



Government of Kerala

BUDGET SPEECH

2004-2005

By

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Minister for Finance



23rd JANUARY 2004

Sir,

I rise to present the budget for the year 2004-2005.

2. My budget heralds the fourth financial year of this Government. I would like to place on record my gratitude to you Sir, to our honourable Chief Minister, all my colleagues in the Council of Ministers and all members of this august House for your unstinted cooperation and valuable guidance and solicit your continued support in future also.

3. I am presenting this budget at a critical juncture in our history. India is gearing itself up for yet another momentous step in our democratic history. Our enlightened electorate is preparing to make their electoral choices that would decide the future of our great nation. But as we do so, we painfully realise that our long cherished ideals of democracy and secularism are under siege. We witness the ominous sight of a hapless Government at the Centre held hostage by the dark forces of communalism and fascism. We are made to endure the ignoble sight of a Government that is indulging in a dangerous game of creating communal cleavages in the country - and all this with the sole aim of avariciously clinging to power. We see them frenetically attempting to disguise and camouflage fascist and communal perspectives and endow them with a facade of respectability. Indeed while these dark clouds cast their gloomy shadow over us, it is positively heartening that secular forces are joining hands to confront and thwart the sinister plans of these divisive communal forces.

4. The UDF Government has firmly stood for upholding the guiding principles of secularism, communal harmony and social justice for all. Our endeavour to usher in economic development, modernisation and reform are rooted in these sacrosanct principles. Indeed, the mandate in Thiruvalla reflects the unequivocal affirmation of the people for Kerala for Government's efforts at development and good governance. I can assert with pride in this august House that be it any development sector, there is reason for optimism and good cheer. The despondency that had gripped the State, when the UDF Government came to power is now a thing of the past. We have put those dreadful memories behind us. Even the worst critics of this government concede that we are closer than we have ever been in the last several decades, in ushering in industrial and agricultural growth, exploiting the advantages of IT to its fullest and deriving the maximum advantage of the leap in higher education that we have taken. All this has been built on the foundations of social justice and equity that is at the core of Kerala's unique development experience. Naturally, disgruntled forces will try to hinder our efforts, but against the steady progress that we are making, such puerile attempts will be set at naught by the people of Kerala. I once again take this opportunity to reaffirm the commitment of the UDF Government to lead Kerala ahead on the path of reforms and progress.

5. Sir, as part of our fiscal reforms, Government had, in fact, taken all steps to complete the budgetary process and get the full budget for 2004-2005 passed before the end of this financial year. However, the Union Government has signalled its intention to advance the Parliamentary Elections and this imposes a handicap on us. I am sure that honourable members would expect to be

preoccupied with these elections in the coming months. Therefore, much as we would like to, the compulsions of parliamentary democracy stand in the way of implementing this measure now.

6. Sir, we began on a bold promise - that we would salvage the State from the deep ravines of despair and gloom that the State had plunged into in 2001 - that we would put Kerala on a track of growth, renewal and development. It would only be appropriate that I devote some time to take stock of our achievements in the last three financial years.

7. It is with a tremendous sense of satisfaction that I would like to inform the august House that, under the stewardship of this Government, the economy of our State has achieved a steady and encouraging buoyancy. In 2002-2003, the State registered a significantly high growth rate of 6.1% in its State Domestic Product - nearly 2% points above the national growth rate for the same period. I expect the State to sustain this impressive growth in 2004-2005 also. This Government's effort to build a climate conducive to investments has paid very rich dividends. All of us can be really proud that the Credit Deposit Ratio in the State has touched 52.4% - the highest levels achieved in the last ten years with a commendable 4% increase in just eighteen months. The agricultural sector shows signs of a new vitality and prices of most of our major agricultural crops are looking up. In the case of a few of our crops, after a gap of several years, farmers have finally begun to enjoy a modest prosperity. Even with regard to the vexed problem of unemployment in the State, we are indeed happy that the number of registered job seekers has declined from 44.3 lakhs in 2001 to 38.6 lakhs in 2003.

8. In line with my efforts to reform the State finances since 2001, my budget marks the next stage - to achieve, in the next two years, a Kerala that would have moved further ahead towards development, economic strength and social justice.

PART - A

Fiscal reform

9. Reforms in Government have been based on the cardinal principle of achieving a long-term, transparent, professionally managed and prudent regime for the management of the State's public finances against the larger canvas of our development goals and strategies. Let me remind you, that we have to address the causes rather than the symptoms of the fiscal crisis if we are to build the Kerala that we envision for ourselves and our coming generations.

10. I am confident that the XII Finance Commission will do justice to a State like ours that had suffered due to the award of the XI Finance Commission. The percentage of Kerala's share had come down from 3.5% under the X Finance Commission award to 3.05% under the XI Finance Commission award. This time, we have very painstakingly argued our case during the visit of the Commission to Kerala in December, 2003.

11. The Fiscal Responsibility Act 2003, which this House has helped enact is a bold and epoch making step in the annals of our public finances. I have to shoulder the exacting responsibility of bringing down the fiscal deficit to 2% of our State Domestic Product and balancing the Revenue Budget by March 2007 while emphasising developmental spending.

12. Sir, the august House approved the legislation for the Kerala Ceiling on Government Guarantees Act 2003. Government and its PSUs have to now prudently manage our needs for availing loan funds within the constraints set by this Act. We will be notifying a Guarantee Redemption Fund and its corpus will be built primarily from Guarantee Commissions received by Government. I expect to realise Rs 65 crore for the Fund this year.

13. Debt reduction will be a primary focus of our fiscal reforms. The high cost debt accumulated in the past continues to plague us. But I would like to inform this House, that as part of our fiscal management measures we have availed the debt swap scheme offered by Government of India to its fullest and between 2002-2004 will have swapped nearly Rs. 1000 cr. of high cost debt. I hope that the XII Finance Commission would come out with a comprehensive debt relief scheme linked to a road map for fiscal correction. I intend to set up a debt management cell in the Finance Department to study and work out all possible options to carry out debt swap and reduce the debt servicing costs.

14. Sir, to bring in transparency into our financial operations I am placing before this House, statements of disclosure to comply with the requirements under the Fiscal Responsibility Act. This will usher in a wider and informed debate on our fiscal management.

15. Government feels that for improving financial transparency and accountability it is highly necessary to ensure that announcements in the budget speeches are followed up systematically. As part of steps for better financial management, Government intends to constitute a High Level Committee that will specially monitor all new schemes announced each year in the Budget Speech and ensure that promises made before this august House are implemented on a fast track mode,

Annual Plan 2004-05

16. The Annual Plan has been fixed at an outlay of Rs. 4800 crore for 2004-05, the third year of the Tenth Five Year Plan. This includes Rs. 1350 crore to be allotted to local governments, and Rs. 1151 crore to schemes using external assistance. The continuing focus of development through the plan would be on basic reforms in the governance and economic system to improve the quality of public services, increase the returns from Government investments and facilitate private investment. Broadly, the Plan seeks to enhance the quality of human development and help us move ahead on a path of pro-poor growth that implies more employment opportunities in the State. In human development, the priority is to address the second generation issues arising from Kerala's unique mode of development. In this task, government would work hand in hand with local governments to avoid overlaps and to achieve synergies.

17. As part of improving the quality of planning, we intend to switch over to a result based planning methodology and as the first step four Departments – Animal Husbandry, Fisheries, Health and Social Welfare – have prepared their Annual Plans in this framework by clearly stating the justification of each scheme, its objectives, the activities involved, the timelines and the expected outputs and outcomes. This will pave the way for higher efficiency, greater transparency and accountability and more positive developmental outcomes.

18. I would like to emphasise Government's resolve to define our development goals through consensus. 'Vision 2025' document will be brought out this year in consultation with all sections of people.

External Assistance

19. We have been very successful in tapping external assistance during the Tenth Plan in sharp contrast to the performance in the Ninth Plan when during the entire five year period we could receive only a paltry amount of Rs. 295 crore constituting just 0.8% of the total aid flow to the country. During the coming year we hope to get an external assistance to the tune of Rs. 1151 crore. The funds are to be spent basically for modernizing government to make it more people friendly, provide drinking water to the uncovered areas of the State, improving critical communication infrastructure and reduction of poverty.

