



## **BUDGET SPEECH FOR 1993-94**

**OOMMEN CHANDY**

**12<sup>th</sup> March, 1993**

Sir,

I rise to present the Budget for 1993-94.

2. The world has witnessed momentous political and economic changes during the last few years. Several systems have collapsed. The role of Government itself is increasingly subjected to critical evaluation and review. From Chile to China, the world is moving fast towards liberalisation and globalisation. No nation can stand aloof from the rising tide of these sweeping changes. The Government under the able leadership of Shri Narasimha Rao, which has been in power during the last 20 months at the Centre has responded quickly and creatively to these changes. The Narasimha Rao Government is displaying commendable leadership in meeting the challenges posed to our democratic and secular polity by fascist forces. The clear mandate which the Congress Party has obtained in the State Assembly elections in Nagaland and Meghalaya, I believe, is an eloquent testimony to the faith the people of India have reposed in the Government at the Centre.

Sir,

3. The Budget which the Union Minister of Finance introduced in the Lok Sabha on 27 February 1993 is a historic one. I consider it a significant link integrating India with the world economy. The rate of inflation, which was 16.7 per cent at the end of August 1991, has been brought down to 6.9 per cent by the end of January 1993. The foreign exchange reserves which were hardly sufficient to meet even a week's import requirements have now swelled to over Rs.17,000 crore. The dual exchange rate regime followed last year has now been given up in favour of a unified exchange rate system. This will promote exports and increase the flow of foreign capital. Besides helping to strengthen the economy of Kerala, this will augment the rupee content of the foreign remittances to the State.

4. In this context, I wish to bring home to the attention of the August House, certain other measures in the Central Budget that will have a positive bearing on the economic development of the State. The wide ranging reductions and concessions in the customs and excise duties announced in the Central Budget are meant to stimulate the process of industrialisation of the country. The reduction in the interest rate on bank advances by one per cent, indeed, may be treated as a green signal to promote investment in the industrial and commercial sectors. Similarly, the decision to reduce the Statutory Liquidity Ratio from an effective average level of about 36 per cent at present to about 25 per cent over the next three years is likely to improve substantially the liquidity position of the banks in the State.

Sir,

5. When I refer to these facts I wish to draw the attention of the House to some of the objective realities obtaining in the State. First, the deposits in the banks in Kerala in early January 1993 itself have crossed the Rs.10,000 crore mark. Nearly thirty five per cent of these are NRI deposits. Given the full convertibility regime that has now been inaugurated, the size of these deposits will significantly increase. However, the credit-deposit ratio of the banks in Kerala which was as high as 65 per cent in 1989 has fallen to an all-time low of 49 per cent today. At the same time, it may be noted that the credit-deposit ratio in the neighbouring States is well above 85 per

cent. I am sure that concrete suggestions for utilising the deposits of the banks within the State itself will be forthcoming from all sections of the people. Second, Kerala's share of assistance extended by the All-India financial institutions has remained low at 2.5 per cent of the total at the end of March 1991 as against 8.9 per cent for Tamil Nadu and 8.6 per cent for Andhra Pradesh. When we take into account the present financial crisis of the State, the successful completion of the Eighth Five Year Plan depends in a big way on the support of the financial institutions. It is a matter of urgent necessity to bring the private and public sector enterprises and financial institutions into an effective partnership for the sustained development of Kerala.

Sir,

6. As regards financial management, I, for one, am conscious of my limitations. However, I wish to make explicit the rationale of our approach, viz., (a) to respond creatively to the needs of the State economy and (b) to administer fiscal corrections by seeking to rectify fiscal imbalances.

7. In our first Budget, we made it abundantly clear that our goal is comprehensive development of the State based on explicit policy options for the productive sectors of agriculture, industry, water resources and energy. We have already formulated and pressed into action policies in regard to agriculture, industry and water resources. The formulation of an energy policy is well under way.

8. We have endeavoured hard to see that the ravages of the two floods, one after the other, and the socio-political tensions resulting from the Ayodhya incidents did not jeopardise the development efforts of the State. Our efforts to stick to the development path, despite the demands on the administrative machinery and the finances of the State caused by these events have yielded good dividends. The real income of the State is expected to register a 6.5 per cent growth rate as against the all-India rate of a little over 4 per cent during 1992-93. The per capita income increased at the rate of over 4.6 per cent, which again is well above the corresponding all-India rate.

9. We hope to complete by the end of the current year, some of the major irrigation projects that have been going on for nearly three decades. The new industrial policy has quickened the process of industrialisation of the State in a significant manner. The contribution of industries to the State Domestic Product which was 24.4 per cent in 1991-92 is expected to rise to 25.2 per cent in 1992-93. There are definite indications to show that the stagnant agricultural sector is making a turn for the better. Taking into consideration the phenomena of flood and drought in alternate succession, the State Government has formulated short and long term programmes for a scientific management of water resources of the State with people's participation. The recent indication of the Government of India that Japan's Overseas Economic Co-operation Fund is likely to finance the investment of the Kayamkulam Super Thermal Plant, may set at rest the uncertainty regarding the project. We have also initiated a time-bound programme for developmental self-reliant villages with people's participation. One hundred and thirteen Village Panchayats have been identified under this scheme.

10. When we consider the urgent developmental needs of the State, we find that we have a long way to go. As a first step in this direction, it is necessary to correct the financial imbalances of the State.

11. Fiscal experts generally classify budgetary gaps into three categories, viz. revenue deficit, budgetary deficit and fiscal deficit. Of these, I consider revenue deficit as the most crucial. When resources borrowed for capital purposes are diverted to meet current requirements it becomes difficult to sustain the plan size and capital outlay as originally contemplated. Limiting the use of borrowed money for productive purposes is the very essence of prudent financial management.

12. Expenditure on salary, pension and interest payments which are committed liabilities that cannot easily be pruned down by themselves account for over 99 per cent of the revenue receipts of the State. The fall in the State's own non-tax revenue in the recent past has paved the way for the growing revenue deficit. Kerala's performance in non-tax revenue is no better than that

of other States in this area. The fall in forest revenue, the liabilities imposed by the loss-making public sector undertakings, the concession allowed in the service sector such as education and health, the several subsidies that make no distinction between different user categories, the monetary arrears of loan repayments – all these, besides adversely affecting the non-tax revenues, contribute to the increase in revenue deficit.

Sir,

**13.** I wish to highlight another aspect relating to revenue deficit. When the interest payments are deducted from the revenue deficit for 1990-91 there is a gap of Rs.81 crore. But according to 1991-92 accounts the corresponding figure works out to a surplus of Rs.119 crore. It would not be wrong to treat this an index of improvement in the matter of fiscal correction. We had to undertake a total unanticipated expenditure of Rs.201 crore by way of higher ration subsidy, flood relief and the like in 1992-93. Nevertheless as per the revised estimates for 1992-93, after deducting interest payments the surplus works out to Rs.48.25 crore. Unless we make a beginning to contain revenue deficit, we will be doing a disservice to the future generations of the State. According to the assessment of experts in the National Institute of Public Finance and policy, if the present trend continues revenue deficit will cross the alarming figure of Rs.2700 crore in 1999-2000. It was in full recognition of the gravity of this problem that the Government, as part of the endeavour to eliminate the revenue deficit, appointed a Resources Commission. The report of the Commission has been distributed to the Members.

**14.** The Resources Commission have submitted several short, medium and long term recommendations. The approach of the Commission has been to increase revenues by rationalisation and simplification of the tax structure, progressively improving recovery of arrears and preventing tax evasion rather than by raising the rates of tax. The Commission's report contains a number of suggestions to augment the non-tax revenues of the State. Government wish to hold discussions with all concerned as regards these recommendations with a view to evolve a consensus. I appeal to all sections of the people to co-operate with the Government in implementing the recommendations which have been made after taking into account the peculiar economic and financial position of Kerala.

**15.** Let me now clarify certain matters relating to the plan outlay for the year 1993-94. The State plan outlay for 1993-94 is Rs.1000 crore. Of this, Rs.657 crore would be by way of central assistance. This consists of Rs.362 crore as normal assistance under the revised Gadgil Formula, Rs.200 crore for externally aided projects and Rs.95 crore by way of plan deficit grant. The State Government would have to raise the balance amount of Rs.343 crore.

The State's normal budgetary resources would contribute Rs.143 crore and the balance amount will be found by additional resources mobilisation. Of the total plan outlay, 16.1 per cent is for agriculture and allied sectors, 14 per cent for irrigation, 20.9 per cent for energy and 12 per cent for industry. In formulating the plan schemes the investment model for employment-oriented programmes has been adopted. Added emphasis has been given to programmes benefiting Scheduled Castes and Scheduled Tribes.

**16.** The Tenth Finance Commission constituted by the Presidential Order dated 15 June, 1992 is currently examining the issues relating to devolution of taxes, grants and other problems of federal finance. For the first time, the Commission will be looking into the question of reducing fiscal deficit, balancing receipts and expenditure and generating surplus on capital account. The State Government will soon be presenting to the Commission a detailed memorandum after discussions with economists and leaders of political parties. We will be highlighting the special requirements of Kerala as a State with very large commitments in the social services sector and admittedly honouring some of the constitutional obligations but lacking in resources. We will be making an effective plea for due consideration of our requirements. I hope that a State like Kerala

with serious financial and other problems will receive a fair deal and sympathetic consideration from the Commission.

17. When we have to face hard realities, stringent measures have to be adopted. Before I go into the activities of various departments, let me emphasise the fact what is uppermost in the mind of the Government is the best interest of the people.

### **Agriculture**

18. Government have taken many effective steps and initiated many policies to invigorate the agricultural sector which has been stagnant and static to increase production and productivity.

