



BUDGET SPEECH FOR 1992-93

OOMMEN CHANDY

20th March, 1992

Sir,

I rise to present the Budget for 1992-93.

2. I am presenting the second Budget of the United Democratic Front Government at a time in the history of the country when momentous changes are taking place in the economic and political spheres. Though the Indian National Congress could not secure absolute majority in the last general elections, it is a matter of pride that the Government at the Centre has been able to take the country back to the path of unity and administrative stability. Even political antagonists have admitted that the Central Government headed by Shri Narasimha Rao has rescued the Indian economy from a grave crisis and relieved communal tensions within a short span of time.

3. The Central Government was able to conduct peacefully the elections to the Punjab Legislative Assembly and this has dealt a heavy blow at the extremist groups who have been creating an atmosphere of tension by raising secessionist slogans and indulging in terrorist activities and bloodshed. The fact that it was possible to restore a democratic government, by taking a firm stand and without yielding to threats of extremists, is clear proof of the firmness of resolve and strength of mind of Shri Narasimha Rao. The mandate given by the people of Punjab rejecting terrorism and voting the Indian National Congress to power is a clear indication of the acceptance of the policies of Central Government. Following this, the heavy blow inflicted on the Shiva Sena in the elections to the Bombay Municipal Council where they had been wielding power for many years is yet another indication of the political changes taking place in India. That the secessionist elements in Assam could be brought under control is also a triumph of Indian nationalism.

4. The National Front Government came to power at the centre in 1989 defeating the Indian National Congress. But the infighting among its members and the communal policies followed by the Government resulted in conflicts and political instability. The people who were disgusted with all this voted the Indian National Congress to power. It augurs well for the country that, in deference to the mandate of the people, the Government of Shri Narasimha Rao has been able to present an administration based on consensus and initiate steps to save the country from economic chaos.

5. Shri Narasimha Rao assumed office at a time when the country was facing its worst economic crisis. There was crisis in the agricultural and industrial sectors at that time. We did not even have the foreign exchange required for imports necessary to maintain production at the existing level. The foreign exchange crisis affected the country's internal production also. The large scale restrictions on import led to a slow-down of industrial production. The Narasimha Rao Government acted in full realisation of the depth of the crisis that developed in the economy of the country and achieved remarkable results. The Government had, right from the beginning given primacy to steps for controlling inflation and to resolve the foreign exchange crisis.

6. The Central Government has presented this year's budget with a view to effectively solve the problems faced by the Indian economy today. The reforms envisaged in the taxation structure at the Centre will bring more benefits to the State. As in the case of other States, Kerala will also receive a sizeable amount by way of the State's share of the new central taxes and additional Central Plan assistance. The Central budget is favourable to the State Government in some other respects also. It can be emphatically stated that the action taken to make the Rupee partially convertible and the

decision to permit Indian nationals working abroad to bring in 5 kg of gold will greatly benefit Keralites working in foreign countries. In this context, Hon'ble Members may recall the tribute paid to Keralites working abroad by the Union Finance Minister Dr. Manmohan Singh in his budget speech this year. The statutory liquidity ratio to be maintained by banks has been reduced from 38.5% to 30% and this will encourage the banks to invest larger funds in the industries in the State.

7. Nevertheless, some more difficulties have been caused to the States by the central budget. A shortfall of Rs.1,365 crore has been anticipated in the loans to States from small savings collections during the next year. No doubt, a sizeable portion of this shortfall will be made good by the additional Central taxes and enhanced Plan assistance from the Centre. However, the loss to the States like Kerala which are in the forefront in small savings collections will be relatively greater.

8. Since we have to depend mainly on other States to meet our consumer requirements, the impact of price rise is felt more acutely in our State. However, we have been able to control prices to a certain extent by means of timely and effective action. Yet, the economic conditions at the international level have adversely affected our exports. As a result of the reduction in export of cash crops, the income of our cultivators has gone down considerably.

9. For reasons beyond the control of the State Government, we have been obliged to reduce the size of this year's Plan from Rs.807 crore to 620 crore. One main reason for this is the delay in completing procedural formalities connected with the Externally Aided Programmes.

10. The current year has been one of extreme financial difficulties for the State Government. We inherited from the previous Government a budget deficit of Rs.100.01 crore at the beginning of the year. We have been struggling with this deficit all these months. This deficit has resulted in overdrafts and restrictions on treasury payments. Our receipts have not been adequate to meet even the essential expenditure. We have, therefore, had to resort to frequent overdrafts and have had to face serious difficulties to clear the overdrafts within the prescribed period. This has not, however, deterred us from going ahead with our policies and programmes. We have striven hard to redeem our pledge to the people.

11. Good progress has been made in the collection of tax and non-tax revenues and I am hopeful that the targets fixed would have been achieved by the end of the year. I had announced a series of measures for additional resource mobilisation to bring in a total revenue of Rs.91.25 crore. By and large, these measures have yielded satisfactory results. A significant exception relates to selection felling. Government would like to go ahead with this matter only after removing the existing doubts and reservations. As against this, certain major measures announced by my predecessor in his budget speech in March 1991 could not so far be implemented at all. One of these is the additional revenue of Rs.21 crore anticipated by prevention of smuggling through railways. Owing to procedural difficulties this measure could not be implemented so far. An additional revenue of Rs.25 crore was expected from the strengthening of check posts in the State. However, the additional yield has been insignificant.

12. Let us now have a quick review of the economic situation that led to the formulation of our Eighth Five Year Plan and in particular, the Annual Plan for the next year. The per capita income of our State during the sixties was around 90% of the per capita national income, but it registered a steep fall to 70% by the end of the eighties. The contribution of the agriculture sector which was 59.4% during 1960-61 deteriorated to 39.1% during 1989-90. During this period, however, the share of the service sector increased from 28.6% to 38.6%. This clearly shows that the share of the productive sectors has been steadily decreasing.

13. The unprecedented growth of the service sector has its merits as well as demerits. We are in the forefront of activities like literacy, public health and social welfare whereas in the industries sector we have suffered a set-back. As a result, employment opportunities have not grown. Our non-plan expenditure has increased considerably. Consequently, even funds borrowed for developmental activities had to be diverted to cover the revenue deficit for the last few years. In short, the position is

that we are not able even to maintain the higher level of achievement made by us in the field of education, public health and social welfare. At the beginning of the Five Year Plans there was no tangible variation in the per capita plan investment between Kerala and other States. But, later on, our State started lagging behind and when compared to the average per capita plan expenditure in other States, our position is lower by Rs.300.

14. In these circumstances, we should adopt a totally new and practical approach to the Eighth Five Year Plan. At the national level, the Planning Commission has laid emphasis on three aspects in the formulation of the 8th Five Year Plan, viz., basic infrastructure, social welfare and poverty eradication. As far as Kerala is concerned, importance has to be given to basic infrastructure, industries and poverty eradication through employment generation.

15. In the comprehensive economic reforms adopted by the Narasimha Rao Government, a crucial role has been assigned to the private sector. It was after taking this fact into account that the Government of Kerala have given shape to the schemes for the industrial development of the State during the 8th Plan period. The rate of growth of national income in the 8th Plan period will be 5.6%. In order to realise this growth rate, the State Government has formulated a plan for Rs.5,460 crore. The investment in the sectors of agriculture, rural development, electricity and industry is of a much higher order than during the Seventh Plan. Our aim is to achieve a growth rate of 12% in the power sector and 10% in the industries sector. Our approach is to fully exploit the productive capacity of these sectors and to give priority to those of the ongoing schemes which could be completed soon.

16. Creation of large-scale employment opportunities is the all-important objective of the Eighth Plan of this State. Besides State investments, investments by the Central Government, and deposits made in Banks and in the co-operative sector, as also the investments of the private sector should be utilised for this purpose. I am glad to note that the determined efforts made in this direction have started yielding results. Central investment in our State so far has been only Rs.1,700 crore and this works out to only 1.5% of the total Central investment in the entire country. As part of the efforts of the State Government to remedy this sorry state of affairs, it has been possible to obtain sanctions for several Central investment projects. There will soon be an additional investment of Rs.300 crore in the Central sector units in the State. The new Central investment projects which are to be implemented soon in our State are: Special Area Programme for Tourism Development (Rs.100 crore), Ammonia Plant in FACT (Rs.525 crore), Container Transshipment at Vallarpadam (Rs.1000 crore), Development of Shipbuilding (Rs.500 crore), Development of Cochin Shipyard (Rs.130 crore), Waterways between Kottappuram and Kollam (Rs.100 crore). Besides these, our proposals for the development of the Cochin Refineries leading to the setting up of ancillary units costing Rs.10,000 crore are under consideration of the Central Government.

17. The State Government have prepared the annual plan for 1992-93 with an outlay of Rs.913 crore and this has been approved by the Planning Commission. Out of this the allocation for agriculture and rural development is 22.4%. The outlays earmarked for electricity, industry and social welfare are 20.3%, 12% and 20.7% respectively. The Central share will be to the tune of Rs.537.51 crore. Our stand that the achievements made by us in the social welfare sector should be given special consideration in accordance with the revised 'Gadgil formula' was accepted by the Centre and it was because of this that we could obtain Central assistance to this extent.

Sir,

18. Now let me deal with the activities of various departments.

Industries

19. It is a matter of great pleasure that the industrial policy announced by the State Government has received the sincere support of all sections of the people. More and more industrialists have expressed their desire to invest in industries in the State. A comprehensive programme has been set on foot to attract investment in large and medium industries. Government intend to hold discussions in

various industrial centres of the country on the lines of the discussions held with big industrialists recently.