20. The Dutch Government has agreed to provide 5 million Euros (Rs .25 crore) to make available high quality technical assistance for the Modernising Government Programme (MGP) and 1.5 million Euros (Rs. 7.5 crore) to strengthen decentralization. The Swiss Government has already approved the second phase of Capacity Building for Decentralization in Kerala Project (Cap Deck) to the tune of Rs. 5.37 crore. ADB has agreed to fund a project to the tune of \$ 250 million (Rs. 1200 crore) for urban development projects to be taken up initially in the five Municipal Corporations from the coming year. I take this opportunity to inform you that we have sought the assistance of the World Bank to provide long term support to strengthen our local governments so that we can consolidate and build on the gains of decentralization. The second tranche of \$ 125 million from ADB and the Government of Netherlands for MGP and Fiscal Reforms is expected shortly.

Strengthening Local Governments

21. In keeping with the promise I made in my last budget, local governments have been given funds in monthly installments. They have been exempt from Treasury restrictions. The report of the Second Finance Commission has been considered by Government and detailed orders would be issued shortly. In addition to the Plan grant of Rs. 1350 crore, I am glad to set apart Rs. 205.32 crore as general purpose grant and Rs. 325.79 crore as maintenance grant constituting 3.5% and 5.5% of the State's Own Tax revenues as recommended by the Second Finance Commission. With this the fiscal decentralization in the State is poised to become more mature and sound.

22. The Kerala development project launched last year is expected to bear fruit in 2004-05 when the major institutionalization efforts are expected to be completed resulting in improved financial and office management systems and enhanced capabilities for developmental planning in local governments.

[**Special Employment Deal**](#)

23. Ensuring sustainable employment to people and reduction of poverty remain the topmost priority of this Government. All the development schemes formulated by Government reflect this priority.

24. In this budget, Government has formulated a special employment package for Rs.127 crore for making available improved employment opportunities in the industrial and agricultural sectors.

[**Employment Guarantee Scheme**](#)

25. As a momentous affirmation of Government's resolve to mitigate the problem of unemployment, I am happy to announce that Government intends to place before this august House the Employment Guarantee Scheme Bill in the coming year. This scheme will assure a minimum guaranteed employment to all households in backward areas that will be notified under the legislation.

[**50,000 new jobs through Self Help Groups**](#)

26. Kudumbashree Poverty Eradication Mission has succeeded in developing a viable model of poverty reduction through convergence of anti-poverty programmes and through development of micro enterprises which have a ready market. The Mission has drawn up a well designed series of measures that comprise extensive training, orientation and entrepreneurship development programmes with technical training, providing subsidies and working capital and ensuring market tie ups for 5000 new units that will open up jobs for 50,000 unemployed youth in our State. I am providing Rs.50 crore for this bold new employment generation scheme.

[**Leased land farming groups**](#)

27. It has now been generally accepted that a necessary strategy to solve Kerala's unemployment problem is through fuller use of small agricultural land sites. 5000 Women Self Help groups will be oriented to take up lease land agriculture. The necessary legislative framework for encouraging landowners to provide land for this purpose will be devised. This scheme is expected to provide employment for as many as 50,000 youth and in addition contribute significantly to agricultural growth. A productivity linked incentive for cultivation will be offered to them. I am setting apart Rs. 25 crore this year for this purpose.

Job Clubs for SC/ST Entrepreneurs

28. There has been a marked shift in the structure of Kerala's economy from the primary to the tertiary growth spheres in the last few decades. In line with this trend, Government will launch Job Clubs in all Districts with SC/ST entrepreneurs who can derive gainful employment offering a range of on-call services to consumers. I am providing Rs. 2 crore for this novel venture.

Traditional Industries Support Fund

29. As announced in my last budget, the Traditional Industries Support Fund will commence functioning this current year itself with an initial corpus of Rs. 50 crore. A mission group of experts will be constituted to formulate schemes for creating new employment opportunities in the traditional industries sector.

Clean Kerala Project

30. Government intends to accord the highest priority for 'Clean Kerala Project'. The Project which was launched in the current year is now being stepped up for implementation through local governments on a mission mode. In order to develop scientific solid waste management plans and implement them Rs.1.27 crore is earmarked under two schemes. We are confident that Local Self Governments, various Departments, NGOs and educational institutions will join hands to make this ambitious goal a reality. I am pleased to announce an additional amount of Rs.10 crore for the Clean Kerala Project. With this, I expect an amount of nearly Rs. 80 crore to be spent on the project in addition to the normal outlays on sanitation and hygiene in the State.

MGP and the Service Delivery Project

31. MGP and its fast track Service Delivery Project is poised to take off in a big way this year. MGP seeks to bring about a qualitatively significant improvement in the way in which Government departments functions. Built on the four pre-eminent principles of MGP viz. performance, accountability, transparency and participation, the Service Delivery Project will put these principles into practice in 3000 institutions under key service delivery departments that serve the people of Kerala particularly the poor. For the coming year, an amount of Rs. 600 crore is set apart for various MGP schemes.

Information Technology

32. Kerala is fast gaining ground in IT and will soon forge ahead of other front runner States in this sector. Encouraged by the success of the pioneering project, to bridge the "digital divide" - 'Akshaya' in Malappuram, - Government intends to replicate it in all other districts of the State. I expect Rs. 25 crore to be invested in this project this year inclusive of the provision I have made in the budget and contributions from the local governments to create connectivity and develop content,

33. There is need for rapid development of high quality infrastructure for IT industry in the State. Rs. 20 crore has been earmarked for building up the IT Park in Kochi, enhancing the existing Technopark at Karyavattom and for the proposed IT corridor in Thiruvananthapuram. In addition to this, I am now pleased to announce an amount of Rs.10 crore for these strategically important projects.

34. E-governance can take root only if it is implemented in a systematic manner in critical departments that deliver services to the public. Therefore Rs. 15 crore is set apart for developing a knowledge-based decision support system for e-governance.

35. For successful e-governance the capacity of the staff needs to be specially built up. I set apart Rs. 5 crore exclusively for this purpose.

36. In sum, Information Technology sector gets a significantly increased allocation of Rs. 93.75 crore compared to Rs. 31.60 crore during the current year. This is in addition to e-governance initiatives being implemented by departments under their budget.

Tourism

37. Tourism development in Kerala is now another internationally recognized development model unique to our State. With government playing the role of a proactive facilitator, market explorer and quality enforcer, our strategy in this sector has paid rich dividends. Government intends to continue its priority for tourism. I am allocating Rs. 74.25 crore to the sector so that the Tourism Vision 2025 launched by the Government would become a reality.

38. For promotion of Kerala as a tourist destination as well as an attractive destination for tourism related investment, marketing is very important. Rs. 10 crore is provided for this purpose. It is Kerala's rich heritage that attracts a large number of tourists to the State. Therefore for conservation of our rich heritage I set apart Rs. 3.5 crore. For tourism infrastructure I am glad to allot Rs. 47.39 crore of which Rs. 30 crore would be spent on key tourism related infrastructure to be implemented through different agencies. In addition to these, I am providing a token provision of Rs. 10 lakhs for initial expenditure for the development of 'Pythal Mala' in Kannur as a tourism centre.

Industries

39. The Global Investors' Meet has succeeded in projecting Kerala as a worthwhile investment destination. A fast track clearance system has been put in place in the form of the Investment Promotion Board. Proposals worth nearly Rs. 10000 crore are in various stages of readiness for implementation. KINFRA and KSIDC are continuing their efforts to draw more investments into the State. I have set apart Rs. 25.70 crore for KSIDC so that it can leverage more assistance to support industrialization in the State. KINFRA would be given Rs. 10 crore to proceed with its major projects including the Herbal Park in Wayanad and the Bio Technology Parks in Thiruvananthapuram and Kochi.

40. For continuing efforts to reform the State level public enterprises Rs. 75 crore is earmarked. Specific proposals would be approved by Government on the basis of the recommendations of the Enterprise Reforms Committee and on the basis of discussion with Trade Unions and other stakeholders. Government would like to reiterate its stand before the august House that under no circumstances will it disinvest any PSU that is running on profit.

41. In the coming year, a series of initiatives have been approved for implementation, focusing on facilitation of private investment, through simplification of procedures and restructuring of the regulatory framework and encouraging and nurturing the spirit of entrepreneurship. For this package of initiatives I set apart Rs. 36 lakh. In order to reorient the functioning of the District Industries Centres, Business Promotion Cells would be set up for which Rs. 50 lakh is earmarked.