19. Government is trying to implement many schemes for the development of cultivation of paddy in 1993, the year being celebrated as the Year for Development of Paddy Cultivation. Incentive will be given @ Rs.250 per hectare per season upto Rs.750 per annum for cultivation of paddy, consolidating the various subsidies being given for seeds, fertilizers, pesticides etc.

20. A higher amount has been earmarked for coconut cultivation, the most important crop in Kerala. While continuing the scheme for drilling wells and installing pump sets for augmentation of irrigation facilities in coconut gardens, Government intend to directly implement social irrigation schemes to be entrusted to societies of coconut cultivators. An amount of Rs.4 crore is provided for this purpose.

21. Many steps are being taken to make spices cultivation more effective, this being the corner stone of the agricultural economy of Kerala. An amount of Rs.3 crore has been included under State Plan for this purpose.

22. Considering the growing importance of horticultural development, comprehensive plans for Rs.23 crore including the E.E.C. assisted programme have been formulated.

23. An additional area of 2000 hectares will be brought under cashew cultivation. Good quality seedlings will be supplied free of cost for this purpose.

24. The scale of distress relief given to cultivators who have lost their crops due to natural calamities has been enhanced and almost all crops of Kerala have been brought under this scheme. A special scheme of Rs.50 lakh will be implemented to supply seeds and other planting materials urgently to ryots. Crops such as arecanut, coffee, tea, cardamom, ginger, cashew, pineapple etc. will be brought under the crop insurance fund formed for crops like coconut, rubber, pepper, plantain etc. An amount of Rs.1 crore is set apart for the crop insurance fund.

25. The price support fund announced in the agricultural policy statement has already been constituted. This year an amount of Rs.46 lakh has been earmarked for this purpose. Steps are being finalised to set up the Agricultural Price Board.

26. The programme prepared by the Kerala Agricultural University to spend up the research for evolving a remedy for the root-wilt disease of coconut trees, the prime crop of Kerala, will be implemented this year.

27. The educational and research programmes of the Kerala Agricultural University will be oriented to find solutions to the agricultural problems of Kerala.

28. The Planning Commission has formulated a scheme called 'Small Farmers Agri-business Consortium' with the aim of augmenting productivity in the small and marginal sector. Ernakulam is one of the 12 districts selected on an all-India basis for implementation of this scheme. 'Ernakulam District Small-scale Agri-business Consortium' has been formed for the implementation of this scheme which is intended to co-ordinate activities relating to horticulture, coconut, spices, fisheries, rice-farming etc.

## **Animal Husbandry and Dairy Development**

29. The growth of animal husbandry-dairy development sectors has to be accelerated. Various programmes will be implemented on a much larger scale to increase availability of milk, eggs, meat etc. 25,000 cross-bred calves will be brought under 'Calf Husbandry Programme'. An amount of Rs.200 lakh has been earmarked for this purpose. The Kerala Cattle Development Board will start a buffalo-bull station in Idukki district and a goat rearing centre in Palakkad district. Fodder cultivation and cattle feed production will be undertaken in an extensive basis.

30. The seats for B.V.Sc. course in the Kerala Agricultural University will be increased from 100 to 120 with a view to solve the problem of paucity of doctors in Animal Husbandry Department. The seats for B.Sc. (Forestry) will be increased from 10 to 15. The number of seats for B.F.Sc. will be increased from 25 to 40. A four-year degree course in Dairy Science and Technology will be started and 20 seats will be set apart for this. Facilities for post-graduate studies will be introduced in research centres such as Peelicode, Ambalavayal, Pattambi, Kumarakom, Thiruvazhamkunnu and Thumpramoozhi.

31. Government are formulating a massive scheme for self employment by imparting training to 1 lakh educated unemployed youth within the age limit of 21 and 30 to be selected at the rate of 100 from each panchayat. Training and financial assistance will be ensured to the members of this scheme which is being implemented co-ordinating the activities in fields such as agriculture, animal husbandry, dairy development and pisciculture. Their services will be utilised for the implementation of agricultural development programmes in each of the panchayat.

## **Industries**

32. I am glad to say that the industrial entrepreneurs have reacted in a positive manner to the industrial policy formulated by the Government of Kerala. Certain very important measures are being taken for the reorganisation of the public sector undertakings and for the promotion of small and medium industries, sunrise industries like electronics as well as traditional industries.

33. A decision has been taken to classify the public sector industries into three groups as follows:

(a) **Industries running on profit:** Industries under this category will have the freedom to raise resources from the open market, to develop, modernise and diversify their units as well as to embark upon collective enterprises.

(b) **Industries that can be revived with nominal assistance from Government:** Assistance from Government will continue to be available to the industries coming under this category. These industries will be encouraged to acquire more financial resources, better management system and technical expertise with the involvement of the private sector.

(c) **Industries running on heavy loss:** Industries under this category will be disinvested. In cases where entrepreneurs or workers do not fall in line, such industries will have to be liquidated, subject to the directives of the B.I.F.R.

34. It is proposed to mobilise Rs.50 crore by way of transfer of public sector undertakings and by selling Government share holdings. In Kerala a new industrial climate has been created following the decision taken to encourage industrialists in a big way and to extend tax concessions to them. The concessions granted to new industrial units will be extended to the expansion, modernisation and diversification of existing units as well. The Green Channel Counters started in all the districts are functioning effectively.

35. With a view to attract new industries to Kerala, a liaison office has been opened in New Delhi under the supervision of a special representative for industries. This special representative will be co-ordinating the activities of branch managers of KELTRON who are functioning as liaison officers in various States.

**36.** Speedy measures are being adopted by the State Government for the development of small scale industries. 10,918 small scale industries were registered during 1991-92 and this is an all-time record. A crash programme has been launched for industrialisation with a view to open 25,000 new units within the next two years.

**37.** Kerala State Industrial Development Corporation which is the main financing agency for setting up of medium industries has registered substantial achievements during 1992-93. Out of Rs.45 crore provided for financial assistance through this Corporation, around Rs.30 crore has been disbursed. As against the 18 projects commissioned during last year, 38 projects are being commissioned this year. Among the 140 projects now under various stages of consideration of KSIDC, 50 projects are expected to be taken up in 1993-94. The target is to sanction projects costing Rs.55 crore.

**38.** The Infrastructure Development Corporation formed for developing the complementary components required for industrial purposes has identified lands in different parts of the State. A provision of Rs.5.25 crore has been made for the working of this Corporation.

**39.** Electronics has been given the prime consideration in the industrial development of Kerala. A 'TECHNOPARK' with the most modern facilities is being established in 125 acres of land near Kariavattom University Campus, Thiruvananthapuram. It is expected that a Satellite Earth Station costing Rs.3 crore can be commissioned in the TECHNOPARK campus during September, 1993. With this, prominent software companies who have come forward would be able to expand their activities in Thiruvananthapuram. As a result of the activities during the last one year 57 companies have registered their names to establish units in 'TECHNOPARK' with a total capital outlay of Rs.196 crore. A second TECHNOPARK in the State will be established adjacent to the Kozhikode University Campus.

**40.** In view of the scope for development of textile industries, a Garments Industrial Estate will be started in Palakkad district with the assistance of Thirupur Exporters Association. 200 acres of land have already been taken over for this purpose. 50 individual units will be set up under this Rs.60 crore project. This project which will provide job opportunities for 2500 persons will be started this year.

**41.** Sericulture industry which aims at bringing about a revolution in silk production has achieved considerable progress during the last one year. Sericulture activities are being co-ordinated at the district level under the leadership of the District Collector and also with the co-operation of the Khadi and Village Industries Board and the Department of Rural Development. A Sericulture Co-operative Federation will begin functioning this year. An insurance scheme will also be introduced for those engaged in this industry.

**42.** The mineral sands, available in plenty in the State are now being used for production of titanium under the anatase and rutile grades. It has been proved that mineral sand could be used for producing a number of items which are of industrial importance. But research activities required for this are yet to be started in the State. In order to remedy this defect, Government propose to establish a laboratory with modern scientific facilities. For this purpose technical and financial help from the Science and Technology Departments of the Centre and the State will be sought.

**43.** A free medical camp from 21<sup>st</sup> to 25<sup>th</sup> May of every year will be organised for the benefit of the coir workers in memory of the late Prime Minister Shri Rajiv Gandhi, the architect of the 'Medicare Scheme for Coir Workers'. An amount of Rs.5 lakh is set apart for this purpose.

**44.** Considering the scarcity of raw materials for coir products it is proposed to establish a 'Raw Material Bank' under the auspices of the COIRFED with financial assistance from NABARD for purchase and distribution of coir fibre. An amount of Rs.50 lakh is set apart for this purpose. Four spinning mills in the co-operative sector one each in the districts of Kasaragod, Malappuram, Wayanad and Kottayam will be started with the financial assistance of NCDC.

## **Industrial Employment Generation Fund**

45. With a view to find at least a partial solution to the acute problem of unemployment in the State an 'Industrial Employment Generation Fund' will be constituted. The objective of this scheme is to accelerate the development of small industries in the State and to create permanent employment opportunities for more people on low capital investment. Possibilities of mobilising resources from outside to this Fund will also be explored. Necessary legislation for this purpose will be brought forward without delay.

46. The assistance required for preliminary activities of industries suitable to each area will be made available from this fund. This will also help to organise the basic facilities required for khadi and village industries, handloom industry and small industries.

47. Out of Rs.100 crore proposed to be mobilised for the 'Industrial Employment Generation Fund' an amount of Rs.25 crore will be provided as the State Government's contribution. The balance amount will be mobilised from financial institutions and from the open market.