20. The main idea behind the new industrial policy is to attract maximum investment by utilising Government funds as a catalyst. Experience has proved that it would be counterproductive to invest more Government funds to offset the financial loss occurring in industrial enterprises. Therefore, Government's effort is to create a good industrial climate to attract private investment. With the end in view, Government intend to make larger provisions in this budget to increase private investment. The investment subsidy provided in the last year's Annual Plan was Rs.630 lakh. An amount of Rs.2450 lakh is being set apart for this purpose in this budget. Government also intend to increase the provision for institutions catering to the needs of the private sector. For this purpose, the provision made for KSIDC is being increased from Rs.6.5 crore this year to Rs.10 crore next year. Similarly, the provision for Kerala Financial Corporation will be increased from Rs.3.6 crore to Rs.5 crore. Since losses incurred by industrial units under the control of the Government go on increasing year after year, Government have decided to curtail investment in the public sector. The plan provision for Public Enterprises is being reduced from Rs.29.05 crore to Rs.19.5 crore next year. Although it is inadequate, efforts will be made to carry out the expansion and modernisation programmes of the Public Enterprises with this amount. Government will actively adopt a policy of disinvestment with a view to bring down the share participation of the Government in the Public, Joint and Private Sectors. This policy will help in reducing the Government's burden and in finding the necessary funds for new industries. It will also help in creating additional employment opportunities and in attracting private capital to sick units in the public sector. While implementing this policy of the Government, the interest of the workers will be fully protected.

21. The *sine qua non* for industrial development is an excellent infrastructure. Government will take over lands in various parts of the States suitable for industrial purposes. These lands will be developed expeditiously by providing electricity, roads and water supply. The funds required for implementing this scheme will be obtained from financial institutions like the HUDCO. An amount of Rs.50 lakh is set apart for the Industrial Infrastructure Development Authority to be set up to achieve this objective. In order to encourage private agencies who are willing to work in this area, a provision of Rs.20 lakh has been made in the budget.

22. There are great employment possibilities in the field of electronics. If the necessary infrastructure facilities will be provided, it would be possible to attract large scale private investment in this area as well. The provision for the Electronic Technology Park, which is to provide the infrastructure facilities in this regard, will be increased from Rs.100 lakh to Rs.1070 lakh. A new Technology Park will be started in the vicinity of the Calicut University. The Electronic Development Commission which is to commence working shortly will coordinate all activities in the field of electronics and give them a sense of direction.

23. The State has made unprecedented progress in the small industries sector this year. More than 9000 small scale units have been registered till the end of January this year. This is a new record. A mass contact programme has already been launched to make small scale industrial units more dynamic. Green channel counters will be opened in all District Industries Centres. District Industries Development Committees will be activated and their working reviewed by Government from time to time.

24. A sum of Rs.40 lakh has been set apart for reviving sick units in the small scale industries sector.

25. Government intend to form an Industrial Employment Generation Fund. The objective of this fund is to create maximum employment opportunities with the least expenditure. This fund will be formed by utilising extra budgetary resources like market loans, income from sale of Government shares in public and joint sector companies, contributions from units in the public sector and private sectors etc. A comprehensive legislation will be immediately undertaken for this purpose.

26. Payment of arrears of rebate to traditional industries like handloom, coir and Khadi will be a matter of priority for Government. The Plan provision for the handloom sector will be increased from Rs.380 lakh to Rs.530 lakh. Looms and other accessories will be made available to weavers at subsidised rates. In order to revive the Malappuram Spinning Mill and to make it self reliant, Government will take initiative to make available funds from the various financial institutions at one go to this unit. The other spinning mills under the State Textile Corporation will be modernised and in order to enable them to obtain assistance from the financial institutions, a federation of Co-operative Spinning Mills will be formed.

27. It has not been possible for us to commercially exploit minerals and metals and the decorative stones plentifully available in our State. The newly formed Mineral Development Corporation will explore the possibilities in this regard and evolve suitable policies in the matter.

28. Diamond cutting is an industry which is growing rapidly in our State. About 20,000 young men and women are engaged in this trade in Trichur District. Adequate arrangements do not exist to provide necessary training in this field where there are large employment possibilities. Two training centres will be set up for this purpose. A sum of Rs.5 lakh is set apart for this.

29. A centre for industrial science and technology will start functioning this year. This centre will take up an industrial educational programme as contemplated in the industrial policy of the Government.

30. An integrated Coir Development Project costing Rs.50 crore will be started this year. This will include setting up of 100 de-fibering units and 200 spinning units. It is expected that an amount of Rs.25.07 crore will be received from NCDC and Rs.15.2 crore from the Central Government for this purpose.

Agriculture

31. Our agriculture sector has been stagnant for the last several years. In order to improve this situation it is intended to introduce suitable plans and programmes to accelerate the production and productivity of various crops, laying stress on people's participation and application of modern technical know-how.

32. Kerala which is deficit in food production has to guard against further reduction in the area under rice cultivation. We have to go ahead with production oriented measures to make rice cultivation more profitable by reducing cultivation expenses and increasing productivity. The existing group farming system will be strengthened further rectifying faults and failures of the system. The farm based agricultural development committees will be constituted as a permanent arrangement. An amount of Rs.7 crore has been set apart in the annual plan 1992-93 exclusively for the development of rice cultivation based on group farming. In addition to this a provision of Rs.150 lakh is set apart for converting into double crop the existing single crop paddy fields in the Districts of Alappuzha, Thrissur and Wayanad. With a view to prevent the fall in price of paddy during harvest season, a special scheme will be implemented during 1992-93 for collection and conversion of paddy into rice and distribution within our State itself. A sum of Rs.1 crore is set apart for the scheme.

33. An amount of Rs.3 crore has been set apart next year for the scheme for development of coconut cultivation through better irrigation facilities. It is proposed to extend the activities of 'Kerafed' to more co-operative societies. The production, procurement and processing will be managed by the co-operative societies and marketed by Kerafed. A provision of Rs.27 crore is earmarked for schemes connected with development of coconut cultivation.

34. Pepper, another important cash crop of Kerala is facing an acute crisis on account of the 'quick wilt' disease. Idukki and Wayanad districts are the worst affected. In order to face this crisis a new scheme will be introduced at a cost of Rs.2 crore next year. Besides this, a pepper revitalisation programme will be implemented in at least 20,000 hectares of land in the State. A scheme for growing pepper vines on all trees in 200 selected Panchayats will also be implemented.

35. Special efforts will be made for development of cashew cultivation. A new scheme will be introduced for the cultivation of cashew in an area of 2,000 hectares of land in Kasaragod, Malappuram and coastal areas.

36. A scheme costing Rs.92 crore will be introduced during next year by co-ordinating the production, procurement, processing and marketing facilities of horticultural products like fruits, vegetables etc. The assistance of European Economic Community will be available for this scheme. A new scheme for the cultivation of vegetables which are not traditionally cultivated in the State such as Potato, Onion, Carrot, Beetroot, Cauliflower, Cabbage etc., will be implemented in suitable areas in Idukki, Palakkad and Wayanad districts. A sum of Rs.25 lakh is set apart for this purpose.

37. The seeds, saplings and other planting materials produced in the farms under the Agriculture Department are insufficient to meet the requirements. It is therefore proposed to start nurseries in the private sector. The Agricultural University and the Agriculture Department will provide the necessary technical know-how and planting materials for starting the nurseries. The nurseries will be registered with Agriculture Department in order to ensure quality. Rs. One crore is set apart for starting such registered nurseries. It is intended to start at least 500 nurseries.

38. Government have already issued orders sanctioning the 'Banana Industries Fund' for banana cultivators as announced in the last Budget. A new Group Insurance Fund will be formulated in order to benefit cultivators of agricultural crops like coconut, pepper, rubber etc. This fund will be operated State-wide as a remedial measure for agricultural losses on account of natural calamities.

39. A 'Plantation Management Institute' will be set up in Kerala in view of the importance of cash crops in the State. This will also be of some benefit to other States. An amount of Rs.25 lakh is set apart for the initial expenses.

40. The activities of the Small Farmers Agricultural Business Consortium as announced in the Central Budget will be commenced in Kerala also. A report for the implementation of the scheme in Kerala will be prepared by a group of experts headed by Dr. M. S. Swaminathan. A sum of Rs.5 lakh is set apart for initial expenses in this connection.

41. Flower production offers abundant employment opportunities as well as profit, especially, orchids. An orchid programme including supply of planting materials, making available technical know-how, provision of marketing facilities etc., will be commenced this year. A sum of Rs.10 lakh is set apart for implementing this experimental programme under the auspices of the Kerala Horticultural Products Development Corporation.

42. Our agricultural activities are mainly dependant on the monsoons. Therefore administrative sanction for all the agricultural development schemes of the Government has to be issued before the end of May every year. A special Empowered Committee will be appointed for this purpose.

43. The agricultural policy of the Government will be declared in this session itself.

Irrigation

44. Government intend to formulate minor irrigation schemes with people's participation in areas where irrigation facilities are not at all available. The scheme will be implemented in consultation with beneficiary committees. 20% of the expenditure will have to be met by the beneficiary committees. The participation of the students' organisations such as N.C.C. and N.S.S. will be enlisted in the implementation of the schemes. If the scheme is implemented under the leadership of these organisations only 10% of the total cost need be met by the beneficiaries. For this, a sum of Rs.1 crore is set apart.

45. Drying up of wells in the summer in Kerala is on the increase now-a-days. In these circumstances Rs.5 lakh will be utilised for survey of groundwater resources in Kerala.

46. Government propose to prepare a master plan for the development of water resources in the 44 river basins in Kerala. An amount of Rs.10 lakh is set apart for this purpose.

47. Check dams will be constructed on an experimental basis in the rivers in Kerala for storing water in summer and to prevent drying up of rivers including Bharathappuzha. A sum of Rs.50 lakh is set apart for this purpose. An additional amount of Rs.20 lakh is provided for the prevention of misuse of water and for the development and popularisation of irrigation technology.

48. A bridge-cum-regulator at a cost of Rs.8 crore is proposed to be constructed at Kavanakallil to prevent inflow of sea water and to extend irrigation facilities to 2000 hectares of land and also to augment water supply in Kozhikode city. An amount of Rs. 1 crore is set apart for this.

49. A sum of Rs.5 lakh will be spent for identifying and utilising groundwater resources for supply of potable water in areas which do not have water supply schemes. A scheme costing Rs.10 lakh will be implemented for deepening and widening of wells that dry up during the summer.

