

GOVERNMENT OF KERALA

BUDGET SPEECH
2010-2011

by

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Sir,

I rise to present the Budget for Kerala for 2010-11. This is the Fifth Budget that I am presenting. All these five Budgets are organically harmonised by a common vision that only by preserving the State's legacy of welfare should Kerala move ahead into the

future of rapid economic progress and modernization. This is the way of progress. We have a great poet who, in similar vein, appealed to the little hands quivering with boiling blood to grasp the burning torches of freedom and equality handed down by forefathers as a precious legacy.

*" Oh, little hands with boiling blood,
come and bear these torches"*

It is in 2011 that the birth centenary year of Mahakavi Vyloppilli Sreedhara Menon, the poet who thus sang about human progress, falls. While poems like "First Harvest" and "Eviction from Home" reveal the twin themes of equality and justice, "Son of Sahyan" is a great poem written for ecological justice. Five decades ago, linking ecological consciousness with social justice, the poet lamented,

*"But, how quickly has progress
Greyed the green"*

2. If green is the colour of environmental consciousness, red is the colour of social justice. These are the colours of Vyloppilli's poems. Sir, while observing centenary of Vyloppilli, I am happy to present this red and green- Pachayum Chuvappum Budget. A special feature of Vyloppilli's poems is the creation of wonderful poetic images using a minimum of words. They are poems of distilled essence. Though economical in using each letter and word, he could yet create hundreds of marvellous sculptures of poetry without any stinginess.
3. Sir, any Finance Minister cannot but be economical in respect of money. Two years ago I had explained the political economy of this attitude through the story of Pathumma's Goat. There the story-writer had only five rupees in his hands-and he did not have a naya paisa more than this. But now our situation has improved. Revenues have gone up. Yet it is not sufficient. Each Rupee can be

spent only after serious consideration of the pros and cons. Yet this Budget itself would testify that there is no stinginess whatsoever in the matter of welfare programmes or development projects. It is my desire that while commemorating Vythiri Centenary, this Budget should be like his poetry in which the economy of words does not in any way reduce the output of rich poems with enduring images.

STRENGTHENING THE LEGACY OF JUSTICE

4. Every Budget of this Government has reversed the conventional development priorities. The tradition of setting apart the left overs of allocations to the poor, after meeting other expenditure, has been radically altered by adopting the political stance that all things can wait till what is due to the poor is given to them. Sir, this budget would strongly take forward the welfare programmes initiated during last budget.
 - i) In four years, the Government has been able to stop starvation deaths and farmer suicides which ravaged Kerala in the wake of global trade agreements. In the context of intolerable price rise and the dangers posed by the ASEAN Agreement, it is necessary to be extremely vigilant to prevent the return of those dark days. Therefore, ignoring the artificial distinction between APL and BPL drawn by the Central Government, this government would provide rice at Rs.2/- per kilo to the entire unorganized labourers in the agriculture, coir, cashew, handloom, beedi, bamboo, reed, khadi, small plantations and similar sectors with effect from June 1st – as in the case of fishermen. All families who have completed atleast 50 days of work under NREGS would also be eligible for rice at Rs.2/- a kilo. Sir, I set apart Rs.500 crore to provide rice at Rs.2/- per kilo to 35 lakh families in the State.
 - ii) Those who "shone like Unniyarcha in the virgin fields" in the days of yore are now disabled by age even to bend and glean paddy. Our society is deeply indebted to such old gleaners who have now been

pushed down by the weight of age. Sir, the Welfare Pensions to the poor is being increased to Rs.300/- per month.

- iii) While formulating NREGP, one of the demands the Left put forth was for an Urban Employment Guarantee Scheme. But it did not materialise. Sir, Kerala introduces an Urban Employment Gurantee Scheme, the first of its kind in India. An amount of Rs. 20 crore is earmarked for Ayyankali Urban Employment Guarantee Scheme.
- iv) The objective of Employment Guarantee Schemes is to provide a fixed number of work days at minimum wage. But in many of our traditional sectors workers do not get basic minimum wage even if they work. The co-operative sector cannot afford to provide even the minimum wages and survive in the market. Either cash assistance could be given to workers to achieve a minimum level of income or they could be provided with fairprice for their produce by Government. In this context, it is proposed to introduce an Income Support Scheme to be piloted in sectors like coir, handloom, bamboo and handicrafts. Funds from existing schemes for rebates, subsidies and market support would be pooled for this purpose. It is the first time such a scheme is introduced in our country. Rs.50 crore is provided for this purpose.
- v) The existing Health Insurance Scheme would be further expanded. In addition to the 11 lakh families approved by Government of India, all families eligible for the Rs.2/- per kilo scheme would be brought under insurance cover. In addition to the general cover of Rs.30,000/-, an additional cover of Rs.70,000/- would be provided to those beneficiaries affected by serious diseases like cancer and those relating to heart, kidney etc. An amount of Rs.50 crore is earmarked for this purpose.
- vi) To those challenged persons confined to bed, in addition to the

monthly pension of Rs.300/-, an additional pension of equal amount would be given to one person taking care of him/her. ASHRAYA beneficiaries would be given preference under this scheme. Further, for those special schools for challenged children that do not get central assistance, Rs.10 crore is provided.

- vii) The monthly grant of Rs.200/- being given to the inmates of orphanages, old age and poor homes would be increased to Rs.250/-. New grants would be given to 9483 children staying in the 217 orphanages approved by the Orphanage Control Board and to 3842 inmates of 98 old age homes. This new grant would also be available for the inmates who have been admitted with the approval of the Orphanage Control Board.
- viii) For the benefit of welfare of migrant workers in Kerala, the Government would provide a matching grant of Rs.10/- crore to the amount set apart for this purpose by the Construction Workers Welfare Fund Board.
- ix) The mess charges for children residing in Pre-matric Hostels run by the SC/ST Development Department were increased last year. Now it is proposed to increase all other allowances, uniform allowance by 30% to 70% and other allowances like Note Book allowance by 100% to 250%. The LP section ST students in Tribal and Welfare School will also get uniform allowance at the revised rate. For Higher Secondary students, Uniform allowance of Rs.800/- and Note Book allowance of Rs.400/- is newly introduced. Also Rs.50/- per mensem is provided as bus allowance and Rs.100 per year is provided as allowance for buying foot wear, umbrellas etc. Further, a night dress allowance is newly introduced at the rate of Rs.400/- for students in such institutions studying in LP schools, Rs.500/- for those in UP schools, Rs.600/- for those in High schools and

Rs.700/- for those in Higher Secondary schools. The students of pre-matric hostels in hilly areas will be sanctioned Rs.600 once in three years for purchase of wollen clothes. The assistance for marriage of women belonging to SC/ST communities is increased to Rs.20,000/-.

- x) Government would give an additional monthly assistance of Rs.300/- to all Pre-primary teachers employed by PTAs. Cooks in schools would get a minimum wage of Rs.150/- per day.

FOR THE INHERITORS OF THE EARTH

- 5. There is no doubt that human kind and other living beings would have to pay a heavy price due to climate change. Yet, to protect their narrow interests, USA and other Western Countries joined together and derailed the Copenhagen Summit. However, we should not hesitate to address the concerns related to the adverse effects of global climate change, which were thrown up by the Summit. It was none other than Vaikom Mohammed Basheer who had raised the question as to "who are the inheritors of the earth ?" and reminded us that the earth belongs to all the living beings and their future generations. This Budget intends to strengthen the environmental consciousness that is spreading in Kerala, albeit gradually.
- i) Sir, a Green Fund worth Rs.1000 crore is to be set up over next five years. I am setting apart Rs.100 crore this year for the Fund. One-fourth of the income generated by selling the silt and sand removed from the reservoirs in forest areas would be used for this purpose. Though there are provisions for letting out silt and sand from dams, dams are getting filled up due to long years of negligence in doing so. If the silt and sand are removed, the irrigation and power potential of dams would increase by 20%. The experience in

Aruvikara, Chulliyar and Malampuzha shows that, if done after careful studies and adequate precautions, removal of silt and sand is a feasible proposition. Sir, Government considers desilting of dams as a most critical environmental intervention. It is difficult to build new dams in the State. Therefore, protection of existing dams is an unavoidable imperative. Through this intervention, it would also be possible to reduce exploitation of paddy fields for clay and over-mining of sand from rivers.

- ii) This fund would be further used for restoration of degraded forests, acquisition of the minimum essential land to link patches of forests and to protect core areas from any kind of interference. In addition, the Rs.24 crore expected in March this year, and Rs.40 crore expected in the coming year, from the Central Government for rejuvenation and restoration of forests would be merged with this fund for this purpose.
- iii) It is estimated that a large extent of mangrove forests of Kerala are under the control of private individuals. For preserving this, it is proposed to give a fixed amount per hectare annually as incentive. Sacred groves are the repositories of biodiversity. Incentives based on the extent of the sacred groves would be provided. In order to protect the natural habitats of birds in Kerala, libraries and nature clubs would be given grants for their conservation and IEC activities. Similar assistance would be provided to clubs and voluntary organizations willing to protect the breeding centres of sea-turtles. Already, Rs.2 crore has been allocated for the conservation of bio-diversity by the Forest Department. Additional amounts required would be met from the Green Fund.
- iv) Sir, I recall the words of the respected Mar Chrisostom at this year's Maramon Convention commending the Haritha Keralam Scheme.

Inspired by his call, I am glad to announce a comprehensive scheme for nurturing bio-diversity in the garden lands surrounding households, with the objective of planting 10 crore trees in two years at a total cost of Rs.100 crore. This will be implemented co-ordinating NREG, Horticulture Mission, Medicinal plants development programme, Cashew development programme, RKVY, Western Ghat Development programme and projects of Local Self Government Institutions. In one sense, this would be an expansion of the Rs.6 crore Haritha Keralam Scheme being implemented jointly by the Forest Department and Local Governments. To cement the convergence of different schemes, I set apart, Rs.5 crore additionally from the Green Fund.

- v) The scheme to distribute one and a half crore efficient CFL bulbs is in the final stages. As the next step, LED bulbs would be introduced in all government offices and public sector undertakings. Another 50 lakh bulbs would be provided to domestic consumers. Through these measures, it is estimated that by 2012, there would be a saving of 300 mega watts of electricity during the peak hours – creating an equivalent capacity for the future generation would cost Rs.1200 to Rs.1500 crore.
- vi) Further, to encourage energy conservation, it is proposed to introduce an energy credit system by giving a fixed amount as credit for every unit of electricity consumed less than in the previous year. This credit would be given every six months. Using this credit, students can buy books from approved publishers or households can buy commodities from Supplyco. I set apart Rs. 25 crore from the Green Fund for this innovative scheme, which is expected to cost Rs.100 crore.
- vii) All industrial and commercial establishments would have to submit themselves to a mandatory energy audit. KFC and KSIDC would provide loans at 5% interest to install systems to reduce energy

consumption. Fines would be realised from those High Tension and Extra-High Tension consumers who do not attain the standards prescribed by the energy audit.

- viii) There are 35 lakh households in Kerala that still depend solely on firewood for cooking. If 20 lakh households start using energy-efficient chulhas 10 to 15 lakh tonnes of carbon emission can be reduced. It is proposed to attain this objective in three years. For this campaign, Rs.15 crore would be spent including the amount set apart for ANERT.
- ix) The most appropriate solution to the increasing transportation needs of Kerala is to strengthen rail and water transport. For the construction of the national water ways and renovation of the feeder canals, I allot Rs.100 crore. A company will be set up for the study and launch of super fast rail corridor this year.
- x) It is proposed to encourage the construction of green building complexes in respect of flats and other buildings. In future, all building complexes constructed by Government would use green building technologies.
- xi) Government offices and institutions are notorious for wasting energy. The optimum consumption level for each office would be determined by an energy audit with the participation of employees. Accordingly, pre-paid meters would be set up in all offices. This would be universalized in three years.
- xii) The energy audit shows that the investment for reducing energy waste can be recouped in the same year as savings in energy expenditure. As an experimental measure in 2010-11 itself, the ESCO model would be piloted in the Legislative Complex, Secretariat, High Court, Mascot Hotel and Medical College. It is estimated that these buildings would require an investment of Rs.106.09 lakh which would bring energy savings to the tune of Rs.160.31 lakh. In order to universalize this intervention, a separate

Energy Efficiency Company would be formed under the Energy Management Centre. The gains from the reduction in energy expenditure would be handed over to the Company within a fixed time period.

- xiii) Plastic waste has become a major threat to the environment and to cleanliness. Plastic ban has not been effective. It is proposed to set up small scale units in all Block Panchayats and Municipalities to convert plastic waste into pellets. Rs.10 crore required for this purpose would be met by Suchitwa Mission and Kudumbasree. It is expected that each unit would provide employment to 10 to 15 women.
- xiv) In order to restore the ecological balance of Kuttanad, on an experimental measure, it has been suggested that the Thanneermukkom Bund be kept open and a new agricultural calendar developed. For those who cultivate as per the new calendar, the government could compensate for any loss of crops through insurance. Agricultural labourers also could be compensated similarly. During discussions on this proposal, two fears were expressed; (1) possibilities of agricultural failure; (2) drinking water scarcity in summer in the adjoining Panchayats. The bund can be opened only after sorting out these two problems. Purposive action towards this would be initiated immediately. Required funds can be located from Swaminathan Commission package and Special packages of 13th Finance Commission for this. As an initial corpus, Rs.20 crore is earmarked. The delay in opening the bund has invited strong opposition from the fishing community. Indeed, everyone would agree that only with abundant caution and creation of a consensus can the next step be taken. As a temporary measure, steps would be taken to release fingerlings on a large scale in the Vembanad Lake this year.
- xv) Decentralized planning requires flow of ideas both from top to the

grassroots and from the grassroots to the top. The Green Kerala Express is a major initiative to utilize the mainstream media for strengthening decentralization. This programme is being organized by the Department of Local Self Government and Doordarshan. I am happy to announce an award of Rs.1 crore for the Panchayat that comes first, Rs.50 lakh for the Panchayat that comes second and Rs.25 lakh for the Panchayat comes third. Further, all Local Governments that enter the second round would be given Rs.10 lakh each. Kerala can learn a lot from this model.

6. Sir, this is only a beginning. Green Budget does not mean inclusion of a few schemes in the budget. The budget should motivate every level of Government in each of its actions and all the people in their daily life to think about avoiding waste of energy and reducing negative environmental impacts. Just as in the case of social justice, such a awareness should inform the very basis of planning and developmental thought in the State.

NEED FOR A NEW EGALITARIANISM

7. It is necessary to carry forward the traditions of social and economic egalitarianism in the State. Alongside, it is necessary to create a new tradition of gender equality. As part of the centenary of International Women's Day gender audit is started in Kerala.
8. The gender audit initiated as part of budget preparation has thrown up certain shocking facts. In 2008-09, schemes solely for the benefit of women constituted only 5.5% of the plan costing Rs.318 crore. In 2009-10, it was only 5.6%. Though we may claim that this is better than the Central Plan, it should be revealing that this forms only 50% of what Local Governments spend as part of their Women Component Plan. Sir, we are going to put an end to this state of affairs. Rs.620 crore (8.5%) of the Plan would now be set apart for schemes solely benefiting women.