## **Power**

48. Government is aware of the fact that one of the major reasons for the development crisis being faced by the State is shortage of electricity. The Kallada and Malampuzha hydroelectric projects will be commissioned during 1993-94. The additional generation on this account will be around 18 M.V.

49. The works relating to the dam, power house, tunnel etc. of the Lower Periyar project, the biggest hydroelectric project under construction are in progress. It is expected that this World Bank aided project will be completed by the end of 1994 or early 1995. The work on Kuttiady augmentation scheme and Kakkad project is making good progress.

50. The shortage of electricity will ease to a certain extent with the completion of the 286 M.V. diesel generating stations at Kasaragod, Brahmapuram and Kozhikode. It is expected that the work on these could be started during the year with the approval of the Central Electricity Authority.

51. Two awards each in five categories will be given to those industries showing laudable performance in the field of energy conservation. An energy management centre is proposed to be set up to educate all concerned about possibilities for maximum reduction in consumption of electrical energy.

52. Effective measures are being taken for bringing down loss on account of transmission and distribution of energy. With the commissioning of the Madakkathara 400 K.V. sub station it has been possible to solve the voltage problem in Malabar area to some extent. Capacitors will be installed in 16 sub stations. Machinery for this has been received free of cost from Canada.

53. For establishing mini-micro hydroelectric projects in the private sector, contracts have been signed by the Electricity Board with 17 agencies. The private sector power station in Maniyar will be completed by June 1993.

54. It is also proposed to permit the private sector to undertake schemes for generating electricity using wind energy.

55. For the sake of rapid industrialisation of the State, it is absolutely necessary to make adequate investments in power projects. For the speedy execution of World Bank assisted projects for power generation and transmission undertaken by the K.S.E. Board, an amount of Rs.20 crore is set apart, over and above the provision of Rs.50 crore already included in the budget proposals.

## **Irrigation**

56. Government has to bear a heavy financial burden on account of non-completion of irrigation projects within the prescribed time limit. Even though the estimated cost of the 12 ongoing projects, at the time when these were commenced was only Rs.112 crore, it is now expected that Rs.1135 crore will be required for completion of these schemes. Necessary steps will be taken to complete the projects on a time-bound basis and to avoid excess expenditure of this nature.

57. Work relating to Pamba, Periyar Valley, Chitturpuzha, Kuttiady, Pazhassy and Kallada 1<sup>st</sup> Stage projects will be completed in 1993 itself. With the commissioning of these projects irrigation facilities will be available for 1,42,330 hectares of land.

58. Work on Kallada Second Stage, Kanhirappuzha, Muvattupuzha Valley First Stage and Chimmini projects is being expedited with a view to complete them in 1994 itself. Work on Idamalayar, Attappady Valley and Karappuzha projects has also been rescheduled keeping in mind the need for adhering to the time limit. A scheme for construction of a regulator-cum-bridge costing Rs.8 crore will be undertaken.

59. In order to provide irrigation facilities to Velliyamkal near Thrithala, on the banks of the Bharathappuzha and to provide drinking water facilities to the Municipalities of Chavakkad and Kunnankulam and the Guruvayoor Township, a regulator-cum-bridge costing Rs.8 crore will be constructed at Thrithala. An amount of Rs.1 crore is set apart.

60. A regulator-cum-bridge is also proposed across the Sreekantapuram River at Madampam in Kannur district for providing irrigation and drinking water facilities to eight Panchayats in this hilly area and also for Taliparambu Municipality. Rs.50 lakh is set apart for this scheme costing about Rs.2.5 crore.

61. The 'Jaladhara' scheme which was started with public participation will be continued.

62. Minor irrigation projects and drinking water schemes will be implemented with the participation of Panchayats, voluntary organisations and charitable societies. Tanks will be constructed for collecting water from sources available in hilly areas, for irrigation and also for drinking water requirements in these places. 50% of the capital cost of such schemes will be borne by Government and the balance 50 per cent as well as the recurring cost will be borne by the agencies sponsoring such schemes. An amount of Rs.50 lakh is set apart for this purpose.

63. As part of the command area programmes, schemes benefiting 2,16,000 hectares of wet land have been implemented so far at a cost of Rs.70 crore. But only Rs. One crore could be spent so far, for improving the transport facilities in these areas. For further improvement of transport facilities in these areas, Rs. One crore is set apart for the year 1993-94.

## **Education**

64. Though Kerala has made great strides in the field of education, we have to go a long way in the matter of quality improvement.

65. Even though it has been decided to provide additional facilities in Government schools by constructing buildings with the co-operation of parent teacher associations, the expenditure being shared by the parent teacher associations and the State Government on a 50:50 basis, the programme could not be implemented successfully. Considering the limitations of the parent teacher associations to undertake the additional financial commitments, it has been decided to meet 75% of the expenditure by the State Government. The balance 25% alone need be met by the parent teacher associations.

66. The second phase of the literacy programme is being implemented successfully. It is expected that within a short period of time, complete literacy could be achieved in tribal areas.

67. Separate schools will be established for imparting vocational training to physically handicapped and deaf and dumb students. Rs. One crore is earmarked for this purpose.

68. Greater importance will be given to Technical Education Sector. Steps will be taken to start diploma/degree courses in applied science subjects such as electronics, computer science, videography etc. where there is ample employment potential. Two educational centres under the Institute of Human Resources Development in Electronics will be started in the two taluks of Devikolam and Peermade, where there are no colleges at all. Steps will also be taken to start such institutions in the educationally backward districts during this year itself.

69. Due to the financial constraints of the State Government, it has not been possible to start a number of modern scientific and technical courses of studies. As a solution to this, Government intends to accord recognition to self-financing colleges for starting new University-level courses of studies.

70. Steps will be taken by Government to exploit the employment potential in electronics and technical fields. Extensive training schemes will be started in all centres to provide training in data entry operations, electronic production and maintenance etc. The question of inclusion of these training programmes in the special component plan and TRYSEM is under the active consideration of Government.

71. Action for the establishment of a Sanskrit University has been progressing satisfactorily. Steps will be taken to start at least a faculty during the academic year 1993-94 itself.

72. 37.7% of the development service expenditure is on education alone. The fees new being levied on college students were fixed decades ago. The rate of fees realised from a student would come only to 2 to 4% of the expenditure incurred by Government for the student. Considering the erosion in the value of the rupee, everyone would agree that Government would not be able to retain the fees at the present levels. In the circumstances Government propose to enhance the rate of fees for the degree, post-graduate courses and professional courses from the academic year 1993-94, retaining the existing concessions to socially and economically weaker sections. A decision on this will be taken after considering all aspects of the matter.

73. Premier educational institutions like University College, Thiruvananthapuram, Maharaja's College, Ernakulam, Victoria College, Palakkad and Brennan College, Thalassery have already been declared as "Centres of Excellence". It is proposed to upgrade as Centres of Excellence Women's College, Thiruvananthapuram, Government College, Pattambi and Government College, Chittoor. In all these centres separate faculties, M.Phil. courses, research facilities for Ph.D. etc. will be started. Library, laboratory and other basic facilities will be expanded in these institutions. For higher educational centres, an additional sum of Rs.35 lakh is set apart.

74. It has not been possible to provide the required facilities in the University College, Thiruvananthapuram due to limitation of space, in spite of the college having been declared as a Centre of Excellence. In order to transform the University College into a model institution, only post-graduate courses will be retained in the existing campus and better facilities will be provided for these courses.

75. The graduate section of the University College is proposed to be shifted to Kariavattom. 25 acres of land will be acquired and new buildings with library and laboratory facilities will be put up within the next two years for this purpose. An amount of Rs. One crore is set apart for this.

## **Health**

76. Kerala has attracted the attention of the whole world as a result of covetable achievements such as low rate of mortality, higher life expectancy, low rate of infant mortality etc.

Government is of the firm view that financial limitations shall not be a bar for keeping up such physical achievements.

77. We are spending 13.7% of our total development service expenditure for health care. Even so, free treatment in government hospitals for all people has turned out to be an unbearable burden for the State. This state of affairs cannot continue. In a way, this is not in tune with economic justice. Urgent steps will be taken to improve service in government hospitals and to implement the recommendations of the Resources Commission aimed at providing better service to the least privileged in the society.

78. Hospital Development Committees will be permitted to raise resources by means of visitors' pass, ambulance service, O.P. ticket charge etc. and also through contributions. Hospital Development Committees will be at liberty to spend upto Rs.50,000 in emergencies without Government sanction.

79. The list of medicines required for the different hospitals/dispensaries will be subjected to critical scrutiny. The list of essential medicines will be prepared and purchased on a priority basis so that there is no shortage of such medicines in the hospitals. Food will be supplied free only to the needy on the specific recommendation of doctors.

80. Government wish to find a satisfactory solution to the miserable conditions of leprosy and mental health hospitals. With this in view a sum of Rs.2 crore has been provided for improving the basic amenities in leprosy hospitals at Nooranad, Koratty and Chevayoor, and mental hospitals at Kozhikode, Thrissur and Thiruvananthapuram.

81. Construction of a pavilion ward in mental health centre at Kuthiravattom will be started this year. Rs.50 lakh is specially set apart for this purpose.

82. The super speciality blocks in Medical College Hospitals at Thiruvananthapuram and Kozhikode will be started immediately. Necessary funds for constructing a building for Medical College at Thrissur and for land and building for Medical College at Alappuzha will also be sanctioned.

83. The cardiothoracic centre in Medical College, Kottayam will be started in 1993-94.

### **Food and Civil Supplies**

84. It is a widely recognised fact that one of the basic reasons for the high quality in matters relating to Civil Supplies in our State is the efficient public distribution system. More effective steps are proposed to strengthen the public distribution system and to control prices.