42. In order to promote small-scale industries I set apart Rs. 1.20 crore for modernizing industrial estates and development plots. I further set apart Rs. 30 lakh for forging industry research linkages and another Rs. 30 lakh for technology development.

43. The State will give top priority to developing industrial clusters by creation of common facility centres, quality assurance, bulk sourcing of raw material and mutual credit guarantee. Rs. 32 lakh is allotted for this innovative scheme.

44. Recognizing the potential of agro based industries especially food processing, I am earmarking Rs. 1 crore for developing new products and promoting such industries in clusters.

45. In addition to the large number of schemes of the Industries Department, I am providing Rs.50 lakhs for the expansion of MALCOTEX at Kuttipuram and Rs.50 lakhs for the development of Priyadarshini Cooperative Spinning Mills, Kottayam.

Traditional Industries

46. The traditional industries of Kerala which employ a large number of people needs special efforts in our development strategy. Unless they are supported and repositioned to meet the emerging demands of markets like improvement in design, modifications in process technology and assurance of quality they will not be able to cope up with the competition from international markets.

47. Government have done a study of the Coir sector using the services of the Administrative Staff College of India and based on their recommendations and in keeping with the requirements of the sector six new schemes are being introduced this year at a total cost of Rs. 2.9 crore. These include assistance for procurement of husks/fibre, introduction of mechanization, setting up of model 'Coir Gramoms' and encouraging self-help groups. The market potential for coir and coir products would be studied for promoting coir industry.

48. To tide over the serious crisis faced by our coir industry, Government will implement a package of measures with the help of NCDC and NABARD in the cooperative sector. Towards this, I provide Rs.5 crore as Government's share.

49. Handicrafts also would receive special consideration. I set apart Rs. 2 crore for this purpose. This includes a token outlay of Rs. 20 lakh for the functioning of a Mission for bamboo in view of its tremendous scope for development in the State and the benefit that would accrue to disadvantaged sections like Scheduled Castes and Scheduled Tribes to find productive employment.

50. For the Handloom sector also a significant amount of Rs. 9.7 crore is set apart for a package of schemes including the State share of Centrally Sponsored Schemes.

Agriculture

51. Agriculture constitutes only a fifth of Kerala's economy. It provides jobs to several lakhs of people and props up the rural economy. Now that prices have shown perceptible improvements, the agriculture sector presents an optimistic scenario after a long interval. This is the time to move on to higher levels of productivity and quality. As our agriculture is export oriented it is necessary to make our agricultural sector more competitive. For realising such a vision, importance has to be given to organic agriculture, integrated farming systems and setting up high quality modern laboratories. I am setting apart Rs. 1 crore for a new scheme for organic farming and Rs. 4 crore for a scheme for establishment of modern laboratories. These laboratories would be part of a pilot project on Agro Vision District Support System intended to modernize agriculture.

52. With the same objective I set apart Rs. 81 lakh for promotion of hi-tech innovative agriculture. In order to boost export oriented agriculture it is proposed to establish Agro Export Zones for spices, medicinal plants and floriculture. I set apart Rs. 5.1 crore for this important scheme. As part of implementing the recommendations of the Dr. Swaminathan Commission on WTO issues, Rs. 1.50 crore has been provided to develop a sustainable agricultural trade security system. The highly successful participatory development model for enhancement of vegetable and fruit production would be extended to two more districts and Rs. 4 crore is set apart for this purpose. Another major initiative proposed to be strengthened is the use of remote sensing data for sustainable use of natural resources in agriculture. This would be implemented in partnership with ISRO. I earmark Rs. 5 crore to the Kerala State Remote Sensing and Environment Centre for this purpose.

53. While exploring new vistas in agriculture is important, the traditional areas that need revitalization are equally critical to Kerala's agriculture. Therefore I set apart Rs. 10.80 crore for sustainable development of rice based farming system and Rs. 9.75 crore for coconut development.

54. Vanilla cultivation is now emerging as an attractive choice for farmers including small and medium farmers. To increase employment opportunities and raise income of farmers, Government is

formulating a package of measures for encouraging vanilla cultivation including the distribution of planting materials. I am providing Rs. 2 crore for this.

55. As promised in the last Budget the Rules for the Agriculture Price Stabilization Fund are ready and the scheme would be fully operational this year. In order to further strengthen it I set apart Rs. 50 lakh.

Animal Husbandry and Dairy Development

56. Animal Husbandry activities in the State provide the much needed supplementary income to marginal farmers and agricultural labourers and therefore they are important from an anti-poverty perspective. For strengthening veterinary services Rs. 16.60 crore is allotted and for expansion of crossbreeding facilities Rs. 6.65 crore is set apart. To protect and upgrade the indigenous Malabari Goats of our State, I set apart Rs. 15 lakh to be given to Kerala Livestock Development Board. For different activities of the Dairy Development Department I earmark Rs. 2 crore.

Fisheries

57. It is a paradox, that though the fisheries sector contributes substantially to the Kerala economy, our fishermen still remain among the poorer sections of our society. Most of their villages still do not have the minimum necessary infrastructure. Therefore the strategy of Government in the fisheries sector is to focus on the welfare of fishermen and at the same time achieving sustainable productivity in the sector. For improving the lot of the fishermen I set apart Rs. 80 lakh for improving social infrastructure in the coast. In order to implement self-employment programmes through institutional finance from the National Backward Class Development Finance Corporation and National Minority Development Finance Corporation Rs. 40 lakh is kept as seed capital.

58. To promote self-help groups and micro enterprises among fisher-women I set apart Rs. 1 crore. As the State's contribution to the National Fishermen Welfare Fund to provide off-season relief to fishermen, Rs. 3.5 crore is set apart and for the housing scheme of the National Fishermen Welfare Fund Rs. 3 crore is provided.

59. Work in the Fishing Harbours of Kayamkulam, Muthalapozhi, Quilandy and Ponnani would be completed. As the State share for this completion work as well as for work in other fishing harbours I earmark Rs. 6 crore.

60. For boosting inland fisheries I set apart Rs. 1.20 crore for Kuttanad and Rs. 1.25 crore for the Pokkali fields of Ernakulam.

Forestry

61. A scientific approach has been introduced in preparing plans for forest development activities in the State. For forest protection and for survey of forest boundaries I am setting apart Rs.

13.80 crore under two schemes. For regeneration of degraded forests with people's participation Rs. 3.85 crore is set apart and for conservation of bio-diversity Rs. 1.20 crore is earmarked. I also set apart Rs. 50 lakh for eco-tourism for which there is tremendous scope in the State. For development of non-wood forest produce which would be highly beneficial to the tribal communities I provide Rs. 1.50 crore. Efforts are still on to get a second phase for the World Bank assisted Kerala Forestry Project. To consolidate the gains of the first phase Rs. 2.80 crore is set apart.

Infrastructure

62. The Infrastructure Act is expected to be in place during the coming year. Government is in the process of finalizing two mega infrastructure proposals for private participation namely Vizhinjam Transshipment Terminal and North-South Express Way. Once these fructify they will transform economy of the State through several spin-off effects. A series of reforms is being introduced under MGP to facilitate private investment in infrastructure both for Government and Local Governments

63. During the coming year I expect to draw a minimum of Rs.250 crore under RIDF of which Rs. 100 crore is earmarked for different government departments, Rs. 75 crore for District Panchayats and Rs. 75 crore for Block Panchayats. The earmarking of funds for Block and District Panchayats is in recognition of their project preparation capacity and is expected to result in high quality infrastructure projects in rural areas.

Roads

64. The World Bank aided Kerala State Transport project will be implemented with greater vigour for which I set apart Rs.200 crore. Another Rs.39.8 crore would be spent on roads under the control of PWD namely major District Roads and State Highways.

65. In view of the growing importance of Kochi as a strategic development hub in our State, I am providing Rs. 2 crore for extending the Pullepady Thammanam Road to connect to the Airport – Seaport link near to the Special Economic Zone.

Ports and Harbours

66. Being a coastal State, development of Ports and Harbours is a special priority. Efforts are on to mobilize private investment to upgrade Ports and Harbours and a draft policy is ready which would be finalized this year. Among the initiatives being taken up by the Ports Department are development of cargo berths at Vizhinjam and Thankasserry for which Rs.1.56 crore and Rs.1.50 crore are set apart respectively.