9. All departments have tried to develop special schemes for the benefit of women. Effort would be made to consciously incorporate gender concerns even in the general projects.
 - (i) Assistance to Kudumbashree is stepped up from Rs.30 crore to Rs.50 crore. As was agreed upon at the time of formation of the Social Security Mission, Rs.20 crore would be transferred by the Mission for ASHRAYA.
 - (ii) Many bus stands, markets and similar public places in Kerala do not provide rest rooms or toilet facilities for women. Many Government offices themselves do not have such basic facilities – this is what the study has revealed. In order to get over this problem, I set apart Rs.8 crore for KSRTC and Rs.2.5 crore for PWD.
 - (iii) 160 offices of the Circle Inspector and 43 Jana Maithri Police Stations would be transformed into women friendly institutions. In order to create the facilities required in these institutions, and also to provide emergency medical assistance to women who are victims of violence, Rs.2.5 crore is allotted.
 - (iv) In order to construct hostels for girl students and working women, Rs.2 crore would be spent.
 - (v) Special facilities would be set up in hospitals to provide privacy to women. For early detection of cancer among women, the required equipments including those for digital mammography would be purchased by the RCC, for which Rs.7 crore is earmarked.
 - (vi) Rs.2 crore is allotted to ten Women's Colleges for computer training and Rs. 1 crore for Finishing School. Allocations for the Nursing Schools are also being enhanced.
 - (vii) Urgent action would be initiated to identify new employment opportunities for women and modernize the existing domestic occupations. Women are the major beneficiaries of schemes aimed at setting up of micro-enterprises like SGSY. Recognizing the

initiative of KIDS of Kottappuram in developing excellent products from Pandanus, a cluster focusing on Pandanus-based products would be set up at Kodungallur. For self-employment of widows and women separated from their husbands, and for new self-employment units of women in the handicraft sector, a scheme would be introduced. Rs.4 crore is provided for women's groups under the Food Security scheme. The allocations for sectors which largely employ women like coir spinning, cashew, handloom and khadi are being substantially enhanced.

- (viii) For providing emergency assistance to victims of atrocities, Rs.1 crore is allotted; Rs.50 lakh is provided for counselling and Rs.1.35 crore is set apart for short stay home for women.
 - (ix) Rs. 1.25 crore is specially allotted to Kudumbashree for its Gender Status Study. Any amount additionally required for this purpose would be found from the normal allocation of Kudumbashree. This would be the largest non-formal gender study in Kerala. Rs.25 lakh is set apart for the joint campaign called "Extravagance-free wedding, Dowry-free Kerala" to be organized under the leadership of the State Women's Commission, with the involvement of Youth Welfare Board, Mahila Samakhya, and Kudumbashree. Rs.3.5 crore is earmarked for the Gender Awareness Programme.
10. Gender equality is basically a social and political issue. In order to galvanize efforts towards this objective, gender budgeting is a must. Most of the activities included in this budget are related to the practical gender needs of women. They have the limitation that they do not question the existing framework governing the relationship between man and woman. Yet, I am sure every one would agree that what has been outlined above is a major step ahead.

INVESTMENT FOR SPURT IN DEVELOPMENT

11. The most important component of the last budget was the

Rs.10,000 crore stimulus package. There is no parallel in the country where 5% of the State income was committed for the stimulus package. We were essentially using the crisis to our advantage for pushing development. I had stated that the package would be implemented over two years. The Rs.5000 crore component directly being implemented by Government and the Rs.3000 crore EMS Housing Programme have already begun. Roads and Bridges Development Corporation, Coastal Development Corporation, Road Fund Board and other public institutions have also started implementing the components entrusted to them. These were mostly small and medium construction works. This time, in respect of infrastructure, the emphasis is on mega projects.

- i) For the construction of the Kannur Airport, a company with paid-up capital of Rs.1000 crore would be set up with the Government share pegged at 26% and co-operative and public sector institutions having a share of 25%. About 1200 acres of land have already been taken over for this purpose.
- ii) For the Rapid Rail Corridor project with an estimated investment of Rs.50,000 crore, a joint venture company would be set up this year. Already, the Delhi Metro Corporation has been entrusted with the task of preparing the report. KSIDC will be the nodal agency.
- iii) Rs. 100 crore has already been provided for the Phase-I of Vizhinjam project. Rs.125 crore is set apart for this now. A global tender would be invited for the construction of the port and associated construction activities, even while the construction of the Container Transshipment Terminal is on.
- iv) The LNG Terminal would be commissioned in 2012. GAIL is laying gas pipeline from Kochi to Mangalore, to Bangalore via Palakkad and to Kayamkulam via the sea. Anticipating these developments, it is proposed to set up a retail network in partnership with GAIL for

which Rs. 17 crore is earmarked. Further, linked to the gas pipeline network, work on setting up Kochi – Kasargod and Kochi – Palakkad industrial corridors would begin this year itself. Rs.5 crore is allotted for setting up a separate company for this purpose. This year itself, steps would be initiated to take over 5000 acres of land.

- v) In the road sector, the second phase of KSTP would begin this year. Rs.232 crore is provided to KSTP. The Roads and Bridges Corporation would take up construction of the Rs.1600 crore Elathur – Ponnani beach tourism road on BOT mode. Funds for land acquisition for this purpose have been provided. Hill Highway is another critical project which is reaching the implementation stage this year. The land acquisition process for four laning the Cherthala–Kodimatha, Kakkanad- Kothamangalam –Muvattupuzha and Karamana-Kaliyikkavila road stretches would begin this year.
- vi) Government of Kerala has informed the Government of India that it is willing to pay its entire equity contribution for the Kochi Metro if approved. A token provision of Rs.5 crore is earmarked. Alongside, Delhi Metro would be entrusted with the task of preparing and implementing projects related to railway overbridges and roads needed in the context of Kochi Metro. Delhi Metro would take up these as deposit works. Rs.50 crore is allotted for this purpose now.
- vii) Vyttila Mobility Hub Society has already been registered. The estimated cost of this Hub which would link the rail, road and water transport networks is Rs.300 crore. The funds required would be sourced from JNNURM and agencies like GCDA. I set apart Rs.5 crore specially for this. The Sea-port – Airport road in Kochi would be completed.

12

Sir, Kerala's Annual Plan has touched the five figure mark. This year's plan of Rs.10,000 crore marks an increase of 12% over the previous plan. More than increasing the Plan size, what is required is the increase of "free" Plan size. After providing for the State

share as dictated by Externally Aided projects and Centrally Sponsored Schemes, the planners had free resources of only Rs. 726 crore during 2007-08; but for 2010-11, it has increased to Rs. 2874 crore. Let me mention specially that dependence on externally supported loan based projects has come down substantially. This blunts the criticism that the Left Democratic Front Government is bowing before foreign loans. Foreign loans may have to be availed in certain circumstances but this has to be done with great care after fully protecting our interests. It would be good even then, if the policy of reducing dependence on external loans is to be pursued.

CENTRE-STATE RELATIONS

13. In the present circumstances, we are forced to modify our medium term fiscal goals. I had declared that revenue deficit would be done away with by 2010-11. But the new estimate of revenue deficit is 1.9%, which is more than the Budget Estimate by 35%. Revenue deficit has increased due to the sharp reduction in central assistance and income from stamp duty. I request the Assembly to recall one important condition that I had outlined in my last budget speech for eliminating the revenue deficit. I had made it clear that only if Kerala gets a favourable treatment from the Thirteenth Finance Commission would it be possible to attain a surplus budget. But the award of the 13th Finance Commission is totally disappointing as far as Kerala is concerned. Our share of taxes has come down sharply from 2.6% to 2.3%. Due to this, in comparison with the 12th Finance Commission, the State would lose around Rs.5000 crore over the next five years. In this context, if we have to follow the advice of the Finance Commission to get rid of revenue deficit in the next two years, we have to forego pay revision for employees, give up UGC scale for teachers and reduce welfare

pensions. The Finance Commission is pressing us to reduce the deficit at the cost of employees and the people. Let me state unequivocally that Kerala is not prepared to do this. Reducing deficit cannot be accepted unconditionally by the State Government. The State would not accept any Fiscal Responsibility Legislation to that effect. To get rid of the deficit, it is absolutely necessary that the Central Government devolves more resources.

14. The State has strong resentments on the stand of 13th Finance Commission. This Finance Commission shares the major responsibility in undermining the consensus on Goods and Services Tax (GST), which was emerging over the last three years on the basis of constant discussions among State Finance Ministers. They have suggested a low rate of 7% for the States, which would severely affect the state revenues. The Commission is of the opinion that the taxation powers of the State should be vested in a Committee headed by the Union Finance Minister. It is clear that the recommendations of the Finance Commission are intended to subjugate the States to the fiscal policies of the Central Government.
15. The global recession has rendered precarious not only the State's financial position but also that of the Central Government. Instead of becoming zero in 2009-10, the revenue deficit of the Central Government has actually become 5.3%; similarly in fiscal deficit which was to have been restricted to 3% has increased to 6.7%. It must be noted that even these figures have been arrived at after a great deal of juggling with statistics. The reason for such a situation is that in the name of stimulus package, corporates were given huge tax concessions. And now the Central Government is trying to reduce deficit by disinvesting the shares of public sector units and increasing the prices of petrol and diesel during a time of food-price inflation. These anti-people policies would only further sharpen the

crisis.

PRICE RISE AND THE ASEAN AGREEMENT

16. Price rise has become the biggest danger being faced by Kerala. The Central Government is solely responsible for the nation-wide price rise. Instead of creating a buffer stock of sugar, artificial scarcity was created by exporting sugar only to help the mill-owners. Reduction of the PDS rice quota for APL, and the increase of the sale price from Rs.8.50 to Rs.14 to 16, will contribute to overall price rise. By selling food grains to private monopolies under the Open Market Sale System, opportunities for hoarding and speculation have been opened up. A strong struggle is required to change these policies. It is not possible to accept the view that the State Government should bear the burden of subsidising the price rise created by the Central Government. Yet, during the festival season in December, I am proud to state, Kerala had the lowest extent of price rise. Compared to December 2008, the consumer price index in rural areas increased by 9.6% in Kerala in a year whereas the national average was 17.7%. This achievement was the result of the bold and confident steps taken by the State Government. But this has imposed an unbearable burden on the State Government and agencies like Supplyco and Consumerfed. That is why the struggle to rectify policies that generate price rise assumes special importance.
17. The second danger that is staring at the face of Kerala is the ASEAN Agreement. At this juncture, I am not entering into an argument whether the contention of the Central Government that the ASEAN Agreement would help the industries and service sectors of the country is justified or not. But one thing is very clear. ASEAN countries can enter the national markets and seriously affect the cash crops of the State. This would destroy the State's

agricultural sector and bring back the dark era of farmer suicides as during 1999 to 2004. Kerala buys its rice and sugar by utilizing the money it earns by selling its cash crops. In a situation where cash crops are facing collapse it is imperative to restore universal PDS in Kerala. A special package needs to be provided to Kerala to compensate the loss due to the ASEAN Agreement. The stipulations on safeguards in the Agreement need to be re-examined. I seek the total support of all the MLAs without the division of ruling and opposition in facing this problem unitedly.

PART - II

FOOD SECURITY PROGRAMME

- 18 The food security programme drawn up by Kerala in the backdrop of the price hike and food insecurity is becoming an exciting experience. Kerala's paddy area of 8.8 lakh hectares in 1974-75 declined continuously and reached its nadir of 2.28 lakh hectares in 2007-08. But the area under paddy cultivation has been substantially increased now.
- 19 Between 2000-01 and 2006-07, production of paddy decreased from 7.5 lakh tonnes to 6.4 lakh tonnes, milk from 26 lakh litres to 20 lakh litres, egg from 203 crore to 120 crore and chicken production from 42,000 tonnes to 28,000 tonnes. But in 2008-09 the production of milk was increased to 24.63 lakh litres and egg to 151 crore. Inland fish production of 0.78 lakh tonnes in 2005-06 has increased to 0.84 lakh tonnes in 2008-09. One of the main aims of budget 2010-11 is to strengthen the new trends in achieving food self sufficiency.
- 20 Sir, the outlay for agricultural sector is enhanced to Rs.622 crore from Rs. 419 crore ie., an increase of 50%. Out of this, Rs. 130 crore is earmarked specially for the food security programme. Last

year, it was only Rs. 65 crore. In 2010-11, programmes to issue Kisan Credit Card to all eligible farmers will be implemented within a year.

PADDY CULTIVATION

- 21 Rs. 500 crore is proposed to be spent for paddy cultivation including paddy procurement and soil - water conservation activities. The State Government has taken all possible measures including financial assistance and support through the Mahatma Gandhi National Rural Employment Guarantee Scheme for conversion of wasteland into arable land, extensive soil and water conservation measures for agricultural land, interest free loans to cover agricultural expenses, providing subsidy for seed, fertilizer and pumps, procurement support, ensuring a purchase price higher by 2.50 per kg than the central rate and providing insurance cover against crop failure. - What more can a government do than this? Shortage of harvest machines has been addressed. The decision is to continue the paddy procurement through Civil Supplies Corporation as at present, and to entrust the procurement in isolated pockets and areas where paddy cultivation is comparatively less to the co-operative sector. For this, a special allocation of Rs.13 crore is provided for the co-operative sector.
- 22 While attempting to expand paddy cultivation to barren lands of the state, comprehensive programmes will be formulated selecting 75-80 panchayats that account for major share of paddy production in the state. The intention is to effectively co-ordinate the activities of various agencies for the enhancement of productivity.

OTHER CROPS

- 23 Sir, an amount of Rs. 30 crore is set apart for coconut development. This includes state assistance to Coconut Board for the scheme of re-planting of disease affected palms. Besides, Rs.

10 crore will be utilized for coconut procurement. Special incentive will be given to coconut wood processing industry and other value added coconut industries.

- 24 For the development of vegetables, atleast Rs. 100 crore will be spent this year by Horticulture Mission, RKVY and Local Self Government Institutions. To scale up model experiments in the agricultural sector, an amount of Rs.15 crore is set apart as need-based fund.
- 25 Pepper plantations face crisis due to drought and diseases. Pepper Revival Programme has been envisaged as a part of Idukki agricultural package. A comprehensive programme will be formulated for Wayanad by co-ordinating Horticulture Mission, Spices Board and RKVY. Rs. 6 crore is set apart for this. A similar package for Rs. 10 crore will be drawn up for arecanut farmers also.

AGRICULTURAL PACKAGES

- 26 After two years of waiting, Kuttanad Package is becoming operational. The delay in approval of the projects linked to Centrally Sponsored Schemes was the reason for the delay in implementing the package. Taking this into account, sanction was given for the construction of outer bund of Rani and Chithira padasekharams, renovation of Alappuzha-Cherthala canal and also the Kariyarkutty-oru bund in last year's budget. An amount of Rs. 35 crore is set apart for these and for the schemes entrusted to State Government. The sanction now received from Central Government is for schemes amounting to Rs. 30 crore.
- 27 In Idukki Package, all items except those like road construction, are to be implemented by various Commodity Boards. But, inordinate delay has occurred in formulating and implementing these schemes. Immediate steps will be taken to rectify this.

