

GOVERNMENT OF KERALA

BUDGET SPEECH
2006-07

By

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CONTENTS

	<u>Page</u>
FINANCIAL POSITION OF THE STATE	4
PLANNING AND ECONOMIC AFFAIRS	8
POLICE	8
<i>Jail</i>	9
<i>Fire & Rescue Services</i>	9
<i>Judiciary</i>	10
SCIENCE AND TECHNOLOGY	10
INFORMATION TECHNOLOGY	10
NORKA	11
GENERAL ADMINISTRATION	12
FOOD AND CIVIL SUPPLIES	13
SCHEDULED CASTES & SCHEDULED TRIBES DEVELOPMENT	13
ART AND CULTURE	15
ARCHIVES	16
YOUTH WELFARE	16
PRINTING	16
POWER	16
LABOUR	18
FISHERIES	19
SPORTS	20
INDUSTRIES	21
<i>Industries and Commerce</i>	21
<i>Kerala State Industrial Development Corporation (KSIDC)</i>	22
KINFRA	22
<i>Mining and Geology</i>	22
<i>Traditional Industries</i>	22
SOCIAL WELFARE	24
AGRICULTURE AND ALLIED SECTORS	25
<i>Agriculture</i>	25
<i>Animal Husbandry</i>	27
<i>Dairy Development</i>	28
<i>Cair</i>	29
LOCAL SELF GOVERNMENTS	30
<i>Panchayats</i>	31
<i>Kudumbasree - Asrya Projects</i>	32
<i>Clean Kerala Mission</i>	32
<i>Urban Affairs</i>	32
REVENUE	33
<i>Survey and Land Records</i>	34
HOUSING	34
EDUCATION	35
<i>General Education</i>	35
<i>Higher Education</i>	36
<i>Higher Secondary Education</i>	36
PUBLIC WORKS	37
CO-OPERATION	38

	<u>Page</u>
PORTS	40
TRANSPORT	41
FOREST AND WILD LIFE	41
WATER RESOURCES	42
<i>Irrigation</i>	42
HEALTH AND FAMILY WELFARE	43
RURAL DEVELOPMENT	45
REGISTRATION	46
FINANCE	46
<i>Commercial Taxes</i>	46
<i>Excise</i>	47
<i>Treasury</i>	47
<i>Lottery</i>	48
TOURISM	48
PART - B	48
PART - C	50
	57

Sir,

I proudly present the budget for the year 2006-07.

2. The year gone by was one of giant leaps and new awakenings in development, both at the national and state levels. Both politically and economically, India has become a country keenly watched at the global level. A stage has come where every Indian is proud to proclaim "I am an Indian", beyond parochial and divisive thinking. Our country has already embarked on a path of giant leaps. All the developed countries are already watching us with hope. They no longer look at India as a symbol of communal clashes, poverty and uncertainty. On the other hand, the world today sees in India a country of intense economic growth and an enlightened people eager to absorb new technologies, utilizing to the maximum extent, the global changes taking place. Instead of India looking at the world with anxiety, it is now a situation where the world looks at India with expectation. I am confident that we need not wait for one or two generations to see a leader among all the nations in the world; this will be possible in just one or two decades.

3. Enormous changes have already been taken place in just the past one or two years. Those political parties and pundits who expressed serious doubts when the United Progressive Alliance came to power are now silent. The main opposition party in the country has not only not recovered from the unexpected defeat in the last Lok Sabha polls but appears to be slowly disintegrating as a result of personality clashes. The UPA, on the other hand is going from strength to strength. No politically

sensitive person will say that this political leadership, which is leading every citizen of the country to development and progress, suffers from any kind of weakness. There need be no doubt, that in the next 3 years this good beginning will transform itself into a developmental typhoon.

4. In matters of development, Kerala does not lag behind the country. The revival of the State economy since 2002-03 has been sustained, and real GSDP growth rates continue to remain above the 8% mark for the fourth year running, which is above the national average.

5. Kerala has the third highest Human Development Index, after Delhi and Chandigarh, on account of the big strides Kerala has made over the years in improving the quality of life of its citizens.

6. Although growth over the past decade has been led by the tertiary (services) sector, the secondary sector (manufacturing) has witnessed double digit growth in recent years. The secondary sector is projected to grow by 10.2% in real terms in 2005-06, slightly higher than the 9.9% projected for the services sector.

7. There is good evidence that after a long gap, fresh investments in the State, facilitated through initiatives of the Government, such as the Global Investor Meet, have started to bear fruit. Private investment is picking up and investor confidence is growing. The Government has relentlessly pushed for increased public-private partnerships, particularly in the critical infrastructure sector. Current levels of growth can be expected to be sustained, and even enhanced, along with significant employment generation in view of a slew of public-private infrastructure projects estimated at Rs.50000 crore over the next few years. These

projects include the Vallarpadam terminal, development of Vizhinjam Port, the LNG terminal at Kochi along with a Port-based Special Economic Zone, the Single Buoy Mooring of Kochi Refineries Ltd, a new petrochemical complex, the development of Goshree Bridges & Islands, the Kochi Metro, the Kochi Smart City Project, doubling and conversion of railway tracks, four laning of National Highways. Land acquisition and financial closure are at an advanced stage. These massive projects have the potential to transform the economic landscape of the State over the next few years. I am proud to have been associated with such historical initiatives.

8. In politics also the position in Kerala is no different from Delhi. After 5 years Kerala is getting ready to face another election. If what is reflected in the discussions in this House in the last 3 days are the sentiments of the people of Kerala, the ruling front has nothing to fear. The opposition had no serious issues to raise against this Government even after 5 years. From their empty quiver they continue to use the same broken arrows. The only anxiety of the opposition appears to be to find out whether there is some special arrow in the ruling party's quiver and if so when it will be used. There is also serious doubt on whether the opposition is not anxious that these arrows, instead of coming from the opposite side, may come from their own camp. Moreover, now that some of the stalwarts in the Opposition have realized that some of these arrows are not really effective weapons, they seem to be confused on what is to be done next. I can only advise that at least before the coming political fight, the confusion must be cleared up.

Sir,

9. I now proceed with my basic task. When I presented the last budget I had referred to certain uncertainties — uncertainties due to introduction of VAT, uncertainties in the coming into force of the 12th Finance Commission recommendations, etc. Although the effects of these uncertainties were all adverse, I am satisfied that the last budget that I presented in this House was able to overcome all these. We have not wavered financially, we shall not waver in future also.

FINANCIAL POSITION OF THE STATE

10. When the UDF government is completing its tenure in the next few months, I think it is imperative to have a retrospection, while discussing the fiscal position of the State. In 1996, while handing over power to the LDF Government, there was a treasury surplus of Rs.462 crore. The legacy inherited by the UDF Government when it came to power in May 2001 was an empty treasury and a lot of liabilities. Even for encashing cheques and bills for meagre amounts, people had to wait for months together. The Local Self Government Institutions had to wait indefinitely without any clue as to when they would be able to get the plan funds. The Government employees even doubted whether they would get the DA which had fallen due long back. The pensioners were not getting their gratuity and commutation benefits in time. The White Paper published by the Government then, revealed outstanding liabilities of Rs. 4020 crore.

11. I am extremely happy to state that, as against this pathetic state of affairs, the finances of the State are now in a much better position.

During 2005-'06, the State was in overdraft only for 47 days so far as against 213 days during 2000-'01. During the 4 month period since 01 October 2005, overdraft was availed for only 7 days. I can confidently say that this Government has kept its promise to bring the State finances on the right track by controlling non-plan expenditure and augmenting revenue receipts. The average annual growth rate in revenue expenditure could be brought down to 11% during 2001-'05 compared to 21% during 1996-2001. The average annual growth rate of revenue receipts could be increased from 12.2% to 13.6% without imposing any additional tax during this period. The Revenue Deficit which stood at 46% and 36% of the revenue receipts respectively in 1990-2000 and 2000-'01 could be brought down to 32% in 2003-'04 and 27% in 2004-'05. The scientific way to compare the rise and fall in Revenue and Fiscal Deficits is bench marking this in relation to the GSDP. The Revenue Deficit and Fiscal Deficit which stood at 4.51% and 5.60% respectively of GSDP in 2000-'01, could be brought down to 3.65% and 4.43% respectively in 2004-'05. During the tenure of the previous LDF Government, Plan expenditure, especially Plan allocation to Local Self Governments, used to be transfer credited to TP Accounts and PD Accounts and accounted as real expenditure in Government Accounts. This notional expenditure, which had been reckoned as real expenditure during the LDF Government, was infact incurred later during the time of the UDF Government. Now, the practice of transfer crediting to Public Account has been totally dispensed with. Moreover, at present the plan assistance to local bodies is released in time. The Plan expenditure now appearing in the Government Accounts is only the amount that has been actually expended. Against this background, I really consider it as an achievement that the Government

could bring down Revenue Deficit and Fiscal Deficit despite spending Rs. 14003.46 crore for Plan for the four years from 2001-'02 to 2004-'05.