50. The canals that were once the pride of Alappuzha town are now facing destruction. A major scheme costing Rs.2.30 crore has been formulated for the repairs, maintenance and beautification of the canals. An amount of Rs.50 lakh is earmarked for this.

51. It is proposed to install regulators across two tributaries of the Muvattupuzha River in order to implement low flow augmentation in the Kuttanad area during the summer season, by diverting water from the Muvattupuzha River, on the basis of the recommendations of the Dutch Team which conducted a study of the water balance in Kuttanad. Rs.10 crore will be required for the construction of water reservoir bunds and a bridge at Vettikattumukku. The amount required for the installation of regulators is Rs.2 crore. Rs.1 crore is being provided on this account.

52. Of the 413 water supply schemes which are at different stages of implementation, about 110 schemes will be commissioned next year itself. Five lakh people will be benefited by these schemes.

53. On the basis of the survey conducted under the aegis of Rajiv Gandhi National Drinking Water Mission, places have been identified where scarcity of freshwater is felt continuously due to flood or drought. In such areas, temporary arrangements will be made for ensuring supply of fresh water.

54. A scheme costing Rs.26.5 crore will be implemented for solving the water scarcity in the Thiruvananthapuram city with assistance from HUDCO. The scheme proposed to be started next year will be completed within a span of three years. Besides, a scheme for Rs.31 lakh will be implemented with Central assistance to supply drinking water to about 1000 Harijan-Girijan settlements.

55. Anticipating severe drought this summer in the State, the Kerala Water Authority has already taken certain steps on a war footing. Water sources will be developed and the pipe line extended in as many as a hundred schemes. In addition to this, 400 bore wells will be dug. Out of Rs.13.32 crore required for this, Rs.5 crore will be given by Government to the Water Authority.

Energy

56. In order to increase the generation of Electricity in the State, Government is engaged in an intensive drive to complete the ongoing schemes and to start new schemes as early as possible. Government is trying to complete the World Bank assisted Lower Periyar Hydro-electric Project and to start the generation of electricity by the end of 1994. Its generation capacity is 180 M.Watts. Government could solve the labour disputes relating to the Kakkad Project. The construction work of the project will start shortly and is expected to be completed during the financial year 1994-95.

57. In addition to the above projects, the Kuttiyadi Extension, the Kallada Project and many other Mini Hydel Projects will be commissioned as early as possible. The Electricity Board will render necessary technical assistance to the private entrepreneurs to start Mini Hydel Projects.

58. The discussion with the Central Government regarding the power generating stations using diesel proposed for Kasaragode, Kozhikode and Brahmapuram has been completed and these projects will be commissioned at the earliest after making fuel linkage.

59. Immediate steps will be taken to improve the voltage level in the State, especially in Malabar area. The Madakkathara 400 KV Sub Station was commissioned on 13th of this month. This has brought about considerable change in the voltage level in the Malabar area.

60. The Mini Hydel Projects proposed at Oonipuzha, Poozhithodu, Vanchiyam and Chathankottu Nada based on comprehensive survey conducted to augment the generation of Electricity will be started during the current financial year.

61. Steps have been taken to improve the transmission system and to avoid the loss in transmission and distribution. The discussion with the Canadian International Development Agency (CIDA) for improving the power distribution system has been completed. The CIDA will make available to the Electricity Board equipments required for improving the functioning of selected sub-stations.

62. The Government is hopeful in getting clearance for the Pooyamkutty and Kayamkulam Projects from the Department of Environment.

Food

63. The Central Government decided to enhance the price of ration rice at a time when the State was facing an acute financial crisis. Considering the hardship caused to the people on account of the rise in the price of articles of common consumption, even in the midst of the financial crisis, the State Government decided to meet the additional expenditure on account of the price rise of ration rice by way of subsidy. Consequently the State exchequer had to bear an additional burden of Rs.40 crore for the last three months. The fact that the additional commitment of Rs.160 crore per year towards the ration subsidy would lead the development schemes to a standstill and worsen the ways and means position cannot be ignored. If this state of affairs continues indefinitely the financial burden to the State would be unbearable. That would seriously affect the development of the State and also the welfare schemes under implementation in the State. Therefore, Government will have to take certain steps that may not cause difficulties to the poor and low income people.

64. Due to the effective functioning of the Civil Supplies Corporation, the prices of consumer articles could be kept under check and the uninterrupted supply of essential commodities made possible. Steps will be taken to make the functioning of the Maveli Stores more effective and to open new Maveli Stores and vegetable stalls. Steps will also be taken to operate mobile Maveli Stores in areas inhabited by Scheduled Caste and Scheduled Tribe people.

Education

65. The National Literacy Mission has approved a project for Rs.4.2 crore for the second phase of the literacy activities in Kerala. 2/3 of this amount will be met by the National Literacy Mission and the remaining 1/3 by the Government of Kerala. The Kerala Saksharatha Samithi has been sanctioned a special grant of Rs.5 lakh.

66. The boarding grant of blind, deaf and dumb students will be enhanced from Rs.225 to Rs.300. 2257 students in 15 schools will be benefited by this. The additional commitment on account of grant towards this is estimated to be Rs.15 lakh.

67. There are a number of Government Schools without proper building facilities throughout the State. The Government propose to construct buildings with the assistance of Parent Teachers Associations in Schools without permanent buildings. 50% of the cost of construction will be borne by the Government in schools where the P.T.As. are willing to undertake the responsibility for the construction work. It has been decided to set apart Rs.1 crore for the construction of school buildings under the supervision of the Public Works Department.

68. I had indicated in the last year's budget that a scheme would be formulated for the supply of drinking water and improvement of sanitary facilities in Government schools. Government have identified about 1000 schools without primary facilities. For this Rs.2 crore is set apart in the budget.

69. The system of inspection now being conducted in schools is far from satisfactory. If it is nominal to primary schools, in high schools no inspection is being conducted. The main reason for this is dearth of subject supervisors. It has been decided to set apart Rs.5 lakh in order to create the required minimum number of posts of supervisors with a view to improving the standard of education.

70. Deviating from the policy of starting traditional courses, new courses in disciplines such as home science, electronics, computer science, management etc. will be started in certain government colleges in the State as part of the scheme for commencing courses with employment potential.

71. It has been decided to elevate as Centres of Excellence the major government colleges in Kerala, viz. University College, Thiruvananthapuram, Maharaja's College, Ernakulam and Victoria College, Palakkad. It is also proposed to confer this status on Brunnen College, Thalassery. More post graduate courses will be started and facilities for research and M.Phil. courses will be provided in these colleges. Steps are under way to raise the status of Government Training College, Thrissur as "Institute of Advanced Studies in Education" and the Government Training College, Kozhikode as "College of Teacher Education" with Central assistance.

72. The Government is giving utmost attention to the integrated development of technical education. A project with World Bank assistance costing Rs.50 crore is under implementation in the polytechnics in the State for starting new courses and raising the standard. An amount of Rs.50 lakh each is set apart for construction of a women's hostel attached to the Engineering College, Thrissur and for the construction of the building for the Rajiv Gandhi Institute of Technology.

73. I have pleasure to inform the House that the Government of India have accepted in principle the proposal to start two noteworthy institutions of higher learning. Steps have already been taken to start an Institute of Technology and an Institute of Management of national level.

74. The N.C.C. in schools and colleges and the N.S.S. in Colleges in the State are rendering meritorious service. Co-operation of these voluntary organisations will be enlisted for renovation of houses in One Lakh Housing Colonies, provision of sanitary facilities, continuing education programmes of literacy, agricultural and irrigation activities in rural areas and employment ventures. Government have decided to give due encouragement to those who render excellent service in these fields. An additional amount of Rs.50 lakh will be provided to the N.C.C. and Rs.25 lakh to the N.S.S.

Health Care

75. In the Health Care Sector effective steps will be taken to provide better facilities. An amount of Rs.15 lakh is set apart for providing facilities which are lacking in the Casualty Wings of Medical Colleges Hospitals in the State by opening Mini Operation Theatres, Blood Banks, Intensive Care Units etc.

76. For developing Super Speciality Centres in Neurosurgery, Cardiothoracic Surgery and Renal Transplantation in Medical Colleges at Thiruvananthapuram, Kottayam and Kozhikode respectively, an amount of Rs.3 crore each is proposed to be spent during the VIII Plan period. An amount of Rs.50 lakh is set apart for each college for this purpose.

77. As the Medical College Hospitals in the State do not have laboratory, X-ray, E.C.G. and scanning facilities round the clock, most of the patients depend upon the private sector. Steps will be taken to provide the above facilities round the clock in all the Medical College Hospitals. An amount of Rs.25 lakh is set apart for this. Fees at moderate rates will be collected from the patients, so that these units remain self sufficient.

78. During the VIII Plan period effective steps will be taken for the development of Medical Colleges at Alappuzha and Thrissur and for introducing referral system.

79. In order to reduce the death rate of new born babies and to ensure their protection, a comprehensive scheme will be implemented in the five Medical Colleges in the State. An amount of Rs.2 lakh each is earmarked for this. Apart from this, assistance from Government of India will be sought for developing Neonatology and Child Development Centre now functioning in the S.A.T. Hospital, Thiruvananthapuram as a national research and training centre.

80. An amount of Rs.45 lakh is set apart for providing primary facilities in connection with establishment of super specialities in the nine District Hospitals where there are no Medical Colleges.

81. Government intend to increase the number of seats and to start new courses in the existing Para Medical Colleges.

82. In view of the increased job potential in the Para Medical field, a Para Medical Council will be established during the year for co-ordinating the activities in the field.

83. Steps will be taken to increase the number of seats in B.Sc. (Nursing) from 25 to 50 in Medical Colleges at Thiruvananthapuram, Kozhikode and Kottayam and to start M.Sc. (Nursing) courses in Medical Colleges, Kozhikode and Kottayam during the next year.

84. The Home Nursing Training Employment Programme conducted by the Red Cross Society, Kottayam has attracted special attention. To provide facilities for expansion of this programme an amount of Rs.3 lakh is earmarked for payment of grant during next year.