IRRIGATION

- 28 Rs. 376 crore is set apart for irrigation and flood control. The lion share of this is earmarked for major and medium projects. It is widely accepted that such project have not yielded the expected results. The cost escalations due to delays in implementation is the main reason for this. For example, Karapuzha project, was started with an estimate of Rs. 7.6 crore in 1978. Rs. 272 crore has been spent till now. This year, again Rs.16 crore is earmarked. This is the case with almost all other projects. Instead of spending more on these projects, they have to be terminated forthwith at the completed stage. New projects can be considered only after this. More importance is being given to minor irrigation in this Budget than earlier. The Gross outlay is Rs. 78.79 crore.
- 29 I am confident that Chamravattom regulator-cum-bridge can be inaugurated this year. This will be a record. An amount of Rs.61 crore is set apart.
- 30 The State Government has taken timely action in the wake of apprehensions caused by the precarious state of Mullapperiyar dam. Considering the safety and interest of the people of Kerala it is inevitable to construct a new dam ensuring water to Tamil Nadu. For the detailed study of the dam Rs. 10 crore is set apart.
- 31 The outlay for Soil-Water conservation is enhanced to Rs.36 crore from the present Rs.27 crore. An amount of Rs.30 crore is set apart for Western Ghat Development programme. Additional funding to Panchayats can only be considered on the basis of utilization. A model bio-diversity park will be established as part of this scheme.

ANIMAL HUSBANDRY AND DAIRY

- 32 The outlay for animal husbandry is enhanced to Rs. 118 crore from Rs. 74 crore. It may be recalled that the outlay for 2006-07 was only Rs. 34 crore. The importance this government gives to this

sector is evident from the leap in outlay. An amount of Rs. 23 crore is earmarked for modernisation of veterinary hospitals, labs etc. An amount of Rs. 15 crore is set apart for the modernisation of public sector undertakings. Cattlefeed subsidy will continue. Sir, from this year onwards, insurance to cattle will be introduced. An amount of Rs. 5 crore is earmarked for this.

- 33 The outlay for dairy sector is enhanced to Rs.22 crore from Rs.11 crore. Out of this, Rs. 10.6 crore is for financial assistance to primary milk societies. Rs.6 crore is set apart for promoting commercial dairy farms.

FISHERIES SECTOR

- 34 My announcement in the first budget to spend Rs.3000 crore for the developmental activities in coastal areas was ridiculed by some. But, they are speechless now. May I list the main achievements of this unique development-relief programme, the most important among them is the Fishermen's Debt Relief. So far, debt amounting to Rs.142 crore has been written off. The educational reservation for Latin Catholics has been enhanced to 2%. Besides, the educational expense of students from all fishermen families irrespective of caste or religion in self-financing colleges was also taken over by the government. Pensions, insurance benefits etc have been more than doubled. Insurance has been introduced to cover accidents during up and down journeys for fishing. Boats and nets were also insured.
- 35 In Fisheries sector, an amount of Rs.2505 crore has already been spent or Administrative Sanction issued. This includes Rs. 1378 crore for Tsunami projects, Rs.414 crore for harbour engineering, Rs. 125 crore for Matsyafed, Rs. 307 crore for Fisheries Department and Rs. 251 crore for other departments. During 2010-11, all the eligible residents of coastal area will be provided house and electricity.

- 36 This august House has witnessed the enactment of legislations protecting the best interests of the fishing sector. Act to ensure the exporter's share to the fishermen's welfare fund, Act to permit traditional boats for trawling during monsoon, Debt Relief Act and the new Aquarian Reforms Act to be introduced in the Legislature are worth mentioning. In contrast, the ASEAN Treaty poses a major threat to this sector. If the Central Food Security Act is passed, 60% fishermen will be deprived of the benefits of statutory rationing. The Central Marine Fisheries Act may undermine our aquarian reforms.
- 37 Sir, I am raising the outlay for fisheries sector to Rs.79 crore from Rs.50 crore. In addition to this, Rs. 15 crore more will be made available to the fisheries sector under RKVY. Rs. 14 crore is set apart for the special integrated package for Alappuzha and Ernakulam Districts. Such packages have been implemented in Kasaragod, Kannur and Thrissur Districts in the last two years. Rs. 10 crore for the common amenities in coastal area and Rs. 8 crore for debt relief is set apart. Fishing harbours at Thalayi and Quilandy will be completed this year. Rs.2 crore is provided for the second phase of Chethi Harbour. Rs. 25 lakh each is provided for the fishing harbours at Cheruvathoor and Chettuva which have received the approval of Government of India. The outlay for construction of sea wall is Rs. 43 crore. Rs. 25 crore is set apart for fisheries roads.

AGRICULTURE RESEARCH AND EXTENSION

- 38 This budget gives special consideration to agricultural extension activities. Around Rs. 25 crore has been provided for different items relating to agriculture extension.

- 39 The Kerala Agricultural University can play a decisive role in the agricultural leap in the state. The outlay for Agriculture Research and Studies is enhanced to Rs. 51 crore from Rs. 32 crore. The extension activities will be accelerated by involving unemployed youth with agriculture training and those who have completed Vocational Higher Secondary Education in association with Kerala Agricultural University. Rs. 5 crore from the ATMA scheme will be provided for the extension activities. Rs.1 crore is provided to the Kerala Agricultural University specially for the extension activities related to Local Self Government Institutions.
- 40 A new Post Graduate course on climate change studies will be started in the Agricultural University. I set apart Rs 1 crore each to the Pookot Veterinary College and Panangad Fisheries College. Rs. 4.5 crore is specially provided for the women's hostel, Post Graduate block and study centre in Agricultural Colleges.

FOREST AND ENVIRONMENT PROTECTION

- 41 It is not proper to view agriculture and forest in separation. If the degradation of forest continues, our agriculture and water cycle will be subject to irreparable setback. Sir, that is why I wish to address forest and environment protection along with the agriculture sector. I am not repeating what I said in the introduction.
- 42 I am providing Rs. 63 crore under plan for Forest and Wild life protection. In addition to this, another Rs. 25 crore will be made available under Centrally Sponsored Schemes.
- 43 Kerala has bagged the Indira Priyadarsini Vrikshamithra Award for the achievement of planting 1.25 crore saplings through schools. Even today, 29% of the area of the state is forest land. But, Kerala will get only Rs. 17 crore from the Green dividend of Rs. 625 crore set apart by the 13th Finance Commission, ie., only 2.7%.

PART - III

PROTECTION OF TRADITIONAL SECTORS

- 44 Rs. 246 crore is set apart for small scale and traditional industries. In 2005-06, it was only Rs.77.18 crore. Like agriculture, this is also a sector the poor of Kerala depend for their livelihood. Only by protecting employment and income in this sector, can the shift in focus to the new growth sectors like IT and Tourism get social approval.

COIR INDUSTRY

- 45 During the period from 2001-02 to 2005-06, investment in the Coir Industry per year was Rs.23 crore. But, the average public investment during the last four years in this sector was Rs. 53 crore. Sir, 2010-11 being observed as Coir Year, I provide Rs. 82 crore, the highest outlay ever in history, for Coir Industry. Emphasis is given for fibre mills, procurement of husk and modernisation of ratts and looms. Rs. 10 crore for coir Co-operative societies and Rs. 7 crore for COIRFED is provided. To ensure fair price for coir products, a Price Stabilization Fund of Rs. 10 crore will be constituted.

CASHEW

- 46 The average allocation for cashew industry during the period between 2001-02 and 2005-06 was less than Rs. 15 crore. But in the last four years it has increased to Rs. 39 crore. In this Budget, Rs. 52 crore is set apart for cashew industry. Of this, most the important is Rs.25 crore provided for cashew precurement. The gratuity arrears of cashew workers till 2006 will be taken over by government.

HANDLOOM

- 47 During the period 2001-2005, the average allocation for handloom industry was Rs. 28 crore per year. But, the average for the last four years is Rs. 46 crore. In this budget, this is enhanced to Rs. 57 crore. The revival package of Hantex and Hanveev will be implemented this year. Rs.10 crore is provided as share capital contribution to these organisations.
- 48 The cumulative loss of mills under TEXFED and Textile Corporation will be around Rs. 100 crore. But now these mills have reached the break even point. Apart from the modernisation of mills, the most important step taken in this sector is the establishment of Common Raw Material Bank. Through this measure, the cost of production has been brought down by atleast 10%. Rs. 50 lakh is earmarked for the Institute for Handloom and Textile Technology.

OTHER INDUSTRIES

- 49 I am providing Rs. 2.3 crore for the Handicrafts sector, Rs. 8.8 crore for Khadi industry and Rs. 3.5 crore for sericulture. The special retirement plan announced last year for Dinesh Beedi Employees has already been implemented. Rs. 50 lakh is set apart for KELPAM.

SMALL INDUSTRIES

- 50 Usually the share for small industries in the budget had been nominal. Even in 2007-08, it was only Rs. 6 crore. In this budget, Rs. 40 crore is earmarked for this sector. Out of this, Rs. 6 crore is for the seed capital loan for small scale entrepreneurs. Rs.8 crore is to be given as investment subsidy.
- 51 Rs.5 crore is provided for maintenance of the roads of industrial estates under the District Industries Centres and SIDCO. Rs. 15 crore is earmarked for building a multi-storeyed industrial estate at Thrissur. Under this system, KINFRA will formulate a scheme to start 50 Industrial centres having an average area of 60,000 sq.ft.

The scheme will be made operational by utilising land of industrial estates and Industries Department. Special preference will be given to those areas where land is provided free of cost. The outlay of this scheme is Rs. 250 crore. It is intended to give special incentive to fruits and vegetable processing units. Tax exemption is not possible. Hence, subsidy will be 5% of the annual turnover of products viz., pickles, jam, juice, squash and jelly sold in Kerala.

KERALA FINANCIAL CORPORATION

52 Kerala Financial Corporation is the agency for arranging loans to small scale industries. The re-organization announced in the last Budget has been completed. KFC has provided loan worth Rs.400 crore during 2009-2010. The interest rate has been reduced to 10%. Serious discussions are going on with the objective of expansion of KFC to promote it as a non banking financial institution independent from SIDBI. In 2010-11, KFC intends to provide Rs.750 crore as loan.

KERALA STATE FINANCIAL ENTERPRISES

53 The amazing growth of KSFE continued in 2009-10 also. The business turnover of Rs. 10000 crore targeted for 2011 has already been achieved. The major step in 2010-11, is to form a subsidiary for chitty in foreign countries. Steps are being taken for this. The monthly chitty target for 2010-11 is Rs.600 crore. A contributory pension scheme will be introduced for KSFE employees.

54 For the past 3 years, the number of new branches opened by the KSFE was 40-50 per year. This year, the following 50 branches will be opened.

Balaramapuram (Evening Branch), Nanthencode, Aryanad, Uloor, Kadinamkulam, Thirumala, Ayur, Valakam, Vavvakkavu, Chittar, Pazhakulam, Mayyanadu, Kayamkulam-II, Vaikom Toll Junction, Ramapuram, Kuruppanthara, Vazhoor, Vannapuram,

Rajakumari, Adikkattukulangara, Danappadi, Punnapra, Cherthala (Evening Branch), Varappuzha, Thrippunithura (Evening Branch), Kizhakkambalam, Perumbavoor II, Mookkannur, Puthenvelikkara, Arakkunnu, Chalakkudy II, Kanjani, Punnayoorkulam, Thiruvillwamala, Chandranagar, Vaniyamkulam, Alanalloor, Mankavu, Atholi, Pandikkadu, Mankada, Kadungathukundu, Meppayoor, Panamaram, Tharuvanna, Puthupadi Payyavoor, Pilathara, Kasaragod (Evening Branch) and Uduma,

PART- IV

MODERN GROWTH SECTORS

LARGE SCALE INDUSTRIES

- 55 Preservation of traditional sectors alone is not enough. Job opportunities are to be created to suit the aspirations of the educated new generation. The solution is to encourage fast growing industries that are suitable for Kerala. The shift in this direction is evident from the outlay of the 11th Plan. The average actual plan expenditure which was Rs. 208 crore for large scale industries, Tourism and IT sectors during the period from 2001-02 to 2005-06, has been increased to an average of Rs.338 crore in the past 4 years. The outlay for these sectors is Rs.412 crore in 2010-11.
- 56 Sir, If five more institutions are also made profitable, then Kerala will secure the rare distinction of having all the public sector industrial institutions running on profit. Sir, this will be achieved this year itself. The public sector, which was making a loss of Rs.70 crore in 2005-06, is expected to make a profit of more than Rs.200 crore in 2009-10. It is decided to develop the existing public sector undertakings and to establish new ones. For this, I declare a basic

change in the investment policy of surplus funds of public sector enterprises.

1. Those public sector institutions having cash surplus even after giving dividend to Government can utilise upto 20% of the share capital from their surplus fund for modernization and expansion without the prior approval of government.

2. Public sector industrial institutions are permitted to invest their surplus fund for starting new institutions mentioned in the following paragraph as share or loan for the expansion of the existing ones.

57 Sir, This year, eight public sector undertakings will be newly started with an investment of Rs.125 crore. It is decided to commission some of these within one year. This achievement will stand out as the most lustrous golden feather on the cap of the Industries Department.

- i. Komalapuram Hi-Tech spinning and weaving mill
(36 crore)
- ii. Kannur High Tech Weaving Factory (20 crore)
- iii. New textile Mill Kasaragod (16 crore)
- iv. Traco Cable, Kannur Unit (12 crore)
- v. Tool room of SIDCO at Kozhikode (12 crore)
- vi. Keltron Unit at Kuttipuram (12 crore)
- vii. New Forging unit at Shornur (12 crore)
- viii. Meter factory of United Electricals at Palakkad (5 crore)

58 Now, the garment industry is in centralised parks. Regional parks are more suitable for Kerala. KINFRA will invest Rs.25 crore for this purpose. Government will provide subsidy @ Rs.5000/- per person towards training expenses of labourers recruited to these new parks. Rs.5 crore is earmarked for it.

- 59 Rs. 55 crore is provided for public sector industrial enterprises. The expected investment for expansion of existing public sector institutions is Rs.275 crore.
- i. Modernization of KMML (100 crore)
 - ii. Steel casting line in Autokast (10 crore)
 - iii. Total renovation and new production line of KSDP (34 crore)
 - iv. New Production Unit at Kerala Soaps and Oils (5 crore)
 - v. Doubling the capacity of Thiruvananthapuram Spinning Mills (5 crore)
 - vi. Modernisation of Travancore Titanium Products (25 crore)
 - vii. Modernisation of Travancore Cochin Chemicals (51 crore)
 - viii. Doubling the capacity of Malabar Spinning and Weaving Mills (15 crore)
 - ix. Modernisation of KEL (30 crore)
- 60 KSIDC is the prime agency of government for industrial development. Emphasis will be given to expand the industrial loan scheme of KSIDC in the current year. For the mega projects undertaken, including Life Science Park-Kazhakuttam, Titanium Complex-Kollam, Thermal Plant-Cheemeni, Footware Park-Kinaloor, City Gas Distribution Project and International Expo Centre in FACT campus, Rs. 55 crore is provided.
- 61 Government holds 26% share in INKEL, a joint venture established to attract investments for industrial sector from non-resident Keralites. But due to various reasons the progress has not been as expected. In the current year the shortcomings will be rectified and the implementation of some of the ventures will be begin. About 15 Detailed Project Reports are being prepared. Rs.3 crore is set apart for the purpose.