12. Government has been constrained to mobilise resources almost entirely through borrowings from the beginning of the IXth Five Year Plan itself. This has resulted in the sharp increase in expenditure on interest payments every year. For the same reason, during the Xth Five Year Plan, the gap between revenue receipts and non-plan expenditure (BCR) increased abnormally. Naturally, because of this and the larger plan size, the outstanding debt has also shot up. The debt grew at 136% during the 5 year period between 1996-2001. The outstanding debt of Rs. 23919 crore in 2000-'01 has risen to Rs. 41878 crore in 2004-'05, i.e., 75% in 4 years. Even while bringing down the rate of growth of debt, efforts have been made to reduce the expenditure on interest payments by swapping the high cost outstanding borrowings, bearing interests from 10% to 17%, with debts carrying lower rates of interest. The outstanding loans of Rs. 2606 crore due to Government of India, Rs.150 crore due to NCDC, Rs.305 crore due to NABARD, Rs.217 crore due to GIC and Rs.2595 due to LIC have all been swapped in this manner.

13. Now a days, the cheques issued by Government Departments and Local Self Governments do not bounce. From the beginning of 2005-06 onwards, the Treasury restrictions have been eased gradually. Only a few restrictions now remain. At present, bills pertaining to any item of expenditure upto Rs.1 lakh can be encashed from any Treasury on all days without any restriction. In respect of Non-Plan, expenditure up to Rs.50 lakh per day on any head of account will be allowed on any day after the 5th working day of the month. LC cheques are not subjected to any kind of

restriction on payment. The restriction imposed on payment of medical reimbursement of Government employees has been completely withdrawn. I think I need not remind you how things were at the fag end of the previous LDF Government.

14. There are no restrictions at all for any Plan expenditure and for the maintenance fund for LSGIs from 01.01.2006 till 28.02.2006. I hope to continue this till 31.03.2006.

15. When the UDF Government assumed office in May 2001, dues to contractors amounting to Rs. 873 crore were in arrears. These amounts have been cleared fully. The amount which has become due subsequently is also being paid. During the period from 17.05.2001 to 31.03.2005, Rs.2430 crore has been released to contractors. The arrears in respect of Destitute Pension, Pension for Physically Handicapped, National Old Age Pension, Beedi, Cigar Workers' Pension and financial assistance to unmarried women above 50 years have been cleared. Sufficient funds have also been sanctioned to Local Self Governments with instructions to make these payments on the first day of every month.

16. All these indicate that the financial instability and anarchy which existed when the UDF Government assumed office in 2001 have given way to disciplined financial administration through prudent fiscal management. My budget is intended to be built upon this solid foundation.

PLANNING AND ECONOMIC AFFAIRS

17. The "Vision 2010" programme announced by our Honourable President and approved by this House will be implemented. In order to implement this programme, Central assistance will be made available along with State's share.

18. In view of the necessity for monitoring the progress of various developmental activities of the State, the State Planning Board conducts surveys and studies and imparts training to technical experts in the Board by itself and in collaboration with reputed research institutions and selected Non-Governmental Organisations. An amount of Rs.100 lakh is set apart for this. I am providing Rs.10 lakh to make available reprographic facilities in the Central Plan Monitoring Unit and Rs.1.25lakh for meeting the expenses of plan monitoring. It is proposed to conduct a detailed study in 2006-'07 on the status of beneficiaries of Unemployment Allowance. According to the scheme envisaged by Central Water Resources Ministry, the Fourth Minor Irrigation Census is proposed to be conducted in 2006-07 with a view to integrating the statistics of minor irrigation projects and to conduct special studies and surveys. Besides, the seventh Agricultural Census will be conducted in 2006-07.

POLICE

19. This Government has already implemented several initiatives for better service delivery to the public at large from the police. The law and order situation in the State remains peaceful. The Government has also been able to ensure rule of law and security of the public along with courteous behaviour by the Police to people's representatives.

20. In order to tap the burgeoning Tourism potential in the State, 17 more Tourist Aid Posts are proposed to be set up. The personnel of these units would be given training through KITTS.

21. As part of the modernisation of the police force, automation of the police offices will be completed this year itself.

22. A new sub-division has been formed at Agaly in Palakkad District to facilitate prompt inquiries into complaints, especially of the weaker sections, and for paying special attention to redress the grievances of the tribals in the area. This will be reorganised by including Agaly and Mannarkkad Police Circles.

Jail

23. Bio-gas plants will be set up in 20 jails in the State using the organic waste generated there. Rainwater tanks will also be installed in the jails to ensure clean drinking water. In Thiruvananthapuram, the video conferencing facility will be completed soon. In the second phase, this facility will be extended to Kannur and Viiyoor Central Jails and Kozhikode District Jail.

Fire and Rescue Services

24. New Divisional Offices will be opened at Kottayam and Palakkad. As part of the modernisation of the Fire Force, equipments like sky lift, well lift, fire suit etc. will be made available.

Judiciary

25. A new High Court complex with modern facilities, costing over Rs.80 crore has already been completed. New Court complexes are proposed to be constructed adjacent to the District Court at Vanchiyoor, at Kozhikode and at Pala.

SCIENCE AND TECHNOLOGY

26. I am providing Rs.53 crore for the different activities in the field of Science, Technology and Environment.

27. Several projects based on alternate technology are being chalked out for coastal protection.

28. I also set apart Rs. 1 crore for the activities relating to bio-technology.

INFORMATION TECHNOLOGY

29. The sustained efforts made by the Government in the field of information technology have started paying rich dividends. Kerala has become an investment hub of major IT Companies. IT majors like Infosys, TCS, WIPRO, ACS, OPI, Allianz-Cornhill, RM Education etc. have started their operation in Kerala during the last two years. Since Kerala is emerging as one of the major technology hubs, more space needs to be provided for IT companies. For this, 500 acres of land near Pallipuram, Thiruvananthapuram will be developed as 'Techno City'. A special economic zone of 186 acres of land will be developed during the next year as part of the second and third phase of development of Thiruvananthapuram Techno Park.

30. Steps for setting up 'Smart City' in 300 acres of land at Kakkanad, Kochi as a joint venture with the Dubai Internet City authorities are progressing fast. This project will provide about 33000 jobs directly and one lakh jobs indirectly.

31. Successful e-Governance projects like Friends, E-Pay, Citizens Call Centre would be made more broad based with more services being brought under these schemes. Kerala State Wide Area Network (K-SWAN) will be implemented during the next year by connecting Government offices, educational institutions and other service delivery institutions. The 'AKSHAYA' Computer Education programme, which was successfully implemented in Malappuram District, will be extended to 6 more districts. A permanent campus will be set up for Indian Institute of Information Technology and Management, Kerala (IIITM-K). I am providing Rs.1 crore for this. Tele-medicine and Tele-education will be introduced with the assistance of Indian Space Research Organization.

32. The services rendered through the 'FRIENDS', functioning in the District Centres will be extended through the 1300 'Akshya Kendras', now started in 7 Districts.

NORKA

33. An 'Exclusive Economic Zone' will be set up for NRI entrepreneurs and businessmen for diverting their resources to productive economic activities.

34. 'NRI Clubs' will be set up at Thiruvananthapuram, Kochi and Kozhikode with the help of Non-Resident Indians. For the functioning of 'NORKA', I set apart Rs. 2.50 crore.

GENERAL ADMINISTRATION

35. Government will take the initiative for Government employees including teachers to introduce for themselves an Accident Insurance Scheme. This scheme will ensure insurance coverage of atleast Rs. 7 lakh to the family of any Government employee who meets with accidental death.

36. Government employees who entered service during the period from 16.01.2002 to 31.05.2003 were not given DA and other allowances. These withheld benefits amounting to Rs. 80 crore will be released to them.

37. Government has already declared that the pay and allowances of the Government employees for the month of March, 2006 will be at the enhanced rates on the basis of pay revision. The date of effect of the pay revision will be determined after discussions with the leaders of political parties and service organisations.

38. Government will introduce a scheme for availing loans through banks for the purchase of computers to all Government employees. The repayment of such loan to banks will be effected by recovery from their salaries.

39. An 'Integrated Personal-Pay Roll Management System' was launched in the Secretariat incorporating the service and salary details of the Government employees working there. This will be extended to other Departments also in a phased manner. I provide Rs. 2 crore for this purpose.

FOOD AND CIVIL SUPPLIES

40. Active market intervention by the Food and Civil Supplies Department and the Civil Supplies Corporation has helped in controlling the price rise of essential commodities in the State. It has been possible to protect the poor people in the society from the ill effects of price rise by distributing better quality products through Maveli Stores.

41. I am setting apart Rs.54 lakh, to provide 10 Kilogram of rice free of cost per month to aged destitutes under the "Annapoorna" scheme. The additional amount needed for the Annapoorna scheme will be provided by the Centre. The Anthyodaya - Annayojana Scheme for supplying 35 Kilogram of rice @ of Rs. 3 per Kilogram for families Below Poverty Line (BPL) is proposed to be expanded by including 1.24 lakh beneficiaries more. I set apart Rs.10 crore additionally for this purpose.

42. As part of the MGP, Rs.150 lakh is earmarked for implementing Service Delivery Projects in 63 Taluk Supply Offices and 6 City Rationing Offices.

43. Steps to set up a Food Research Institute at Konni at an estimated cost of Rs.80 crore, with Central assistance have already been initiated. An amount of Rs.2 crore is set apart towards the preliminary expense of the Institute.

SCHEDULED CASTE AND SCHEDULED TRIBES DEVELOPMENT

44. Government has already formulated a Scheme for spotting talented students belonging to the Scheduled Caste and to provide scholarships and other facilities to them. I am very happy to set apart an amount of Rs. 1.30 crore for this purpose.