Transport

67. In a State where the vehicle population is increasing at a rapid pace government intends to follow a two pronged strategy of focusing on safety as well as on quality services to the vehicle

owners. I set apart Rs.40 lakh for the computerisation of Motor Vehicles Department. I am glad to introduce two new schemes one for modernization of Motor Vehicle Check posts for Rs.25 lakh and the other for establishment of a Vehicle Testing Station at Kozhikode for Rs.15 lakh.

68. To improve pedestrians and travellers amenities, a comprehensive mix of preventive and promotional measures is being introduced under MGP at a cost of Rs.4 crore.

69. Driving licenses in Smart Card form and Registration Certificate in Smart Optical Card form will be introduced this year. A Drivers Training Institute will be set up at Edappal with the assistance of Government of India. 13 mobile enforcement squads will be created and 5 new check posts will be opened in the State.

70. The State Government would strive to speed up the upgradation of the Thiruvananthapuram International Airport. For land acquisition I earmark Rs.10 crore in my budget.

Water Transport

71. In a densely populated economically integrated State like Kerala an affordable safe and convenient public transportation system is inevitable and this is to be on the basis of a clearly enunciated policy. In order to develop an action plan for the three major cities I set apart Rs.4.5 lakh.

72. Inland Water transport requires greater encouragement so that the vast untapped potential in the State can be used to provide an efficient and eco-friendly mode of transport. I set apart Rs.4.8 crore for the purchase of 12 new Boats for augmenting the ferry services. For developing Inland canals I set apart Rs.4.20 crore under two schemes.

73. Completion of construction of Station Offices at Kavalam, Panavally, Muhamma, construction of regional Office at Thrikkarippur, modernization of existing Slipway at Dock and Repair Section of Alappuzha and installation of two additional slipways, installation of communication system and safety equipments are the activities that will be undertaken during 2004-2005.

Coastal Shipping and Inland Navigation

74. Kerala Shipping and Inland Navigation Corporation propose to build two new bulk carrier barges at a cost of Rs.300 lakhs each by availing 30% vessel building subsidy from Government of India. Catamaran services connecting Thiruvananthapuram Kochi and Kozhikode will be started during in 2004-2005.

75. The restoration of the Alappuzha canal system and the development of the Town have remained an unfulfilled ambition of Governments in the past. I have great pleasure in providing Rs. 5 crore to meet the initial expenditure towards realising the cherished desire of the people of Alappuzha.

Capital Region Development

76. The capital region development project is under way and certain key infrastructure schemes have already been taken up. In order to complete them and to take up new projects I am providing Rs.40.25 crore. In addition to this Rs.10 crore is earmarked by the Kerala State Electricity Board for improving electricity supply infrastructure in the City.

77. In addition, I am announcing Rs. 10 crore for a package of new schemes for the city which includes funds for sewerage facilities in rural areas adjacent to the capital city.

78. I am allocating Rs.1.5 crore to assist TRIDA in its development schemes for the Palayam, Chalai and Medical College areas.

Regional Development Schemes

79. Varkala region has grown considerably in importance over the years as a pilgrimage and tourist centre. A Tourism Master Plan has been drawn up for Varkala. I provide Rs. 1 crore for the creation of a Varkala Development Authority for the development of this region.

80. Facilities for transportation of agricultural produce to markets have to be improved alongside with the revival of the agricultural sector. For this I am pleased to set apart Rs. 10 crore to meet the expenditure for a Hill Highway Authority.

81. The establishment of the Hill Area Development Authority and the Coastal Area Development Authority had to await improvement in the State Finances. Government intends to appoint a Special Officer for this. I am providing Rs. 7.50 crore each for each of the two authorities.

82. I am providing Rs. 1 crore towards expenditure on Land Acquisition for a Trade Centre cum Mini Bus Station at Kazhakootam.

Power

83. Power Sector in Kerala is on its reform path to achieve financial viability and social goals. Reforms in generation, transmission and distribution would now have to be within the boundaries set by the Electricity Act 2003. Thrust would be given for completing the ongoing hydel projects and for starting new projects.

84. Through the projects proposed to be taken up viz. Pallivasal Extension Scheme, Athirapally and Mankulam and by completing the ongoing projects, the Board targets an addition of 391.5 MW of power. A significant addition to the transmission and distribution network through three new 220 KV, ten 110 KV, five 66 KV and thirty five 33 KV substations are proposed. An amount of Rs.256 crore is proposed for transmission projects during 2004-05.

85. An amount of Rs. 350.35 crore has been earmarked for the distribution sector also. KSEB proposes to add 4 lakh service connections, 2000 km of 11 KV lines and 5500 km of LT lines as part of this thrust. The 400 KV line from Madurai to Thiruvananthapuram will be commissioned this year and work on the 400 KV line from Mysore to Kozhikode has started. The Board has set an ambitious target of reducing T&D losses by 3% every year as part of its strategy to become financially viable.

86. The UNIDO Regional Centre in EMC will take up preparation of Detailed Project reports for small hydropower projects and a Model small hydro power project in Mankulam. Work on 30 small hydropower projects is expected to start in January 2004 with an installed capacity of 77.5 MW. ANERT proposes to develop 100 MW through wind energy potential in Ramakkalmedu in Idukki in 2004-05.

Irrigation

87. The bane of our irrigation sector has been the inordinate delays in execution of projects. In the Tenth Plan, Government are committed to completing the major projects under implementation. The Muvattupuzha Valley irrigation project will be commissioned in the coming year and for this purpose I have provided Rs. 50 crore. Partial commissioning of Edamalayar Irrigation Project is also expected in the coming year and for this Rs. 8.40 crore is set apart. In order to rehabilitate old irrigation systems Rs. 10 crore is earmarked.

88. The second phase of the National Hydrology Project with World Bank support is to be implemented in the Annual Plan 2004-05. I set apart Rs. 2 crore for the Surface Water component and Rs. 4 crore for the ground water component of the scheme.

89. Government intends to observe this year as the year of Water Conservation. I set apart Rs. 10 crore for Rainwater harvesting, Rs. 75 lakh for upgradation of wells and Rs. 1.50 crore for developing traditional water harvesting and water conservation methods. Government intends to come out with a revised water resource policy.

90. Government of India has approved Rs.12.92 crore as its share for the first phase of the Pamba Action Plan. The State's share for the first phase of the project will be Rs.5.33 crore. Lakhs of devotees who visit the pilgrimage centre of Sabarimala every year will benefit from this project.

91. I am providing Rs. 2 crore for the Thottumughom Lift Irrigation Scheme. I also set apart Rs. 2 crore for the Madambom Regulator Cum Bridge Scheme across Sreekantapuram River in Thaliparamba Taluk.

92. To expedite the development of the Chamravattom Bridge Cum Regulator scheme, I am enhancing the budgetary provision to Rs.5 crore.

Scheduled Caste and Scheduled Tribes Development

93. In the process of liberalization and globalization intensifies the worst affected have been the disadvantaged social groups like Scheduled Castes. Government is acutely aware of this fact and intends to actively support them to improve their capabilities to benefit from the new opportunities. The Special Component Plan would be to the tune of Rs.427.20 crore of which 2/3rds would be planned and implemented by local governments.

94. In continuation with the policy of developing human resources focus is given to education and training. As in the last year majority of the schemes are oriented towards this objective. Government intends to formulate a package for enabling students from Scheduled Castes and Scheduled Tribes to access educational opportunities outside the country. Funds required would be met from the Corpus Fund under SCP. I am providing Rs.13.05 crore for hostels, Rs.8.60 crore for Schools and Rs.40.02 crore for extending educational concessions and incentives for Scheduled Caste students. For Scheduled Tribe students, I am setting apart Rs.2.80 crore for hostels, Rs.12 crore for schools and Rs.3.97 crore for educational concessions and incentives.

95. The Health Insurance Scheme that I had announced in my last budget has been finalised with major insurance companies. I am setting apart Rs.10 crore for this.

Development of Backward Classes

96. For the development of backward classes Rs.2.52 crore is set apart both for educational development as well as economic development.

Social Welfare

97. I am happy to announce that a very innovative programme for the care of destitute and vulnerable sections of society will be implemented in all Village Panchayats and urban local governments in 2004-05. I am providing Rs. 50 crore to the Social Welfare Department for implementing this comprehensive security scheme. The scheme would be patterned on the 'Ashraya' model of Kudumbashree.