INFORMATION TECHNOLOGY

- 62 The allocation for Information Technology Department is enhanced to Rs.153 crore from Rs.86 crore ie., 77% increase. For Kerala

State IT Mission, Rs. 29 crore is set apart. Rs.6.8 crore is earmarked for Indian Institute of Information Technology and Management. Rs.1.5 crore is provided for International Centre for Free Software. An ICT Academy will be established at Thiruvananthapuram with central assistance.

- 63 Rs.70 crore is set apart for the development of IT parks at Thiruvananthapuram and Kochi, Cyber parks at Kozhikode, Kannur and Kasaragod and for the Info Park at Kochi. For the land acquisition of different parks started at Kozhikode, Cherthala, Ambalappuzha, Kannur and Kasaragod, Rs. 20 crore is earmarked for the Information Technology Infrastructure Company. Rs.22 crore is set apart for the development of State Data Centre and Network Operation Centres at Thiruvananthapuram, Kochi and Kozhikode. In 2010-11, the works relating to Athulya Info Park at Kakkanad having an area of 5.5 lakh square feet, Infopark at Cherthala, Technopark at Kottayam and second phase of Infopark at Koratty will be completed.
64. The Smart City at Kochi will definitely be implemented. Unfortunately, the project is indefinitely getting delayed due to the demands raised by TEECOM that were not in the original agreement. Infopark will initiate a project which can generate 1 lakh employment opportunities. 150 acres of land will be acquired by this month. This will be implemented in two phases as planned in the case of Vizhinjam project. Info park itself will take up the first phase activities. Rs.50 crore is earmarked for the initial expenses. A suitable business model will be formulated in the line of CIAL or VISL for the second phase.

TOURISM

- 65 Tourism Industry is fast recovering from recession. As a part of stimulus package, sanction for tourism roads for an approximate amount of Rs.250 crore was given. On completion of these,

investment in tourist centres will increase considerably. The outlay for Tourism sector is enhanced to Rs.100 crore from Rs.90 crore. The maximum amount set apart under tourism sector is for marketing, i.e.Rs.25 crore. Rs.6 crore is earmarked for providing subsidy to private investments.

66. The first phase of Musiris Heritage project will be completed in 2010-11. This project has generated much interest not only in Tourism Industry but also in academic as well as heritage conservation circles. This project is a network connecting about 100 museums, palaces, forts, temples, churches, synagogues, other historical monuments, traditional weekly fairs etc., Mainly water transport is utilised for connecting various memorials. Special road network will also be there. Administrative sanction for projects for about Rs.25 crore has already been given. Excavation in Kottappuram Fort and Pattanam is fast progressing. Construction of the museum will also commence in 2010-11. Rs.1 crore is provided to KCHR for excavation of Pattanam and Rs.1 crore to Archeology Department for excavation at Kottappuram Fort, Pallippuram Fort and Cheramanparambu. Rs.50 lakhs is provided to IKM for resource mapping. Rs.50 lakh to the Institute of Children's Literature for publishing 50 historic books, Rs.50 lakh to the Heritage Centre for Musiris Training Programme, Rs. 50 lakh for boat building and Rs.6 crore to Museums and for other initial expenses.
- 67 A Heritage conservation project will be formulated at a cost of Rs.100 crore at Tellichery on the model of Musiris Project. Apart from the historic monuments in Tellichery, the heritage project will include Muzhappilangadu beach, Dharmadom Island, Kannur Fort and Arakkal Palace. An additional amount of Rs.5 crore is set apart for the initial activities. Rs. 25 lakh is set apart for similar mega tourism projects in Alappuzha and Wayanad.

COMMERCE

68 It is this Government which promoted commerce as a development intervention.. A vibrant commerce sector will generate large scale employment opportunities, and boost tax-revenue. Besides, if commercial development can be linked to domestic production sectors, that will accelerate economic growth. The aim is to convert Kerala into a shopping destination, not to lure local public to buy more as some people feel. However, Keralites are to be encouraged to purchase more products from within the State. Shopping can be linked to foreign and domestic tourism also. The Grand Kerala Shopping Festival is being conducted with this objective. By 2015, this will become a festival acclaimed across the world. This Festival is conceptualized with such far sighted perspective. Rs. 25 crore is set apart for this.

69 In order to ensure planned development of commercial sector, Kerala Trade Mission will be formed. Employees have to be found out through redeployment from the Industries Department. An institute named "Kerala Institute for Retail Management", first of its kind in India, will be set up for training in entrepreneurship and management studies. This will be with the participation of industrial and commercial organizations. An amount of Rs. 1 crore is provided for this. Out of the Rs. 25 crore earmarked for Grand Kerala Shopping Festival, Rs. 10 crore will be utilised for the following;

- i. Planning new commercial centres
- ii. Protection of existing streets and Heritage Centres.

iii. Campaign for Kerala Retail Brand

- 70 Along with renewal of registration, e-Payment facility will be introduced for remittance of annual fee to the Trader's Welfare Fund. The contribution to Trader's Welfare Fund will be Rs. 5 crore or 2% of the VAT collected over and above the budgeted amount, whichever is higher.

PART- V

PHYSICAL INFRASTRUCTURE FACILITIES

- 71 The time bound implementation of the stimulus package is the prime objective this year. Hence, declaring a new package has no relevance. Many of the Legislators have proposed to include works essential for the development of their constituencies. Most of them have been included in the Works Budget Vol.II with token provision. I invite suggestions to be discussed to fulfill them, considering the fiscal position in 2010-11.

ENERGY SECTOR

- 72 The additional energy generated during the term of the previous government was 7.5 crore units. But, this government has so far generated 44.8 crore units of energy additionally. With the commissioning of Kuttiyadi additional extension in 2010-11, an extra 27.7 crore units can also be generated.
- 73 Rs.14 crore is provided for 10 new projects with a total capacity of 281 MW and Rs.136 crore is earmarked for 13 ongoing projects with a total capacity of 193 M.W.
- 74 For the renewal of transmission net-work Rs. 329.7 crore is provided. An amount of Rs. 425 crore is set apart for strengthening distribution net work by providing 37000 street lights and 5000 transformers.

- 75 Renovation of Peringalkuthu, Sholayar Plants will be completed on priority basis. Rs.10 crore is set apart for a new Super Thermal Project at Cheemeni.
- 76 The major initiative of this Government in the Power sector is for total electrification. 17 lakh new connections have already been given. About 5 lakh households are yet to be covered. Rs.12.5 crore is set apart as the state share for this.
- 77 The outlay for non-conventional energy sector is considerably enhanced. Rs.52 crore is set apart for this. An amount of Rs.23 crore is earmarked for enhancing energy efficiency and utilise non conventional energy sources with the participation of Local Self Government Institutions. For the first time in India, we were able to prepare a master plan for micro hydro power projects. Based on this a DPR has been prepared for a cluster of 14 projects having a capacity of 1.17 MW in the Peravoor Block Panchayat. Rs.5 crore is set apart for its implementation.

KERALA STATE ROAD TRANSPORT CORPORATION

- 78 The re-organisation of KSRTC could not be completed. Even after sanctioning Rs.121 crore till the beginning of February 2010, KSRTC is on huge revenue loss. The debt liability to KTDFC should have been reduced considerably using the unutilised land of KSRTC. At present, more than Rs.20 crore is spent per month for interest. The revenue gap can be controlled only if this is solved. But even after 2 years, KSRTC did not get the title deeds completely. I can only say that this is a very serious situation.
- 79 Rs.42 crore is provided under plan this year. Projects for improving the infrastructural facilities and increasing efficiency have been included. 1000 new buses will be added to the fleet. Station shopping complexes at Kasaragod and Kottarakkara will be completed.

WATER TRANSPORT

- 80 The Budget outlay for Water Transport is Rs.114 crore. Out of this, Rs. 40 crore is for renovation of feeder canals of the National Water Way from Kollam to Kottappuram.
- 81 Rs.5 crore is provided to the State Water Transport Department for the purchase of new boats. Rs.6 crore is earmarked for renovation of barges, jetties etc, of Kerala State Shipping and Inland Navigation Corporation. A scheme under JNNURM to introduce 40 boats for ferry service in Kochi is ready. This will bring down traffic congestion of Kochi considerably.
- 82 A project of Rs.25 crore with central assistance for environmental restoration of Veli and Akkulam lakes will be implemented. Lakes will be dredged, sewage treatment plant established and the TS canal renovated.

PORTS

- 83 Rs. 171 crore is set apart for Ports. Rs. 6.9 crore for Azheekkal Port, Rs. 2.2 crore for Beypore Port and Rs. 12 crore for Thankassery Port are provided. Rs. 25 lakh is set apart as share capital for the formation of a company for Alappuzha Marina. Rs. 4.5 crore is provided for the coastal security network programmes. A joint venture company will be formed for coastal shipping and a coastal shipping network will be established connecting Kerala ports to Maharashtra and Gujarat ports.

ROADS & BRIDGES

- 84 As part of stimulus package, PWD is implementing works for about Rs. 3000 crore. An amount of Rs. 147 crore is set apart from NABARD for construction of roads. The outlay of Central Road Fund is Rs. 60 crore. Rs. 72 crore is provided for reconstruction of Major District Roads. In order to construct a new road parallel to the Bypass Gap and for a bridge to Nehru Trophy Ward to ease the

traffic congestion of Alappuzha and also for preparing a project for cleaning the Alappuzha Canal by pumping saline water, an amount of Rs.10 crore is provided. Rs.1 crore each is provided for the Pala By-pass road and Kottayam City Improvement Scheme.

- 85 In the supplementary budget, Rs.200 crore is provided for the Roads and Bridges Corporation. More than Rs.300 crore will be the expenditure for the 23 railway over bridges undertaken by the Corporation. They will operate on toll basis. Government subsidy will be available to the required extent.

RAILWAYS

- 86 The allocation for railways to Kerala is too inadequate. The delay in land acquisition is also a serious problem. Land acquisition for the Rail Coach Factory at Palakkad is almost completed. For this, an amount of Rs.12.5 crore has been spent. It is unfortunate that the Central Government is going back from its decision to set up a wagon factory in the Autokast premises at Cherthala.

AIRPORT

- 87 The new terminal of the Thiruvananthapuram International Airport is ready for inauguration. Government have expended Rs.21 crore for the acquisition of the required land for this. The land acquisition for the expansion of Kozhikode Airport is progressing. Kannur Airport will be built in CIAL model.

PART - VI

SOCIAL INFRASTRUCTURE FACILITIES

- 88 For accelerated growth, social infrastructure development is as important as physical infrastructure development. This is evident in the case of education. Only an educated society can leap forward utilising the means of knowledge -based industries. The outlay for

education sector is increased to Rs. 316 crore from Rs. 208 crore, an increase of 50%.

SCHOOL EDUCATION

- 89 40% of the outlay for education is for school education. In the outlay of Rs.121 crore to this sector, Rs.30 crore alone is to be included as the State's share for Sarva Siksha Abhiyan. In addition to this, Rs. 105 crore from Local Self Government Institutions and Rs. 165 crore from Central Government will be available. At the time of introduction of Sarva Siksha Abhiyan, the total share of the government and the Local Self Government Institutions was 25%. Ignoring the unanimous objections raised by the State Governments in the National Development Council, the state share has been enhanced to 40% from 25%. This tendency is evident in almost all other Centrally Sponsored Schemes. Funds have to be given as grant to the States by reducing the Centrally Sponsored Schemes. How absurd is the practice of planning from Delhi for education and health in Kerala which has a glorious tradition,?
- 90 Rs. 37 crore is earmarked for schemes to raise the academic standard of school education. Rs. 26 crore is being provided for scholarships, which include central share. An amount of Rs. 55 crore including central share is allotted for IT education. Higher Education Scholarship Fund has already been formulated. The objective is to mobilize Rs. 100 crore.
- 91 Central assistance for Literacy Mission has fully ceased. Considering these, Rs.5 crore is provided to the Kerala Literacy Mission in the current year.
- 92 Rs. 30 lakh is provided for PRISM education project and Childrens' Sports Park at Kozhikkode. To enhance the educational standards of students upto Plus Two, in the tribal areas a scheme '**Padithaveedu**' will be introduced under the auspices of Sarva Siksha Abhiyan. An incentive of Rs. 10 lakh each will be granted to

the schools in every district which have admitted maximum number of students to the standard I

HIGHER EDUCATION

- 93 Sir, I am very proud to say that this budget is a turning point in the development of Higher Education sector. The allocation given to the Higher Education sector is the highest ever in history. Rs. 121 crore is set apart in this budget for Higher Education Sector (excluding Kerala Agriculture University and higher technical education.) Last year, it was Rs. 57 crore-an increase of 112%. It may be recalled that the average annual expenditure for higher education during the period from 2001-02 to 2005-06 was Rs. 23 crore per year.
- 94 The normal annual increase in non-plan grant is 10%. But no increase was granted during the period 2001-02 to 2005-06. As against the expenditure of Rs. 479 crore in 2001-02, the expenditure in 2005-06 was only Rs.486 crore. This is the root cause of the financial crisis in the Higher Education Sector. This situation has been changed. An amount of Rs. 796 crore was given to Higher Education under non-plan in 2009-10.
- 95 Sir, from March 2010 onwards the teachers in Kerala will be given salary as per the revised UGC scales. All the conditions in the UGC scheme, except increase in the pension age, will be implemented as a package. No relaxation in the academic norms will be allowed. The issue of granting retrospective effect will be decided later, depending on the availability of central assistance.
- 96 Top priority is given for the thorough modernisation of University libraries in 2010-11. Our University libraries should match international standards. Added facilities will be provided to students and others for reference and studies. Rs.30 crore will be expended for this. It is a shame that the Kannur University does not have

even a single library. The funds for this will be found out from the existing outlay of the Education Department.

97 All the existing vacancies of teachers in the Universities will be filled up. Hereafter government will approve those posts sanctioned by UGC as part of its scheme in the same year itself. In the last ten years, Kerala has accepted only less than half of the posts granted by the UGC. A number of schemes will be initiated to attract scholars from outside to our Universities, to conduct research activities outside Kerala and also for providing special financial assistance to talented individuals. Rs.4.5 crore is set apart for this. Rs.5 crore for Higher Education Council.

98 Apart from the provision set apart for the Universities, Rs.11.5 crore is provided for the betterment of college buildings, hostels, laboratories etc. Government guarantee will be given to Universities for availing loans for development of infrastructural facilities like hostels, guest houses which ensure revenue. The income from these has to be remitted by the Universities to escrow account in banks.