45. Girls Hostels, on the pattern of University Hostels, are proposed to be constructed at Thiruvananthapuram, Ernakulam and Kozhikode. I have earmarked Rs. 40 lakh for this purpose as State share. I am also providing Rs. 60 lakh as State share for the construction of Boys Hostels, as required, at Thiruvananthapuram, Alappuzha, Pathanamthitta, Ernakulam, Kozhikode Districts.
46. An amount of Rs. 4 crore is set apart for the purchase of land for the construction of buildings and hostels for Industrial Training Centres and for the construction of buildings for Model Residential ITCs exclusively for students belonging to Scheduled Caste / Scheduled Tribe communities. Apart from this, Rs. 50 lakh is earmarked for the construction of buildings for Pre-Examination Training Centres at Thiruvananthapuram, Ernakulam and Kozhikode.
47. An amount of Rs. 70 lakh is provided for the construction of multistoried building complex for the Directorate of Scheduled Castes, after demolishing the existing dilapidated building.
48. An amount Rs. 2.5 crore is provided for the construction of the new Nursing College and hostel at Vengod in Thiruvananthapuram District and for the improvement of infrastructure facilities in the existing para medical institutions.
49. As part of promoting new ventures among Scheduled Castes it is proposed to grant financial assistance to self employment projects. I set apart Rs. 2.50 crore for this purpose. I am also earmarking

Rs.1.50crore for the rehabilitation of landless and homeless Scheduled Castes belonging to vulnerable communities.

50. In addition, an amount of Rs.4 crore is provided for the completion of 'Dr. Ambedkar Bhavan' and Rs.1 crore for providing financial assistance to the people belonging to Scheduled Castes, below the poverty line, suffering from serious diseases.

51. In my Budget I earmark Rs.10 crore for the rehabilitation of the landless Scheduled Tribes and Rs. 6.71 crore for the Corpus Fund to implement the project activities for the Tribals. I also set apart Rs.55lakh for assisting talented students among Scheduled Tribes. I set apart Rs.25 lakh for extending "Kudumbashree" activities to the tribal areas. The tribal promoters scheme will be continued. I set apart Rs.1.50crore next year for the food support programme. I also provide Rs.50lakh to implement the scheme of providing health care package to Tribal individuals affected by serious diseases.

52. Old age pension will be given to those above 50 years of age, belonging to the five most backward primitive tribes.

53. A new Department namely "Backward Classes Development Department", exclusively to look after the welfare of Backward Classes will be set up.

ART AND CULTURE

54. Rs. 25 lakh will be provided for the development of Sree Narayana International Study Centre at Chempazhanthy and Rs.25 lakh for the development of Aasan Memorial at Thonnakkal.

ARCHIVES

55. Palm leaf inscriptions and manuscripts are important specimens of our cultural heritage. It will be preserved through digitalisation and other scientific methods. All records relating to Kerala, kept in the National Archives and Tamil Nadu State Archives will be transferred to Kerala during 2006-'07.

YOUTH WELFARE

56. Kerala State Youth Welfare Board proposes to form Youth Clubs for those engaged in traditional industries and train them to obtain purchase orders 'on line' from abroad through 'Internet'. The Youth Welfare Board will implement a new scheme for empowering adolescents in the age group of 13 to 19 and youth in the age group of 20 to 35. I set apart Rs. 20 lakh for this scheme.

PRINTING

57. As a part of modernisation of Government Presses, I set apart Rs. 1.75 crore for the purchase of modern printing machinery and Rs. 90 lakh for the construction of new building for the Presses. An amount of Rs. 25 lakh is earmarked for starting a Printing Academy for B.Tech. Course in Printing Technology under the Printing Department.

POWER

58. The Government's policy is to provide electricity to all by 2009. The State Electricity Board is well equipped for creation of additional capacity in power generation, installation of new sub stations and expansion of new transmission network in order to fulfill the above goal.

59. In the past four years, the Board was able to achieve the production capacity of 196.10 MW Hydel Electric Power. The Malankara Hydel power station with a capacity of 10.5 MW and Kuttiady Augmentation Scheme to generate 223 Million Units (MU) have already been commissioned in the current year. The Lower Meenmutty Project having a capacity of 3.5 MW is expected to be commissioned by March 2007. In the ensuing year 2006-07, capacity addition of 128.75 MW and energy addition of 313.25 MU is expected to be materialised. It is proposed to set up 78 new sub stations and 1038 Km of transmission lines in 2006-07.

60. In the last 4 years 15.87 lakh new connections have been given. In 2005-06 alone, 3.87 new connections have been given so far. Connection will be provided to all applicants by the end of the year 2007.

61. I think it is a remarkable achievement to have brought down the Transmission and Distribution loss from 32.15% in 2001-02 to 24.84% in 2005-06. The target is to bring this down to 23.15% by 2006-07. As a result, more than Rs.60 crore is expected to be saved per year.

62. Even though tariff has not been increased after October 2002, the Board has been able to reduce the revenue deficit substantially. In recognition of this, Government of India has granted an incentive of Rs.64.94 crore in 2005-06.

63. As a result of tariff reduction of 20 paise per unit for domestic and small commercial consumers with effect from January 2006, the

consumers will get a benefit of Rs.30 crore in 2005-06 and about Rs.115 crore in 2006-07.

64. I am earmarking an amount of Rs.19.09 crore for the renovation of transmission lines and transformers in the Tsunami affected areas with the assistance of the Asian Development Bank.

LABOUR

65. The peaceful atmosphere prevailing in the labour sector in the State in the last four years will be maintained in the coming year also. An "Integrated Housing Scheme" will be introduced next year for beedi workers. Inter-State Migrant Workmen Act will be implemented scrupulously. I am providing Rs.34 lakh for the construction of Labour Complex to house Labour Commissionerate and Industrial Training Directorate. The training institute started under Building and Other Construction Workers' Welfare Board will be further expanded by including more courses. Timely updation of labour rules will be completed next year. There are plans to constitute a new Welfare Fund for goldsmiths. Starting of new employment exchanges in a few places selected according to norms will be considered. One more chance will be given to renew the registrations which were not renewed in time, without losing seniority.

66. I am providing Rs. 525 lakh for the modernisation of Industrial Training Institutes in the State. The Centrally Sponsored Scheme for establishing "Centres of Excellence" will be extended to more centres and new courses will be started to impart to workers' skills comparable with national and international standards. The standard of the existing ITIs

will be upgraded and placement cells will be set up in ITI campuses to facilitate campus selection of those who have completed courses. New ITIs will be started wherever the need arises and Women ITIs will be upgraded. Government will meet the expenses for conducting courses in new ITIs in selected places, if the Local Self Governments provide the required infrastructure facilities.

67. An Occupational Health Centre will be started to provide expert treatment for occupational diseases. Separate Homoeo-Ayurveda sections will be started in the ESI hospitals at Ezhukone and Parippally. A new ESI Hospital will be started in Perinthalmanna.

FISHERIES

68. Fisheries sector in Kerala assumes prominence as a large section of the State's population depends on fisheries for their livelihood and it earns substantial foreign exchange for the country. Recognising the importance of this sector, I set apart Rs.61.36 crore for its various developmental activities. An amount of Rs.10 crore is additionally earmarked for the infrastructure development of fisheries sector through the newly constituted Coastal Development Agency. Development of inland fisheries, conservation and management of marine wealth, modernisation of fishing harbours, social security, employment guarantee and promotion of micro enterprises for ensuring sustainable income for the fisher folk are the thrust areas of the development activities proposed for 2006-07.

69. Government propose to improve the drinking water supply, health and sanitation facilities and install guide lights in coastal areas and to

give assistance for electrification and wiring of fishermen's houses under 'Theeradeepam Project'. An amount of Rs.80 lakh is earmarked for this. I also set apart Rs.50 lakh to provide electronic identification cards for fisher folk.

70. In order to augment inland fisheries, a new scheme called "Matsya Vardhini" will be introduced. For the children of fisher folk, another new scheme called "Vidya Suraksha" also will be introduced. The educational concession now given to SC/ST students in Government self-financing institutions will be extended to the children of fishermen also.

71. A scheme for providing houses costing Rs. 40,000 each to fishermen will be implemented with the assistance of National Fishermen Welfare Fund. I am providing Rs.3 crore for this.

72. Various development activities for Rs.12.52 crore under the Tsunami Emergency Assistance Project sponsored by Asian Development Bank will also be undertaken.

73. I have also included Rs.20 crore for implementing projects under Rural Infrastructure Development Fund (RIDF) of NABARD.

SPORTS

74. I am providing Rs.10 lakh under State Plan for the development of the Physical Education College at Kozhikode. A District Sports Complex costing Rs.1.10 crore will be established at Attingal. The Department also proposes to set up Rural Sports Complexes in all Panchayats. The complex will comprise of a six lane athletic track, play grounds for football, hockey, volley ball, basket ball, kabadi, kho kho etc. and a small

building with storage space for sports equipments, changing rooms and toilet facilities. As a beginning, one such Sports Complex each will be constructed in all the Districts during 2006-07. A hostel will be constructed for the girls undergoing training at the Sports School, Kannur.

75. I am providing Rs.50 lakh for improving the infrastructure and providing better facilities in the Nehru Stadium in Kochi.