85. The programme of distribution of articles of daily consumption, at lower prices, through at least two Maveli Stores in each panchayat will be continued this year also. One of these will be in the co-operative sector and the other will be in a selected ration shop. Rs.500 lakh is set apart for this purpose.

86. In addition to this, one Maveli Store and one 'Sulabha' Vegetable Market each will be started in the 140 Assembly constituencies. Rs.500 lakh is set apart for this.

87. Necessary steps will be taken for improving the functioning of the Consumer Redressal Commission and also for providing more facilities to them.

88. In order to stabilise the price level, the Civil Supplies Corporation is selling articles of daily consumption at 10% below the market rate and rice at 20% below the market price. To compensate the loss to the Corporation on this account, Rs.10 crore is being set apart.

## **Labour**

89. Government will take steps to protect all the legitimate rights of workers. But activities that are unlawful and against natural justice and which go against the creation of new employment opportunities and industrialisation will be viewed seriously.

90. Lock-outs and strikes will be banned during the period of construction of projects inevitable for public welfare such as industrial, electrical projects and irrigation and public works. Arrangements will be made to settle on a time bound basis disputes or complaints, if any, arising during the construction period. Labour unions having less than 15% representation will not be given recognition. A bill for this purpose will be brought forward in the Legislative Assembly this year.

91. In this State where 39.64 lakh youth who have registered their names in Employment Exchanges wait for jobs, it is absolutely necessary to adopt a work culture which is development oriented and for this, Government solicit the help and co-operation of all concerned.

## **Science & Technology**

92. Science & Technology Department will be implementing a special scheme for giving employment to 10,000 unemployed youths this year. To impart technical training to those selected under this scheme, assistance will be given by Government as well as Non-Government organisations. The idea is to create employment opportunities in areas like electronics, orchid cultivation, sericulture, fish processing etc. Women's participation to the extent of 50% will be ensured. Special representation to those belonging to Scheduled Castes and Scheduled Tribes will also be ensured. A provision of Rs.145 lakh will be made for this purpose.

## **Fisheries**

93. Fisheries play a significant role in strengthening our productive sector. Several programmes have been planned for the development of pisciculture with financial assistance from Central Government and the national financial institutions.

94. Government of India have sanctioned a scheme for establishing three national centres under central plan for producing fingerlings. Out of this, works at Malampuzha and Polachira are almost complete and the third will be started at Neyyar.

95. Brood stock banks will be started at selected centres for production of fingerlings. The breeders required for the government hatcheries and also for the mini backyard hatcheries run by the fish farmers will be raised in these banks.

96. A scheme for obtaining long term loans upto Rs.25,000 for housing at concessional rate for fishermen is under preparation.

97. A study will be conducted with the help of the Food and Agricultural Organisation, for improving the living standards of the fishermen who are residing in coastal areas of the State.

## **Rural Development**

98. The Department of Rural Development is preparing a comprehensive scheme for development of waste lands at an estimated cost of Rs.385 lakh with financial assistance from the Central Government. Steps are also being taken to formulate a scheme for the development of Attappady in Palakkad district, with the assistance of other agencies.

99. Assistance will be given to about 40,000 Scheduled Castes and Scheduled Tribes families under the I.R.D.P. scheme.

100. It is expected that proportionate to the provisions in the central budget for rural development, Kerala will be getting more than Rs.100 crore this year under the Jawahar Rozgar Yojana.

## **Tourism**

**101.** Natural beauty and uniqueness have helped Kerala in earning a significant place in the tourist map of India. The possibilities of tourism for earning of foreign exchange and enhancement of employment opportunities are unlimited. With a view to attract tourists to Kerala it is proposed to observe 1993-94 as 'Destination Kerala' year.

**102.** Final shape is being given to a comprehensive policy of tourism development. It will be announced this year itself.

**103.** This year a 'Tourism Development Bank' will be established. This bank will help to develop many sectors of tourism and to give loans to private entrepreneurs to set up tourism oriented industries and to implement such other programmes.

**104.** Steps are being taken to make the functioning of the Kerala Tourism Development Corporation more effective. Simultaneously, considerable changes will also be brought about in the management set-up.

**105.** The first phase of Bakel Tourism Scheme which has been planned jointly by the Central and State Governments will be implemented this year itself.

## **Public Works Department**

**106.** It has been decided to expedite to the maximum extent possible the works undertaken by the Public Works Department. Urgent steps will be taken for expeditious completion of works taken up years back and still remaining incomplete at various stages. The progress of such works will be reviewed periodically in consultation with the representatives of the people and necessary corrective steps will be taken.

**107.** The Government are really happy that the works are relating to the first stage of the Mannarakulanji-Chalakkayam road which leads to Sabarimala, the famous pilgrim centre was completed within the stipulated time. Necessary steps are being taken to speed up the works on the second stage of this road and for timely completion.

**108.** It has been decided to develop the Peruvannamuzhy-Poozhithodu-Padinjarethara road as a parallel route to Wayanad.

**109.** The network road scheme aimed at the development of coastal areas and hilly areas will be expedited. As part of this, it is proposed to take up six construction works during the year. These are: Kappad-Beyepore road, Kollam-Varkala road, Vechoor-Ettumanoor road, Kuttikkanam-Kattappana road, Thrithala-Cherupuzha road and Azhoor Kadavu bridge in Kazhakkootam-Attingal road. Rs.200 lakh is set apart for this.

**110.** The functioning of the mobile repairing units aimed at timely maintenance of roads will be made more effective. Three more units will also be set up in addition to the existing ones and its functioning will be extended to the other districts also.

**111.** Our demand that the M.C. Road should be declared a National Highway has not yet fructified. But Government is taking necessary measures to take this road to National Highways standards. As part of this, steps will be taken this year to reconstruct bridges on the M.C. Road through which single lane traffic passes now. In order to remove the traffic congestion in the Changanassery town, which is the most busy part in the M.C. Road, works on the Changanassery bye-pass will be taken up this year itself. Rs.50 lakh is set apart for this.

**112.** The Government will try to attract to this field private financial institutions who are capable of making capital investments for construction of roads and bridges. The co-operative sector will also be given opportunity to come into this field. As a first step in this direction, the work of the Chamravattom Bridge is proposed to be taken up this year itself. 'The Infrastructure

Leasing and Financial Services Ltd.,' a Bombay based company, has come forward for this purpose. Rs.25 lakh is being provided for acquiring land for the construction of this bridge.

**113.** Schemes for finding out accident prone areas in the National Highways and State Highways and to implement remedial measures with the help of NATPAC, Police and Transport Department will be formulated.

**114.** Taking into consideration the extensive damage caused by frequent heavy rains and floods to the roads, a project will be formulated to construct the roads scientifically with the assistance of the World Bank.

### **Sports and Youth Welfare**

**115.** Programmes have already been chalked out to identify talents in Sports and Games and to give them necessary encouragement. Experience has shown that if the necessary training and encouragement are made available, gifted sports stars will come up.

**116.** It was with this aim in view that Government decided to give all encouragement to the sports stars who enthralled the sports lovers of Kerala bagging the ????? foot-ball trophy for the second time in succession.

**117.** Kerala Water Authority has handed over 24 hectares of land in Kaloor to Greater Cochin Development Authority to construct a stadium of international standards in Ernakulam. An amount of Rs.100 lakh will be provided this year to construct a stadium of international standards at Kaloor.

**118.** A building will be constructed for 'The Rajiv Gandhi Sports Medicine Centre', Thiruvananthapuram. The services of this centre will be extended to the coaching centres in different districts so as to make the benefits available to a large number of sports stars.

**119.** Sports schools will be started in Kottayam and Malappuram districts to impart coaching to students. An amount of Rs.10 lakh is being earmarked for this.

**120.** An amount of Rs.25 lakh will be given to Alappuzha Municipality to fulfil the long cherished aspiration of sports lovers to have a stadium in the district headquarters.

**121.** All encouragement will be given to produce video cassettes on sports and games to foster aptitude for sports in youth.

### **Scheduled Castes/Scheduled Tribes Development**

**122.** Compared to the other States of India, though Kerala has gone far ahead in the matter of development of Scheduled Castes/Scheduled Tribes, it has to be recognised that the activities have to be made more comprehensive and effective.

**123.** The Kerala State Scheduled Castes/Scheduled Tribes Development Corporation will take up new schemes for self-employment and entrepreneur development. The Corporation will give financial assistance to manufacture low-cost house building materials, to set up mineral water bottling plants and other self-employment programmes. An amount of Rs.50 lakh has been earmarked for this scheme.

**124.** Government will give greater emphasis to the developmental activities under the Ambedkar Village scheme. Programmes will be formulated so as to complete this scheme by April 1994. An amount of Rs.50 lakh is being earmarked for this.

**125.** An 'Adikalakendram' will start functioning with the object of nurturing the artistic talents of the Scheduled Castes/Scheduled Tribes people. This centre is meant for the conservation of ancient art forms and for imparting instruction in classical dance. An amount of Rs.10 lakh is set apart for the preliminary expenses of the centre.

**126.** Facilities will be given for training in classical dance to Scheduled Castes/Scheduled Tribes students in institutions outside Kerala. Opportunities will also be provided for instructions in cinema acting and cinematic techniques in the institutes in Madras and Poona.

**127.** A scheme costing Rs.20 lakh has been prepared to conduct literacy-continuing education exclusively to Scheduled Tribes.

**128.** An amount of Rs.50 lakh has been earmarked for financing the self-employment scheme of the Development Corporation for Christian Converts and Recommended Communities.

### **Forest**

**129.** Government intend to implement a multifaceted programme in this sector to ensure the conservation of rare endangered tree and wildlife species and to maintain the luxuriance of Kerala forests.