99 The Universities have huge revenue gap. Besides this, there is an arrear of Rs.100 crore, due to the diversion of Provident Fund etc. More than half of the government grant is being utilised by the Kerala University for pension. In order to put an end to this situation, three things are to be done.

- i. Universities shall follow strict financial discipline
- ii. Universities have to find out more own funds
- iii. Then, Government may give more assistance

I have already pointed out the unprecedented enhancement made in the Non-Plan grant. The grant of Kannur University will be increased by 20%, that of Kerala Agricultural University by 15% and those of other Universities by 10% during the current year. Along with this Rs. 50 crore is also sanctioned as special grant to the

Universities. This amount will be distributed based on a transparent formula as suggested by Shri.Rabindran Nair Committee. The additional income generated, backwardness and academic attainment of the University will be the basis of this formula. Taking this into account, the Non-plan grant of the Universities will increase by more than 15% as in the last year.

100 The Pension liabilities of the Universities are also steeply increasing. Last year, the liability of Agricultural University was settled by sanctioning Rs.30 crore additionally. In these circumstances, the proposal of Shri.Rabindran Nair Committee to constitute a Pension Fund for Universities is accepted. For this, a corpus fund of Rs.100 crore is set apart in the treasury. Each University should remit 10% of their salary expenditure every year to their Pension Fund.

101 As part of the introduction of credit and semester system, the examination wings of Universities are to be computerized urgently. For this, an amount of Rs. 2 crore each to all Universities and Rs. 1 crore to Sanskrit University is earmarked.

102 The above mentioned grants are subject to the following conditions:

- i. On the basis of computerization, unified work study to fix the staff pattern has to be conducted urgently. New posts will be granted on this basis only. At any cost, no post shall be created without the prior approval of government.
- ii. A comprehensive Action Taken Report on the reports of both AG and Local Fund Authorities for the last 10 years should be furnished within in a period of six months.
- iii. Appointments, promotions etc of aided college teachers being processed now in the Directorate of Collegiate Education is unnecessarily repeated in

Universities also. This system has to be dispensed with.

- iv. Three separate accounts need be opened for plan, non-plan and for self-financing institutions
- v. A definite percentage of the examination expenditure should be raised from the examination fee.
- vi. Autonomy will have to be given to University-Inter University centres to mobilise funds etc independently.

TECHNICAL EDUCATION

103 The outlay for Technical Education sector is enhanced to Rs.65 crore from Rs.50 crore. Rs. 10 crore is earmarked for Cochin University of Science and Technology. Rs.17.8 crore to Engineering Colleges, Rs. 11 crore for the development of Polytechnics, Rs. 5 crore to IHRD and Rs.1.5 crore to the LBS centre are provided. A special outlay of Rs.1.5 crore is provided to the disability study centre under LBS. Rs. 5.5 crore is earmarked for the Science and Technology Museum.

104 The policy followed hitherto is that no new Arts and Science College would be started. But, considering the long standing demand of students and public for a Government College in Alappuzha District, a new Arts & Science College will be started at Ambalappuzha.

EMPLOYMENT AND TRAINING

105 An outlay of Rs.25 crore is provided for ITIs. Fifteen new ITIs will be opened. They are at Thevelakkara, Kollengode, Ranni, Peringomvayakkara, Cheriamundam, Thiruvambadi, Malayinkeezhu, Cherpu, Palluruthy, Vengoor, Vadakara, Maniyoore, Seethankoli, Aroor and Manaloor. The land and building for these

institutions should be made available locally. Machinery and equipments should be acquired from the existing plan outlay.

SCIENCE AND TECHNOLOGY INSTITUTIONS

- 106 Rs. 49 crore is set apart for Kerala State Science Technology and Environment Council. Out of this, Rs.22 crore is the grant to Science Research institutions and Rs.24 crore for various schemes under the Council. Rs.20 crore is earmarked for Regional Cancer Centre at Thiruvananthapuram. There is a provision of Rs. 2.4 crore for Pollution Control Board.
- 107 Kerala Irrigation Research Institute at Peechi will be upgraded to an advanced Technical Research Institution for imparting courses on Dam Maintenance and Hydrology. An amount of Rs. 3 crore is provided to KERI for monitoring dam desilting and necessary studies. Centre for Earth Science Studies will be provided with Rs. 3 crore for starting a special study and research cell on dam desilting.

CULTURAL INSTITUTIONS

- 108 Rs. 37.8 crore is earmarked for Art and Cultural Institutions. Rs.6.5 crore for Museums and Zoos, Rs. 5 crore for Kerala Kalamandalam, Rs.2 crore for Kerala State Film Development Corporation, Rs.1.25 crore each for Sahitya Academy, Sangeetha Nataka Academy and Kerala Lalitha Kala Academy and Rs.50 lakh for Aranmula Vasthu Vidhya Kendram is provided. Rs. 70 lakh for State Institute of Childrens' Literature, Rs. 50 lakh for Kerala Jawahar Balabhavan, Rs. 15 lakh to Bharath Bhavan and Rs.10 lakh each to Magic Academy and SPIC-MACA are also provided.
- 109 Rs.25 lakh is provided towards financial assistance for regional film festivals continuously organised for the last 5 years and Rs.25 lakh is earmarked as financial assistance to film clubs.

- 110 One time assistance of Rs.15 lakh each is provided to Memorials of eminent personalities of Kerala viz., Kerala Gandhi K.Kelappan (Thavanoor), Vaikom Mohammed Basheer (Thalayolaparambu), Ponkunnam Varkey (Pampady), P.K.Kalan (Wayanad), M.P.Paul (Koothattukulam), Raja Kesavadas (Alappuzha), Erayimman Thampi (Cherthala), K.T.Mohammad (Kozhikkode), M.N.Govindan Nair (Thiruvananthapuram), Reveendran Master (Kulathupuzha), P.N.Panicker (Thiruvananthapuram), P.T.Bhaskarapanicker (Palakkad), V.K.N(Thiruvilumamala), P.Kunhiraman Nair (Kanhgad) and Kumbalathu Sankupillai (Chavara). Rs. 10 lakh each is provided to Kadammanitta Kavya Silpa Park, (Kadammanitta), PKV Study Centre (Kidangoor), Anantha Krishna Iyer Centre for Anthropological Studies (Palakkad), Mahakavi Moyinkutty Vaidyar Memorial (Kondotty) and C.Achutha Menon Study Centre (Poojappura). Government will take over the native house of Swadeshabhimani Ramakrishna Pillai at Athiyannoor. For the study of ship building heritage of Beypore, an amount of Rs.20 lakh is provided to the Centre for Heritage Studies. Rs. 20 lakh each is provided to Asan memorial at Kaikkara, Vayalar Rama Varma Trust and Madhavikutty Smarakam (Punnayoorkulam). The annual grant of Rs.5 lakh given to Gandhi Seva Sadan (Palakkad) is reinstated. Rs.15 lakh is given to the Public Education Programme of Karakulam Grameena Padana Kendram. Rs. 20 lakh is allotted to the Centre for Socio-Economic and Environment Studies.
- 111 Dr. K.N.Raj was a great genius in the field of social science in Kerala. To commemorate him, it has been decided by the authorities concerned to name the CDS Library after him. Centre for Development Studies will get Rs.1 crore. This can be utilised as a corpus fund for the academicians and students of other institutions in the State for their stay in CDS and use of the library.

SPORTS

112 An amount of Rs.67 crore is set apart for the conduct of National Games. It has also been decided to renovate 23 stadia by spending Rs.210 crore and to construct four new stadia by spending Rs.210 crore. Rs. 12 crore is provided to Kerala Sports Council and Rs. 8 crore to Youth Welfare Board. Rs.20 lakh each to P.T. Usha Academy, Mercykuttan Academy and Varappuzha Pappan Memorial Sports Academy is provided. Thalakkal Chandhu Memorial Tribal Sports Entertainment Centre will be started at Wayanad. Rs.20 lakh each will be given to the Football clubs in Kerala which qualify in the first division of National League. Rs. 2 crore is set apart for EMS Memorial Stadium at Neeleswararam. Rs. 1 crore each is provided for the renovation of stadia at Thalassery and Kunnankulam. Government have decided to celebrate 2010 as Sports Year. A Sports Calendar has been prepared in connection with it. A scheme viz., 'Go for Gold' will be introduced with the objective of winning a gold medal in 2016 Olympics.

PUBLIC HEALTH

113 Rs. 166 crore is provided for Public Health. This includes the 15% of state share for National Rural Health Mission. An approximate amount of Rs. 300 crore is expected from the Mission. The improvement in the common facilities in our hospitals during the last four years is being felt everywhere. But, corresponding increase in the strength of doctors and nurses could not be made. More medical staff will be provided gradually based on the overall financial position of the government. An outlay of Rs.16 crore is set apart for the construction of seventeen hospital buildings and Rs. 5 crore for modernisation of Public Health Laboratories. To set up

systems for information gathering on contagious diseases, Rs. 3.8 crore is earmarked.

114 Sir, A public campaign to monitor diabetes and hypertension will be started this year. This campaign will be done jointly by PHC, Sub Centres, Anganawadi net works and the public health workers. Funds for this will be met from NRHM. Rs. 3 crore is set apart as state share.

115 The Health Insurance Scheme being implemented in Kerala has gained national attention. This scheme will be freed from all teething troubles and will be fully operational in 2010-11. The decision that the insurance receipts need not be remitted to the treasuries and the health institutions can utilise it for their development will be a major boom to the initiatives for strengthening the health sector. It is expected that Hospital Development Societies will get Rs. 40 crore on this account, in 2010-11. Cherthala Taluk Hospital alone has got more than Rs.1 crore this year as insurance assistance.

116 Kerala Medical Service Corporation could ensure the availability of medicines in hospitals. For purchase of medicines, Rs. 145 crore is set apart for the Medical Service Corporation.

MEDICAL EDUCATION

117 The most notable step taken by this government in Medical Education sector is the introduction of attractive pay scales for doctors banning private practice. This step guarantees the improvement of services in Medical Colleges and the standard of Medical Education. Rs. 21 crore is set apart for institutions under Medical Education Directorate, Rs. 3.7 crore for Dental Colleges and Rs. 3.3 crore for Nursing Colleges. The Medical University will start functioning in 2010-11.

118 Cardio Thoracic Surgery Unit in Alappuzha Medical College, Advanced Diagnostics Centre at Kozhikode Medical College and

Linear Accelerator at Malabar Cancer Centre will be established. For the peripheral centre of RCC at Neendakara, Rs. 20 lakh is provided. Land will be provided at Wayanad for a new campus of Sree Chithira Thirunal Institute of Medical Sciences.

AYUSH

- 119 The outlay for Ayurveda is enhanced to Rs. 21 crore from Rs. 10 crore. Improvement of District, Taluk Hospitals and improving the facilities in Ayurveda Colleges are the main programmes. Rs. 4 crore is set apart for Oushadhi.
- 120 The outlay for Homoeopathy is enhanced to Rs. 21 crore from Rs. 12 crore. An amount of Rs. 7 crore is set apart for Homoeo Medical Colleges and Rs. 3.6 crore for Nursing Pharmacy Colleges. Rs 4 crore is set apart for HOMCO Medicine Company. In addition to the new factory, a new pharmacy college will also be started under the auspices of HOMCO. This will need a total investment of Rs. 25 crore.

DRINKING WATER

- 121 Hygiene and availability of potable water are the major factors determining public health. In addition to the drinking water schemes for Rs.32 crore under NABARD's SPAN scheme, permission was granted to projects amounting to Rs.25 crore as a part of stimulus package. This year, an amount of Rs. 100 crore is expected for the second phase of "Jalanidhi". Besides, drinking water projects for Rs.4835 crore including major projects with External Aid and having Central Assistance are under way.
- 122 Such an investment has never been made in drinking water sector. On commissioning of four out of the five Japan aided drinking water

schemes, 27.8 lakh families will be benefited. 31 drinking water schemes under NABARD SPAN scheme will be completed this year. 28.5 lakh people are the beneficiaries. It is intended to complete 65 ARWSS Projects this year. Beneficiaries will be around 39 lakh. The total beneficiaries under these projects and projects to be completed will exceed one crore.

- 123 Rs. 1058 crore is set apart for the drinking water sector. More than half of this amount is earmarked to complete the schemes already started. Besides, Rs. 90 crore is set apart for replacing pipes of existing schemes and to renovate the old water treatment plants. Rs. 72 crore is set apart for the new schemes at Kumarakam, Parassala, Thalasseri and Erumeli.
- 124 Japan financial assistance for integrated drinking water scheme in Kuttanad Taluk will be decided this year. A special financial assistance of Rs.25 crore will be provided by NABARD for distributing purified drinking water in all Panchayats by linking with the existing drinking water pumping stations. Sanction will be accorded for drinking water supply scheme at Feroke, Karuvanthuruthy villages as part of Cheekode Drinking Water Project, Urban Drinking Water Project for the Nehru Trophy, Poonthope and Chathanad wards of Alappuzha Municipality, project for Kilimanoor, Pazhayakunnumel and Madavoor village and Vithura Tholikode project this year.
- 125 State Water Quality Inspecting Institute at Aluva will be improved and Wellington Water Museum will be established. Bottled water from Aruvikkara will be available on commercial basis in 2010-11.

PART – VII

WELFARE ACTIVITIES

SOCIAL WELFARE

- 126 The draft report of the Commission on Comprehensive Social Security Scheme is under consideration. Steps are being taken to strengthen the existing welfare schemes. Preparation of a consolidated list of various welfare pensioners as announced in the last budget could not be achieved. As a result, the proposal to give Rs.100 per month to the poor who are not covered by the above pension, but have attained the age of 65 years, could not be implemented. Keltron is entrusted with the task of providing biometric identity cards to all the welfare pension beneficiaries. Rs. 4 crore is earmarked for this. It is expected that a pension of Rs.300 can be disbursed after preparing the complete database within August.
- 127 Rs.190 crore is set apart for Social Welfare. This is mainly for various pensions and other financial assistance. The funds for the Annapoorna scheme of Civil Supplies will also be met from this. The monthly financial assistance for treatment of TB patients is enhanced to Rs.300/- from Rs.50/-. The monthly stipend of the trainees in the vocational training centres under Social Welfare Department is enhanced to Rs.300/- from Rs.200/-.
- 128 Rs.9 crore is set apart for the special schemes for the adolescent girls. Rs.1 crore is set apart for implementing various social security laws, Rs.2.2 crore for women's Development Corporation, Rs.1 crore for Women's Commission and Rs.3 crore for the Social Welfare Institutions. A new Anganvadi Training Centre will be started at Pinarai.

SPECIAL COMPONENT PLAN

- 129 Rs.399 crore is earmarked under State Plan as Special Component Plan. 63% of this is for the Housing Sector. Rs.120 crore is for housing and Rs.90 crore is for purchase of house plots for the landless. It will be mandated that the funds of Local Self Government Institutions under Special Component Plan shall be

fully invested for housing. If it is not sufficient, Rs.50 crore from the plan fund of various departments and Rs.19 crore from the Corpus Fund will be additionally pooled.