76. The land acquisition process for the construction of Stadium at Thodupuzha will be intensified. Rs.50 lakh will be provided for this purpose.

INDUSTRIES

Industries & Commerce

77. The Department of Industries and Commerce plays a key role in the industrial development of Kerala, especially for the growth of small scale industries and service sectors. It is necessary to pursue the efforts for promoting SSI units and strengthening infrastructure facilities. As part of this, the Government proposes to start 90 new small scale units in 5 industrial parks and 2 industrial estates through SIDCO. This will provide employment opportunity to 300 people directly and 2000 people indirectly. The profit making Public Sector Undertakings have to set apart a portion of their budget, proportionate to their investment, for product diversification. The "Prathyasa Programme" now being implemented for the promotion of small scale industries will be strengthened.

Kerala State Industries Development Corporation (KSIDC)

78. As part of the efforts for promotion of industrial parks, KSIDC will extend financial assistance to projects costing even less than Rs.1 crore, if they are set up in identified industrial parks. About 900 acres land in Kakkanad, Kochi will be acquired for port-based Special Economic Zone, L.N.G.Project, International Container Transshipment Terminal (ICTT) etc. and 100 acres of land at Kazhakkootam, Thiruvananthapuram will be acquired for setting up industrial units.

KINFRA

79. KINFRA will provide land in Palakkad and Kasaragod Districts for setting up textile parks under the "Scheme for Integrated Textile Parks" (SITP). The Government of India will provide 40% of the project cost as equity contribution.

Mining and Geology

80. The Geological Museum will be modernized for the benefit of geologists and geology students.

Traditional Industries

81. The workers engaged in traditional industries sector are a prime concern of the Government. The State Government have taken all possible steps to wipe off the tears of the workers engaged in this sector.

82. The steps taken to assist the handloom sector have benefited the 2 lakh employees. The efforts of Government have helped in increasing the market share of handloom in domestic and international markets and also to equip the workers to face the challenges in the market.

Government also could avail of incentives offered by Government of India under different schemes.

83. An amount of Rs. 85 lakh is set apart for setting up mini pre-loom process centres for handloom weaving co-operative societies having production centres.

84. I am providing Rs. 21.50 lakh for the implementation of technology upgradation and transfer of new technologies to Handloom Weavers through the Textile Project Development Centre, Balaramapuram.

85. An amount of Rs. 3 crore is set apart for clearing rebate claim arrears of the primary Handloom Weavers Co-operative Societies.

86. For the first time in the history of Kerala State Cashew Development Corporation, the Government has been able to provide employment for more than 207 days in the current year. This will be increased to 300 days in 2006-07. Raw nuts will be procured with the assistance of State Trading Corporation for ensuring continuous working days. It is proposed to introduce value added products in the market with the assistance of the Central Food Technological Research Institute (CFTRI), Mysore. There are also plans to establish a modern facilitation centre of international standards and to modernise the factories under CAPEX during the year 2006-07. I am providing Rs. 2 crore for implementing a 'Safety Net' programme for the welfare of cashew workers.

SOCIAL WELFARE

87. The Action Plan prepared by the Social Welfare Department aimed at child development will be implemented in full with the co-operation of Health, Education, Rural Development and Local Self Government Departments.

88. Article 47 of the Constitution envisages uplifting the nutritional status, thereby ensuring public health. The 'Malnutrition Free Kerala' Scheme will be implemented to improve the nutritional status of children below 6 years, adolescent girls, pregnant and lactating women.

89. A survey will be conducted of persons with mental and physical disabilities so as to formulate special schemes for this category. A special fee structure for the blind, deaf and dumb and mentally disabled students will be fixed by Government. This will also be paid by the Government. I set apart Rs.5 crore for this.

90. In order to boost the performance of Non-Governmental Organisations working in the field of Social Welfare, without any profit motive, an award will be given to the best Non-Governmental Organisation.

91. The State Old Age Policy will be announced and implemented in full. Non-Governmental Organisations will be encouraged to set up and run model old age homes in partnership with Social Welfare Department and Local Self Government Institutions.

92. The honourarium payable to Anganwady workers and helpers will be increased by Rs.100. The State share in Anganwadi Welfare Fund will

be enhanced. Schemes meant for Anganwadi workers and helpers will be implemented effectively.

93. The financial assistance granted to the families of tree-climbing workers who die while on work will be enhanced to Rs.25,000/- from the existing level of Rs.10,000/-.

AGRICULTURE AND ALLIED SECTORS

Agriculture

94. The agriculture sector plays an important role in the state's economy. Measures like development of paddy cultivation, coconut development, promotion of export sector for agricultural products, agro clinics and the television programme, "Kissan Krishi Deepam" have all infused a new vigour in the Agriculture sector. Government will also give special emphasis for programmes which create more employment opportunities in the agricultural sector in rural areas, utilise information technology to the maximum for the growth of agricultural sector, encourage private investment for the growth of the agriculture sector and extend mechanisation, considering the dearth of labour. Programmes for Rs. 18 crore are envisaged for the development of paddy cultivation. Besides, various schemes for the development of infrastructural facilities of 'Padasekharams' and for extending paddy cultivation to 25,000 hectares of waste land will be implemented during the budget year.

95. Government proposes to introduce an "Agricultural Resurgence Fund" to help the farmers. The aim of the fund is to increase productivity in agriculture including plantation sector by adopting modern technology. I am setting apart Rs.50 crore for giving subsidy from this fund for

replanting existing cardamom and pepper plantations with hybrid varieties.

96. I am providing Rs. 10.23 crore for the development of coconut with the assistance of the Central Coconut Development Board through removal of root wilt disease affected coconut trees, distribution of good quality saplings, integrated manuring and improvement of irrigation facilities.

97. It is proposed to implement the Central Government Scheme of National Watershed Development Scheme, including the schemes of Agriculture, Soil Conservation and allied departments by providing Rs. 3.50 crore.

98. Considering the increased demand for organic products at National and International level, I propose to implement a scheme for Rs. 2 crore for increasing their production. Organic farming of pepper, paddy and fruits are the crops included in this scheme.

99. The working of the State Horticulture Mission, set up on the model of the National Horticulture Mission, with a view to increasing production and productivity of horticultural crops, their marketing, value addition, rejuvenation, production of quality saplings, promotion of organic farming, construction of water sources, floriculture, bee keeping, etc. will be brought into full swing during the next year.

100. In order to help the coconut cultivators and to create more employment opportunities to the unemployed youth, centres for

marketing processed tender coconut water will be opened all over the State.

101. There are infinite possibilities for floriculture in the State. Floriculture, including orchid, anthurium etc. will be extended through Self Help Groups of women.

102. Agricultural Pension @ Rs.1,000/- per year will be given in half yearly instalments to the head of the family of farmers whose land holding is less than 1 hectare and whose means of livelihood is agriculture and who have completed 60 years of age, not receiving any salary or pension. I set apart Rs.10 crore for this purpose.

103. Subsidy @ 20%, subject to a maximum of Rs.20 lakh will be given to 10 industrial units proposed to be set up under the auspices of Service Co-operative Banks and Agricultural Development Banks for value addition and processing of Vanilla.

104. A compensation @ Rs.100/- per tree will be given to cut and remove arecanut trees infected with Yellow Leaf Disease.

105. The production incentive now given to farmers under Group Farming will be enhanced to Rs.1,500 per hectare.

ANIMAL HUSBANDRY

106. The activities of Animal Husbandry sector in Kerala has achieved tremendous progress in recent years. As a result, there has been commendable growth in the number of livestock and production of fodder. A State Veterinary and Animal Health Complex with GLP/ISO

9000 certification will be established at Thiruvananthapuram for care of cattle and effective prevention and cure of diseases. The existing Duck Farm at Niranam will be made a centre of excellence in duck farming. As part of promotion of meat production, bull calf rearing will be taken up in the Jersey Farm at Vithura. A rabies diagnostic laboratory for the northern Districts will be set up at Kannur. Steps will be taken to make Kerala a cattle disease-free zone. A Veterinary and Animal Sciences University for specialising in the area of Animal Bio-Technology and Meat Technology on the lines of those in Tamilnadu, Karnataka, Maharashtra, West Bengal, etc. will be established.

Dairy Development

107. An integrated project entitled '*Ksheerolpadham*' focusing on milk quality improvement and fodder development is proposed to be implemented in all the Development Blocks of Kerala.

108. A State level cattle show and seminar will be conducted during 2006-'07. Besides, District Level and Block Level Cattle Shows will be conducted in all the Districts and Blocks. Assistance will be given to selected farmers to establish dairy units of 2, 4 and 10 cows each.

109. Selected Dairy Co-operative Societies across the State will be identified as beneficiaries for operational assistance, purchase of milk cans, setting up of mini pasteurization units, etc. under the scheme of 'Assistance to Dairy Co-operatives'.

110. Besides, a massive fodder production programme is proposed to be implemented throughout the State. Fodder grass farming will be taken up in 3000 hectares. Moreover, programmes like Commercial Fodder

Production, Short Duration Crop Promotion, Free Fodder Promotion and 'Azolla' will also be implemented.

111. In order to improve the quality of milk all over the State, Quality Improvement Programmes are proposed to be implemented. The major components are Quality Awareness Programme, setting up of lean milk production units, Milk Consumer Interface Programmes, establishment of Electronic Milk Testing Labs and Mini Coolers. The State Central Lab at Alathoor will also be strengthened.