98. Government has set for itself the ambitious target of making Kerala a 'Malnutrition Free State'. I am setting apart Rs. 10 crore for realising this laudable goal.

99. I am also setting apart Rs. 1 crore for the Snehatheeram project – a unique initiative for the care of senior citizens to be first implemented in Malappuram district.

100. Government recognises the special place of Anganwadies in our State. I am pleased to provide Rs. 27 crore for constructing 540 anganwady buildings through Local Self Governments.

Poverty Alleviation

101. The poverty census has just been completed. The data will be computerized and shared with neighbourhood groups so that a community evaluation can be done and using the validated data an index of different levels of poverty would be generated in consultation with all sections of people. This will serve as a powerful tool for the implementation of the Anti-poverty Sub Plan which has been initiated for the first time in the country in the State. For this initiative I set apart Rs.3.10 crore.

102. It is also necessary to monitor the levels of policy and track the funds flow to the poor in an open and transparent manner. A multimodal monitoring system would be put in place to be implemented simultaneously through the Government, the community and selected independent institutions in an absolutely transparent manner. I set apart Rs. 2 crore for this new path breaking project.

Mangalya Insurance Scheme

103. I take pride in announcing the 'Mangalya Scheme' for the destitute families in our State which constitutes 2% of our households. This is the first scheme of its kind in the country and will be a historical step towards further affirming Government's role in providing social security for the poorest of our poor. Under the proposed insurance scheme, Government will pay the monthly premium for a maximum period of eight years for every girl child from every destitute family above the age of fourteen. The amount so accrued, subject to a minimum of Rs.10,000 will be given at the time of her marriage. Competitive proposals will be invited from insurance company in April 2004. The annual recurring expenditure for this novel scheme is expected to be Rs.12.00 crore per annum.

Education

104. After achieving impressive levels of literacy and enrolment in schools, the focus will now be on enhancing the quality of education in our State. The allocation for General Education has been increased from Rs. 55.19 crore to Rs. 71.56 crore. A massive scheme to provide IT infrastructure as well as the software for IT education in government schools is being introduced for which I am glad to earmark Rs. 13.20 crore. For improving the quality of education in high schools I set apart Rs. 1.75 crore and for improving the quality in Higher Secondary Schools I set apart Rs. 5 crore.

105. In Vocational Higher Secondary Education, Government intends to introduce subjects, which have a ready job market. I set apart Rs. 5 crore for this purpose. There are seven special schools serving the needs of students who are challenged. In order to improve the basic facilities of the schools I set apart Rs. 50 lakh.

106. All these efforts at improving quality would be in vain unless the parents are fully involved. Government would be introducing a path breaking monitoring system by the community to ensure that schools deliver the services expected of them. In order to design and operationalise such a system in Government and aided schools Rs. 50 lakh is provided.

Higher Education

107. With the opening up of higher education in Kerala, we have been able to catch up with the leading States in the sphere of higher education. In order to strengthen the Universities I set apart Rs. 23 crore for Kerala, Mahatma Gandhi, Sri Sankaracharya, Kozhikode and Kannur Universities. For the Cochin University of Science and Technology, Rs. 4 crore is earmarked and for the Kerala Agricultural University, taking into account its unique position, Rs. 23.50 crore is allotted.

108. A significant allocation in the coming year would be for the World Bank assisted Technical Education Quality Improvement Programme for which I set apart a substantial sum of Rs. 30 crore.

109. I am setting apart a special assistance of Rs.1 crore for the construction of a new block to the Thalappady Centre of the School of Medical Education under Mahatma Gandhi University. In addition to the budgeted schemes, I provide Rs. 10 lakhs for the upgradation of the Technical High School in Ezhukone as a Polytechnic.

Health

110. Health has been a key component of Kerala's success in human development. Of late our health system is under stress, even threatening achievements of the past. Therefore Government accords primacy to the upgradation of the health system and for improving its quality. While the local governments would focus on primary and secondary health care system, Government itself would devote greater attention to the tertiary sector.

111. In primary and secondary health care, in all the three streams of medicines the accent is on providing the minimum standards of facilities and services in partnership with local governments. For Allopathy I set apart Rs. 27.50 crore in two schemes; for Ayurveda I set apart Rs. 1.71 crore in two schemes and for Homoeopathy allocation for the same purpose would be 1.34 crore in two schemes.

112. In Allopathy certain basic reforms are being introduced particularly in rationalizing drug procurement and distribution, development of treatment and referral protocols in government hospitals, involvement of neighbourhood groups in Health Service Delivery and introduction of community based monitoring of the service delivery in health institutions. For these four innovative schemes I set apart Rs. 1.45 crore.

113. Improvement of Laboratories is of special priority and the Thiruvananthapuram Public Laboratory would be developed for getting accreditation from the National Accreditation Board for Laboratories. I allot Rs. 2.55 crore for upgradation of the Medical Laboratories. The Kerala Heart Foundation with the objective of developing an autonomous structure for providing most modern cardiac care to adults and children and to develop outreach units in the districts. Government has already allotted the land for the purpose and I am setting apart Rs. 1 crore for start up activities. In order to improve the tertiary care system Medical Colleges would be strengthened. For the allopathic Medical Colleges Rs. 30.85 crore is earmarked. For the Ayurveda Medical Colleges Rs. 7.75 crore is set apart and the Homoeopathic Medical Colleges Rs. 2.25 crore is allotted. In keeping with the national

policy and State priority hospital waste management would get top priority and for designing a system Rs. 25 lakh is provided.

Water Supply and Sanitation

114. In order to reduce the burden on the health care system it is necessary to improve sanitation and provide clean drinking water. For water supply there is a massive step up of allocation from Rs. 166.8 crore to Rs. 325.7 crore. The largest every water supply project in the State would be implemented with Japanese assistance for which alone Rs. 150 crore is provided. The World Bank assisted participatory water supply and sanitation project is being extended to all districts. Rs. 90 crore is earmarked for this purpose. This innovative and highly acclaimed project would be implemented through Village Panchayats.

115. Kerala is the first State in the country where total sanitation projects are being taken up in all the districts with Government of India support. Nearly more than 2/3rd of the cost is met by the State and local governments together. This project would be implemented on a campaign mode and all Government schools in the state will be provided with water and sanitation facilities, hopefully in the coming year itself.

Cooperation

116. Government has been able to strengthen the foundation and give the cooperative sector a strong democratic base in this short period. I am providing an allocation of Rs.15 crore out of which I propose to provide Rs.5 crore for the Kerala State Cooperative Agricultural Development Bank, Rs.3.25 crore for revitalisation of cooperative societies and Rs.3.25 crore for diversification and development. In the cooperative sector, Kerala offers the lowest rate of interest in the Country, of 8.5% for loans below Rs.25000. A 'Green Card' system for members with history of timely repayment is to be introduced this year. COINS, the Cooperative Insurance Society will launch a Health Insurance Scheme for members above the age of 70 years. Thrust will be given to microfinance schemes through self help groups in the cooperative sector.

117. To help sustain the progress achieved by the Kerala State Agro-Cooperative Ltd. (AGREENCO) in the cooperative industrial sector, I set apart Rs.5 crore towards share capital contribution.

118. To expedite the development of the educational institutions under CAPE, I am pleased to set apart Rs.10 crore for it.

Science & Technology

119. My budget accords great importance to the R&D institutions under the Kerala State Council for Science, Technology and Environment. For the six institutions under the Council I am glad to allot Rs. 27.10 crore which will be released on a project mode by the Council to the institutions. In addition

for a package of schemes to strengthen science and technology activities in the State I set apart Rs. 7.07 crore for the State Council.

120. Government gives top priority to developing bio technology - an area where Kerala enjoys a natural comparative advantage. A bio technology policy has been announced and the Kerala Bio Technology Board and the Bio Technology Commission have been set up. I am happy to announce the setting up of a corpus fund of Rs. 100 crore to be mobilized from different sources for development of bio technology. As Government's contribution, Rs. 10 crore is provided in this budget.

Civil Supplies

121. A study will be taken up to assess the problems of the public distribution system and the emerging role of the Civil Supplies Department.

122. For the past many years, Kerala State Civil Supplies Corporation has been provided with Rs.50 crore for market intervention. I am happy to announce an additional amount of Rs.10 crore.