- 130 Next priority, after Housing, is given to Education. Of the Rs.25 crore for this purpose, Rs.12 crore is for Model Residential Schools. Another Rs.5.5 crore is set apart for renovation of hostels etc. Rs.5.6 crore towards share capital of SC/ST Development Corporation and Rs.1 crore for SC/ST Federation are also provided.
- 131 An amount of Rs.3.5 crore is set apart for implementing PCR Act. As part of this, three Mobile Courts will be established. Rs.9 crore is set apart for financial assistance to treatment and marriage.

TRIBAL SUB PLAN

- 132 An amount of Rs.116 crore is earmarked for Tribal Sub Plan under State Plan. Top priority is given to Education. Rs.33 crore is earmarked exclusively for Model Residential Schools and Rs.10 crore for other educational programmes. The next in priority is Housing. Rs.10 crore each has been set apart for housing and Rs.15 crore is provided for rehabilitation of landless tribals. Special Tribal Mission is established for their rehabilitation. The objective of this Mission is to complete the survey within a few months and to provide land to the 35,000 families eligible under Forest Settlement Act. Rs.1 crore is provided for the activities of the Mission.
- 133 Pooled Fund of Tribal Sub Plan is Rs.5 crore and its Corpus Fund is Rs.3.12 crore. An amount of Rs. 10 lakh is provided as special assistance for the Haritham-Peravoor Agriculture Package centred around Aralam Farm.

OTHER BACKWARD COMMUNITIES

- 134 Rs.24 crore is earmarked for Other Backward Communities. Rs.3.5 crore is earmarked for the converted Christians Development

Corporation and Rs.7 crore for the Development Corporation for Other Backward Communities. Rs.8 crore is set apart for students' scholarship. Rs.6 crore is earmarked for hostel construction of which half is state share. Rs.2 crore is set apart for the debt relief of converted Christians.

WELFARE OF MINORITIES

135 Rs. 20 lakh each is provided to the Haj Committee and Wakf Board. A special officer will be appointed for the timely implementation of recommendations of the Paloli Committee. Posts are created in Collectorates for co-ordinating the activities. Rs. 5 crore is set apart for this.

NON-RESIDENT KERALITES

136 Rs.6 crore is earmarked for various activities of NORKA. Urgent measures will be taken to make the activities of Non-Resident's Welfare Fund more effective. To re-organise The Rs. 100 crore special loan scheme of KFC for Non-resident Keralites for its effective implementation Rs. 2 crore is set apart to Malayalam Mission.

KERALA HOUSING BOARD

137 Rs.23 crore is set apart for Housing Board. Out of this, Rs.15 crore is for re-construction of houses under the M.N. Laksham Veedu Scheme. A new scheme for the construction of flats for common man will be started in cities. Rs.2 crore for the construction of quarters for Government employees at Devikulam and Rs.3 crore for other centres are also provided.

138 Rs.6 crore is set apart for the Police Housing & Construction Corporation. Nirmithi Kendra will get Rs.5 crore and Rs.1.5 crore is earmarked for the Laurrie Baker International School.

PART - VIII

LOCAL GOVERNMENTS

- 139 Only six months are left to the Local Self Government Institutions for their term to end. During this period, preference will be given to complete the following ongoing schemes:
- i) EMS Total Housing Programme
 - ii) Assistance to 50,000 Asraya families and bank loan for Kudumbashree units at 4% interest
 - iii) Total Rural Road Renovation Scheme

RURAL DEVELOPMENT

- 140 In 2010-11, Rs. 1714.72 crore as Development Fund, Rs.351.22 crore as General Purpose Fund and Rs.360.74 crore as Maintenance Fund for Panchayats are set apart. Important Centrally Sponsored Schemes like SSA, NRHM and NREGA are being implemented through Panchayats.
- 141 Rs. 20.40 crore is earmarked for SGSY including SC/ST share. 32840 families will get assistance under IAY. For this, Rs.71 crore will be borne by Government of India, Rs.23 crore by State Government and Rs.158 crore by Panchayats.
- 142 The Central Government is not willing to change the condition of 8 m width of roads under PMGSY scheme. This causes difficulties for implementing the scheme. The State Government will bear 15% tender excess and the expenses for shifting of utilities. For this, Rs.20 crore is set apart. During the period from 2000-01 to 2005-06, though Rs.199 crore was sanctioned for 450 roads under PMGSY, the utilization was only 35%. But, during the period from 2006 to December 2009, the utilization was 47% of Rs.515 crore sanctioned for 484 roads. 258 road projects costing Rs.265 crore have been submitted for approval of Union Government.
- 143 The Attappady Scheme will end by March this year. Rs.17.5 crore is provided for completion of the schemes already started. Government will undertake the Hariyali Scheme costing Rs.12

crore. Rs.9 crore is earmarked for Clean Kerala Mission. Rs. 20 lakh is provided for Haritha Manappuram project at Thrissur.

- 144 Action for systematising of decentralization of powers is continuing. Steps for computerization of Front Offices and online issue of certificates have already been started. A separate Cell for financial decentralization will be set up in the Gulati Institute of Finance and Taxation (GIFT). Report of the 4th State Finance Commission will be implemented. A Social Audit Cell will be set up in the Local Self Government Department. The Librarian working in Grama Panchayats under Eleven Point Programme will be regularized as part time employees.

KUDUMBASREE

- 145 After the formation of Kudumbasree, a total amount of Rs.50.48 crore has been spent upto 2008-09. For the year 2009-10, the anticipated expenditure is Rs.100 crore. To sustain this momentum in 2010-11 also, Rs.50 crore is set apart for Kudumbasree. Apart from this, an amount of Rs.174 crore will be spent through Kudumbasree for the centrally sponsored schemes viz., Self Employment Scheme (SJSRY), Slum Development Scheme (IHSDP) and Basic Amenities Scheme for Urban Poor (BSUP).
- 146 Major commercial banks and the co-operative sector have agreed to lend to Kudumbasree at the rate of 9%. Kudumbasree Mission will provide 5% subsidy. Thus, Kudumbasree will henceforth get loans from banks @ 4%. Steps for the introduction of grading and for the re-scheduling of existing loans are in progress. This will be completed by Onam. It is not fair to insist on Kudumbasree to repay the Bhavanasree loan in view of Government's effort to provide free housing for all in the State. The Government will take over these loans. For this, Rs.10 crore is provided now.
- 147 It is aimed to promote paddy cultivation in 10000 acres and vegetable cultivation in 8000 acres through Kudumbasree. The 5%

loan subsidy now being given to the Kudumbasree Mission will be extended to the Kudumbasree Agriculture Groups also. In effect, group farmers under Kudumbasree will get agriculture loans at 1% interest.

EMS HOUSING SCHEME

- 148 An extensive housing scheme which aims at home for all is already operational. Almost all Local Self Government Institutions have already released the 1st instalment. These Local Self Government Institutions have been permitted to avail loan from the banks in their jurisdiction. Steps have been taken to provide sand at subsidized rate through Kalavara for the construction work under the scheme.
- 149 About 50,000 houses under MN Housing Scheme remain for renovation. For this, Rs.15 crore is provided. The additional requirement is to be found out from the loans for the EMS Housing Scheme. 60% of funds of Indira Awas Yojana (IAY) Scheme is provided by Panchayats. Rs. 100 crore is set apart towards bank interest for loans under the EMS Housing Scheme.

TOTAL RURAL ROAD RENOVATION SCHEME

- 150 A comprehensive programme is being implemented to complete the repair of the entire road net work under Local Self Government Institutions in this summer. It has been permitted to allocate 10% of the current year's Plan Fund and 20% of the non-road Maintenance Grant for this purpose. Besides this, it is allowed to earmark 30% of next years' plan outlay for roads and from this the required amount for road maintenance can be utilised now itself. Administrative Sanction for next year's maintenance grant and 20% of the non-road maintenance grant can be given this year. NREGP may be utilized for renovating kacha roads etc,. Thus, a total amount of Rs.1480 crore is made available to Local Self Government Institutions for road maintenance. After giving sanction for all these,

Government will provide special assistance for the maintenance of remaining roads also. The grant of Rs 250 crore from 12th Finance Commission will be additionally given for this.

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME

- 151 The Employment Guarantee Scheme implemented in Kerala has attained national acclaim. The insistence of strict compliance of conditions was a hurdle in expending money at the beginning. Now this issue has been solved. In 2009-10, the expenditure will be Rs.500 crore under National Employment Guarantee Scheme. Double the amount of the previous year will be expended this year.
- 152 Apart from soil-water conservation activities, it is proposed to utilize the Employment Guarantee Scheme for large scale planting of trees in barren lands and other lands. The denial of permission to utilize Employment Guarantee Scheme for EMS Housing Scheme and replanting of cash crops is quite unfortunate.
- 153 The proposal to entrust NGOs with the implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme is the major threat being faced now. Though the participation of the NGOs was allowed earlier, now the Government of India is planning to make their role compulsory. This is not acceptable to Kerala. This scheme in our State is designed to be implemented by LSGIs with the help of Kudumbasree and it has proved effective. Any attempt to weaken this system will make the Local Self Institutions weak and also will lead to sectarian interferences.

URBAN DEVELOPMENT

- 154 An outlay of Rs.901 crore is set apart for Urban Development. Rs.294.9 crore is provided to Municipalities and Corporations

towards Development Fund, Rs.88.01 crore towards General Purpose Fund and Rs.37.73 crore towards Maintenance Fund.

155 Rs.514 crore is set apart for Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Sustainable Urban Development Project. Rs.169 crore will be received from UIDSSMT this year. Rs.170 crore is earmarked for specific programmes for slum development for the urban poor.

156 Capital City Programme is provided with an outlay of Rs.10.5 crore and Rs.13 crore is set apart for construction of Modern slaughter houses. Attukal Temple Township Scheme will be started this year. District planning committees will be given Rs.6 crore for the construction of headquarters buildings.

PART – IX

GENERAL ADMINISTRATION

CO-OPERATION

157 The Co-operative sector can play an effective supplementary role in the development of the State since the fiscal responsibility legislations limit the extent of State Government's resource distribution. The loan to EMS Housing Scheme was made a reality by the Co-operative sector when the State Government or Commercial banks were not able to meet the requirements.

158 The grant to co-operative sector is enhanced to Rs.42 crore from Rs.20 crore. Out of this, Rs.6 crore is for assistance to credit societies and co-operative banks and Rs.3 crore towards state share on NCDC assistance for the Processing Co-operative Societies. Loan from NCDC is the major source of assistance to the co-operative sector now. But the Societies do not usually repay these loans. So Government has to bear the entire liabilities. So such loans were stopped during the tenure of the previous Government. But now NCDC loans have resumed. Rs. 62.80 crore

was repaid by the State Government to NCDC during 2009-10. NCDC loans will be allowed only to those projects which ensure repayment.

- 159 Consumerfed will be provided Rs.20 crore towards subsidy for conducting special fairs during festive seasons. DAPCO is provided Rs.25 lakh towards share capital contribution. Loans from KFC will be made available for expansion programme.

REVENUE

- 160 Modernisation of Land Records is the main plan scheme of Revenue Department. It is proposed to take up re-survey in Thiruvananthapuram, Thrissur and Malappuram districts this year as part of 'Bhoomi Keralam' project. Rs.3.5 crore is given for the renovation of village offices and conservation of heritage buildings. An amount of Rs.1.25 crore is earmarked for the Land Bank.
- 161 The Tsunami Projects will come to a close by 31st March. For completion of the ongoing projects, Rs.37 crore will be made available. Sanction will be granted for Mini Civil Stations at Mathilakam, Agali and Aroor.
- 162 Legislation will be enacted for redeeming the Munnar Town from the Tatas. In order to build a new Munnar Town under a special Development Authority Rs. 20 crore is set apart.

TREASURY

- 163 The scenario of the Treasury System in Kerala will change entirely by the end of the financial year 2010-11. Administrative Sanction for Rs.60 crore has already been issued for constructing new buildings for treasuries and modernizing the old ones. Tenders will be invited for purchase of the computers, central servers and core-banking software for the introduction of Core Banking System. ATM facility will be operational by August, this year. Treasuries will acquire all the amenities of modern banking institutions and the

treasury modernization is becoming the nucleus of the state financial management.

REGISTRATION

164 Rs. 2.5 crore is set apart for computerisation of Registration Department. Along with the one time settlement scheme of undervaluation cases, a liberal approach will be adopted for improvement of facilities in the offices. An amount of Rs. 20 crore is specially earmarked for modernisation and allied activities of the Registration Department.

POLICE

165 The major part of police modernisation is with the financial assistance from the Centre. Along with this, state schemes for Rs. 10 crore are also being implemented. These are Jana Maithri Police, Road Safety, Public Friendly Service Facilities and computerisation etc. Recruitment of 3000 home guards and 1000 India Reserve Battalion Police will start in 2010-11. This year new police stations are sanctioned at Mannanthala Chottanikkara, Mankada, Panamaram, Mayyil and Mannanchery. Police Commissionerate system will be implemented in Kollam and Thrissur cities.

EXCISE

166 Excise Academy was commissioned. Steps are being taken for starting office complexes at Kacheryppady in Ernakulam and Kottarakkara. As a part of social commitment, De-Addiction Centres will be started in selected district offices by the Beverages Corporation.

MOTOR VEHICLES

167 Joint RTO Offices will be started at Ranni, Angamali, Kunnathoor, Thirurangadi and Chalakkudi.

FIRE AND RESCUE SERVICES

- 168 The water, road and building disasters that occurred recently in Kerala exposed the inadequacy of our system to handle such situations. Government have decided to undertake the modernisation of the Fire and Rescue Forces on an emergency basis. Rs. 9 crore is earmarked for this. Planning Commission is being moved for special financial assistance. New fire stations will be started at Technopark (Kazhakuttom), Eloor Industrial Centre, Kuttikol, Mala, Koduvally, Iritty, Karunagappally and Puthukkad.
- 169 To provide assistance to the Police, Fire Service and Excise personnel succumb to casualty or sustain injuries while on duty, a welfare fund will be constituted. Government will also contribute along with employee's contribution.

JUDICIARY

- 170 State is implementing Shetty Commission report. State Share is earmarked for the Centrally Sponsored Schemes for the renovation of Courts. As a beginning, Grama Nyayalayas will be started in 30 Block centres. An amount of Rs. 30 lakh is provided for starting Planning and Management Unit in High Court.

PRINTING

- 171 Usually, the amounts earmarked in the previous budgets for the modernization of Government Presses have remained unspent. An amount of Rs. 4.6 crore is earmarked for purchasing machinery etc.

LOTTERY

- 172 Lottery Regulatory Rules formulated by the Central Government is a real challenge for the conduct of Kerala Lottery. It is a point of dispute whether the online lottery alone can be banned based on

the new Rules. The right to take action against other state lotteries violating Lottery Rules is taken over entirely by the Central Government. The State can only complain to the Centre. New Rules makes it difficult even to collect fees imposed on lotteries now. We have to work together to avoid this threat.

- 173 The sale of Kerala Lottery is expected to reach Rs.650 crore in 2009-10. The target set for the next year is Rs. 750 crore. Necessary steps will be taken to ensure more enrolment in the Lottery Welfare Fund.