Coir

112. Coir industry is the most important traditional industry of Kerala employing 3.75 lakh workers including 3 lakh women from among below-poverty-line families. Due to many reasons like reluctance in adopting mechanisation and modern technology, high cost of production, non-professional management system in the co-operative sector, mismanagement etc. the societies have become unviable and not in a position to provide work even to a minority of its members on regular basis. Out of the 853 registered coir co-operative societies, only 450 are now working; of which only 21 are profitable. The ICDP scheme implemented by Government has also become ineffective. Government therefore proposes to reorganise the co-operatives as producers' societies, limiting the membership to coir producers only. The revivable societies will be assisted under this programme on this basis.

113. Government have also adopted measures to set up Self Help Groups for the benefit of the workers of defunct co-operative societies. During 2004-05, Government implemented a scheme for setting up of Self Help

Groups of 6000 women coir workers by providing them traditional ratts fitted with ¼ HP motors. The scheme which benefited Self Help Groups having 9500 women workers during 2005-06 is proposed to be continued during 2006-07 also with a target of 15000 workers.

114. A consortium of Small Scale Producers, Co-operative Societies and Self Help Groups will be set up for protecting small scale coir producers and workers from the exploitation by middlemen. This consortium will ensure availability of raw materials and marketing of products. I am setting apart Rs.5 crore for this purpose.

115. The benefits of Mahila Coir Yojana Scheme of Coir Board will also be utilised for improving the functioning of Self Help Groups. An amount of Rs.4.12 crore is set apart for this.

116. A Welfare Insurance Scheme is proposed to be implemented for coir workers. The benefits under this scheme will be available to coir workers working in units where even less than 10 workers are employed and those who are registered under Kerala Coir Workers Welfare Fund Board (KCWWFB). An amount of Rs.35 lakh is provided for this.

LOCAL SELF GOVERNMENTS

117. I can say with immense satisfaction that this Government has provided in the budget Rs.1496 crore in 2003-04, Rs.1881 crore in 2004-05 and Rs.2032 crore in the current year for transfer to the Local Self Governments. Taking into account the recommendation of the 3rd State Finance Commission, this has been enhanced to Rs.2050 crore for the next year. No other State in India has ever devolved so much funds to the Local Self Governments.

118. I am happy to announce that Kerala has won a National Award of Rs.5 crore for the State having the best Panchayathi Raj system.

Panchayats

119. The institutionalisation efforts launched by the Government to strengthen decentralization will be put on a fast track during 2006-07 so that the systems and procedures are properly in place before the start of the Eleventh Five Year Plan. Special priority will be given to improve the planning process, particularly in strengthening District Plan preparation, budget preparation, keeping of accounts, conduct of audit and enhancing people's participation. A new initiative will be launched by Kerala Institute of Local Administration (KILA) to upgrade the quality of management of the institutions transferred to Local Self Governments.

120. The recommendations of the 3rd State Finance Commission will be implemented for strengthening the Local Self Government finances. This will take the much acclaimed fiscal decentralisation efforts of Kerala to a higher plane. It is with great pride that I announce that Kerala is the first State in the country to implement the recommendations of the Third State Finance Commission.

121. The Maintenance Fund and Development Fund will be released to Local Self Governments in 10 monthly installments from next year onwards.

122. The computerisation process of the Local Self Government Institutions will be completed in 2006-07.

123. Over the years the Kerala Institute of Local Administration (KILA) has emerged as the prime institution of its kind in the country in capacity building of elected functionaries. In recognition of its status, it is proposed to develop it into a SAARC Centre of Excellence in local governance for which special efforts will be made to upgrade its facilities. An amount of Rs.2.25 crore is earmarked for this purpose.

Kudumbashree - Asraya Projects

124. The Kudumbashree-Asraya Projects, setup with a view to eradicating poverty, have under it, 1,59,739 Neighbourhood Groups, 14,103 Regional Development Societies and 1,050 Community Development Societies successfully functioning. 32,35,086 families Below Poverty Line benefit from this. The Thrift and Credit Societies, functioning in the Neighbourhood Groups could mobilize more than Rs. 565 crore as deposit and disburse more than Rs.1270 crore as loan. I have immense pleasure in providing Rs.70.84 crore in my Budget for the continuation of the Kudumbashree-Asraya programmes.

Clean Kerala Mission

125. I am providing Rs. 3.94 crore towards next years Government contribution for the Clean Kerala Mission setup to improve the environmental status of urban areas.

Urban Affairs

126. The cities and towns of India constitute the world's second largest urban system. Therefore it is proposed to introduce a special scheme for the improvement of basic facilities of our cities and towns in a time bound manner. This Centrally assisted programme is known as National

Urban Renewal Mission. An outlay of Rs.90 crore has been provided for the implementation of the programme.

127. An amount of Rs. 5 crore is earmarked for the development of infrastructure and beautification of Kozhikode city. I am also providing Rs.5 crore for the development of Kochi. To co-ordinate the development of these two cities, City Development Committees have already been set up.

128. I am also setting apart Rs. 2.60 crore for providing cremation facilities in Corporation and Municipal areas.

REVENUE

129. I am providing Rs. 2 crore for the printing and supply of the Kissan Pass Books.

130. In the Village Adalaths organized by the Revenue Department throughout the State this year, 2.45 lakh cases were disposed of. Considering the unprecedented success of this programme, organizing 'Adalaths' will be made more effective. This will also be a regular programme.

131. Out of the 1453 village offices in the State, 955 village offices are yet to be computerized. Action will be initiated to complete the process of computerization of all these village offices by 2006-07 under the Service Delivery Programme of MGP.

132. The computerisation programme, 'DC Suite', successfully implemented in the Collectorate, Palakkad will be extended to all other Collectorates during the budget year.

133. Pattas will be issued to eligible landless tribals in cases where land has been identified.

134. In order to strengthen the revenue machinery and bring accuracy to land records, village record rooms will be constructed in 523 village offices in the State during 2006-07.

135. Surplus land to the extent of 31960 acres identified for distribution among landless agricultural labourers will be taken over and distributed.

Survey & Land Records

136. Resurvey work covering 1000 square kilometers will be completed during the budget year. As part of the measures to redress the grievances of the land owners regarding resurvey, 60,000 cases will be disposed of through Survey Adalats.

HOUSING

137. The renovation of houses under the "One Lakh Housing Scheme" will be continued. Government proposes to take up the renewal of 5,000 houses in the initial stage. The loan scheme for the Low Income Group is also proposed to be resumed next year.

138. 40000 houses are proposed to be taken up under "Suraksha Housing Scheme" during 2006-07.

139. New revenue towers will be constructed in Kanjirappally, Attingal and Ranni. Projects for construction of commercial complexes at Pattom and Ulloor in Thiruvananthapuram and at Irinjalakkuda in Thrissur are in the pipeline.

140. Working Womens Hostels will be started at Kattappana and Thodupuzha and Mini Townships will be setup in all District Headquarters.

141. The construction of 138 flats and a commercial complex will also be taken up as part of the second phase of Akkulam Township Project where land development activities have already been completed as first phase.

142. I am providing Rs.43 crore in the Budget towards "Mythri Housing Scheme" of Kerala State Housing Board intended for the Economically Weaker Sections of the society.

EDUCATION

General Education

143. Government has been making all-out efforts to revamp the entire educational structure to promote and sustain quality education through innovative experimentations. A comprehensive training programme for teachers has been designed for reinforcing the existing grading system and the continuous, comprehensive evaluation in standards VIII and IX. I have set apart Rs.1.60 crore for programmes including this training. The Government proposes to implement the IT enabled education scheme in all schools including those located in coastal and tribal areas. I am providing Rs.4.20 crore for this. As part of the service delivery

programme, I set apart Rs.13 crore for the development of Government schools under the Modernizing Government Programme.

Higher Education

144. Steps have already been initiated to implement the recommendations of the International Education Meet. In the year 2006-07, Government proposes to introduce several novel programmes for Higher Education. "EDUSAT Programme" will be implemented in all Engineering Colleges, Polytechnics and Technical Schools in the State. The legislation for a new Technical University will be done. About 200 Colleges in the State will be linked with INFLIB NET, the Library scheme of the UGC.

Higher Secondary Education

145. I have great pleasure in providing Rs.25 crore for modernising the laboratories and other facilities in higher secondary and other schools.

146. As part of providing better facilities to students to encourage computer education at higher secondary school level, I set apart Rs.5 crore in the Budget for purchase of computers.

147. A Students Centre will be set up in Thiruvananthapuram as part of the students' welfare activities in order to provide facilities for imparting training programmes with the objective of developing leadership qualities among students in non-academic matters and for providing accommodation to students who come from remote areas. I am providing Rs.1 crore for this.

148. An amount of Rs.1.60 crore is earmarked, as part of M.G.P for improving quality of education in vocational higher secondary schools and Rs.3.30 crore for development activities including infrastructure facilities.

149. It is proposed to introduce grading in Vocational Higher Secondary Education sector also. An amount of Rs.1.25 crore is set apart for the activities of S C E R T.

PUBLIC WORKS

150. The 13 major roads under Capital Region Development Programme will be completed. The fly over at Bakery Junction will also be completed.

151. A Master Plan for development of Kottayam town roads on the lines of the Capital Region Development Programme will be prepared and executed.

