of the need for family limitation among all sections of the people.

The monsoon months this year witnessed very severe floods in the State. It affected almost all the districts except Trivandrum. 41 taluks out of 58 in the State were declared as flood-affected areas. 63 persons lost their lives. 9,000 houses were damaged and 60,000 families had to be evacuated to places of safety. Various measures were adopted by my Government to meet the situation. Free ration for a period of two weeks was supplied to all affected families, 2,000 tonnes of 'atta' costing Rs. 12 lakhs were also distributed. Assistance for the construction or repair of damaged houses and assistance to those who had lost their crops were also sanctioned. Additional funds to the tune of about one crore rupees were sanctioned for the repair of public works and roads affected by floods. It was gratifying that members of the public took initiative for relief operations in many places and donated amounts generously to the Chief Minister's Fund. I have also pleasure in mentioning that the Government employees concerned with relief operations acted with great devotion and zeal.

For the preparation of detailed project reports on new investigation schemes, my Government have created four new investigation divisions this year. Similarly, investigation divisions have been formed for the preparation of plans for the improvement of existing roads and for the formation of new roads.

I cannot close this without making a brief reference to the law and order position in the State. A careful comparison of the relevant statistics and figures would show that the over-all situation in this State is no worse than in the rest of the country. Labour strikes, agrarian disputes, student agitations and so on are, of course taking place. Some of them undoubtedly create situations temporarily and locally. This State however is no exception in this regard. What is taking place here is a manifestation of the general unrest in the country as a whole—an unrest from which no State is free.

The two recent attacks on Police Stations (those of Tellichery and Pulpally) do of course stand on a different footing. They show a trend which, if not checked in time, is likely to become a threat to peaceful life. I am, however, happy that the Government has been taking energetic steps to face the situation.

In 1968, 54 Bills were published. 43 out of these were introduced in the Assembly out of which 31 were passed into law. Important pieces of legislation like the Kerala University Bill, the Panchayat Raj Bill, the Land Reforms (Amendment) Bill, Debt Relief Bill, the Palantation Labour (Kerala Amendment) Bill and the Bill for Toddy Tappers' Welfare Fund are yet to be finally passed. With the enactment and implementation of the Panchayati Raj Bill, administration will be decentralised with wide powers to local authorities and a long cherished dream of our people will thus be fulfilled.

I have here attempted broadly to indicate some of the problems facing my Government and how it is proposed to solve them. I am sure that your labours and the labours of my Council of Ministers will help the people of this State in finding solutions for these and other problems.

JAI HIND