**130.** The number of invaluable sandal wood trees in our forests is dwindling day by day. Taking this into consideration a programme will be chalked out to protect the existing habitats of sandal wood trees, to multiply the species by planting new trees in larger tracts of forest land and to conduct a scientific study on this subject. An amount of Rs.10 lakh is being earmarked for this.

**131.** A special centre will be established in the forest land in Paithal Hills in Kannur District to maintain ecological balance, to conserve endangered tree species and to plant new trees. Under the auspices of the Forest Department, a tourist resort aimed at tourism promotion and facilities for adventure tourism will be provided here. An amount of Rs.10 lakh is being set apart for this.

**132.** Steps are being taken to establish a model tree garden to display attractively the different trees of Kerala in the 'Nandavanam' vested forest on the sides of Palakkad-Pattambi Road near Shornur town. An amount of Rs.5 lakh is set apart for this.

**133.** It has been decided to develop the Thiruvilwamala-Chulanur reserve forest area on the borders of Thrissur and Palakkad Districts as a pea-cock sanctuary. An amount of Rs.5 lakh is set apart for this.

**134.** Sabarimala is a major centre of worship, visited by lakh of pilgrims from all over India. Even facilities for the basic needs of pilgrims are now lacking in the vicinity of the temple. In order to solve this problem, Government have decided to arrange facilities to pilgrims as in Tirupathi, in 'Rudranam' area, a quarter kilometre away from the temple. An amount of Rs. One crore is set apart for this.

**135.** It is planned to conserve the beautiful forest area 'Kuruvadweep' on the banks of the Kabani river in Wayanad district. An amount of Rs.5 lakh is earmarked for this.

**136.** A 'Nilgiri Tahr Centre' will be started to protect the rare species Nilgiri Tahr of Ponmudi in Thiruvananthapuram district. An amount of Rs.2 lakh will be set apart for this.

**137.** It is estimated that an amount of around Rs.110 crore will be required for compensatory afforestation on account of assignment of forest land to settlers. This year an amount of Rs.10 crore is set apart for this.

### **Water Supply**

**138.** Of the 360 water supply schemes under execution 172 will be commissioned by the end of March 1993. 16 lakh people will be additionally benefited by this. Protected water supply will be available to 47% of the rural population and 70% of the urban population in the State, when the above schemes are commissioned. 22 urban water supply schemes are in different stages of execution.

**139.** During 1993-94, 33 new works will be started for rural water supply schemes. At least 8 lakh people will be additionally benefited by this. Steps have been taken to start water supply

schemes in places like Varkala, Koothattukulam etc., with assistance from Life Insurance Corporation of India.

**140.** Changanassery-Thiruvalla augmentation scheme costing Rs.15 crore will be commissioned in December 1993. 4 lakh people including those in 24 panchayats in Kuttanad will be benefited by this scheme.

**141.** A scheme for Rs.426 crore for the augmentation of water supply in Thiruvananthapuram, Kochi and Kozhikode cities will be started this year under the Kerala Urban Development Project.

**142.** A Committee comprising of members from Local Bodies, Water Authority and Consumer Fora will be constituted for the smooth functioning of the water supply schemes without any room for complaints.

**143.** Water supply schemes will be augmented for areas such as Kuttanad and Attappady with assistance from the Technology Mission. The activities of the Technology Mission will be further extended to areas such as Idukki, Wayanad and Alappuzha.

**144.** An amount of Rs.50 lakh is being additionally provided for making use of underground water sources for irrigation and supply of drinking water for the benefit of Scheduled Caste/Scheduled Tribe people in the State.

### **Culture**

**145.** With a view to nurture and develop the ancient architecture of Kerala a 'Vasthu Vidya Gurukulam' will be started this year. Three-year diploma courses will be started in Sculpture, Carving, Carpentry, Mural Paintings etc. Rs.10 lakh is set apart for this purpose.

**146.** A comprehensive programme for properly conserving our cultural memorials will be started this year. As part of this, Rs.30 lakh is set apart for the comprehensive development of Thunchanparambu, A. R. Rajaraja Varma memorial at Mavelikkara, Asan memorial at Thonnakkal, Veluthampi memorials at Thalakkulam and Mannady and the Shadkala Govinda Marar memorial at Ramamangalam.

**147.** It is proposed to set up a large-scale 'Kerala Heritage Museum' at Thripunithura Hill Palace. Steps are also under way for the setting up of a most modern planetarium here at a cost of about Rs.9 crore. Rs.50 lakh will be set apart for this project which will be implemented with the help of the public sector enterprises as well as the private sector.

**148.** A folklore institute will be established at Kannur for the conservation of the folk arts of Kerala and also for encouraging studies in this field. As the first stage of the proposed 'Nadanagramam' at Vattiyookavu in Thiruvananthapuram, a dance museum will be established. Rs.10 lakh will be set apart for this.

### **Co-operation**

**149.** The achievement of Kerala in the field of co-operation especially in rural agricultural credit has earned the whole-hearted appreciation of experts in this field. Steps are under way to further improve the co-operative sector. Our target for 1993-94 is to disburse Rs.320 crore as short term agricultural loans, Rs.70 crore as medium term loans and Rs.80 crore as long term loans.

**150.** During 1993-94, it is proposed to distribute consumer items worth Rs.270 crore through primary consumer co-operative societies and primary agricultural credit societies.

**151.** The State Co-operative Marketing Federation aims at marketing agricultural produce worth Rs.230 crore with financial assistance from the National Co-operative Development Corporation. Fertilizers costing about Rs.90 crore will be distributed through the co-operatives. A fourth storage scheme has been planned under the auspices of the N.C.D.C. with the aid of the

World Bank. This includes the comprehensive rubber development programme for Rs.55 crore and the fruit processing scheme for Rs.16.62 crore.

**152.** The Kerala State Co-operative Housing Federation proposes to advance loans for construction of 5,795 houses during 1993-94.

**153.** The integrated co-operative development programme will be implemented in Idukki, Pathanamthitta and Thrissur districts also during 1993-94.

**154.** It is proposed to start a medical college at Pariyaram in Kannur district in the co-operative sector. 150 acres of land required for this purpose will be handed over by Government. The entire capital required for the purpose will be mobilised from the co-operative sector.

**155.** As per accounts for the year 1991, out of the total deposits of Rs.2,119 crore in the co-operative sector, there is an unutilised balance of Rs.600 crore after providing for the statutory reserve and the loans disbursed. Steps will be taken for utilising these deposits for the economic development of the State. On this basis, the Government proposes to form a consortium of primary co-operative banks for giving credit capital to co-operative institutions and apex federations.

### **Port Department**

**156.** Kerala has not so far taken enough advantage of the port facilities benignly endowed by nature. Ports have special importance in the overall development of the State. Considering this aspect certain indispensable measures have been formulated by Government for the development of ports.

**157.** On completion of the construction of the wharf at Vizhinjam port which is aimed at the development of southern Kerala as a whole, shipping facilities will be available there for comparatively smaller ships. While continuing the developmental activities at Beypore port, action will be initiated for the development of Azheekkal port which will help the industrial development of North Malabar as well as for creation of more job opportunities. The facilities in Azheekkal port will be available to the nearby Ezhimala Naval Academy as well. An amount of Rs.50 lakh is set apart for this.

### **Transport**

**158.** The Kerala State Road Transport Corporation is a major PSU playing a prominent role in meeting the transport requirements of the common people. This Corporation is facing a financial crisis for quite sometime now. The Planning Commission had repeatedly instructed that the public sector transport system should not suffer any loss. As far as the State Government is concerned no further assistance can be given to the Corporation. In the circumstances, the working of the Kerala State Road Transport Corporation will be examined comprehensively and suitable arrangements will be worked out so as to make it more useful to the travelling public.

### **Local Administration**

**159.** This Government is pledged to implement decentralised planning. As part of it, an amount of Rs.21 crore is earmarked for "Untitled Fund Scheme" being implemented as plan schemes in panchayats. Rules for the implementation of the scheme will be simplified.

**160.** Giving more emphasis to local development, "Self Reliant Village Scheme" formulated at panchayat level will be implemented fruitfully. As a result of the scheme, for which Rs.4 crore have been set apart, more employment opportunities will be created in addition to rural development.

**161.** Steps will be taken to formulate programmes for implementation of developmental schemes keeping panchayats as the focal points. Under the auspices of the panchayats, it is proposed to implement housing schemes with the assistance of HUDCO for those who have two or

three cents of land of their own, to formulate community development schemes having employment potential to establish financially self reliant nursery schools, technical educational institutions etc.

**162.** It was announced in the last budget that an Authority will be formed for the development of the hilly regions of Malabar. The report of the special officer appointed for preparing the scheme is under consideration of the Government, Malabar Regional Hill Area Development Authority with statutory powers will be formed during the year.

**163.** For improving basic facilities in the Kochi-Aluva sector and for implementing other urban development schemes, a comprehensive scheme will be planned and executed by the Greater Cochin Development Authority at an estimated cost of Rs.227 lakh. It is proposed to execute these schemes with the assistance of international financing agencies. Rs.50 lakh will be released to Greater Cochin Development Authority for this purpose.

**164.** Kerala Legislature has approved the Constitution Amendment Bills Nos. 72 and 73 passed by the Parliament. With a view to implement the above amendments and to strengthen the local self governing institutions, it is proposed to effect necessary amendments to the State enactments. Steps will be taken to decentralise and delegate authority to panchayats and local institutions in urban areas to execute various developmental and welfare activities.

### **Social Welfare**

**165.** Government have already started several schemes for helping the handicapped and also for imparting vocational training. A centre for training 60 handicapped young men and women in book binding, plastic cane works and electronics software will be started. An amount of Rs.5 lakh is provided for this.