152. Construction of 407 Kilometres of roads will be completed under Kerala State Transport Project.

153. Four laning work of NH 47 from Kazhakkuttam to Kanyakumary will be started. Construction of Alappuzha Bypass Phase II and Kozhikode Bypass Phase III and IV will also be completed.

154. Erumely - Chalakkayam road (via) Narayanamthodu, the shortest route to Sabarimala, will be completed during 2006-07 with Central assistance.

155. The construction of High Court building complex at Ernakulam, G. V. Raja Sports Complex and new Civil Station at Thiruvananthapuram are some of the important works undertaken by the Buildings Wing of the Department.

156. Construction of Super Speciality blocks and other buildings for Medical Colleges at Thiruvananthapuram, Alappuzha, Kottayam, Thrissur and Kozhikode will be completed during 2006-07.

157. Work on 10 railway over bridges at Bekal, Muzhuppilangad, Nandi, Kadukkamkunnu, Victoria College, Sultanpettah, Pulleppady, Ponnurunni, Athani and Koratty will be completed by the Roads and Bridges Development Corporation of Kerala in 2006-07. Land acquisition for the IInd phase of Kochi Seaport - Airport road will be completed.

158. Kakkanad - Kothamangalam four-lane road will be constructed for the development of Industry and Tourism.

159. The construction of Thuravoor Thykkattussery bridge, Peruman bridge, bridge across Periyar on Kochi Seaport-Airport road, Vakkom Kayikkara bridge and Muppalam bridge in Alappuzha town will be taken up.

CO-OPERATION

160. The Co-operative movement has a crucial role in the planned development of Kerala economy. We have been able to retain the strong democratic foundations of this institution when compared to any other State in India.

161. The disbursement of agricultural loan through co-operative sector will be doubled in the next year. New co-operative societies will be started exclusively for providing agricultural loans, after reviewing the performance of the service co-operative banks in this field.

162. In order to impart the benefit of modern technology to the agriculturists, "Vikas Vahini Classes" will be started in 100 selected co-operative societies with the assistance of NABARD

163. Steps will be taken to provide loans upto Rs.25 lakh to agriculturists for purchase of land for agricultural purpose by mortgaging the land so purchased.

164. A macro management scheme will be implemented extensively, through Scheduled Caste, Scheduled Tribe Co-operative Societies, Women Co-operative Societies and Primary Agriculture Co-operative Societies, with assistance from NABARD. An amount of Rs.30 lakh is earmarked for this purpose.

165. The second phase of the NCDC assisted ICDP project will be implemented in Wayanad District next year. I set apart Rs.100 lakh for this purpose. I also provide Rs.250 lakh to Processing Co-operatives, Rs.50 lakh to Consumer Co-operative Societies and Rs.50 lakh to Primary Co-operative Societies to run "Neethi Stores". An amount of Rs.100 lakh is also provided as share capital contribution to Housing Co-operative Societies.

PORTS

166. Our long cherished dream of Vizhinjam Deep Water International Trans-shipment Container Terminal is at last becoming a reality. The global tender for the implementation of this project on BOT basis has already been approved. The first phase is expected to be completed within 4 years. I am glad to provide Rs.10 crore for the activities of the Vizhinjam International Sea Port Limited, established for the implementation of the project.

167. Alappuzha Port, an ancient port centre, is proposed to be developed as a marina capable of anchoring ships. I set apart Rs. 1 lakh for the preliminary expenses of the same.

168. An amount of Rs.3 crore is also provided for the development of Azhikkal Port.

169. It is necessary to enhance the physical infrastructure of our harbours and fish landing centers to global standards to promote exports. Hence it is proposed to modernise them with Central assistance for which an amount of Rs.3.7 crore is provided for this. I also set apart Rs. 4.90 crore for the development of Vizhinjam, Thankassery, Kayamkulam, Ponnani, Muthalappozhi, Koyilandi, Thottappally, Arthunkal and Chellanam fishing harbours.

170. The functioning of the Maritime Academy under the Ports Department is expected to start during next year. An amount of Rs.1 lakh is provided for setting up of the proposed Welfare Board for the labourers of minor ports.

171. An amount of Rs.26.52 crore is earmarked for the reconstruction of the ports destroyed by Tsunami.

TRANSPORT

172. I am setting apart Rs.40 lakh for the completion of the e-governance project being implemented in the Motor Transport Department. An amount of Rs.37 lakh is also earmarked for the purchase of modern equipments for "speed trap" and for the purchase of vehicles for the use of the officers of the enforcement squads.

173. In the Water Transport Department, the schemes to be taken up during 2006-'07 include construction of a station office-cum-waiting shed at Panavally, a station office at Vaikom and improvement of workshop facilities. I am providing Rs.5.10 crore for this sector.

174. Realising the importance of the inland water transport sector, the 12th Finance Commission has specifically awarded Rs.56.25 crore. This will give an impetus to the growth of this sector. I am glad to provide, for the development of inland waterways an amount of Rs.58.85 crore, which is the highest so far.

FOREST AND WILDLIFE

175. An amount of Rs.16 crore is earmarked for conservation of natural forests and Rs.3.55 crore for increasing productivity in forest plantations. I am also providing Rs.6.65 crore for conservation of biodiversity and management of protected areas.

176. An elephant rehabilitation centre will be started at Kottoor, Thiruvananthapuram. A 'Gajaraja' award will be introduced for the best

domesticated elephant and separate awards will be given to the most caring owner and mahout.

WATER RESOURCES

Irrigation

177. In our State, there are 17 completed and 7 ongoing Irrigation Projects. Government proposes to launch a new scheme called 'Bharat Nirman' with Central assistance with a view to increasing the area under assured Irrigation. This scheme which is expected to be completed in four years will commence in 2006-'07.

178. The work on Idamalayar Project is fast progressing. The first phase of Meenachil River Valley Project and the Palakappandy Diversion Scheme will be completed during 2006-'07. An amount of Rs. 10 crore is earmarked for this. I am providing Rs. 10 crore for the completion of the work on Thrithala Regulator-cum-Bridge. The construction works of Chamravattom project will be speeded up.

179. Assistance from Government of India under AIBP Scheme is available for accelerating the completion of ongoing projects and for modernisation of the commissioned projects. I have set apart Rs. 90 crore for utilising the Central assistance. An amount of Rs. 20 crore is earmarked for the completion of ongoing NABARD assisted Lift Irrigation Projects.

180. Priyar River Authority will be constituted for the conservation of Periyar.

181. I set apart Rs. 30 lakh as State share for the "Pamba Action Plan" launched for the prevention of pollution of Pamba river.

182. I set apart Rs. 43.75 crore, including Central share, for coastal zone protection and procurement of modern machinery for these works.

HEALTH AND FAMILY WELFARE

183. Health and Family Welfare Department will pay more attention to improve the health services at primary, secondary and tertiary levels as well as focusing on preventive care.

184. The department has been following the 'Life Cycle Approach' in maternal and child health. In order to reduce maternal mortality rate, delivery in hospitals will be promoted by implementing the Centrally Sponsored Scheme "Janani Suraksha Yojana". This scheme provides financial assistance at the rate of Rs.700 for the first and the second hospital deliveries, to mothers belonging to the BPL category.

185. I am happy to announce that the financial assistance of Rs.50 now being given to poor T.B. patients will be enhanced to Rs.200.

186. It is proposed to upgrade 10 Primary Health Centres to Community Health Centres as per the Indian Public Health Standards for improving the infrastructure and service delivery at grass root level. Hopefully, this will give an impetus to the efforts of National Rural Health Mission for the modernisation of Community Health Centre.

187. Given the increasing incidence of life style diseases in Kerala, District Cancer Care Programme and Pain and Palliative Care Units will be

started in all the 14 Districts along with Diabetic and Hypertension Clinics.

188. Considering the alarming rise in accident deaths, Trauma Care Units will be started in Kasaragod, Palakkad, Ernakulam, Kollam and Neyyattinkara with an outlay of Rs.7.50 crore and a state-of-the-art Spine Surgery Unit with an outlay of Rs.1.46 crore will be established in Thiruvananthapuram Medical College Hospital.

189. The Medical College, Thiruvananthapuram, one of the oldest medical institutions in the country will be developed as a premier institution for health care and research, on the lines of the All India Institute of Medical Sciences (AIIMS). Burns Unit, Rehabilitation Medicine and Geriatric Units in all the Medical Colleges will be modernised.

190. I set apart Rs.70 lakh for the construction of hospital waste treatment plants in Kozhikode and Kottayam Medical Colleges. I am also providing Rs.10 crore for improving facilities in the hostels in Medical Colleges and Dental Colleges.

191. As part of introducing modern diagnostic facilities in Medical Colleges, Rs.2 crore is earmarked for purchase and installation of C.T. Scanners in Kottayam, Alappuzha and Thrissur Medical Colleges.

192. As a first step in establishing infertility clinics in all Medical College Hospitals, an infertility clinic will be started in Thiruvananthapuram Medical College. I am providing Rs.5 lakh for this purpose.

193. This Government intends to constitute societies in tribal areas under the Departments of Indian System of Medicines and Homoeopathy for promoting Herbal Plant cultivation and to start para medical courses in Ayurveda. Pay ward facilities will be introduced in Kannur and Thiruvananthapuram Ayurveda Hospitals. A pharmaceutical production unit under Oushadhi will be started at Pariyaram and 1 set apart Rs.50 lakh for this purpose.