PUBLIC RELATIONS

- 174 An amount of Rs. 14 crore is earmarked for Public Relations. Out of this, Rs. 5 crore is for renovation of Tagore Theatre. Rs. 2 crore is set apart for C-DIT and Rs. 1 crore for 'Sutharya Keralam'.
- 175 Taking into account, the services rendered by Press Clubs of Idukki and Palakkad in exposing corruption in check posts, an amount of Rs. 15 lakh each is earmarked to them as an acknowledgment. Rs. 15 lakh each is earmarked for the modernisation of Ernakulam and Kottayam press clubs. It has been decided to provide the health insurance premium of journalists as permanent non-plan grant. Rs. 20 lakh is provided for this. The incentive given to the media public activists who expose corruption in Government level with solid proof will be continued. An amount of Rs. 50 lakh is earmarked for this.

INSURANCE

- 176 The report of the Institute of Chartered Accounts of India on the re-organisation of Insurance Department is being implemented. Insurance Department will be thoroughly reformed by the end of this financial year. By digitizing the entire records, shifting to Double Entry System, introducing new insurance products, it is

expected to gain more confidence and an increase of Rs 300 crore in the insurance business.

DEVASWOM

177 Comprehensive development programme of Sabarimala roads will be completed this year. Programmes for improving the infrastructure facilities of major temples will be prepared. Rs. 1 crore is provided for the payment of monthly allowance to "Achara Sthanikar" and "Koladharis" of Kavus of North Malabar

EMPLOYEES

178 This Government has given all the instalments of DA without any backlog. The discontinued House Building Advance scheme is reintroduced with an allotment of Rs.50 crore. I don't intend reiterating all the initiatives already implemented. The advance to Class IV employees for the marriage of their daughters is enhanced to Rs.30,000/-. The interest rate is also reduced to 8% from 9%. Accepting the principle of pay revision once in 5 years, a new Pay Revision Commission has been appointed. Pay Revision will be implemented by the end of this financial year. Though Medical Reimbursement Scheme is available to State Government employees, employees and teachers in subordinate offices are not getting the reimbursement in time. To solve this, web based seniority system will be introduced.

ADMINISTRATIVE REFORMS

179 Steps for administrative reforms based on e-governance are being effectively implemented. The most important step in this regard is the implementation of SPARK. The administrative efficiency can be drastically improved by complete digitization of the service records and with electronic determination of service benefits and payroll of the employees. Already the thorough reforms in treasury and E-

filing and E-return of Taxes Department have been mentioned. Induction training will be given to all new recruits to government service. IMG is entrusted with this responsibility.

PART X RESOURCE MOBILISATION

180 In 2010-2011, an increase of 25% in tax collection is expected. The schemes announced for Rs.10,000 crore and newly announced welfare measures demand such an increase. There has been an average increase of 20% from 2006-07 to 2008-09. But, due to recession, only 13% increase could be achieved in 2009-10. The aim is also to increase the collection so as to offset this fall. This confidence is based on the restructuring of the tax administration with the help of modern information technology.

e-Governance

181 As promised, the Government has implemented the submission of returns under VAT and KGST through e-Filing. e-Payment has also been implemented. The earlier practice of dealers crowding assessing offices with returns and cheques has become a thing of the past. There is no delay in reconciliation of accounts as it has become an instant reconciliation. The Empowered Committee of State Finance Ministers have appreciated the initiative of Kerala Government.

182 Also, I am happy to announce that facility for e-Payment of advance tax and downloading of statutory forms under the CST Act has been provided. Next is to implement e-Filing in check posts.

183 In addition, e-Communication facility will be introduced this year. Every VAT dealer will be provided with an e-Mail ID and it would be used for service of notices and communication of circulars. Sending communication to all 1,63,000 dealers every month is a mammoth

task which will consume tons of paper. By dispensing with paper communication, about 750 trees can be saved from felling. The mobile numbers of all TIN / PIN dealers will be enrolled so as to communicate with them through Short Messaging Service (SMS).

- 184 There is a malpractice commonly resorted to whereby goods are transported using the TIN number of a dealer without their knowledge, for evading tax. The SMS service would completely prevent such malpractices.
- 185 As a part of m-Governance, a complaint redressal cell would be formed. To start with, complaints against vehicle checking at check post and by squads will be received at the call centre and the same would be forwarded to the official concerned. The action taken in the matter would be intimated. The complaint and the reply would be available in the web site of the department. This facility would become operational from this month itself.
- 186 As a part of the ongoing efforts for providing e-Services to dealers, I propose to introduce online renewal of registration to dealers from 01-04-2010 onwards. PAN holders will be mandated to furnish the PAN number at the time of registration and renewal.
- 187 The above efforts of the Government have been well appreciated. The advantage of this system is that mismatches in the returns are picked up instantly during scrutiny. The trade has brought to the notice that they are being subjected to penal provisions on mere technical grounds. I intend to make very clear that they will not be proceeded against unless reasonable opportunity and time is given to explain the mismatch.
- 188 The activities of the Traders Welfare Board have expanded considerably. It has been the common demand of all Trade organizations to enroll all registered dealers as members of the Board. It is decided to provide e-Payment facility for payment of

subscription at the time of VAT registration or its renewal. e-Payment of subscription shall be made mandatory and it would be made compulsory for all registered dealers to be members of the Welfare Board.

Simplification of Procedures

- 189 Instances have come to the notice of the Government regarding tax evasion, misusing TIN / PIN registration numbers. In-order to arrest such tendency, it is proposed that the registration number of dealers will be cancelled and criminal prosecution will be launched, in addition to levying a penalty of five times of tax evaded in such instances.
- 190 Complaints are being raised relating to the present penal provisions regarding undeclared godowns. Presently penalty is being levied taking into consideration both non-taxable goods and goods which are accounted in the books of accounts. This will be limited to taxable goods which are not accounted. This benefit will be available only if use of the godown is intimated within 10 days of its usage.
- 191 Rubber Latex manufactures will be kept out of the purview of the CST exemption notification.
- 192 e-Filing and e-Payment have blurred the geographical boundaries between districts for the tax administrator. Hence, it is proposed to setup a system of Commodity Deputy Commissioners for monitoring the collection and movement of important and evasion prone commodities. They will monitor the value addition of a particular commodity till it reaches the ultimate consumer without being restricted by district territorial limits.
- 193 Presently, if the first seller had paid the differential tax on account of clarification or assessment there is no provision to avail ITC by

subsequent dealers. In such cases, if the first seller has remitted differential tax with interest he shall be allowed to issue debit note and the subsequent dealers can take input tax credit based on the debit note. This facility will be permitted upto 30th September 2010.

- 194 I clarify that credit note which do not affect the input tax credit availed in any manner shall be absolved from tax liability.
- 195 In order to ensure effective enforcement of tax laws, CCT will be bestowed with the power to regulate movement of vehicles carrying goods through selected border check posts.
- 196 As per the present provision, dealers who are making unregistered purchase and effecting the sale of goods or use it in the manufacture of goods in the same month need not actually pay purchase tax under Sec.6(2) of the VAT Act. To arrest the tax evasion practiced misusing this provision, it is proposed to remove these purchase tax exemption with respect to dealers in plywood, packing case and splints and veneers.
- 197 For transporting notified goods brought from outside the State even if advance tax is paid delivery note is compulsory. But if the transport is to dealers godown or shop delivery note will be dispensed with.
- 198 If the compounded tax is paid during the last year included the tax due on Cigarette, Packaged water, Aerated Water and Soft drinks then no separate tax be paid on its sales. Appropriate amendment will be made in Sec.8(c) of Value Added Tax Act, to give effect to the same.
- 199 The turnover limit for filing audited statement is enhanced to 60 lakh from forty lakhs under section 42 (3) of VAT.
- 200 The time for completion of VAT assessments for the year 2005-06 will be proposed to be extended by an year.

- 201 Consequent to the abolition of Entry Tax, it was noticed that large scale tax evasion is being practiced by bringing goods under the guise of own use. To prevent this, if value of the goods above Rs.2 lakhs are brought into the State in the name of own use and evasion of tax is suspected on the same it would be stipulated that the tax due on such goods shall be paid as security. This can be paid either as cash or bank guarantee. If on enquiry, no tax evasion is established amount will be refunded in a time bound manner.
- 202 In the budget for 2009-10, a provision has been made in the statute to issue clarifications by a team of three Deputy Commissioners. For immediate disposal of applications I intend to include Joint Commissioners in the team.

Arrears

- 203 Around 27000 number of KGST assessments were pending finalization as on 1.4.2007. Due to the fast track assessment introduced in 2007-08, the pendency has been brought down substantially. The balance assessments, pending completion is only about 5681. Hence, I intend to extend the time limit for completion of pending KGST assessments for one more year.
- 204 Due to the special drive programmes undertaken in the previous years, the number of pending KGST appeals has been brought down from 24817 to below 300. Now the focus is on disposing off the 10234 numbers of pending VAT appeal cases. As done earlier, in KGST cases, appellate powers will be conferred to Asst. Commissioners to hear and dispose off urgently the appeals arising out of orders of CTOs.
- 205 A general amnesty scheme for settling arrears under Kerala General Sales Tax Act, Surcharge Act, Agricultural and Income Tax Act and Luxury Tax Act on the arrears for the period up to

31.3.2005 was introduced in the year 2008. Another special amnesty scheme for settling the arrears for Public Sector Undertaking's was also introduced last year. 170 crores of rupees were collected under this schemes. Several pending assessments were completed and demands raised subsequent to the amnesty period. Also, several assesses who had opted amnesty could not fulfill the conditions for various reasons. Hence, it is decided to grant one more chance to them for settling the arrears pending as on 01-04-2010, upto 30.6.2010. Those who have remitted at least one installment under the Amnesty Scheme will also be given opportunity to remit the balance amount. The special amnesty scheme granted to Public Sector Undertakings last year will also stand extended upto 30.6.2010. The concessions stated above will also be made available to the public sector undertakings.

Concessions

- 206 The tax rate of rubber latex dipped goods namely industrial gloves, agricultural gloves and finger caps is reduced to 4%. Tax, if any collected, at higher rates shall be paid over to the Government. This reduced rate will be applicable from 01-04-2007, the date on which the tax rate of surgical gloves was brought to 4%.
- 207 To promote eco-friendly products, this Government had earlier exempted paper bags, paper covers, screw pine products, thazhapaya etc. from tax. As a continuing measure, products of Water Hyacinth and arecanut palm leaf fronds will be exempted.
- 208 There is some confusion as to whether the Government can notify environment friendly recycled products under Entry 145 of the Third schedule with retrospective effect. I intend to remove the ambiguity by suitably amending the entry.
- 209 The tax rate of petroleum bitumen was reduced to 4% w.e.f. 01-07-2006 as per Kerala Finance Act, 2006. Petroleum bitumen is

mainly used by local bodies and Government. Though in the Budget Speech for 2007-08, it was proposed to give retrospective effect for the entry from 01-04-2005 onwards, it did not materialize. Conceding to the requests of Oil companies, statutory validity will be given to this decision.

- 210 Rosaries, japa mala, viboothi, kontha and robes for holy mass will be exempted from tax.
- 211 Presently, corrugated Poly propylene sheets are not included in the list of industrial inputs annexed to the third Schedule of the KVAT Act. But other types of poly propylene sheets are included in the same. In the circumstances, the tax rate of corrugated poly propylene sheets will be reduced to 4% with retrospective effect from 1-4-05, on the condition that tax, if any, collected at higher rates shall be remitted to the government.
- 212 Presently in Kerala, only 4% tax is being remitted on Ayurvedic tooth powder, contending that that they are ayurvedic medicines. Even so, there is lack of clarity regarding the rate of tax. In the circumstances, it is clarified that the rate of tax of Ayurvedic tooth powder is 4%. Necessary Statutory amendments would be made.
- 213 To prevent tax evasion the tax rate of ghee will be reduced to 4%.
- 214 As a step to promote small scale units, I propose to reduce the tax rate of dry fish / dry prawn roast, its chutney powders, coconut chutney powder, veppilakatty and ayurvedic daha shamani to 4% with retrospective effect from 01-04-2005.
- 215 Considering the inflationary trend imported sugar will be exempted from tax.
- 216 The rate of tax of iron oxide is 4% with effect from 01-04-2005. It is clarified that this rate is applicable to iron oxide of all colours. Statutory validity will be given to the same.

- 217 It will be clarified that the exemption and reduction of surcharge payable by the Kerala Beverages Corporation from 2001-02 as per Kerala Surcharge on Taxes Act will be applicable to them in toto.
- 218 The rate of tax of packaged drinking water of 20 liters and above will be reduced from 12.5% to 4%.
- 219 Khadi and Village Industrial Units manufacturing splints and veneers were exempted from Central Sales Tax for the years 2005-06 and 2006-07. As a result, soft wood purchased by these units from unregistered dealers were subject to tax under Sec.6(2) of Value Added Tax Act. They will be exempted from this levy.
- 220 The tax rate of handmade soaps will be made 4%, irrespective of turnover limit.
- 221 Presently concessional rate is available for the sales to Military, Navy, Air force, NCC Canteen, Canteen Stores Department. This concession will be made applicable to the sales of motor vehicles also.
- 222 Amounts received towards repair charges by automobile dealers are liable to works contract tax. They will be allowed to pay the tax due thereon at compounded rates from 01-04-2005 onwards. Application for this have to be submitted before 30.4.2010.

Luxury Tax

- 223 The monopoly growth in media industry is fast affecting the Cable TV sector also. In order for media democracy to exist, the small scale Cable TV operator should be protected. Therefore, I propose to exempt Cable TV operators having connections upto 5000, from luxury tax. In calculating the total number, connections given through franchises will also be taken into account.
- 224 At present Direct to Home [DTH] service is outside the tax net. The trend towards Direct to Home is fast growing. Direct to Home

service will be brought under the purview of luxury tax. The luxury tax payable shall be at 1% on gross charges paid or payable by a person towards Direct to Home service including charges towards subscription, installation and recharges.

- 225 The impact of global recession is slightly felt in the tourism sector of the State. To protect this sector, luxury tax concessions is announced. The present 10% and 15% rates will be reduced to 7.5% and 12.5% respectively.

Compounded Tax

- 226 Present compounding provision relating to crushers treat single and multiple crushers alike. There have been complaints that the compounded rate in general and that of single crusher in particular, is on the higher side. This requires rationalization. Presently, single crushers not exceeding the jaw size of 30.48 cm x 22.86 cm need only to pay Rs.25,000/- as compounded tax. The annual compounded tax of crushers of jaw size 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm will be reduced to Rs.1,40,000/-. In case of single crusher of the same size the compounded tax payable will be Rs.1,00,000/- only. The compounded tax of crushers having a jaw size above 40.64 cm x 25.40 cm will be reduced to Rs.2,80,000/-. The output from cone crusher when compared to other crushers is very high. Hence their present rate will be enhanced to Fifteen Lakhs of Rupees from the present rate of Ten Lakhs of Rupees.