85. Construction of building for the District Ayurveda Hospital, Kannur will be started next year. Steps will be taken to start Ayurvedic Treatment Centres.

86. District Homoeo Hospitals will be started during next year in those districts where there are no such hospitals at present.

Labour

87. The Government desires to implement effective schemes for elimination of unemployment. For this purpose we have set apart a sum of Rs.1500 crore in the 8th Plan period. As I mentioned in my last Budget Speech job opportunities for 19 lakh will be generated under horticulture, sericulture, animal husbandry, inland fisheries, tourism, rural development and housing. This will be a great boon to the 36 lakh of job seekers enrolled in the employment exchanges in the State.

88. The State Government will formulate a scheme for the cultivation of mulberry in 50,000 acres of land in the next two years for generating more income and job opportunities in rural areas. On implementation, the scheme will generate direct employment to 2.5 lakh people and the State will get additional revenue of Rs.180 crore per year from the second year of implementation. For the implementation of this scheme, committees and co-operative societies will be formed with popular participation at the State, District and Panchayat level. A sum of Rs.5 crore is set apart for this scheme and if necessary additional amount will be provided for in consideration of the employment facilities and additional income generation in this field.

89. The efforts of the Government to maintain a peaceful atmosphere in the labour field have produced encouraging results. Steps will be taken to make the present system for settling labour disputes more effective. I am confident that in the matter of implementation of the new industrial policy of Government there will be co-operation of all sections of workers in the State.

Tourism

90. Latest marketing techniques will be adopted to enhance considerably the flow of tourists to Kerala. A sum of Rs.25 lakh will be spent on this item in the coming year.

91. "Bakel Tourism Authority" will be formed to develop Bakel as one of the major tourist centres in India. Rs.5 lakh is set apart to meet the initial expenditure on this Centrally Sponsored Scheme.

92. In order to impart training to persons working in hotels and agencies connected with tourism, a scheme with the assistance of the Central Government, I.L.O. and U.N.D.P. is proposed to be implemented.

Animal Husbandry & Dairy Development

93. As an important programme for increasing milk production, one artificial insemination centre for every 750 cattle will be started. Artificial Insemination Programme will be extended through the Milk Producers Co-operative Societies for increasing milk production by raising the quality of the breed.

94. In the animal husbandry sector, training and technical service will be made available to 5000 persons for finding self employment.

95. Milk Production will be developed as a profitable vocation. 28 Model Dairy Farm Units (two units in every district) will be started on commercial basis. An amount of Rs.30 lakh is set apart for the purchase of land and construction of buildings for the existing 4 Dairy Training Centres.

96. Taking into account the difficulties faced by the duck farmers of the State, Government intend to implement a 'Duck Insurance Scheme'.

Fisheries

97. The preliminary works for constructing fishing harbours at Mopla Bay in Kannur District and Chombal in Kozhikode District will be commenced next year. The estimate worked out for Mopla Bay is Rs.564 lakh and that of Chombal is Rs.556 lakh. 50% of the construction cost of these harbours, which will be completed in four years will be met by the Central Government.

98. Financial assistance from Japan will be available for the expansion of the Nylon Net Factory functioning under Matsyafed at Ernakulam. For this Rs.10 lakh will be sanctioned as share of the Kerala Government.

99. Government intend to provide alternative employment to fishermen who are put to suffering due to fish disease. For this purpose, a relief employment scheme will be implemented for the benefit of fishermen.

Rural Development

100. This year Government is launching a special programme to lead the Panchayats in the State to self reliance. This will be done through a development strategy taking into consideration the special features, resource potential and problems as well as the needs and views of the people of the area. Keeping the aim of self supporting villages in view, 100 Panchayats will be selected based on certain indices in the first phase. In these panchayats, the activities of various departments will be co-ordinated and the co-operation of the beneficiaries enlisted to the extent possible. A total amount of Rs.100 lakh is set apart for this purpose in the Budget at the rate of Rs.1 lakh per Panchayat. Government have decided to give equal wages to men and women workers under the JRY Scheme with effect from 01.04.1992. Accordingly all workers under the scheme will get daily wages at the rate of Rs.27.

Excise

101. Strict measures will be taken by Government for the prevention of illicit liquor production. A "striking force" consisting of 100 members under the direct control of the Joint Excise Commissioner will be formed for conducting surprise inspection at illicit liquor producing centres.

102. A training institute will be started during this year for giving training and to teach the excise rules to the officers of Excise Department. An amount of Rs.10 lakh is earmarked for the purpose in this budget.

103. A “Narcotics Enforcement Wing” will be formed under the Excise Department for the prevention of Ganja cultivation and drugs trade. A sum of Rs.10 lakh is set apart for this purpose.

Public Works

104. In my budget speech for the previous year, I have indicated that solution will be found for the deplorable condition of the roads leading to Sabarimala, the major pilgrimage centre in the State. Accordingly funds to the tune of Rupees Two crore were sanctioned for the work of repairs to the Chalakkayam-Mannarakulanji road. The work has almost been completed with the fund so provided. It has been decided that the improvement works of other roads from Erumeli-Pathanamthitta area which lead to Sabarimala would also be speeded up along with that of the improvement of the above road. An amount of Rupees Three crore is set apart for this purpose.

105. It is proposed that the facilities presently available for formation of chain roads for coastal and hill areas will be expanded. Such chain roads will be formed by repairing the existing roads in such areas and by constructing new linking roads wherever necessary. Rupees One crore is earmarked for this purpose.

106. The Kozhikode-Vythiri-Gudallur road is the traffic route from Kozhikode to Wayanad. This road regularly turns unfit for traffic during rainy season due to ‘landslide’. It is therefore proposed to develop the Peruvannamuzhi-Poozhithodu-Padinjarethara road as an alternative traffic route to Wayanad. I set apart Rs. Fifty lakh towards expenditure on this account.

107. Government intend to constitute mobile repairing units for timely rectification of damages of major roads. Initially, three such units will be started at Kollam, Thrissur and Kozhikode for which Rupees Fifteen lakh would be expended.

108. A scheme has been formulated for improvement of roads in the cities of Thiruvananthapuram, Kochi and Kozhikode with the assistance of the World Bank. The works under this scheme will be started immediately after the approval of the scheme.

109. Intensive efforts will be made by government for the construction of railway over-bridges and under-bridges in Kozhikode-Kannur road so as to avoid the traffic obstruction caused by level crossings. Sanction will be sought from Departments of Railways and Surface Transport for the construction of bridges at the eight level crossings on this route over a period of three years. Government propose to declare six major district roads in the State as State Highways. They are (1) Ettumanoor-Erattupetta road, (2) Thodupuzha-Puliyannala road, (3) Koilandy-Thamarasseri-Mukkom-Areekode-Edavannor road, (4) Choondayil-Wayanad-Mysore Frontier road, (5) Thaliparamba-Iritti road and (6) Adoor-Sasthamcottah road.

110. The completion of the work of Vechoor-Kumarakom road is an essential factor in development of tourism. The work of Kavanur Bridge on this road has already started. The work of the remaining two bridges viz., Pennar and Kaiupuzha will also begin this year. An amount of Rs. Twenty-five lakh will be provided towards this expenditure.

111. Government will take steps to clear all the pending bills of contractors at the earliest possible.

Welfare of Scheduled Castes/Scheduled Tribes

112. As part of the Intensive Habitat Development Programme (I.H.D.P.) already started for the Welfare of Scheduled Castes/Scheduled Tribes, development of 360 Habitats will be completed during the year. The hostel mess charges of SC/ST students will be enhanced. A cosmopolitan Women’s Hostel each will be started in the cities of Thiruvananthapuram and Ernakulam.

113. A sum of Rs.10 lakh each is set apart for the construction of new buildings for Dr. Ambedkar Memorial Residential School at Thiruvananthapuram and Rajiv Gandhi Memorial Residential School at Wayanad.

114. The functioning of the Kerala State Scheduled Castes/Scheduled Tribes Development Corporation Limited and the Kerala State Development Corporation for Christian Converts from Scheduled Castes and Other Recommended Communities Limited will be strengthened. A housing scheme for the low paid employees among Scheduled Castes/Scheduled Tribes and another one for the poor Converted Christians from Scheduled Castes and Other Recommended Communities will be introduced during the year. A sum of Rs.50 lakh each is additionally provided for this.

115. An Institute will be set up for imparting training to the Scheduled Castes/Scheduled Tribes students appearing for the Civil Services Examination. 90% seats of this Institute, which is having a cosmopolitan character, will be reserved for Scheduled Castes/Scheduled Tribes. A sum of Rs.15 lakh is set apart for this purpose.

116. Government will be formulating a scheme for helping SC/ST youth who wish to seek self employment. Moreover, a time bound programme to give employment to at least one person in a family will be formulated and implemented.

Sports

117. A Sports Complex of international standard will be started with the assistance of Central Government. A high altitude sports centre will be established at Munnar. During this year steps will be taken to start sports schools like that of G. V. Raja Sports School at central and northern parts of Kerala.

Youth Welfare

118. Two Regional Centres will be started under the Youth Welfare Department to render information to the youths regarding job opportunities at the appropriate time and also to give encouragement and guidance to their sports, art and cultural activities.

Culture

119. A 'Performing Art Institute' is proposed to be set up this year itself for the renovation of the traditional arts which upholds the rich cultural and artistic heritage of Kerala. An amount of Rs.5 lakh is set apart for this purpose.

120. For imparting training in performing arts in schools, a special programme utilising the services of the holders of certificates from Kalamandalam will be arranged.

121. The Government proposes to modify the premises of the Thripunithura Hill Palace as a Children's Village. The place will be designed as a centre for studies and entertainment for the school children of Kerala. Medicinal plants and plants of rare species will be planted in the surrounding area. The proposed village will consist a planetarium, audiovisual library, reading room, zoo etc. For the implementation of this scheme provision of Rs.50 lakh is made.