194. The Department of Homoeopathy has plans to start special clinics in various schools with the objective of development of Intellectual and mental health of the students. It is also proposed to increase number of beds in the District Homoeo Hospitals from 25 to 35. I am also providing Rs. 2.25 crore for improving the facilities in Thiruvananthapuram and Kozhikode Homoeo Medical Colleges.

195. A Holistic Medicine and Stress Management Research Institute will be started at Thiruvananthapuram.

RURAL DEVELOPMENT

196. A provision of Rs.10 lakh is set apart as State share for the implementation of The National Rural Employment Guarantee Act-2005 which is a plan scheme newly initiated by the Central Government, in selected Districts.

197. I am setting apart Rs.44.94 crore as State share for the poverty eradication-employment generation schemes like SGRY, SGSY, IAY, INDP and DRDA.

REGISTRATION

198. The 14 District Registrar Offices, 4 DIG offices and the office of the Inspector General of Registration will be computerized. On completion of computerization of the Department, it would be possible to provide better service to the public and to avoid delay in the transactions. I am providing Rs.3 crore in the budget for this purpose.

199. The basic facilities of the 68 Sub Registrar Offices included under the 'Service Delivery Project' of the MGP will be improved by next year.

FINANCE**Commercial Taxes**

200. The introduction of Value Added Tax (VAT) in Kerala from 01.04.2005 marked a momentous change in the Sales Tax structure of the State. The most significant aspect of the new regime is that the officer-driven assessment followed hitherto has been replaced by monthly assessment by the assesseees themselves. However there has been a fall in revenue from the goods covered by VAT in 2005-06 compared to the previous year. The State Government has so far received more than Rs.450 crore from the Central Government as 100% compensation for the short fall. However, since only 75% of the loss on introduction of VAT will be compensated during 2006-07, the new tax structure needs to be stabilized. Therefore computerization of the Sale Tax Department has to be expedited. I have provided Rs. 10 crore for procurement of computers, networking of the offices and check posts and for data entry of 70,000 returns filed by assesseees every month.

201. For the smooth functioning of the Department, better facilities have to be provided to help officers deal with the assesseees effectively. The check posts have to be equipped with modern technologies like 'Gamma Scanning' of consignments enabling assesseees to easily remit entry tax. I am providing Rs.5 crore for operating such modern check posts jointly with Taxes, Excise, Motor Vehicles, Forests and other Departments.

202. Intelligence gathering, surveillance and inspection will be intensified. A comprehensive publicity campaign will be undertaken under the auspices of the Department to create an environment compliant to VAT structure.

203. It is proposed to construct Commercial Tax Complexes at Kollam and Thrissur at an estimated cost of Rs. 5 crore and Rs. 3.24 crore respectively. I am setting apart Rs. 50 lakh each for this purpose. An amount of Rs. 50 lakh is also provided for constructing a check post building with more facilities at Amaravila. I am also providing Rs. 1 crore in the budget for the proposed construction of check post building and staff quarters at Manjeswaram at an estimated cost of Rs. 5 crore.

Excise

204. For the completion of the 'Excise Academy', Rs.50 lakh is provided. Another Rs.50 lakh is earmarked for the computerization of the Department and strengthening the check posts.

Treasury

205. The Treasuries in the State are being equipped with more facilities to provide better service delivery to Government departments, employees and the public. As part of the modernisation of the department, all Treasuries have been computerized. The complete details of the all the transactions in all the Treasuries are now available in the Directorate of Treasuries through the newly introduced 'Dial Up System' on a daily basis. As a prelude to implementing a 'Wide Area Net Work' (WAN) in the Department, a 'Local Area Network' (LAN) connecting Treasuries and Banks will be made functional next year. I am setting apart Rs. 2.64 crore for the computerisation of Treasuries. New Sub Treasuries will be started at Koppam (Palakkad), Cherppu (Thrissur), Nooranad (Alappuzha) and Mukkom (Kozhikode).

Lottery

206. After the revival of Kerala Paper Lottery in May 2005, there has been a tremendous growth in Revenue receipts. In order to sustain this trend I set apart Rs. 50 lakh for the second phase of computerization of the Lotteries department.

TOURISM

207. Kerala is continuing in its position as the most attractive tourist destination in the country. The World Travel and Tourism Council's (WTTC) report predicts the tourism growth in Kerala by 11.6% per annum over the next decade. This is the highest recorded growth in the world. Considering the potential of developing health tourism in the State, the year 2006-'07 is proposed to be declared as the 'Year for Medical Tourism'. It is hoped that the suggestion of the Honourable President of India that

tourism is the first mission to be undertaken in the 'Missions for Prosperity' can be implemented in 2006-'07.

208. New tourism products such as Monsoon Tourism, Pilgrim Tourism, Adventure Tourism and Farm Tourism will be developed and promoted. A novel scheme namely 'My Village-Tourism Friendly Village' will be introduced to ensure penetration of Tourism benefits to rural areas. I am glad to earmark an amount of Rs. 21.71 crore for these schemes, Rs. 6.50 crore for conservation, preservation and promotion of heritage, environment and culture and Rs.11 crore for marketing activities in the Tourism sector. A cultural village will be developed at Madai, Kannur to showcase the cultural heritage of Malabar area. One Mega Tourism Festival will be conducted at district level to promote the unique cultural tradition of every district. Community led eco-tourism will be undertaken in the important wild life sanctuaries in the State, for which, Rs. 2 crore is set apart. An enabling environment will be created for attracting private investment in tourism sector. Special incentives for investment in Tourism sector in Malabar will also be considered.

209. An amount of Rs. 4 crore is set apart as incentives for creation of infrastructure facilities and Tourism products in the private sector.

210. A Canal Management Committee involving various Departments will be set up under the Chairmanship of the Minister for Tourism to ensure the future management of the canals beautified in Alappuzha.

PART - B

Sir

211. I shall now come to the proposals regarding taxation.

Sir,

212. As we all know, we have been implementing the Value Added Tax system of taxation in Kerala since 1st April 2005. The system needs time to stabilize. Hence, the Empowered Committee of State Finance Ministers has recommended that we should not vary the rates for 2 to 3 years. Accordingly, I do not propose to levy new taxes this year. But I do need to provide for certain changes arising out of the implementation of VAT in the State for protecting revenue and to remove certain ambiguities.

213. I shall take up the Kerala Value Added Tax Act, 2003 first. When we switched over from the Kerala General Sales Tax to the VAT, there were several assessees who had excess amounts payable to them by Government. I propose to make a provision for giving credit to dealers under Kerala Value Added Tax Act, 2003 for adjusting any excess amount receivable by them under Kerala General Sales Tax Act, 1963.

214. Department Officers are often required to demand security deposits from dealers for various purposes. I propose to amend section 89 of the Kerala Value Added Tax Act, 2003 to cover cases of refund of any cash security furnished under section 47.

215. I am making a provision for advance collection of tax on evasion-prone goods under the Kerala Value Added Tax Act, 2003, as in the Kerala General Sales Tax Act, 1963.

216. I have issued instructions to simplify the process of registration to dealers under the Kerala Value Added Tax Act, 2003. The procedures are being simplified to ensure issue of registration within a week of receipt of the completed application.

217. There is some ambiguity on whether a dealer with turnover below Rs.10 lakh who opts for payment of presumptive tax is liable to tax. I propose to remove this by providing explicitly that dealers opting for presumptive taxation will be liable to tax under section 6(5) only if their turnover is Rs.10 lakh or more.

218. I had provided for exemption from tax to dealers with annual turnover of upto Rs.10 lakh; hence I propose to make consequential changes in section 15 to remove any ambiguity in this matter.

219. I also intend to make an explicit provision in section 11 to provide input tax credit and in section 13 for refund of input tax on the purchase of Duty Entitlement Pass Book scheme entitlements and similar licenses.

220. Contractors have the option now to pay compounded tax in respect of some works contracts, and VAT in respect of other contracts. For contracts where VAT is payable, they should be permitted to avail of input tax credit. I propose to amend section 11 suitably for this purpose.

221. I propose to bring a suitable amendment to section 11(1) to remove the ambiguity regarding allowing input tax credit on capital goods, like delivery vehicles, to non-manufacturing dealers, by explicitly providing for the same.

222. I further propose to make explicit provision to disallow input tax credit on goods included in the negative list of capital goods by amending section 11 suitably.

223. The rate on gold jewellery had been reduced substantially last year. Unfortunately, dealers have not reciprocated by showing sufficient growth in turnover so that revenue has fallen substantially. I therefore propose to amend section 11 to deny input tax credit on purchase of bullion and section 12 to deny special rebate for purchase tax on old gold jewellery, as in the case of Schedule-I items. Nevertheless they will be given an option to pay tax under a compounding system. The tax payable, if they compound, will be 115% of the tax remitted in 2004-05.

224. Pharmaceutical companies in Kerala are now not being given input tax credit that is normally available to any manufacturing unit; they have been denied this by virtue of the compounding tax for medicines. I propose to bring suitable amendment to the Act to provide input tax credit to pharmaceutical units within the State who opt for compounding.