- 227 Sir, during the last years, the Government has been taking steps with an intention to bring all gold dealers within the purview of compounding scheme. The efforts were successful. The tax receipts from the gold sector during 2005-06 was Rs.21 crores. During 2008-09 it increased to Rs.150 crore. Rs.132 crore received upto January. The phenomenal rise in gold prices has not adequately reflected in the compounded tax. In the gold sector, the majority of the dealers has further weakened and the business is

being concentrated in few big players. In this background, the rates of tax increase payable by the compounded dealers for 2010-2011 will be refixed as below.

Total turnover upto Rs.10 lakhs	105%
Above Rs.10 lakhs and upto Rs.40 lakhs	110%
Above Rs.40 lakhs and upto Rs.1 crores	115%
Above Rs.1 crores	125%

The years '2009-2010' and '2008-09' occurring in the explanation 6 to Sec. 8(f) of the VAT Act will be amended as '2010-2011' and '2009-2010' respectively. While computing the compounded tax in gold ornaments the branches which were not functional throughout the preceding year will not be considered.

228. The Kerala General Sales Tax Act permits bar hotels upto 2 Star to pay tax at compounded rate. Dealers are also demanding that this facility should be extended to Three Star hotels also. Considering their request they will also be allowed to pay compounded tax at the rate of 125% of the highest tax paid or payable during the preceding 3 years on sales or at 180% of the purchase in the case of Corporation area and 170% of the purchase in other areas whichever is higher.

Stamp Duty

- 229 It is generally felt that stamp duty prevailing in Kerala is on the higher side. The surcharge on stamp duty will be totally abolished. Substantial concessions are announced with regard to registration charges. The effective rate of stamp duty, surcharge and registration fee in Corporation areas will stand reduced from 15.5%

to 11%; in Municipality / Township / Cantonment areas from 14.5% to 10%; and in Grama Panchayath from 12% to 9%.

- 230 In addition, I announce before this august House that fair value of land is fixed on the basis of 15 categories will come into effect from 1st April, 2010. It was insisted that the fair value of land should not exceed 50% of market value. There may be some practical difficulties in implementing fair value. In order to resolve such difficulties, District Collectors will examine and redress such anomalies relating to valuation. Further, arrangement will be made for the aggrieved persons to have an opportunity to submit and redress their grievances. The effort to fix the fair land of value has not yielded results for over a decade. Now, I emphasize that fair value will be implemented this year.
- 231 Stamp duty on agreements was fixed at Rs.50/- as far back in 1996. It shall be raised to Rs.100/-.
- 232 The fair value would be made applicable to deeds of settlement, gift and partition between family members and the stamp duty on these instruments shall be reduced from the current rate of Rs.5 for every Rs.100/- or part thereof to Rs.2/- by making suitable amendments in the statute.
- 233 The Government is committed to a total housing policy for every family. As part of this, I am happy to announce before this august House that every member of a scheduled tribe who acquires not more than 5 cents of land for construction of a house need not pay stamp duty.
- 234 The rate of stamp duty payable on powers of attorney was last revised in the year 1996. So, the rates of stamp duty payable on different kinds of powers of attorney covered under Article 44 shall be doubled.

- 235 I feel that the construction industry, which is being badly affected by recession needs a helping hand from the Government. I am glad to announce the following concessions in Stamp duty rates to this sector. The amendments made to Articles 5, 21 and 22 in the Schedule to the Kerala Stamp Act, 1959 by Finance Act of 2007 shall be withdrawn. The rates of Stamp duty payable on the instruments of transfer in which the total consideration / value which is fully and truly set forth including that of undivided share of the land and the Flat / Apartments is fixed at Rs.5/- per Rs.100/- or part thereof in all areas of the State. The Registration fees payable on these instruments shall remain at the existing rate of 2%. This concession shall not be applicable to instruments by which undivided interest in land alone is transferred. This concessional rate shall apply only if the transfer takes place within six months from the date of allotment of house number by the Local bodies. In this context, all concessions stand withdrawn except the concession granted to Flat / Apartments upto a value of Rs.5 lakhs.
- 236 Apart from this, Government is committed to promote environment friendly construction activities in the State. Apartment complexes wherein a number of families are residing having installed the facilities for harvesting rain water, energy saving electrical appliances, solar panels for lighting and water heating and so certified by a Chartered Engineer shall be eligible for concession in stamp duty. They need to pay stamp duty at 4% only in all areas of the State. This concessional rate shall apply only if the transfer takes place within six months from the date of allotment of house number by the Local bodies.
- 237 Stamp duty payable on instruments relating to equitable mortgages was fixed years back. The rates are increased as follows:

Instruments executed in connection with creation of equitable mortgage by depositing title deeds related to landed property shall be chargeable with stamp duty at the rate of:

If the amounts secured is upto Rs.5 lakhs at the rate of 0.5%;

if the amount secured exceeds Rs.5 lakhs but does not exceed Rs.20 lakhs 0.5% subject to a maximum of Rs.5000/-;

if the amount secured exceeds Rs.20 lakhs but does not exceed Rs.50 lakhs 0.5% subject to a maximum of Rs.10,000/-; and

if the amount secured exceeds Rs.50 lakhs 0.25% subject to a minimum of Rs.20,000/- and a maximum of Rs.25,000/-. The registration fees shall be 0.1% on the above kind of instruments.

- 238 The revised estimate of pending undervaluation cases stands at more than 16 lakhs. A one time settlement scheme was announced last year. 4 lakhs cases have been settled so far under the scheme and the collections so far made is Rs.50 crores. Undue delay was occurred in operationalising the scheme. The Government is sure that majority of the common people will be interested in settling such cases. Hence, the scheme is extended for the year 2010-2011 also. 4% of the amounts so collected will be earmarked to those licensed document writers and the scribes who mobilize such amount and 1% for modernization of respective offices.

Motor Vehicle Tax

- 239 I have no plan to increase rate of tax on small cars. But there are motor cars and omnibuses for private use with engine capacity of 1500 CC and above. I propose to increase life time tax to 8% in respect of new motor cars and omni buses for private use where engine capacity is 1500 CC and above.

- 240 Tipper type goods carrier is taxed on the basis of gross vehicle weight. It is proposed to increase the existing rate by 25%. Schedule attached Motor Vehicle Act will be amended accordingly.
- 241 About 3 years back, I introduced life time tax of 6% ad valorem on all types of Motor Cars and motor cycles. Now, I plan to introduce life time tax of 6% ad valorem on all type of construction equipment vehicles.
- 242 I am very happy to introduce a novel scheme for the payment of tax in respect of newly purchased autorickshaws. The practice of payment of motor vehicle tax on annual basis for autorickshaw will be dispensed with and tax will be collected on a lump-sum basis for a period of five years which will be Rs.2000/-. It will be 20% less than the normal tax what an autorickshaw owner will pay in five years. This facility will be optional to the existing autorickshaws as well at the time of renewal of their permit.
- 243 One time settlement scheme was introduced earlier in Commercial Taxes Department, Registration Department and Excise Departments. Very long outstanding tax arrears have been realized. Having succeeded in other departments, this facility is extended to Motor Vehicle Department also.

1	Motor Cars	Arrears pending Five years and above	Rs.3000 and penalty will be waived
2	Autorickshaw	Arrears pending Five years and above	Rs.1200 and penalty will be waived
3	Motor cycle	Arrears pending Five years and above	Rs.800 and penalty will be waived

This facility will be available upto 30-09-2010 only.

Other Non-Tax measures

- 244 In the last Budget, a lot of new non-tax revenue measures were proposed. Though steps to implement the same were completed, no substantial revenue gain could be achieved. This would be set right this year. Such reduction in non tax revenue will be made good during 2010-11. Amendments would be brought in to vest with the Government, the powers of the increasing lease rent of Plantations. The present provision of empowering the Collectors is not effective.
- 245 It was proposed to regularize the conversion of paddy land in revenue records prior to 2008 by levying a fee. The decision regarding the same is in its final stage. Fees will be levied on the basis of newly fixed fair value. By conversion of such land the owners of the property have made considerable gain. Part of such economic gain will be mobilized for public good. Fees levied will be moderated depending upon the age of conversion.
- 246 Sir, the most important suggestion was regarding the revenue from sand and silt mining from the dams. It is confirmed that this scheme could be expanded to the level of extracting 30,000 to 40,000 cubic meters of sand and silt per day before May 2010.

Additional Resource Mobilization

- 247 We have not touched the tax rate of liquor nearly for one decade. Sir, it is intend to reduce tax rate on Beer and Wine by 10% and raise tax rate on liquor other than Beer and Wine by 10%.
- 248 Resource crunch affecting the States is a subject matter of discussion at national level. Reduction in the rate of CST from 4% to 2% made heavy revenue loss to States. To compensate the same, two major suggestions are made by the Central Government.
- i) Instead of Additional Excise Duty on sugar, textiles and tobacco, State Government have to impose VAT on these items.

- ii) Imposing 5% tax on all commodities included in Third Schedule presently @ 4%.

Remaining loss will be compensated by Central Government in cash. But in the scenario where the States are reluctant to impose the new tax, Central Government reduced the compensation by 50%. More over, 2010-2011 onwards, no compensation will be given even if GST is not introduced. In such a situation, State Governments are compelled to increase the tax rates.

- 249 At the same time, the Government cannot levy VAT on sugar because of the inflation. Government has no intention to impose VAT on textiles. Assam and Delhi have increased VAT rate of tax to 5%. Since essential goods including food grains are taxed under this category, it is not appropriate to increase rate of tax. In this context, Andhra Pradesh has increased the tax rate from 12.5% to 14.5%, Gujarat to 15%, Rajasthan to 14%, Assam to 13.5%. It is expected that many other State Governments would also increase the rate of tax in the Budget. But Kerala will not increase any VAT rate.

PART - XI CONCLUSION

- 250 Sir, Let me present the summary of the Revised Estimates for the year 2009-10 and the Budget Estimates for the year 2010-11.

Revised Estimates for 2009-10

Item	Revised Budget Estimate (Rupees in crore)
Revenue Receipts	26526.49
Revenue Expenditure	30608.12
Revenue Deficit	(-) 4081.63
Capital Expenditure	1936.03

Loans and Advances (Net)	(-) 680.08
Public Debt (Net)	5961.14
Public Account (Net)	528.95
Overall Deficit	(-) 207.65
Carry over Surplus/Deficit	38.14
Cumulative Deficit	(-) 169.51

Budget Estimates for 2010-11

Item	Budget Estimate (Rupees in crore)
Revenue Receipts	31180.82
Revenue Expenditure	34810.37
Revenue Deficit	(-) 3629.55
Capital Expenditure	4135.88
Loans and Advances (Net)	(-) 777.85
Public Debt (Net)	7723.21
Public Account (Net)	412.95
Overall Surplus/Deficit	(-) 407.12
Carry over Surplus/Deficit	(-) 169.51
Additional expenditure announced	874.60
Additional resource mobilization	874.14
Cumulative Deficit	(-) 577.09

251 The Revised Estimates available now are different from the Budget Estimates for 2009-10. The increase in Revenue Deficit has already been mentioned in the introductory part. The economic recession has adversely affected the State's revenue. So naturally, the State was compelled to borrow more. The Central Government

have raised the borrowing ceiling of the state to 4%. As a result, the Fiscal Deficit has scaled up to Rs.6697crore from Rs.5680 crore; in other words, it rose to 3.12% from 2.65%. This rate is far below the permissible 4%. This is a paradox. The main reason in the usual lapse in utilizing projects-specific external funding and loan from central agencies. There is one more reason to be understood. The state's revenue forecast by 12th Finance Commission five years ago is the basis being followed by the Central Government for reckoning State's revenue. But the actuals in the State budget are higher than the forecast of the Commission, because the State's economy has grown faster than the forecast of the 12th Finance Commission. Naturally the Fiscal Deficit estimated by the Central Government will be less than State's estimates. This has been pointed out several times, but in vain.

- 252 The 13th Finance Commission has proposed that the State needs to get rid of revenue deficit by 2014-15 and efforts to achieve this are to be started in 2011-12. But, we have decided to bring down the revenue deficit to the level of the budget estimates of 2009-10, prior to the recession. The revenue deficit for 2010-11 is Rs.3629.55 crore, ie, 1.48% of GSDP. Even though the gross expenditure rose by 13%, we were able to reduce the revenue deficit since we fixed the revenue receipts 15% higher than that of 2009-10. The contribution of Central assistance towards this is meagre. The central assistance over the Revised Estimates of 2009-10 is Rs.640 crore ie., an increase of 8.7% only. That is, Rs.484 crore less than the Budget Estimates for 2009-10, an impact of the award of the 13th Finance Commission. I am fully confident to achieve the targeted increase in the revenue receipts.
- 253 The borrowing ceiling fixed by the Government of India for 2010-11 is 3.5%. We intend to utilize it completely. As a result, the fiscal

deficit will be 3.49%. But, due to the decline in revenue deficit, a major share of borrowings can be set apart for capital expenditure. The total capital expenditure for 2010-11 will be Rs.4145.38 crore. This is an all time record. The capital expenditure has increased by over 2% more than the growth of State revenue. If we can sustain this, we will be able to achieve splendid gains in the State's economic growth.

254 I repeat, the state is ready to bring down the revenue deficit considerably even though it cannot be eliminated. But limiting the fiscal deficit to 3% is against the interest of the State. Progress can only be achieved through large scale investments in infrastructure sectors. The approach of the 13th Finance Commission is a hurdle to this. Their demand is not only to bring down the fiscal deficit to 3%, but also to reduce the state gross debt in 2014-15 to 29% of the GSDP from the level of 32%. The Finance Commission urges to repay the old loans rather than enhancing the capital expenditure of the State. Otherwise, they have threatened to curtail the financial assistance to the State. The State cannot go ahead without challenging this policy.

255 Bulk payment of retirement benefits consequent on mass retirement on 31st March will not result in any financial crisis as propagated by some during the past few months. I have already presented the statement of revenue receipts and expenditure. Therefore, the pension expenditure is only a question of cash management. Preparation for this has been made in the treasury.

- 256 Some have predicted that treasury transactions will come to a stand still, affecting clearance of the bills of stimulus package. I invite their attention to the provision of Rs 2250 crore earmarked for non-plan capital expenditure. Bills of any work will not be in arrears.
- 257 In my speech, I have declared additional revenue expenditure of Rs 874.60 crore. Corresponding additional resource mobilization is also proposed. Hence there will not be any change in the above inference.
- 258 This Budget promises a new dawn of just and stable growth. This is what Kerala desires. My budgets were an exercise to give a viable transformation to the shift in development drawn up by the Kerala Study Congress 1994. I have got the satisfaction of having done this much. Still more to be done. Sir, I am very optimistic.

*Let time sound its big bell
Let the winds come and shake everything
Sleeping in the darkness of the covering mist
Are fruits, trees and all this world
Is the cold night standing still?
Why is the noble dawn so delayed?
How I long to hug lovingly
The daylight I saw so clearly in my dream*

- 259 Sir, I place the budget for the consideration and approval of the House. I also present the Vote on Account for the first four months of the next financial year. I seek the support of all of you.

// Jai Hind //