Forest

122. Intensive action plan is being implemented by the Forest Department for the destruction of widespread unauthorised Ganja cultivation in the vested cardamom plantations and forest areas. The Forest Department has been able to destroy about 10 lakh Ganja plants valued at Rs.350 crore in the international market in 36 raids conducted in different areas in the last six months. Government will be taking special steps for making available the joint services of Police, Excise and Forest Department personnel for Ganja raid.

123. The Forest Department will implement a ten year plan for motivation of people against Ganja cultivation. The co-operation of students and voluntary organisations like N.S.S. and N.C.C.

will be utilised for this. Financial assistance from the International Anti-Narcotic Organisation will be sought for this scheme.

124. A special package programme will be implemented for about 60,000 tribals settled in the forest areas. Rs.25 lakh is set apart for giving financial assistance to them for fish farming, bee keeping and for making articles using reed and bamboo.

125. Social forestry programmes will be further augmented. Special awards will be instituted for individuals, Panchayats, Municipalities and Corporations developing excellent tree plantations. A "Green Belt" will be formed along the boundary of the forest area by planting various varieties of tree saplings. Herbal gardens will be developed in all districts with the assistance of World Bank. Necessary steps will be taken to see that the invaluable medicinal plants in the Agasthya Forest do not become extinct.

126. The scheme 'Project Elephant' formulated for the protection of wild elephants will be implemented. A 'Wildlife Research Institute' will be established at Munnar for research and study of wildlife. A bird sanctuary will be started at Kumarakom for the protection of local varieties of birds and migratory birds.

127. An integrated project will be implemented this year for the rejuvenation of thin forests into dense forests. 5000 hectares of kind will be covered under this project. Another scheme for the protection of marshy places in the interior of forests will also be implemented this year. To begin with, this programme will be started in hundred hectares of forest area at Kulathupuzha.

128. A 'Teak Research Institute' will be started in Kerala with a view to promoting the cultivation of teak which is highly priced in the international market. As teak cultivation has become difficult in forest areas due to environmental problems, Government will render financial assistance for the development of teak plantations in private estates. The programme 'One Teak for One House' will be implemented under the social forestry programme.

Housing

129. It was with the intention of solving the housing problems of all sections of the society, Government have decided to implement 'Rajiv One Million Housing Scheme'. Government have achieved tremendous progress in implementing this scheme during the last five months.

130. Government have by this time formulated schemes for augmenting resources and for mobilising Rs.1085 crore from financial institutions for the successful implementation of 'Rajiv One Million Housing Scheme' which includes 10 component plans and 2 sub-plans.

131. Government have already prepared project report at an estimated cost of Rs.80.16 crore for raising loan from HUDCO for the construction of 60,000 houses contemplated in the 'Rajiv One Million Housing Scheme' for the weaker section. The beneficiaries of this scheme include 10,000 families dwelling in the road and canal puramboke lands. The construction works of housing complexes for rehabilitating these families have started at Panchayat level. As a beginning, construction work of Housing Complex at Thrikkakkara in Ernakulam District is in good progress. Construction works of Housing Complexes in other districts have also been started by now.

132. A project report at an estimate of Rs.104 crore for raising loan from HUDCO has also been sent to HUDCO for constructing sixteen thousand houses for the weaker-middle-high income groups as a part of the 'Rajiv One Million Housing Scheme'. Loan applications and project report for a total amount of Rs.206 crore have already been sent to HUDCO. This include proposals for Rs.22 crore forwarded earlier. The sanction of loan from HUDCO is expected shortly.

133. The renovation of houses constructed under 'One Lakh Housing Scheme' and improving the sanitation facilities as a part of the 'Rajiv One Million Housing Scheme' have begun throughout the State. Besides, the Kerala Urban Development Finance Corporation has mobilised loan for the renovation of the houses of fifty-nine thousand families of the economically weaker section. Rs.2

crore out of the loan amount raised by the Kerala Urban Development Finance Corporation have been distributed among ten thousand families.

134. Government proposes to construct two lakh houses during 1992-93 out of which 1,30,000 houses are meant for the economically weaker section and 70,000 houses for middle and high income groups, gazetted officers, journalists and Keralites living abroad. Apart from this, Government intend to renovate houses of Rs.1.70 lakh families belonging to the weaker section and improving the sanitation facilities of 50,000 houses.

135. Government also intend to create a Housing Guidance Cell in the Kerala State Housing Board for solving the problems of public in house construction activities and to give necessary directions for the preparation of plans, supervision of construction works and ensuring financial assistance to them.

136. Taking into account the difficulties experienced by the Keralites living abroad for constructing houses in their home land, the Kerala State Housing Board will formulate a scheme for giving technical and supervisory assistance to them for construction of houses.

137. The Kerala State Housing Board will simplify the land acquisition procedures in respect of various housing schemes. Considering the disputes that arise during land acquisition, the Housing Board will purchase the land direct from the land owners after negotiation with them and also based on the recommendation of the District Collectors. This revised policy will be beneficial to both the Housing Board and the beneficiaries.

138. Steps will be taken to construct houses within short periods using pre-fabricated components.

139. Kerala is in the forefront in developing the technical expertise for the construction of low cost buildings. The role of Nirmithi Kendra in this venture is laudable. Government intend to impart training to youngsters in the newly formed Habitat Development Centres. For this purpose Government wish to start an Institute of Habitat Management for which Rs.5 lakh is set apart.

Co-operation

140. For the purpose of resource mobilisation in the co-operative sector, a 'Deposit Guarantee Scheme' will be introduced. During the 8th Plan period, a loan facility of Rs.5 crore will be arranged through Co-operative Societies for the integrated development of agricultural sector. It is intended to include 10,000 farmers this year in this comprehensive plan which is intended to uplift the standard of living of farmers. 25,000 youths from rural areas will be trained for self-employment. Rs.60 lakh is set apart for employment assistance to womenfolk of rural areas. There will be a special programme for arranging loans up to Rs.50,000 from co-operative institutions for those seeking employment abroad. This year 25,000 youths will be benefited by this.

141. It is proposed to start agriculture based industries in the co-operative sector by using the agricultural products available in Kerala in ample quantities. Rs.5 lakh is set apart for the modernisation of District Co-operative hospitals. An amount of Rs.25 lakh is included for the establishment of a modern hospital complex in the co-operative sector at Kannur.

Ports

142. Various schemes are being implemented by Government for developing harbours with a view to strengthen deep-sea fishing, trading and fishing industry. A scheme involving Rs.186 lakh for constructing wharf at Beypore will be started next year itself. An amount of Rs.25 lakh is set apart for the preliminary works of Vizhinjam harbour. Provisions are also made for the development of the harbours at Azhicode, Ponnani and Kasaragod.

Transport

143. The working of the K.S.R.T.C. will be made more efficient. Steps have already been taken for reducing the loss.

144. The steep rise in the number of road accidents has made the people anxious. Empowered bodies will be set up at State and District levels to make a concerted effort by the Motor Vehicles, Police and Public Works Departments to explore the reasons for such accidents and ways to avert them.

Local Administration

145. It is proposed to implement a special demonstration town project at a cost of Rs.95 lakh for the development of poor people in the districts of Thiruvananthapuram, Kollam and Alappuzha with the financial assistance of Nehru Rozgar Yojana of Central Government, Urban Basic Service for the Poor and UNICEF. The scheme Urban Basic Service for the Poor, now under implementation in 26 cities will be implemented in selected cities of coastal areas also during the VIII Plan period. In Kochi a scheme for the development of slum areas amounting to Rs.30 crore has been submitted for getting British aid (O.D.A.).

146. It is proposed to make some amendments in the rules for construction of buildings for avoiding the difficulties experienced in constructing residential houses of 500 square feet in an area of less than 4 cents.

147. The report of the Special Officer, Hill Area Development Authority appointed for furnishing details of development programmes for the development of hill areas coming under the districts of Malabar and announced by me in the last budget will be received shortly and further action will be taken soon. Rs.25 lakh is set apart for this purpose.

148. Government firmly believes that decentralisation and delegation of powers is necessary for the successful implementation of many welfare and developmental programmes. However, last year there was a situation in which many plan programmes virtually came to a standstill, since functions, programmes and institutions had been transferred to the District Councils without proper planning and foresight. Therefore, the Government had to withdraw certain powers given to them. Government is committed to the transfer to the democratic bodies at the district and local levels, the programmes which can be successfully implemented at these levels. Government will be taking steps to make the functioning of the District Councils, the Panchayats and the Urban Local Bodies more effective.

Social Welfare

149. Government intend to provide more financial assistance to orphanages and charitable institutions for the welfare of its inmates. Out of 39,967 orphans in the 186 orphanages approved by the State Government, 24,726 alone are being paid grant-in-aid now. Government wish to make available financial assistance to the remaining 15,241 orphans also. An amount of Rs.1 crore is set apart for payment of grant-in-aid to these children at the rate of Rs.85 per month.

150. At present 3421 inmates in 49 Old Age Centres are being looked after by the State Government. Out of these, 2688 persons alone are getting assistance at the rate of Rs.85 per month. This assistance will be made available to the remaining inmates also.

151. Social Welfare Department has taken steps to organise Women's Industrial Co-operative Societies in all Districts with the help of Women's Development Corporation and Industries Department for starting Small Scale Industrial Units. A few of such Co-operative Societies have already started functioning. Government will make an all out drive for the formation of maximum number of such Societies in all districts.

152. A scheme for early detection and prevention of deformity in children will be formulated with the help of UNICEF and implemented in the selected projects under Integrated Child Development Scheme.

153. The Social Welfare Department has drawn up a massive scheme for imparting expert training to the educated women in repairing and servicing of modern electronic equipments so as to enable them to take up themselves the repairing and servicing of such equipments. Such a repairing and servicing centre will start functioning at Thiruvananthapuram soon. Subsequently such centres will be set up in all the District Headquarters and major Towns during the current year itself. The scheme will gradually be extended to the handicapped and to the rural youth also. Government intends to develop this venture into an autonomous institution to be known as Centre for Weaker Sections Occupational Resources Development (C-WORD). This institution aims at to train those belonging to the weaker sections, women, handicapped and rural youth in the job-oriented sectors of science and technology and start servicing centres and production units. For this purpose a sum of Rs.10 lakh is set apart.