225. Tourism is doing Kerala proud by attracting visitors and adding to general economic activity. I am happy to offer them some relief. I propose to exempt hoteliers other than bar attached hotels liable to tax under section 6(1) of the Kerala Value Added Tax Act, 2003 from tax on their sales turnover of cooked food below Rs.5 lakh as was the case under the Kerala General Sales Tax Act, 1963. I also propose to extend the compounding option to their entire sales turnover, provided they are

second or subsequent sellers in respect of items other than cooked food and beverages prepared by them.

226. Hotels not being a Star hotel of and above 3 Star category or a club or a heritage hotel will be allowed to compound their tax liability on cooked food at 115% of the highest turnover assessed to them in the preceding three years subject to payment of tax, if any, payable under section 6(2).

227. In deference to the repeated requests of the Hon'ble Members, I propose to exempt all works under the MPLAD Scheme and MLA Fund Scheme without limit, from tax.

228. Certain amendments to the Kerala General Sales Tax Act, 1963 are also necessary. I outline them below.

229. Tea plantations selling tea to exporters through tea brokers face problems in complying with the terms of the notification granting exemption in respect of tea sold to exporters, since the export documents required by the notification are collected by the tea brokers. In order to obviate the difficulties faced by tea plantations, they were allowed exemptions upto March 2002 on the basis of the certificates issued by Tea brokers. The same problem continued for the period from 01.4.2002 to 31.03.2005. I therefore propose to extend the concessions granted for the earlier period for this remaining period also and allow such assesses exemption on the basis of certificates issued by the auctioners / tea brokers.

230. Rice mills in the State who were granted exemption under the Industrial Policy have been saddled with additional liability to purchase

tax under section 5A of the Kerala General Sales Tax Act, 1963 since the benefit of set off provided under the Act was denied in the light of a court judgment. Since Government had no intention to deny the benefit of set off provided under the Act to such units, it is proposed to grant exemption to such rice mills from the payment of purchase tax under section 5A of the Kerala General Sales Tax Act, 1963.

231. I propose to provide that the time limit for completion of assessments under Kerala General Sales Tax Act, 1963 for cases upto 31-3-2002 may be extended up to 31-3-2007. Similarly, the time limit for completion of assessments under Kerala General Sales Tax Act, 1963 for all remanded assessments and modified assessments pending as on 31-3-2006 needs to be extended up to 31-3-2007. I propose to bring suitable amendments to section 17 for this purpose.

232. The rule making power under the Kerala General Sales Tax Act, 1963, the Kerala Tax on Luxuries Act, 1976 and the Kerala Value Added Tax Act, 2003 do not specifically provide for making rules with retrospective effect. This often poses problems for effective implementation of the provisions of the Act. It is therefore proposed to amend the respective statutes to empower Government to make rules with retrospective effect.

233. I further propose to provide for remittance of Entry Tax in advance at the dealer's assessment office, instead of at the check posts.

234. Repeated representations have been received to introduce an Entry Tax for Coconut and Copra; I take this opportunity to re-affirm my

Government's commitment to the coconut farmers by introducing an Entry Tax of 4% for Coconut and Copra.

235. Government is losing substantial revenue on account of major consumers buying pipes directly from outside the State. I therefore propose to tax all Plastic & PVC Pipes & fittings under the Kerala Tax on Entry of Goods into Local Areas Act @ 4%.

236. This House will recall that the Kerala Agricultural Income Tax Act has a compounding option for assesseees. Where an assessee opts for compounding of tax on acreage basis, the closing stock held by him on the last day of the previous year escapes assessment to tax. In order to avoid this I propose to make an amendment now in the Act to provide for assessment of closing stock held by such assesseees as on the day previous to the date of switching over to the compounding system.

237. Considering the difficulties faced by this sector I further propose to abolish the Agricultural Income Tax on all assesseees other than companies.

238. This Government is committed to rooting out online lotteries and to making all efforts to ensure that paper lotteries play on a level field after paying their taxes. Because of the stringent steps we have taken in this regard, income from lotteries has now grown to Rs.29 crore in the period till 30th November 2005 as against Rs.1.45 crore in the corresponding period last year. I now propose to amend the Kerala Tax on Paper Lotteries Act, 2005 suitably to empower Police Officers not below the rank of Sub Inspector to take cognizance of offences and also to make

transport of lottery tickets without certificate of registration and proof of payment of tax a specific offence punishable with imprisonment for a term not exceeding five years.

239. Hon'ble Members will recall that I had raised the rate of Luxury Tax to 10% on House Boats last year. Kerala's House Boats are known all over the world and we should encourage this growing industry. As a measure of encouragement to them, I propose to introduce a compounding system for payment of Luxury Tax on House Boats at the following rates:

<u>Type</u>	<u>Compounded amount per year</u>
One bed room (Non A/c)	Rs. 20,000
Two bed rooms and above(Non A/c)	Rs. 30,000
One bed room (A/c)	Rs. 35,000
Two bed rooms and above (A/c)	Rs. 50,000

240. Similarly, I propose to enhance the minimum rent for attracting tax liability under the Kerala Tax on Luxuries Act, 1976 from Rs.75/- per room to Rs.200/- per room.

241. In these changing times we need to foster the virtues of family values and family ties. With this objective, I propose to give a substantial relief to the people for stamp duty in respect of instruments of partition taking place within the family by reducing the stamp duty per document payable under the Kerala Stamp Act, 1959 in such cases to Rs.1000.

PART - C

242. Though I anticipated only a fiscal deficit of Rs.5171.39 crore by the end of this year, it is likely to go up to Rs.5872.53 crore resulting in an increase of Rs.701.14 crore, mainly due to the increase in revenue expenditure by Rs.393.96 crore. The revenue deficit during the current financial year is expected to be Rs.4493.75 crore against the anticipated Rs.4072.28 crore. The total plan expenditure has gone up by Rs.109.31 crore and the capital expenditure by Rs.272.52 crore. The increase in the revenue deficit and the fiscal deficit were mainly due to clearing the arrears of Welfare Pensions, payment of Interim Relief to Government employees, contractors' payment and a possible increase in plan expenditure. Though the fiscal deficit increased by Rs.701.14 crore, the total debt as a percentage of GSDP will be brought down from 43.31% to 42.81%. The overall position of the current year's revised estimates is as follows.

<u>Item</u>	<u>Revised Estimate 2005-06 (Rs. in crore)</u>
Revenue Income	16596.46
Revenue Expenditure	21090.21
Revenue Deficit	-4493.75
Capital Expenditure	803.65
Loans and Advances (Net)	-575.12
Public Debt (Net)	5120.05
Public Accounts (Net)	506.40
Total Deficit	-246.07
Carry over Deficit	-235.25
Cumulative Deficit	-481.32

243. The Revenue Deficit for 2006-07 is estimated to be Rs.4731.70 crore. This is mainly due to payment of salary and pension at enhanced rate after the Pay Revision, devolution to LSGs and increase in interest payments.

244. With the introduction of VAT, with effect from 01.04.2005, there has been a decline in the growth of Revenue Receipts but this will be compensated by Government of India. The Fiscal Deficit for 2006-07 is estimated to be Rs.6834.55 crore. This increase is due to the hike in capital expenditure by Rs.749.80 crore which is above the current year's Revised Estimate as well as increase in Revenue Deficit. However, as a percentage of GDP, the Fiscal Deficit will increase only marginally.

245. I hope the fiscal discipline enforced through the Fiscal Responsibility Legislation and other reform measures will put the State's finances on the right track in the coming years.

246. The budget for the year 2006-07 is summarised below:

<u>Item</u>	<u>Budget Estimate 2006-07 (Rs.in crore)</u>
Revenue Income	18287.24
Revenue Expenditure	23018.94
Revenue Deficit	-4731.70
Capital Expenditure	1412.24
Loans and Advances (Net)	-690.60
Public Debt (Net)	5678.69
Public Accounts (Net)	1043.89
Total Deficit	-111.96
Carry over deficit	-481.32
Additional Expenditure now announced	195.89
Additional Resource Mobilisation	17.34
Overall Deficit	-771.83

Sir,

247. I have presented the last budget of this Legislative Assembly. I believe that this is a very sound budget capable of leading our small State to greater economic heights and take our masses to greater economic prosperity.

248. What our able Chief Minister Sri. Oommen Chandy is doing with great speed and constructive foresight, is to continue the economic policies and development activities started off by his illustrious predecessor Sri. A K Antony. Through this budget, I have only attempted to continue it. Emphasis is given to agriculture and traditional sectors, employment generating developmental activities and the welfare of the weaker sections of the society. If nothing unexpected happens, I think this budget will also be a success.

Sir,

249. It is time for me to bid *adieu*. In my previous budget speech, I had mentioned about my emotional attachment to that Chair you are now occupying. Today, let me reiterate with nostalgia, my emotional attachment with this imposing symbol of democracy and with every member of this august House. When I look back at my political career, dating back to 1970, I can only recollect with respect, regard and love, my eminent predecessors who were Members and leaders of the House. Let me remember on this occasion the great men who had stood by me in my highs and lows, who taught me the elementary lessons of politics and held my hands and gave me opportunities to enable me to play a humble role in the development efforts of the State. To those who think that I am devoid of softer sentiments (particularly, my dear journalist friends),

let me say that this House and this occasion have filled my mind and my heart. Thank you all.

Sir,

250. I submit the Budget for the financial year 2006-07 for approval of this august House. I also present before this House, the Vote on Account for the first four months of 2006-07 financial year.

!!JAI HIND!!