123. A detailed plan of action would be prepared for protecting consumer rights by fostering quality consciousness among consumers. I set apart Rs. 1 crore for this.

Revenue

124. This year Revenue Department will undertake construction of office buildings for 52 village offices. With this all the village offices in the State will function in their own buildings. Problems in the issuing Pattas in the remaining cases of forest lands occupied prior to on 01-01-77 will be sorted out. The communication facilities available in the Taluk Offices will be revamped to ensure timely intimation of information on disasters and natural calamities. A sum of Rs. 243.58 crore has been set apart for this Department.

125. I am also providing Rs. 1 crore each for the preliminary expenses towards setting up Mini Civil Stations at Nilambur and Munnar in 2004-2005.

Housing

126. Kerala State Housing Board will construct Working Women's Hostels in 12 Districts in the State at an estimate cost of Rs 60 crore. 75% of the cost of construction is expected to come as subsidy from Government of India. KSHB will explore the possibility of availing commercial loans for viable self-financing commercial activities. The Suraksha Housing Scheme to build 38000 houses for weaker sections of society and the Karunya Housing Scheme - to build houses free of cost for BPL families will be launched.

Labour, Employment and Training

127. A Chemical Emergency Response Centre will be set up at Ernakulam to tackle the emergencies arising out of chemical hazards. I set apart Rs. 5 lakhs in my budget for this purpose. Government also propose to set up a full fledged occupational Health Centre at Thiruvananthapuram to cater to the workers in hazardous Industries.

128. The computerisation of seventeen Employment Exchanges in Kollam, Ernakulam and Kozhikode Districts will be completed this year. I set apart Rs. 125 lakhs in my budget.

129. This year, in the Industrial Training sector our focus would be to upgrade the Training Institutions to modern standards. The ITI, Kayyur in Kasargode would be converted to the model ITI with state-of-the-art infrastructure and frontline courses. The vocational training system will also be revamped in tune with the emerging national and international employment market requirements.

130. Government will launch a series of confidence building measures among investors regarding the labour environment in Kerala. In this context, a new code of conduct for management and labour will be evolved in consultation with all concerned. The effort would be to put in place a new industrial relations regime which facilitates productivity while providing adequate labour security. The voluntary compliance system of labour laws now introduced in a selected range of industries would be progressively widened.

131. A State Rehabilitation Fund will be setup this year to provide relief to the employees of industrial establishment and plantations that are in distress. This fund will be utilised to provide lifetime assistance to employees and their families and extend relief during festivals like Onam will provide baseline social protection for workers and families who have been marginalised on account of rapid changes in the external economic environment. I set apart Rs.2 crore for this.

132. As a part of assisting workers in plantations, Government intends to cover the educational expenses of children of labourers of tea plantations that have been closed down. Two sets of uniforms will be supplied to each child. The fees of the children who have joined professional colleges will be completely borne by Government. I allocate an amount of Rs.1 crore for this.

Training of Government Employees

133. This Government has taken a bold step in formulating and announcing the Training Policy for the State. Under this Policy it was proposed to set apart 0.5% of the Annual Plan in 2004-2005. I am happy to inform this august House that *I have* set apart Rs.30 crore which is 0.64% of the Annual Plan.

Parliamentary Affairs

134. The eleven schemes under the Parliamentary Gateway launched in the current year will be continued. The Parliamentary Affairs Department will be strengthened to make it more effective to

fulfil its role of strengthening parliamentary democracy. I set apart Rs. 50 lakhs in my budget for this purpose.

135. An Assurance Implementation Desk, with necessary IT support will be set up for monitoring assurances given in the floor of the House. I am allocating Rs.20 lakhs for this.

136. A scheme for networking of parliamentary institutions at the State and Local levels will be launched. I am providing Rs.35 lakhs in my budget for this purpose.

137. To honour the parliamentarians and those who contributed to the growth of parliamentary democracy in our state it is proposed to setup a portrait gallery at an estimated cost of Rs. 50 lakhs.

138. Government proposes to conduct an impact assessment on the Government actions and policies I set apart a sum of Rs. 25 lakhs for this programme.

NORKA

139. We are proud of our non-resident Keralites whose hard labour and diligent efforts have earned not only resources for the State but world wide recognition as well. This year, new initiatives proposed for them include conducting assessment studies of employment potential abroad, setting up a training centre for prospective job seekers and creating a legal cell for extending assistance to them. I set apart Rs. 3 crore in my budget for the activities of NORKA Department.

Art and Culture:

140. Over the years the development of our Music Colleges has not received due emphasis in our budget. I propose a special package for the three Colleges. An expert Group is being set up to identify their problems and suggest solutions. Rs. 75 lakh is set apart for their development. Any additional requirement of funds would also be provided so that they become quality premier institutions.

141. Kerala Government has always had the unique distinction of being a generous patron of Art and Culture. It has the largest number of autonomous institutions for encouraging Arts and Culture and for preserving the best traditions. Overall for the sector I am setting apart Rs.15.75 crore in the budget.

142. In addition to the budgeted schemes, I am announcing a package of new schemes in my budget. I earmark an amount of Rs. 1 crore for the development of the Kerala Sahitya Akademi Library and the Appan Smaraka Samakalika Library.

143. I also provide an amount of Rs. 1 crore for infrastructure facilities at Kerala Kalamandalam.

144. An Artists Welfare Board for assisting artists in distress will be set up in 2004-2005. I provide an amount of Rs. 25 lakhs for this.

145. I am raising the annual recurring grant for the Kumaran Asan National Institute of Culture to Rs. 10 lakhs from 2004-2005.

146. Towards the development for the Sree Narayana International Study Centre, Chembazhanthi, I am earmarking an amount of Rs. 50 lakhs.

147. Steps will be taken to establish a Freedom Struggle Historical Museum at Vattiyoorkavu in Thiruvananthapuram. I provide Rs. 25 lakhs for this purpose.

148. I am earmarking Rs.25 lakhs in 2004-05 as building grant for the Vaikom Satyagraha Cultural Research Centre.

Dewaswoms

149. Government has been providing Rs. 1 crore as Special Grant for Malabar Management Fund. I am enhancing this grant to Rs. 3 crore in 2004-2005

Museums and Zoos

150. The modernisation of the zoo will be completed in the next financial year with 50% central assistance. I propose to allocate Rs.175 lakhs as our share for this. In conformance with the stipulation of the Central Zoo Authority, work on the Master Plan to shift the Thrissur Zoo to a site with 124 hectares area in Puttur will commence this year.

Archives

151. The Archives Department will launch a scheme to preserve our collection of palm leaf inscriptions available in the central archives, to translate them into Malayalam and make them available in a digital form for distribution. I set apart Rs. 1 crore for this sector.

Archaeology

152. In honour of the great patriot ' Keralavarma Pazhassi Raja' a suitable site museum and a 'Smrithi mandapam ' will be constructed near his tomb at Wayanad. The Sreepadom Palace in Thiruvananthapuram District is part of the State's historical legacy. I am setting apart Rs. 1.25 crore for acquiring the palace and establishing a numismatics museum in the palace.

Printing

153. The Government Presses provide excellent support for the day-to-day functioning of Government. They need to be assisted to help them keep pace with changes in technology. Therefore as the first step, the Government Central Press at Thiruvananthapuram and the Government Press at Shoranur will be completely modernized. I set apart Rs.3.25 crore for this purpose.

Sports and Youth Affairs

154. A new programme will be launched for establishing martial arts training centre in each district. The Jimmy George Indoor stadium will be renovated at an estimated cost of Rs. 50 lakhs. A volleyball academy in Vadakara and in Idukki, a cycle velodrome at Idukki are among the new projects envisaged in my budget. Selected teams in various disciplines will be sent to other nations under an exchange programme. For the sports sector, I am allocating Rs.37.88 crore.

155. I am additionally setting apart Rs. 1 crore each for a new Stadium Complex at Thodupuzha and at Palakkadu and Rs. 1 crore each for setting up a synthetic track in Kasargode and in the Kozhikode Corporation Stadium.

Excise

156. The Excise Department will undertake a massive Modernization Programme that includes strengthening of check posts by providing computers, and walkie-talkie vehicles, computerization of field offices, formation of intelligence and investigation wing and the establishment of a training college. For this purpose, an amount of Rs. 1 crore have been provided in the Budget.