Revenue

154. A comprehensive scheme to give patta to the occupants of land will be started next year itself. Joint verification of 84,000 hectares of land, inclusive of Government owned and vested forests is to be conducted for the issue of patta. Of the above, verification of the first batch of 28,500 hectares has been completed. Patta in respect of this land will be given with the permission of the Central Government. Out of the remaining 55,500 hectares, joint verification of 53,074 hectares has been completed. Patta for the 2465 hectares will also be issued after verification of the land is completed.

155. The scheme for the issue of patta for revenue land will be completed on a time bound programme. Based on the Land Reforms Act, the One Lakh Housing Scheme, Land Assessment Act etc. about 80,000 pattas have to be distributed. Action in the matter is in good progress and the distribution will be completed within six months.

156. Patta Land Development Agency will be set up for the development of the land of the tenants and for their economic and social progress. The functioning of the above Development Agency with the District Collector concerned as chairman will be under the control of the Board of Revenue. This Agency will co-ordinate all activities for improvement of the agriculturists who receive patta. For the preliminary expenses of the Agency which is proposed to be set up for the above purposes, an amount of Rs.10 lakh is provided. Co-ordinating the activities of this Agency with the Western Ghat Development Scheme will also be considered.

157. At present a large number of village offices are housed in rented buildings or in dilapidated buildings of Government. For these offices which are part of the administrative machinery having direct contact with the public, buildings having convenient working space are essential. With the introduction of the Gramasabhas, the inadequacy of these buildings causes much difficulty. As such, the condition of the buildings has to be improved and it is proposed to construct buildings in the next five years for all the village offices. To start with, an amount of Rs.1 crore will be set apart for this purpose.

158. The functioning of the Gramasabhas are found very effective in bringing the revenue administration close to the public. Steps will be taken to invigorate the functioning of the Gramasabhas. In addition to the powers already given, the issue of transferring more powers at the village level is under consideration. For the working of the Gramasabhas during the next financial year, a provision of Rs.15 lakh is set apart.

Police

159. Government intend to formulate schemes for modernisation of the police force. Effective steps are being taken to provide the police the most modern and scientific equipments and telecommunication facilities.

160. The Home Department is taking special care to introduce modern techniques in the matter and to adopt foolproof methods in the field of criminal investigation. A Special Protection Force will be set up for the protection of VIPs.

161. Steps have already been taken to fill up the vacancies in the police force. Specially trained tourist police will be deployed to help foreign tourists in the State. Apart from the necessary number of policemen, a vehicle and telephone will be provided in each of the Police Stations.

State Planning Board

162. State Planning Board has been reconstituted by including members of international reputation. The Planning Board is formulating many developmental schemes with the co-operation of the members of the Board.

Naval Academy

163. Government of India have decided to go ahead with the construction works of the Naval Academy at Ezhimala. Effective steps are being taken to complete the items of work relating to provision of primary facilities which is the responsibility of the State Government.

Public Relations

164. The Institute of Journalism which is being run with distinction by the Thiruvananthapuram Press Club is one of the few institutes of journalism in the country directly managed by journalists. The State Government propose to sanction a grant of Rs.1 lakh to the Institute as an incentive for rendering meritorious services in this sector having full of employment potential. Government also propose to sanction a grant of Rs.75,000 this year to the Trust established in memory of the late Shri K. Balakrishnan who was a renowned journalist, intellectual and able parliamentarian.

165. Action relating to the scheme for grant of pension to journalists is nearing completion. This will be implemented soon. A scheme will be implemented for encouraging journalists who come forward to conduct research in the field of journalism.

166. Government have adopted a liberal attitude to the demands of Government employees and teachers with a view to ensure a contented civil service. This Government's policy is to accede to the reasonable demands of the employees, taking them into confidence. As part of the promise to implement pay scales at Central rates, a Pay Equalisation Committee was appointed after holding discussions with the organisations of the employees. As soon as the Committee's report is received, the Government's decisions thereon will be implemented with effect from 01.03.1992.

167. Action has been taken to build up a computerised information system in the District Treasuries. This will provide details of receipts and expenditure by compiling basic data from bills and vouchers at the District Treasury level before they are forwarded to the Accountant General. The information so available will be used for the preparation of the Annual Budget. An information system will be built up on Government employees and pensioners and the data base so available will be kept updated from time to time.

168. Computerisation will be introduced in the Registration Department also. The Department will be reorganised on modern lines to improve its efficiency.

Mutual Fund

169. As Honourable Members are aware several proposals were put forward in recent years for channelling NRI remittances into development activities. But these schemes have not come upto the expectation, since there existed many attractive schemes of Government of India. As a part of the new economic policy, Government of India have taken a very liberal attitude towards Mutual Funds. Taking into account this change in attitude, Government have decided to establish a consortium of banks and to encourage and participate in it. I hope that this will encourage investment of foreign money effectively in Kerala, especially in the light of the new industrial policy of the Government.

170. During the current year Government have successfully implemented the programme “Savings for Development” by mobilising funds through Indira Vikas Pathra with the participation of the public and distributing 25% of the funds so collected to the local bodies for fulfilling their social commitment. I express my sincere gratitude to all public men who have co-operated with the scheme.

171. Next year with the co-operation and participation of the public men voluntary organisations and social workers Government propose to introduce a new scheme “savings for social services” by mobilising funds through Indira Vikas Pathra 25% of which will be utilised for education, employment and training and also for creating employment opportunities for blind, deaf and dumb students in the State.

172. This scheme, intended for the section of society which deserves the greatest amount of sympathy will be implemented jointly by the Departments of Social Welfare, Education, Labour and Finance.

Welfare Measures

173. Eventhough Kerala State is in the forefront in Social Welfare activities, requests are being received to introduce new welfare funds in several new fields and also to enhance the existing benefits. I am sorry that in the context of serious financial difficulties, we are not in a position to shoulder additional commitment in this field. Government intend to increase the efficiency of existing welfare measures during the year. However, Government will consider schemes which will be beneficial to the weaker sections without much financial commitment.

Sir,

174. Now I wish to present the measures taken for resource mobilisation. A Resources Commission was appointed by the Government with Shri V. Ramachandran as Chairman. This Commission has presented its interim report. Taking into consideration the recommendations also of the Commission, I propose the following tax measures extending relief to the sectors of Agriculture, Industry, Trade and Export and to augment revenue.

Concessions to Agriculture

175. (i) As a measure of relief to the agriculturists the rate of tax on Pepper which is 7.5% including additional sales tax is proposed to be reduced to 5% and of Cardamom from 6.25% to 5% and Cloves, Nutmegs and Mace from 10% to 5%. These goods and dried Ginger will be taxed at the first purchase point.

(ii) Exemption from Plantation tax is allowed to agricultural income tax payees of three hectares and above who opt for the compounding system. I propose to exempt small farmers having three hectares and below from payment of plantation tax. For Coconut and Arecanut Plantations, however, the exemption from plantation tax will be retained at four hectares as at present.

(iii) Horticulture including orchid cultivation is developing fast in the State with avenues for export. To promote this I propose to exempt income from flowers from the levy of agricultural income tax.

(iv) At present exemption limit for levy of agricultural income tax is Rs.22,000. I propose to raise it to Rs.28,000 as of Central income tax.

(v) *Investment Deposit Scheme*

With a view to rejuvenate and modernise plantations it is proposed to start an Investment Deposit Scheme whereby Planters can opt for depositing 20% of the taxable income in a year which will be exempted from agricultural income tax. The re-plantation allowance will be fully set off against this deposit and withdrawals will be allowed for investment in accordance with the Scheme approved by the Government.

Exemption limit of three hectares from agricultural income tax will be made applicable to all persons and a transitory provision for change over of accounting period to financial year will also be made in the Kerala Agricultural Income Tax Act.

(vi) I propose to exempt from sales tax Cattle, Green grass (fodder), planting materials and organic manure.

(vii) Cotton cultivators will be permitted to transport their products for sale outside the State by using Certificate of ownership.

By these measures a revenue loss of Rs.5 crore is expected.

Concessions to Industries

176. Government in the new industrial policy has granted sales tax exemption to industries. The following additional tax concessions are proposed for promotion of industries in the State:-

(i) Medium and large scale industries which undertake expansion or modernisation will be given the concessional rate of Central Sales Tax at 2% for seven years. This concession will be limited to production of goods attributable to such modernisation or expansion and to the goods manufactured in excess of full rated capacity of the unit prevailing immediately prior to such expansion or modernisation.

(ii) Manufacture of desiccated coconut is proposed to be classified as an industry for the purpose of Sales Tax exemption.

(iii) Hosiery cloth sold at length will be exempted from sales tax.

(iv) It is proposed to exempt bakery products units whose turnover does not exceed Rs.6 lakh in a year.

(v) To promote oil milling industry purchase tax on groundnut will be exempted when tax is payable on the oil and cake produced from it and the rate of tax on groundnut oil and cake produced in the State will be reduced to 5% and 6% from 7.5% and 6.25% respectively.

(vi) It is proposed to reduce rate of tax of paper bags used for packing from 5% to 2.5%.

(vii) Softwood purchased by manufacturers of packing cases is now exempted. I propose to extend this exemption to the manufacturers of plywood, wooden crates and wooden cable drums.

(viii) I propose to exempt building materials such as laterite stones, granite stones, fencing stones, crushed metals and rubbles other than granite slabs, blocks and granite tiles.

(ix) Exemption to Khadi and Village Industries is proposed to be limited to produces of industrial units of this State having annual turnover not exceeding Rs.6 lakh, sold by persons or institutions certified by the Kerala Khadi and Village Industries Board.

(x) Earthen pots (country pots) which is a Cottage Industry is proposed to be exempted from sales tax.

(xi) At present all textile items are exempted except mill made and power loom silk fabrics and sarees. I propose to exempt these items of goods also from sales tax.