**166.** A special programme for imparting vocational training to the inmates of the orphanages will be undertaken. Rs.5 lakh is provided for this programme being started in six orphanages this year.

**167.** In order to help women below the poverty line to find self employment, Rs.2000 each will be disbursed to 250 persons. Under this scheme, new enterprises will be started either on proprietary, partnership or co-operative basis. The District Social Welfare Officers will give leadership in this matter. An amount of Rs.5 lakh is set apart for this.

**168.** A scheme has been formulated to construct buildings for Anganwadis with people's participation. Out of the estimated cost of Rs.25,000 the Government will provide Rs.20,000. The required extent of land and Rs.5000 will have to be provided by the public. Rs.1 crore will be spent during the year for this purpose.

**169.** The various schemes being implemented by the Women's Development Corporation for vocational training will be continued this year also.

### **Excise**

**170.** Effective measures will be taken to prevent the spreading of ganja cultivation in forest areas in the State, especially in Idukki district.

**171.** The increasing addiction to drugs among the student community cannot be ignored. The Narcotic Cell will be launching strong measures to prevent trading in these drugs.

**172.** Implementation of prohibition in a phased manner is the policy of Government. Government is committed to control the undesirable tendencies in liquor trade and also for implementing the Abkari Rules strictly. Even in respect of existing liquor shops, the rules relating to distance limit will be enforced. This may lead to reduction in excise revenue, which is one of the most important sources of income and may cause some inconvenience to workers in this sector, but the Government is conscious of its social commitment to put an end to the ills of drinking.

Government seek the support of all sections of the people for effectively implementing the checks and controls connected with the liquor business.

### **Printing and Stationery**

**173.** The Government Press started in 1979 at Vazhoor has not started functioning so far. It is proposed to make it fully operational during this year. An amount of Rs. One crore is set apart for the purchase of printing machinery and other accessories for this purpose.

### **Housing**

**174.** In the field of housing, action is in progress for completion of existing schemes started with the assistance of different agencies and for starting new schemes under the auspices of the Housing Board.

**175.** Housing schemes formulated for the Kudikidappukars of road purambokes and coastal purambokes will be implemented expeditiously. The amount of Rs.20 crore sanctioned by the National Housing Board through HUDCO for 200 housing complexes is earmarked for this purpose.

**176.** Special schemes will be implemented with the co-operation of panchayats for the renovation of houses under the One Lakh Housing Scheme and for providing sanitary facilities in such areas.

**177.** Steps have been completed to start the Housing Finance Company with a capital base of Rs.3 crore as announced in my last budget speech. An amount of Rs.90 lakh is earmarked in the budget towards promoter's share.

**178.** With the assistance of different agencies working in the housing sector, steps were taken for the construction of 98,580 houses in the State during the current year. It has been targeted to complete two and a half lakh houses in 1993-94. Housing schemes costing Rs.600 lakh will be implemented for the Scheduled Caste and Scheduled Tribe communities.

**179.** Under the Journalists, Housing Scheme, 200 journalists will also be provided with houses in 1993-94. An amount of Rs.50 lakh is earmarked for this purpose.

**180.** A housing scheme will be implemented for journalists of Thiruvananthapuram. For this purpose, an amount of Rs.10 lakh is provided.

### **Revenue**

**181.** It is gratifying to note that the 'Gramasabhas' and 'Taluk Sabhas' constituted by Government with a view to bring the administration closer to the people, are functioning successfully. In order to improve the functioning of village offices at the lowest level of administration, steps were taken in 1992-93 for construction of buildings for 101 village offices. Hundred buildings more will be constructed during 1993-94.

**182.** Action will be completed to give title deeds to those farmers who had occupied forest lands before 1<sup>st</sup> January 1977.

**183.** It is proposed to implement an intensive reconstruction scheme of the flood affected areas with assistance from the World Bank as a permanent solution to the damages caused by frequent floods in the State. Preliminary steps could be commenced during this year.

### **Police**

**184.** Schemes will be chalked out to make the functioning of the Police Force more effective and scientific. Steps will be taken to modernise the training and crime detection methods. The newly formed 'Anti-Riot Squad' to suppress communal disturbances will be strengthened. The communication system and the system of crime records analysis will be modernised. The

preliminary report of M. K. Joseph Commission on the work load of police has been received. Further action on this report will be taken soon.

### **Public Relations**

**185.** A welfare pension scheme for working journalists will be implemented with effect from April 1993. In addition to the contribution from journalists, Rs.10 lakh has been provided for the purpose.

**186.** Public Relations Department will be modernised using modern technological facilities. For the purchase of modern communication equipment an amount of Rs.15 lakh has been provided in the budget.

**187.** The Kerala Financial Corporation, which plays a decisive role in the industrialisation of Kerala, is celebrating its 40<sup>th</sup> birth anniversary. The year will be observed as 'Quality Year'.

**188.** The Kerala Financial Corporation will be granting new loans to the tune of Rs.100 crore this year. It has been estimated that this will provide employment opportunities to 15,000 persons additionally.

**189.** A 'One time settlement scheme' will be implemented to grant reduction in penal interest to those who make full remittance of the defaulted instalments. This concession will be made available to units which could not commence production due to unanticipated reasons and to those that have come to stoppage due to reasons beyond the control of the entrepreneur.

**190.** An advisory committee at the State level will be constituted for the Kerala Financial Corporation including officials and non-officials.

**191.** The Kerala State Financial Enterprises will start a chitty loan scheme this year.

**192.** It is intended to bring forward a legislation in the next session of the Assembly to make audit of local funds more effective.

**193.** A special scheme to foster the saving habit among villagers will be started with public participation under the leadership of District Councils. The average receipts for a month under the scheme will be given as grant to District Councils to implement developmental programmes.

**194.** The women workers in Kerala Saksharatha Samithi, Balawadi, Anganwadi etc. will be appointed as Mahilapradhan Agents especially in tribal areas.

**195.** An amount of Rs.8 crore from the scheme 'Savings for Social Service' which was launched this year will be utilised for the welfare activities of blind, deaf, dumb, mentally retarded and physically handicapped students. It is intended to further develop the scheme with the whole-hearted co-operation and participation of students, teachers and parents. According to this scheme to be styled 'Savings for Educational Development' 25% of deposits in 'Indira Vikas Patra' will be utilised for the construction of school buildings and the provision of basic facilities.

**196.** As part of the modernisation of treasury accounting system computers have been installed in some district treasuries by now. In other districts also computers will be installed in a phased manner. The treasury staff will be given the necessary training to familiarize themselves with the new system.

**197.** It is considered necessary that the internal audit wing has to be further strengthened for the faultless functioning of the treasuries. The required steps in this direction will be taken.

### **Welfare Schemes**

**198.** No new social welfare scheme is being proposed in this budget. This is neither because new schemes are not required nor because of absence of deserved to take up new scheme desired. It is because greater emphasis has to be given for the continuance of the existing social welfare schemes more effectively and without any hitch. Hence it is that in the present financial situation,

programmes involving additional financial commitments are not being taken up. Government will be taking necessary steps to implement all the existing social welfare schemes effectively.

## **Sales Tax**

**199.** Sales tax continues to be the main source of revenue of the State. In the last two budgets, a policy, seeking extreme co-operation of the agriculturists, industrialists, exporters and, above all, the traders was adopted by me.

**200.** For this open approach, the Government received exceptional encouragement. In the last two years sales tax collection increased by around 45%, from Rs.897 crore to reach Rs.1,300 crore. I intend to adopt this year also the same policy of increasing the revenue without raising diversion of trade. Taking also into consideration the recommendations of the Resources Commission, the Commission for Taxation Laws, and the Centre for Taxation Studies, I propose the following measures:

## **Incentives to Agriculture**

**201.** I propose the following based on the recommendations of the interim report of the Commission for Taxation Laws, on Agricultural Income Tax.

(i) Compounding facility in the Agricultural Income Tax Act is proposed to be extended to farms upto 100 hectares. The highest rates in the Act will be applied, without the basic exemption in area.

(ii) Agricultural Income Tax at 40% will be levied on the entire income of the farm without the basic exemption as in the case of central income tax. The share of profit of the partner will not be taken for his own assessment.

(iii) Farmers eligible for compounding will be given opportunity for opting compounding even after 1991-92.

(iv) Replantation allowance is now allowed at a fixed percentage of the total receipt. When this amount is not utilised either for replantation or for new plantation in this State during the year, it has to be deposited in own account in the Treasury before the due date for filling the return and will be permitted to be withdrawn at the time of replantation or new plantation.

(v) For replantation of cardamom, the actual expenses of the year will be allowed as a deduction subject to the limit of expenses for 1/12 of the total area at the Spices Board's rates. When more area is replanted in a year, the excess expenses will be permitted to be deducted towards eligible deduction for the next two years. In view of this, infilling expenses will not continue.

(vi) Gratuity and bonus paid before the due date for the submission of return will be allowed as deduction of the previous year.

(vii) Expenses for temporary constructions and for thatched sheds will be allowed in the year instead of the present 10% depreciation.

(viii) Time limit for completing assessments for agricultural income tax is now two years. In respect of tea, there is delay in completing the assessment as agricultural income tax is levied only on 60% of the income as decided by Central Income Tax Offices. Therefore it is proposed to make provisions to assess it provisionally, accepting the return and revise it when the Central Income Tax order is received. Penalty and interest are proposed on the balance of tax due as per the Central Income Tax order, on the expiry of three months from its receipt, if the assessee is not producing a copy of the order within one month from the date of its receipt.