Commercial Taxes

157. I had emphasized in my earlier budget speeches that the policy of my government is to encourage and enforce tax compliance without introducing new taxes. The Commercial Taxes Department has been geared up and streamlined for augmenting revenue and curbing tax evasion. This strategy has served us well. The recovery in the State's finances is significantly due to the systematic work done by the Commercial Taxes Department. The average monthly collection went up from Rs.360 crore in 2001-02 to Rs.448 crore last year, and is expected to reach Rs.510 crore this year.

158. The infrastructure, manpower and facilities of the department need to be improved substantially if it is to cope with the constantly increasing workload. Two committees had been constituted to review the functioning of the department in relation to the increase in trade volumes and the consequent increase in workload. I have carefully considered their recommendations. I intend to strengthen the department to enable it to fully achieve its potential. I propose to establish 34 new check posts in the districts of Idukki, Palakkad, Wayanad, Kasargod, Ernakulam and Kozhikode for effective monitoring of movement of goods. 40 additional mobile squads will be formed, mainly in the border districts and a few other districts having substantial trade volume. An inspection wing will be set up in the Commissionerate for systematic monitoring of performance. The intelligence wing will be restructured, distributing work functionally and strengthening areas such as inter-state investigation. The additional annual expenditure estimated is about Rs. 7 crore. Additional revenue of Rs. 200 crore is expected as a result of augmenting manpower and facilities. Rs. 10 crore will be set apart for setting up new check posts, improving facilities in existing check posts and for providing office facilities and vehicles for the new mobile squads. In addition, Rs. 5

crore will be provided for construction of office complexes at Thiruvananthapuram, Kottayam and Thrissur.

159. Computerization of offices and check posts will be completed by the end of the current financial year. Registered dealers will be given electronic identity cards that can be conveniently used for various purposes such as filing returns, downloading forms and verification at check posts. Rs. 10 crore will be earmarked for modernisation of the department.

160. For effectively curbing tax evasion, an incentive scheme will be introduced. Rs. 25 lakhs will be set apart for this purpose.

Treasuries

161. I have provided Rs. 7 crore for completing the computerisation of the Treasuries of our State with facility for online transactions. Networking the treasuries will further enhance the quality of financial management of the State.

Lotteries

162. Computerization of the Lotteries Department will be completed this year. The Department will start a website of its own and an enforcement squad to prevent unauthorized lotteries and online lotteries will commence operations during 2004-05. It is also proposed to start live telecast of the draw of lots to improve transparency in the conduct of lotteries. The Welfare Fund for the Lottery Agents will be restructured to include actual sellers of lottery tickets and the operations of the Fund will be expanded.

Registration

163. Out of the total 308 Sub Registrar Offices, 217 will be completely computerized by the end of March 2004. The remaining 91 offices along with Central Office, Regional Offices and District Offices will be computerized in 2004-05. This will radically improve the quality of services given by the Department. Fair value of land has been notified. This along with reduction in stamp duty is expected to bring in more revenues through improved compliance. An amount of Rs. 9 crore has been set apart for this.

Local Fund

164. The Local Fund Audit department will be strengthened and the computerisation of the Department will be taken up this year. I provide Rs.25 lakhs for this.

National Savings

165. National Savings Department, working through several thousands of agents all over the State plays a vital role in mobilising resources for Annual Plan. During 2003-04 through a number of innovative schemes I expect the total collections to exceed Rs 2200 crore. A full fledged publicity campaign will be launched to make the whole state 'Bachat'. This will be implemented with the assistance of Grama Panchayaths, voluntary organisations and agents. A new scheme for introducing recurring deposit accounts for school children will also be launched this year.

Fire and Rescue Service

166. The quality of services in Fire and Rescue Services department has significantly improved largely due to the developmental activities undertaken during the last two years. This year the emphasis will be to modernise the department. An amount of Rs. 3 crore is allocated in the annual plan for modernisation. The construction of buildings for Fire Station taken up under 11th Finance Commission will be completed in the current year. Three numbers of modern fire fighting equipment "SKY LIFT" will be procured during this year and more Fire and Rescue Stations will be opened.

Prisons

167. I have allocated Rs.8 crore for the modernisation of the State Prisons.

Police

168. Proper maintenance of law and order is a pre-requisite for any development. For this, the emphasis of the Government has been on building a humane, modern police force. I have provided Rs. 63 crore for the modernisation of the Police Force in my budget under the Centrally Assisted Programme. This will help in the speedy construction of the District AR camps, District Police Control Rooms, Staff Quarters and Regional Forensic Laboratories. The computerisation of the Police Stations will be completed this year. The Kerala Police Academy of Thrissur would also be fully commissioned this year. As, honourable members are aware, our coastal areas are generally more vulnerable to law and order disruptions. From April 2004, a Coastal Police Wing would become operational with the introduction of patrol boats. As part of the upgradation of the police department, Vellarada Police Station will be upgraded and an office of a circle inspector newly created there.

Courts

169. The computerisation of the High Court and Subordinate Courts will be expedited this year. Eleven new Fast Track Courts will be established. Two additional Family Courts and two more MACTs one at Pathanamthitta and Kalpetta will be established this year.

170. As part of the phased programme to improve facilities for the judiciary, I am providing Rs. 1 crore each for establishing a Judicial Complex in Cherthala, Pala and Palakkad.

New measures

171. Government has assessed the possibility of a drought situation in the State and has geared up its machinery to tackle it. I am providing Rs.50 crore to meet the expenditure for tackling this eventuality. I am making a special provision of Rs.1 crore for constructing check dams in Palakkad which has already been affected by drought.

172. I am setting apart Rs.25 crore towards agricultural debt relief for our farmers in my budget.

173. Given Government's commitment to complete the switch to Malayalam as the official language, I am setting apart Rs. 25 lakhs for the Official Languages Department.

174. In view of the fact that the Kerala Press Academy is in its Silver Jubilee Year, I am enhancing their grant from Rs. 20 lakh to Rs. 1 crore for 2004-2005.

175. I am also providing an assistance of Rs.15 lakhs for the modernisation project of the Kesari Memorial Journalist Trust, Thiruvananthapuram.

176. For improving facilities for Haj Pilgrims of our State, I set apart Rs.1 crore.

Welfare Pensions

177. I intend to raise the assistance for the handicapped from Rs.110 per month to Rs.150 per month. The additional expenditure expected is Rs. 7.5 crore per annum.

178. A new welfare scheme for barbers and laundry workers will be introduced in 2004-2005. A large section of workers now employed in shops and commercial establishments will be brought under a new welfare fund for providing income security and social security.

179. The monthly pension for the Second World War Veterans will be enhanced from Rs.300 per month to Rs.400 per month and the eligibility limits will also be correspondingly increased from Rs.6000 to Rs.10000. I am happy to further announce that a family pension for the widows of our Second World War Veterans at Rs. 300 per month. There will be an additional expenditure of Rs.10 lakh.

180. From 2004-2005, the scheme of Journalists Pension will be extended to cover eligible journalists who have been working in periodicals and in the visual media. I anticipate an additional expenditure of Rs.10 lakhs annually.

181. In 1994 Government had extended Freedom Fighters Pension to Khadi and Hindi Pracharaks but the previous Government subsequently cancelled this. I am happy to restore the Freedom Fighters pension for them. I expect an additional expenditure of Rs.30 lakhs for this.

182. I also intend to sanction two instalments of Agricultural Workers Pension and Unemployment Pension in February 2004. The entire balance of arrears on other Welfare Pensions will be released before the end of March 2004.

183. I am also pleased to announce a new Group Personal Accident Insurance Scheme for our employees.

184. UDF Government has always emphasised the importance of good employee relations. Even in the fact of deep financial crisis, 17% DA has already been sanctioned. I am happy to announce that Government intends to sanction the balance 10% DA this year itself. 3% DA due on 1.7.2002 and 1.1.2003 and 4% due from 1.7.2003 will be allowed to the employees along with their salary for September 2004, December 2004 and March 2005 respectively. State Pensioners will also be allowed the increase in the same manner. The arrears of the employees will be credited to the PF Accounts and that of pensioners disbursed in instalments. The financial commitment of this will be to the tune of Rs.812.80 crore.