(xii) Concessional rate of 5% (including additional sales tax) now available for sales to Government Departments, Government Corporations, Industrial Units etc., is proposed to be reduced to 4%.

Loss of revenue of Rs. One crore is expected from these concessions.

Concessions to Trade

177. In the last Budget Speech, I have announced certain measures to streamline the tax structure to promote trade. All these measures were implemented. With a view to simplify further the Sales Tax System, I propose the following measures:-

(i) Various Trade Organisations and also the Resources Commission have suggested to merge additional sales tax with basic sales tax. I propose to accept this recommendation and a unified rate of tax for the various goods with minor changes will be made. Consequent on this the various notifications issued reducing the rate of tax for certain goods will also be suitably revised, besides fixing the rate of tax on the purchase of raw materials, components etc., under section 5(3) to 2.5%, the compounding rate for Works contract under section 7(7) to 2% and that for transfer of right to use any goods to 6%.

A net revenue of Rs.15 crore is expected from this.

(ii) As a relief to the small traders the minimum assessable limit of turnover is proposed to be enhanced to Rs. One lakh from the present Rs.50,000.

Revenue loss of Rs.2.6 crore is expected on this.

(iii) I propose the benefit of simplified assessment to dealers having turnover below Rs.5 lakh relaxing the existing conditions. Simplified assessment will be made applicable to those who deal in completely exempted goods, non-taxable dealings in Scheduled goods and having yearly tax due below Rs.5000. A random scrutiny of 5% of such assessments will be made. If any irregularity or suppression is noticed on scrutiny, the assessments of the dealer for five previous years will be reopened and assessed to tax.

A loss of revenue of Rs.2 crore is expected on this.

(iv) To promote tea auction at Kochi, I propose to exempt the tea auctioneers from payment of turnover tax. A loss of Rs. One crore is expected from this.

(v) In the last Budget Speech the rate of tax on commercial vehicles was reduced to 3% from 4%. But sales have not picked up in the State. To attract sale in the State, I propose to exempt the sellers of chassis of buses and trucks from turnover tax.

Additional revenue of Rs.50 lakh is expected on this.

(vi) To avoid Central Sales Tax, large scale consignment of cashew kernels is taking place. To discourage this, the Central sales tax on this will be fixed at 4% so that sale can be effected without 'C' form. Increase in revenue of Rs. One crore is expected.

(vii) Video Libraries are at present liable to pay tax. As a measure of simplification of the levy, I propose to introduce compounding rates for it at the rate of Rs.1000 per year for every main or branch shop in Corporation and Municipal areas and Rs.500 in the Panchayat areas, payable in quarterly instalments.

Additional revenue of Rs.50 lakh is expected on this.

(viii) I propose to exempt from tax on leasing of goods which are purchased from within the state after paying the local sales tax.

A revenue increase of Rs.25 lakh is expected on this.

(ix) In the last Budget Speech I have introduced compounding of tax for Works Contracts of construction of buildings, bridges, roads and dams. The simplicity of this system attracted many. Therefore I propose to introduce compounding facility to other categories of Works Contract, retrospectively from 01.04.1984 at a rate of tax of 70% of that shown against each contract in the Fourth Schedule on the whole contract amount. But local sales tax paid on purchases of goods used in Works Contract as such will be given deduction from the tax payable under compounding system.

Revenue including arrears realisable at Rs.5 crore is expected from this.

Promotion of Exports

178. Kerala is contributing an appreciable share in the foreign exchange earnings of the country. This is mainly by exporting agricultural and marine products and by remittances of non-resident Keralites.

As a measure to boost further the foreign exchange earning I propose to exempt marine products from the levy of purchase tax.

Revenue loss of Rs.3 crore is expected on this.

Sir,

179. I now propose the following measures to augment the tax revenues.

(i) The Resources Commission has recommended to modify turnover tax levy. I propose to modify the levy as follows:-

For dealers having total turnover

- | | | |
|----------------------------------------|---|----|
| (a) Above Rs.25 lakh upto Rs.50 lakh | – | ¼% |
| (b) Above Rs.50 lakh upto Rs.100 lakh | – | ½% |
| (c) Above Rs.100 lakh upto Rs.200 lakh | – | ¾% |
| (d) Above Rs.200 lakh | – | 1% |

This modification will be for goods on which turnover tax is now leviable at ½%.

Additional revenue of Rs.10 crore is expected on this.

(ii) Turnover tax on Indian Made Foreign Liquor and Beer is proposed to be raised from 2% to 3%.

Additional revenue of Rs.4 crore is expected.

(iii) I propose to levy Sales Tax at 25% on Indian Made Foreign Liquor, and 15% on beer sold through Military and Naval Canteens. The sales of other goods through these Canteens are now exempted, but their purchases are not exempted. As a relief to Military Personnel and to promote local purchases, I propose to reduce the rate of tax on all goods purchased by these Canteens to 50% of the prevailing rates.

An additional revenue of Rs. One crore is expected on this.

(iv) The Resources Commission has recommended to introduce two point levy on sales tax on arrack to prevent evasion of tax with an option to compound it at 20% of the Kist amount payable. I accept this recommendation. The present rate of sales tax on arrack is 62.5% including additional sales tax. On its entry to the Fifth Schedule the rate will be 50% on the first sale and 12.5% on the last sale. However full deduction for the tax paid on the first sale will be allowed from the compounding tax payable by the dealer and balance amount of compounded tax is to be paid on monthly instalment.

Additional revenue of Rs.15 crore is expected on this.

(v) Two point levy is proposed for the following goods to prevent undervaluation at the first sale point:-

	<i>First sale</i>	<i>Last sale</i>	<i>First sale to consumer</i>

1. Clock, Time-pieces and Watches	10%	5%	15%
2. Refrigerator, Water Cooler, Air-conditioning Plants, Machine and Components	10%	5%	15%
3. Washing Machine, Dish Washers Microwave Oven	6%	6%	12%

Additional revenue of Rs. One crore is expected.

(vi) Honourable Members may remember that I have proposed earlier to increase the taxable minimum of turnover from Rs.50,000 to Rs. One lakh as a relief to small traders. But considering the increase in the cost of administration I propose to increase the registration and renewal fee for dealers having turnover from Rs.50,000 to Rs.3 lakh, from Rs.50 to Rs.200, for those having turnover above Rs. Three lakh to Rs.10 lakh, from Rs.100 to Rs.500 and those with turnover above Rs.10 lakh, from Rs.250 to Rs.1000. All dealers having Central Sales Tax registration, all non-resident dealers and casual traders, have to pay registration and renewal fee of Rs.1000 irrespective of turnover limit.

(vii) It is proposed to make it obligatory for all dealers to show the registration number also in the name boards at all places of business and godowns.

Additional revenue of Rs.3 crore is expected.

(viii) Rexine, Waterproof cloth, PVC cloth and unmanufactured tobacco on which additional excise duty is not levied is proposed to be taxed at 4% on the first sale. Additional revenue of Rs.2 crore is expected.

(ix) Sales Tax exemption on Exercise Note Books is proposed to be limited to sales through Co-operative Stores including College and School Co-operative Societies. Rate of tax on Note Books and other paper products and printing materials other than books, journals, weeklies and magazines is proposed to be reduced from 10% to 5% on par with that of paper.

Additional revenue of Rs. One crore is expected.

(x) Central Sales Tax on cotton yarn is proposed to be reduced from 2% to 1% to discourage branch transfer and consignments.

Additional revenue of Rs. One crore is expected.

180. (i) The Resources Commission has recommended to levy turnover tax on jewellery instead of purchase and sales tax. I propose to levy 3% turnover tax and 1% sales tax on jewellery instead of 1% purchase tax and 3% sales tax at present. All dealers in jewellery irrespective of any minimum turnover limit have also to take out sales tax registration.

(ii) Government of India has announced liberalised gold import scheme. In order to encourage gold jewellery business and jewellery export I propose to exempt from tax, the sale of bullion and jewellery to registered dealers by non-resident Indians and Banks. This will cover Banks which effect sale of gold under the gold replenishment scheme for export.

Additional revenue of Rs.3 crore is expected on this.

(iii) I propose to reduce the rate of sales tax on marine engines and diesel engines from 18.75% to 10% to prevent trade diversion.

Additional revenue of Rs.50 lakh is expected on this.

(iv) Purchase tax is now levied on goods purchased by hotels which have not suffered tax. The Resources Commission has recommended to exempt this purchase tax and on its place to levy turnover tax on all hotels at 1% when the turnover exceeds Rs.5 lakh but below Rs.10 lakh and above that turnover tax at 2%.

I accept this recommendation.

No increase in revenue is expected on this.

(v) In the last Budget Speech I have announced compounding facility for payment of luxury tax. But it has not attracted many. Now I propose to modify the rate to the average occupancy of the hotel or lodging house for the last three years subject to a minimum of 50% of the full occupancy at current rates of rent.

(vi) Only very few items of goods are at multipoint levy of sales tax now and many new products are coming to the market. It is a long standing demand of the traders to avoid multipoint system in the State. I propose to accept this request and to insert an entry in the first schedule taxable at 8% on the first sale on these goods.

(vii) The present penalty provisions in the Kerala General Sales Tax Act are found not sufficient to prevent smuggling of goods. I, therefore, propose to make provision for seizure of vehicles engaged in smuggling of goods.

(viii) Undervaluation of goods is a common method to evade payment of Sales Tax. To curb this, I propose to make provision to purchase by Government any goods at a value of 10% above the purchase cost and transporting charges and entrust such goods to any public distribution agency for sales.

(ix) To prevent evasion of tax on iron and steel, advance collection of sales tax on its entry into the State is proposed.

(x) In order to facilitate free movement of goods within the State, I propose to abolish the internal check posts at Mudakkayam, Aroor, Perumanoor, Chovva and Thekkil. With the staff, investigating machinery will be strengthened in the Mobile Squads for checking inter-State movements of goods.

(xi) Under the Central Income Tax Law dealers having turnover above Rs.40 lakh have to present audited accounts and certificate. I propose similar provision for sales tax assessments also.