(ix) The ambiguity as to the revision and reference in the Agricultural Income Tax Act, 1991 will be removed.

In addition to the above, the following tax reliefs are also proposed.

(x) Purchase tax on arecanut will be reduced from 8% to 5%.

(xi) Tax on spray oil will be reduced from 12.5% to 4%.

(xii) Tax on mono-block pump sets upto 5 Horse Power will be reduced from 10% to 2%.

(xiii) Rate of tax on tractor will be reduced from 12.5% to 4%.

No revenue loss is expected on these.

## **202 Incentives to Industries**

(i) Tax on de-oiled cake will be reduced from 5% to 3%.

(ii) Tax on cattle feed will be reduced from 6% to 5% and the present exemptions will be withdrawn.

(iii) Rubber chemicals taxable at different rates will be taxed at the reduced rate of 2.5%.

(iv) Exemptions to Khadi and Village Industries will be extended to all units, both inside and outside the State, whose total turnover in a year does not exceed Rs.20 lakh.

(v) Semi wire-cut country bricks manufacturers whose turnover does not exceed Rs.2 lakh will be exempted from tax.

(vi) Rate of tax on handicrafts other than those made of metal will be reduced from 12.5% to 10%.

(vii) Tax on cinematographic camera, projector, lenses, film, equipments etc. for sound recording will be reduced from 20% to 10%.

(viii) Rate of tax on lime and dehydrated lime will be reduced from 10% to 2.5%.

The loss of revenue on the above will be Rs.1 crore when trade increase is also taken into account.

(ix) In order to make the local products competitive in price, the store purchase rules will be amended to disregard the difference in sales tax rates while comparing rates, at the time of purchase by Government, Semi-Government and Public Sector Units.

(x) In view of the decision of the Supreme Court, contractors will be allowed to use 'C' forms for the purchase of goods for use in contract.

(xi) The rate of tax on fibre-glass, plastic and other synthetic water tanks will be fixed at 10%.

## **203 Concessions to Trade and Commerce**

(i) Various trade organisations have demanded withdrawal of turnover tax right from its introduction in 1987. The law on the levy of this tax has also become complicated. Considering these, I propose to withdraw Turnover tax except for Petroleum companies and foreign liquor.

In order to make good the consequent revenue loss, the surcharge payable by dealers whose turnover exceeds Rs.10 lakh will be increased from 8% to 10%. Further, a licence fee will be levied on the total turnover excluding turnover on which tax is levied, and that in the course of export or import or inter-State trade, as shown below:

---

Annual turnover:

Upto Rs.10 lakh	:	Nil
Above Rs.10 lakh but upto Rs.25 lakh	:	Rs.25 for every lakh or part thereof
Above Rs.25 lakh upto Rs.50 lakh	:	Rs.50 for every lakh or part thereof
Above Rs.50 lakh	:	Rs.200 for every lakh or part thereof

---

For hotels other than bar hotels and star hotels, in respect of their sales of cooked food, the licence fee will be as shown below:

---

Turnover of cooked food upto Rs.5 lakh	:	Nil
Turnover of cooked food above Rs.5 lakh	:	Rs.250 for every lakh or part thereof above Rs.5 lakh

---

By the above measure, no change in revenue is expected.

(ii) The simplified assessment procedure introduced in the last Budget, will be extended to all pending assessments and officers will be specially entrusted with this work for speedy completion.

(iii) This Government has always recognised the service rendered by traders to the society. Considering the sincere co-operation of the traders in tax collection, I propose to introduce an incentive scheme for them. All dealers other than public sector undertakings and companies whose total turnover in a year is above Rs.10 lakh, and who show a tax increase of 25% over the previous year's collection will be given National Savings Certificate valued at ¼% of such increase. Further, no inspections will be made without the previous sanction of the Deputy Commissioners in the shops of all those dealers who show an increase of 25% in tax collection over the previous year.

The expenditure expected for this incentive scheme will be Rs.1 crore.

(iv) To remove the difficulties experienced by registered dealers at the check posts, for minor defects noticed in their records, a system of collecting advance tax will be introduced.

(v) It is proposed to prescribe a time limit of four years for completion of sales tax assessments. Steps will be taken to complete the arrear assessments also within this time limit.

(vi) Pendency of appeals against judgments of courts causes delay in completion of assessments. To tide over this difficulty, it is proposed to empower officers to complete assessments on the basis of the existing judgments and to revise the assessments as and when judgments are overruled.

(vii) It is proposed to issue salesman permits in the name of firms, instead of issuing them individually to salesmen.

(viii) As the Kerala High Court has declared section 59-A of the Sales Tax Act invalid, it is proposed to empower the Board of Revenue to clarify rates of tax.

(ix) I propose to authorise the dealers themselves, to file the statements prescribed under the statutory audit instead of the same being certified by Chartered Accountants.

(x) Dealers will be permitted to remit the registration fee, for three years at a time.

An additional revenue of Rs.50 lakh is expected.

(xi) The Central Budget has given great relief to the people affected by acute price rise.

Even though the State is facing a serious financial crisis, the Government is duty-bound to bring down the price rise. With a view to achieving this end, the following tax concessions are announced:

With a view to reduce the freight charges on goods, I propose to reduce the rate of tax on diesel from 25% to 18% and that of motor spare parts from 15% to 6%.

(xii) With a view to control evasion of tax, the tax rates are proposed to be rationalised as follows:

<i>Sl. No.</i>	<i>Sl. No. in I Schedule</i>	<i>Description of Goods</i>	<i>Present Rate</i>	<i>Proposed Rate</i>
1.	13	Battery other than dry cell	20	15
2.	16	Binoculars, Telescope etc.	20	15
3.	19	Bullion and specie	2.5	1
4.	42	Marble, Mosaic tiles etc.	12.5	10
5.	48	Electrical goods	12.5	10
6.	58	Furniture	12.5	10
7.	75	Linoleum and flexible flooring materials	20	15
8.		Marine engine spare parts	15	10
9.		Computer, electronic printer, photocopying machine, cordless telephone	15	3
10.		Surgical equipments, medical implants, injection needles	10	8

An additional revenue of Rs.3 crore is expected.

### **Tax on Arrack**

**204.** It is proposed to continue the system of compounding of tax on Arrack. In the light of the new Abkari Policy, compounding pattern will be refixed at 20%. In the case of those who do not opt for the compounded system the rate of tax will continue to be 62.5%.

Even though the rate of tax remains the same, an additional revenue of Rs.30 crore is expected from increase in trade in the light of the new Abkari Policy.

**205.** Now I propose certain administrative and resource mobilisation measures.

(i) Instead of the present rate of 1% sales and 3% turnover tax I purpose to levy a tax of 4% on gold and silver ornaments.

(ii) In the light of the court decision holding wheat and wheat products such as maida, sooji etc., as one and the same commodity, the rate of tax on these commodities will be fixed at 4% treating them as one commodity. But what sold to retail ration depots for distribution to card holders will continue to be taxed at 1%.

(iii) In order to prevent loss of revenue and of employment in the State on account of green ginger being taken to other States for conversion as dry ginger, tax @ 4% is proposed to be levied on green ginger and dried ginger treating them as one and the same commodity, for the purpose of taxation.

(iv) Rate of tax on rubber purchased by rubber based industries will be raised from 4% to 5%.

(v) Rate of tax on coconut oil and coconut oil cake sold by dealers other than oil millers will be enhanced from 2.5% to 3%.

(vi) **Value Added Tax (VAT)**

I propose to introduce value added tax (VAT) for the first time, with a view to increase tax revenue without casting additional burden to consumer. Accordingly, tax @ 12% will be levied on refrigerator, water cooler, air conditioner, air cooler, room cooler, washing machine, dish washer, microwave oven and vacuum cleaner, on the total value at first point of sale and on the incremental value at every successive points of sale.

An additional revenue of Rs.3 crore is expected on these.

(vii) Many of the notifications issued from 1963, under section 10 of the Kerala General Sales Tax Act and section 8(5) of the Central Sales Tax Act, have either become irrelevant or ambiguous. So it is proposed to withdraw all these notifications. But fresh orders will be issued from 01.04.1993, granting exemption in cases of deserving commodities/class of persons. Notifications issued on the basis of the Industrial Policy will, however, continue without any change.

(viii) Rate of tax on shaving stick, shaving cream, after-shave lotion, deodorants and toilet paper is proposed to be raised from 12.5% to 15% and that on soap, except hand-made soap, from 6% to 8%.

(ix) Timber is proposed to be included in the 5<sup>th</sup> Schedule and will be taxed at 4% each at the first and last sales in the State, instead of 8% single point at present.

(x) It is proposed to impose a fee of Rs.100 for first appeals and revision applications under the Sales Tax and Agricultural Income Tax Acts and Rs.250 for revision application before the Board of Revenue and the Commissioner of Agricultural Income Tax. The fee for appeals before the Appellate Tribunal will be raised from Rs.100 to Rs.250.

An additional revenue of Rs.10 crore is expected on these.

(xi) *Suo motu* revision powers of Deputy Commissioners and of Board of Revenue will be limited to orders prejudicial to Revenue.

(xii) In order to prevent tax evaders defeating tax collection by transferring properties, a provision identical to section 281 of the Income Tax Act is proposed to be incorporated in the Sales Tax Act.

(xiii) I propose to make provision to realise the tax lost on account of the misuse of concessional rate available to manufacturers for the purchase of raw materials.

(xiv) Penal interest levied on belated payment of tax is proposed to be termed as interest. For periods less than one month, interest will be calculated only for the actual number of days of default.

(xv) In entry 35 of Schedule III, veterinary medicines for live saving will also be included.

(xvi) A course for training graduates as Sales Tax Practitioners is proposed to be introduced through the Centre for Taxation Studies.

(xvii) Licence fee under the Kerala Money Lenders Act is proposed to be raised to Rs.2,000 from Rs.1,000.

An additional revenue of Rs.50 lakh is expected from this.

**206.** I now propose certain new measures to augment revenue:

(i) Road frontage fee at the following rates is proposed to be levied from petrol pumps.

---

Pumps selling upto 1000 k. litres a year	:	Rs.500 annual fee
Those selling upto 2000 k. litres	:	Rs.1000 annual fee
Those selling more than 2000 k. litres	:	Rs.2000 annual fee

---

An additional revenue of Rs.10 lakh is expected on this.

(ii) Annual licence fee will be levied on each branch of parcel offices @ five rupees per ten tones of goods handled.

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

(iii) Annual licence fee at the following rates will be levied on public motor work shops and service stations.

---

( Mechanised work shops	:	Rs.2000
( <b>Others:</b>		
(a) Those in the Corporation area	:	Rs.1000
(b) Those in the Municipal area	:	Rs.500
(c) Those in the Panchayat area	:	Rs.250

---

An additional revenue of Rs.50 lakh is expected on this.

### **Excise**

**207.** Actual use of arrack in the State has been admittedly more than the Government supply for a variety of reasons. In the interest of revenue collection and proper control over the distribution system, Government have made significant changes in the policy. Accordingly, it has been decided to allow contractors to bring rectified spirit from outside on the basis of permits to be issued. The spirit so brought will be converted into arrack with department exercising effective control over quality. By this process, it would be possible to prevent smuggling and also to increase excise revenues. Additional revenue anticipated is Rs.20 crore.

### **Stamp Duty**

**208.** An additional revenue of Rs.15 crore is expected on account of the strengthening of the administrative set up and the disposal of undervaluation cases pending in the Department.

### **Building Tax**

**209.** (i) Exemption from building tax will be granted to residential buildings with a plinth area upto 100 sq.m. and other buildings with a plinth area upto 50 sq.m. For calculating the plinth area of residential buildings, appurtenant buildings like garage, firewood store etc. used for non-residential purposes will not be taken into account.

(ii) Buildings which were completed before 10.02.1992 but whose assessment has not been initiated or completed or is under appeal or revision, will be assessed on the basis of the plinth area in accordance with the amended law.

(iii) Exemption available for hotel buildings on the ground of tourism promotion will be withdrawn. This will be made applicable to buildings completed on or after 01.03.1993. Liberal instalment facility will be given in such cases for payment of the tax.

It is proposed to remove the present stipulation that the local authority will assign the building number only after the building tax is remitted.

### **Motor Vehicles Tax**

**209.** There are certain categories of vehicles for which no tax has been specifically prescribed in the Motor Vehicle Taxation Act. The rates of tax in respect of certain other categories of vehicles are lower than those prevailing in the neighbouring States. Keeping these facts in mind, the rates are proposed to be revised as follows per seat per quarter:

---

(i) Tax on private service vehicles	:	to be Rs.100
(ii) Tax in respect of stage carriages	:	from Rs.200 to Rs.250
(iii) Tax in respect of fast passenger and express services now charged at ordinary stage carriage rate	:	from Rs.200 to Rs.300
(iv) Tax in respect of contract carriages:		
(a) Maxi Cabs (upto 12 seats)	:	from Rs.190 to Rs.200
(b) Contract carriages (from 13-20 seats)	:	from Rs.190 to Rs.250
(c) Contract carriages (more than 20 seats)	:	from Rs.310 to Rs.370

---

An additional revenue of Rs.17.24 crore is anticipated on all these items together.

**210.** An additional surcharge of 10% will be levied on, transport vehicles running on diesel. An additional revenue of Rs.8.5 crore is anticipated.

### **Basic Tax**

**211.** Our panchayats are handicapped for want of financial resources to implement developmental schemes. According to section 67 of the Kerala Panchayats Act, the Government has to pay to each panchayat a grant equal to around 75% of the basic tax collected during the preceding year in the panchayat area. It is almost 5 years since the present rates of basic tax were prescribed. An upward revision of these rates is called for in view of the appreciation of land value and fall in value of the rupee. The rates will be increased to 50 ps. per are in panchayat areas, Re.1 per are in municipal areas and Rs.2 per are in corporation areas. The additional revenue on this account will be around Rs.7 crore. This will go to increase the income of the panchayats and thus help to implement their development activities.

### **Forest**

**212.** Considerable quantities of wind-fallen trees have to be worked down and auctioned. Sale of rosewood trees standing on lands in the Ambalavayal colony in Wayanad will fetch a large sum. An additional revenue of Rs.20 crore is anticipated.

### **Education and Health**

**213.** As stated earlier, fees for degree and higher courses of studies in colleges including Engineering and Medical Colleges will have to be suitably increased, having regard to the

increasing cost of education for the Government. Government intends to utilise the increased revenues so generated for the improvement of quality of education in these sectors.

**214.** The year that is passing has been observed as the economy year. During this period a number of economy measures announced in my budget speech of the last year have been firmly implemented. Government's financial position has not significantly improved during the year but there is reason to think that the coming year will be a little better. Nevertheless, there is need for all round economy. In addition to the various economy orders issued by the Government the following further measures will be adopted in the coming year.

- (1) No deputation allowance will be allowed during the next financial year also.
- (2) Evening Colleges will be closed.
- (3) On completion of Schemes, the offices and staff will be dispensed with. This decision will also be applicable to all schemes and plans now completed.
- (4) Excess staff in various departments will be identified taking into account the workload also in three months and redeployed without hampering the interests of the existing employees.
- (5) Reorganisation will be conducted after a detailed study on the administrative set up of various levels relating to offices and staff.
- (6) All defective machineries and equipments will be auctioned.
- (7) All economy measures declared by Government will be extended to public sectors also.

**215.** May I give a brief account of the financial transactions of the year 1992-93. In the budget speech for 1992-93 it was stated that the year would end with a gap of Rs.26.64 crore after taking into account the additional resource mobilisation. When ration subsidy was announced, I had pointed out that the deficit would further go up by more than Rs.100 crore. However, as a result of various steps taken the revenue deficit could be reduced to Rs.485.09 crore as against Rs.635.10 crore estimated earlier. Similarly the overall transactions during the year will end with a surplus of Rs.4.32 crore. When the carry over deficit of Rs.128.96 crore for the year 1991-92 is taken into account the year would end with a deficit of Rs.106.17 crore after adjusting the enhanced receipt amounting to Rs.18.47 crore on account of State share of Central taxes. The net additional resource mobilisation for 1993-94 will be Rs.179.34 crore. The amount required for implementing the new schemes announced by me comes to Rs.75.07 crore.

**216.** As in the last year I am presenting a deficit budget for the year 1993-94. The summary position of the Budget estimate is indicated below:

	<i>(Rs. in crore)</i>	
	<i>Revised Estimate 1992-93</i>	<i>Budget Estimate 1993-94</i>
Revenue Receipts	3366.16	3688.59
Revenue Expenditure	3851.25	4306.76
Deficit	(-)485.09	(-)618.17
Capital Receipt	2496.37	1829.74
Capital Expenditure	2285.64	1638.16
Surplus	210.73	191.58
Public Account Net	278.68	342.68

Overall Surplus/Deficit	4.32	(-)83.91
Carry Over Deficit	(-)128.96	(-)106.17
Cumulative Deficit	(-)124.64	(-)190.08
Net Yield from A.R.M. (1993-94 measures)		179.34
Additional Share of Central Taxes as per Revised Estimate	18.47	4.17
Expenditure on additional measures announced		75.07
Net Deficit	(-)106.17	(-)81.64

**217.** Let me now pass on to the concluding part of my speech. The major objectives that the Government seek to achieve through this budget are to give proper direction to the future growth and development of the State and to make serious minded efforts to remove the existing imbalance in income and expenditure on the revenue account.

**218.** A good number of unexpected items of expenditure during the current year have upset our calculations. Looking forward to the coming financial year, the inevitable items of expenditure arising from implementation of pay parity to Government employees, the frequent payment of instalments of D.A. etc. are bound to impose a great financial burden on the Government. The shortfall by about Rs.100 crore in small savings collections which have hitherto been a significant source of finance for us has further accentuated our financial difficulties. The situation that has arisen since then does not give much room for hope. The number of mutual funds is on the increase and the income tax concessions on small savings are not attractive enough.

**219.** It is in these circumstances that I have been constrained to present a budget with substantial revenue deficit. Stepping up tax revenue at one stroke is neither practicable nor conducive to development. Tax reforms have been initiated with a view to regulate the tax structure to control inflation, accelerate industrialisation, widen the tax base without increasing the rates of tax, and bring about buoyancy in tax collection pushing up economic growth.

**220.** This budget would initiate a comprehensive economic policy that would eradicate unemployment and accelerate the pace of industrialisation by restructuring the different tax and non-tax revenues and expenditure in the most suitable manner and maximising resource mobilisation. An effectively functioning public sector, a dynamic private sector and banking finance sector responsive to the needs of the State economy – these are the three agencies whose co-ordinated functioning would hold the key to the future development of the State. The problems faced by our State in the field of development are too complex to be handled successfully by a single political party or political front. I seek the co-operation of one and all to tackle effectively these deep-seated problems, to analyse problems transcending political considerations and to work out practical solutions unitedly with a sense of dedication and firm determination. I submit these budget estimates and proposals for the approval of this august House.

**221.** As sufficient time is not available for a grant by grant discussion and voting by the House before the end of the financial year, I also propose a Vote on Account for the first four months of 1993-94.

JAI HIND.

OOMMEN CHANDY

\* \* \* \* \*