181. (i) The Resources Commission has made recommendations to improve the efficiency of the tax collection machinery and to simplify the tax laws. It is therefore proposed to appoint a Tax Law Commission to make recommendations on modernisation and simplification of the tax laws and rules. Imparting better and effective training to the various categories of officers of the Taxes Department and updating the Agricultural Income Tax and Sales Tax Manual are proposed to be entrusted to the Centre for Taxation Studies, a society recently formed by the Government.

(ii) Computerisation of data has started in the Board of Revenue Office and the various check posts. Steps will be taken to further extend and strengthen computerisation.

182. The trend in collection for the current year is encouraging. I hope that by the above steps the efficiency of the Taxes Department and the revenue collection in 1992-93 will be substantially improved.

State Excise

183. Export duty of IMFL in force in Kerala is much lower than in Tamil Nadu and Karnataka. It is proposed to be raised to Rs.15 per case from the existing Rs.6.75 per case. Export duty on beer will be fixed at Rs.3.90 per case. As regards import duty, I propose to raise it by an equal amount, i.e., Rs.15 per case for IMFL and Rs.3.90 per case for beer. An additional revenue of Rs.1 crore is expected on this.

Motor Vehicles

184. Stage carriages are found being diverted for transport of people in connection with rallies and also for social functions and religious festivals. Use of such vehicles without permit is illegal and

causes revenue loss to Government. It is proposed to issue special permits to such vehicles on payment of Rs.250 per day in the case of buses and Rs.150 per day in the case of vans and mini buses with a seating capacity of less than 40. Stage carriage permits will be given to tempos, taxi cabs, truckers and jeeps to ply on hilly areas or interior places where normal buses cannot operate. A special drive will be launched to clear the accumulated arrears of check reports on motor vehicle offences with a view to compounding the offences. A total revenue of Rs.15 crore is anticipated on account of these measures. Arrangements will be made at the border check posts to issue permits for contract carriages and stage carriages proceeding to places outside the State.

Stamps and Registration

185. The Resources Commission has reported that there is considerable evasion of stamp duty by undervaluation of properties involved in registration of documents. In order to meet this problem the Stamp Act was amended more than a year ago incorporating a provision empowering the District Collectors by notifying minimum value of lands in the entire State. Following widespread complaints against the values so fixed this new provision in the Act was rescinded. As a result, the practice of undervaluation has revived. Government cannot afford to suffer at this juncture any loss of revenue legitimately due to them. A satisfactory way of fixing fair land value has therefore to be found. The Resources Commission has drawn attention of the Government to the system followed in Tamil Nadu under which a range of values is fixed and publicised by the District Collectors for each and every survey field, the values ranging on the basis of the comparative local advantages of the different parts of the survey fields. The Commission has recommended that a similar system may be adopted in our State. The system followed by Tamil Nadu has its merits. Government propose to adopt it with whatever modifications or refinements are considered necessary. An additional income of Rs.20 crore is expected on this.

Land Revenue

186. The existing concessional land value of Rs.500 per acre for assignment of land to applicants with an annual family income not exceeding Rs.10,000 and holding not more than two acres of land will be enhanced to Rs.1000 per acre from the existing Rs.500 per acre. Persons belonging to Scheduled Castes and Scheduled Tribes will be exempted from payment. Those who have to pay market rent under the rules will continue to do so.

The premium and annual pottom for Government land given for cardamom cultivation will be increased to Rs.10,000 and Rs.500 per hectare respectively.

The additional income on account of these measures will be around Rs.15 crore.

Forest

187. An additional revenue of Rs.26 crore is expected by way of income from forest produce during the next year.

Road Maintenance Fee

188. Shops and other business establishments having frontage to the public roads have more utility and use of the roads. Road maintenance due to increased use becomes very expensive. Considering these I propose to levy fee at the rate of Rs.200 per annum for every petrol bunk, automobile workshop, cinema theatre and parcel office and its godowns and Rs.100 per annum for every shop or other business establishments having frontage, outlet or approach through any road maintained wholly or partly by the State Public Works Department. Business establishments or shops having annual receipt less than Rs.30,000 or annual turnover less than Rs.50,000 will be exempted from this levy. However, no fee is payable by houses purely used for residential purposes.

Additional revenue of Rs.3 crore is expected on these, which is proposed to be used for maintenance of roads.

189. Out of our revenue receipts 30% is being spent for Education and 11.2% for Public Health. None of us are satisfied with the present performance of these service sectors which consume the major portion of the revenue of the State. Fall in the standard of Education and low quality in the field of public health have raised doubts among us as to whether our efforts in these fields have completely succeeded.

190. While 41.2% of revenue receipt is set apart for the areas like Education and Public Health, we have made the entire people its beneficiaries. But in the final analysis it will be seen that it is the entire people of the State including the poor who will have to bear the burden of the expenditure on these service sectors. At a time like this when we are thinking out of the financial crisis we will have to think seriously about the question of limiting the benefits in these fields to the common people alone. It is a fact that our State is not in a position to make available the service of Education and Public Health to the wealthy free of cost. The Resources Commission has made certain recommendation in this regard. But Government desires to have an open discussion at all levels of the society before a final decision is taken on this.

191. Government expects a practical approach from all quarters so as to improve the quality in these service sectors.

192. In proposing the additional resource mobilisation as detailed above, I have been guided by two important considerations:

(i) it should not hurt the common man; and

(ii) increase in tax should not be counterproductive, leading to lesser yield of revenue. It has not, therefore, been possible to think of additional resource mobilisation beyond a point. The deficit that would still persist will have to be tackled otherwise. Very stringent economy measures are called for to tackle this problem of fiscal deficit. A number of economy measures are being implemented by Government in the bid to reduce non-plan expenditure. We have tightened our belt, and yet, there was a plan cut. The mounting cost of administration continues to pose a serious threat to development. There is no effective solution to this, except to curb unproductive expenditure. I solicit the self denying co-operation of all sections for a period of one year to welcome the present financial crisis. Government have decided to observe 1992-93 as an "Economy Year". The following measures will be adopted and enforced during the year, besides those already under implementation.

(i) Except in exceptional cases, no new offices will be opened in 1992-93.

(ii) No new vehicles will be purchased except as essential replacements in rare cases.

(iii) Telephone charges of the Government will be limited to 50% of the existing level.

(iv) Schools where there are too few students will be abolished without causing inconvenience to the students or teachers.

(v) No deputation allowances will be paid to officers on deputation during the next one year.

(vi) Surplus staff available in the various Departments will be identified by a Committee of Secretaries set up for the purpose. This Committee will meet and review the position on a regular basis.

(vii) A study in depth of Irrigation Project will be undertaken with a view to reducing the expenditure and completing them expeditiously.

(viii) Zero base budget involving critical study of the existing schemes in the budget will be introduced in all the Departments.

(ix) An attempt will be made to limit the number of Government employees at the current level during the Eighth Plan period.

193. May I give a brief account of the financial transactions of the year 1991-92. During the year the deficit expected was Rs.55.11 crore. Though there was certain unanticipated additional expenditure when the enhanced receipt on account of the Share of Central Taxes to the tune of Rs.48.03 crore is also taken into accounts the deficit at the end of the current year will be reduced to Rs.48.74 crore. The net additional resource mobilisation for the year 1992-93 will be Rs.129.40 crore. The amount required for implementing the new schemes announced by me comes to Rs.28.01 crore.

194. As in the case of last year, I am presenting a deficit budget for the year 1992-93. The details are as follows:

	<i>(Rs. in crore)</i>	
	<i>Revised Estimate 1991-92</i>	<i>Budget Estimate 1992-93</i>
Revenue Receipts	2766.84	3045.57
Revenue Expenditure	3225.22	3680.67
Deficit	(-)458.38	(-)635.10
Capital Receipt	2423.31	1616.79
Capital Expenditure	2239.31	1449.49
Surplus	184.00	167.30
Public Account Net	277.62	338.86
Overall Surplus/Deficit	3.24	(-)128.94
Carry Over Deficit	(-)100.01	(-)48.74
Cumulative Deficit	(-)96.77	(-)177.68
Net Yield from A.R.M. (1992-93 measures)		129.40
Additional Share of Central Taxes as per Revised Estimate	48.03	49.65
Expenditure on additional measures announced		28.01
Net Deficit	(-)48.74	(-)26.64

Sir,

195. From the facts I have explained so far, Honourable Members should have realised that we are facing the most serious financial crisis in the history of our State. But I am full of optimism that some streaks of rays will shed their light of hope and expectation in the enveloping darkness.

196. As I have stated earlier, the position is that even loans raised for developmental activities have to be spent on unproductive items. At the same time, the resources of the Government are limited. As the UDF Government is particular that measures for raising revenues should not affect the poor and low-paid people the scope for covering the deficit is limited. Our deficit will increase further when we take into account the amount of Rs.8 crore paid to the Civil Supplies Corporation and the shortfall in the receipts expected by us from small savings. I do not wish to conceal the fact that our deficit will increase much further when provision is made for food subsidy also.

197. This Government have resolved to forge ahead with determination and overcome the crisis by improving the working of the Public Sector Undertakings reforming the tax structure, intensified collection of tax arrears, strict and uncompromising economy measures and enforcing strict financial discipline.

198. We can march forward on the path of progress only if we are prepared to bring about constructive change not only in our policies and programmes but also in the very way of our thinking. This budget of mine marks the earnest beginning to achieve this object.

199. We can tide over this financial crisis only if we work unitedly transcending narrow party politics, keeping in view the bright future of the State. I solicit the co-operation and support of Honourable Members of this House and all sections of the people for the success of this stupendous task.

200. The world is changing. Time is also subject to change. Change of weather is the law of nature. I recall the lines of the renowned poet, Shelly:-

“If winter comes, can spring be far behind!”

201. I present the Budget Estimates and the proposals for the year 1992-93 for the consideration and approval of this House. As we have no 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 for meeting the expenditure during the first four months of 1992-93.

JAI HIND.

OOMMEN CHANDY.

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