PART – B

185. I shall now come to the taxation proposals.

186. In order to prevent tax evasion, the following additional items are proposed to be made liable to entry tax. The additional revenue expected is Rs.20 crores.

- 1. Photographic processing units of all kinds, their parts and accessories.**
- 2. Optical fiber cables.**
- 3. Mobile phones**
- 4. Pollution testing equipment for motor vehicles.**
- 5. White cement.**
- 6. Lifts, Elevators and escalators operated by electrical, hydraulic or other mechanical power.**
- 7. Currency counting machines.**
- 8. Steam Boilers.**
- 9. VSAT, Antenna, Dish Antenna and Signal transmission equipment.**
- 10. Cables for telecommunication.**

11. Door and windows other than those made of iron and steel.

12. Door and windows made of iron and steel.

13. Transmission towers including those in dismantled form.

14. Graphic art film.

15. X-ray and CT scan film.

187. In order to improve tax compliance by dealers in Jewellery, the compounding rate is proposed to be revised as 130%. Provisions will be included in the KGST Act and Rules to stipulate that compounding applications should be filed before the end of May every year and that orders accepting or rejecting the application shall be issued before the end of June. Additional revenue expected is Rs.12 crore.

188. The accumulation of tax arrears has been a major problem in mobilizing revenue. Concerted efforts for bringing down the arrears is one of the salient features of our fiscal reforms programme, and during the last two years` arrear collection has gone up significantly. The experience of the Central and some State Governments has shown that one-time settlements are often very useful for improving collection and reducing arrears. I propose to introduce a scheme of one-time settlement during February and March this year. The assesseees under the KGST Act and the AIT Act will be given an option to obtain a waiver of 70% of the interest if the tax or other amounts due are paid by 28-2-2004 and of 60% waiver if the payment is made by 31-3-2004. This will be applicable to all categories of dealers, including PSUs. In cases where second appeals or revisions filed by the State are pending the settlement will be subject to the result of the appeal. An additional revenue of Rs. 50 crores is expected.

189. The rate of tax on bullion and species is proposed to be reduced to 1%, so as to bring it on par with the neighbouring States and to reduce tax evasion. Additional revenue of Rs.3 crores is expected.

190. The license fee in lieu of tax on lotteries is proposed to be revised as follows:

Paper lottery

- | | |
|--|--------------------------------|
| (a) Weekly Lotteries | Rs. 25000/- per draw |
| (b) Bi-weekly lotteries | Rs. 30000/- per draw |
| (c) Monthly lotteries | Rs. 60000/- per draw |
| (d) Bumper/Super/Festival Lotteries | Rs. 1.10 lakhs per draw |

(e) Mega bumper lotteries Rs. 3.10 lakhs per draw

Online lotteries of any type Rs.5000 for weekly draw per draw for one retail outlet.

Retail outlet will be defined.

Expected revenue Rs. 25 crores.

191. At present cooked food is taxable only when supplied in star hotels and bar hotels. Substantial sale of cooked food including non-alcoholic beverages is taking place in aircrafts, ships and steamers. Such sales are proposed to be made liable to tax. The revenue expected is Rs. 2 crores. Catering units and other persons supplying cooked food will also be made liable for payment of license fee under Section 5 (B) of the Act. The additional revenue expected is Rs. 2 crores.

192. One of the major problems faced this year is the decrease in revenue on diesel, which is mainly due to the adulteration of diesel with imported white kerosene. Though the import of white kerosene has recently been restricted, it is essential to remove the economic incentive for adulteration. I therefore propose to increase the rate of tax on kerosene to 24%, to bring it on par with the tax on diesel.

193. In a recent decision of the Hon. High Court, the provision in the KGST Act for collecting renewal fee from registered dealers has been set aside. Keeping in view the observations of the High Court, the registration renewal fee is proposed to be revised as follows:

(a) Dealers having registration only under the KGST Act - Rs.500 per annum.

(b) Dealers having registration under both the KGST and CST Acts – Rs. 1500 per annum.

194. The following enhancement of levy of fee is proposed:

(1) The registration fee under the KGST Act is revised as follows:

a)	Turnover up to Rs.3 lakhs	-	Rs.500/-
b)	Turnover above 3 lakhs but below 10 lakhs	-	Rs.750/-
c)	Turnover above 10 lakhs but less than 50 lakhs	-	Rs.1000 plus Rs.25 per lakh or part thereof above Rs. 10 lakh
d)	Turnover above 50 lakhs	-	Rs.2000/- + 50 per lakhs or part thereof above 50 lakhs. Maximum registration fee is limited to Rs.20,000/-.

(2) The registration fee in respect of casual traders is proposed to be increased to Rs. 1500/- from Rs.1000/-.

The validity of the registration certificate shall be for a period of 3 months.

(3) Fee in respect of sales-man permit to Rs.150/- from Rs.100/-.

(4) Branch Registration fee to Rs.150/- from Rs.100/-

(5) Duplicate copy of any certificate - Rs.100/-

(6) The fee as detailed below is refixed in the KGST Act, AIT Act, Luxury Act, KML Act, Entry Tax Act etc.

(i) Appeal before 1st Appellate Authority to Rs.300/- from Rs.200/-

(ii) Appeal before Appellate Tribunal to Rs.700/- from Rs.500/-.

(iii) Revision before Dy. Commissioners. To Rs.300/- from Rs.200/-.

(iv) Revision before Commissioner to Rs.700/- from Rs.500/-.

(v) Interlocutory petitions fee to Rs.150/- from Rs.100/-.

(7) Value of Statutory forms is refixed as follows:

(i) Delivery note form to Rs.95/ book from Rs.70/book.

(ii) C form to Rs.75/book from Rs.50/book.

(iii) Form 25 declaration to Rs.95/book from Rs.70/book

(iv) Form 18 A to Rs.75/book from Rs.60/book.

(v) Form F to Rs.75/book from Rs.50/book.

(vi) Form 18 to Rs.75/book from Rs.60/book.

(vii) Form H to Rs.75/book from Rs.50/book.

Expected revenue - Rs. 5 lakhs.

195. The rate of tax on mobile phones is 12% in Kerala, whereas it is only 4% in the neighbouring States, resulting in substantial tax evasion. The tax on this item is therefore proposed to be reduced to 4%.

196. A lot of practical difficulties have been brought to notice by works contractors, who are now required to produce certificates from assessing authorities regarding liability for payment of tax before they can obtain liability for payments from the awarders. The relevant provisions will be amended to stipulate that the tax payment certificates need be produced only on a quarterly basis, and that awarders can release payments on the basis of declarations furnished by works contractors. However, the awarders will have the responsibility to ensure that the certificates relating to the period up to the previous quarter have been produced and payment of the tax due thereon made.

197. The High Court had recently set aside the tax exemption given to Khadi and Village Industries Units. The main defect pointed out by the court is that the criteria adopted are not sufficiently transparent. Keeping in view the observations of the High Court, it is proposed to grant exemption to Khadi and Village Industries Units registered with the competent authority, that have annual sales turnover not exceeding Rs.25 lakhs.

198. For promoting the cashew industry, the reduced rate of tax of 4% will be extended till 31-3-2005.

199. A number of exhibitions, prize schemes and exchange melas are being organized by different segments of trade for sales promotion. In order to ensure that the transactions are fully accounted and the tax due are paid it is proposed to introduce a system under which the dealers concerned will be required to obtain permission from the assessing authorities for such schemes, for which a nominal fee of Rs.500 will be charged. Dealers will also be required to furnish the details of turnover of such case separately along with their returns. Expected revenue is Rs.5 crores.

200. Stone crusher units have represented certain difficulties regarding the imposition of tax on primary crushers, since the product manufactured is not a saleable commodity. It is proposed to reduce the rate of compounded tax on primary crushers to 50% of the present rate.

201. The present rate of tax on blood bags is 12%, and various representations have been received requesting for exemption, in view of the health and social implications. I propose to reduce the rate of tax on blood bags to 4%.

202. Several representations have been received requesting for uniformity in the rate of tax on electrical goods, which are now taxable at different rates. It is proposed to revise the rate of tax on electrical goods in entry 54(1) of the 1st schedule to 12% so as to bring it on par with electrical appliances, wiring cables etc.

203. It is proposed to include a specific entry for Galvanized Iron Pipes (GI pipes) in the second schedule of the KGST Act, taking into account the problem that this item is often misclassified under “water supply and sanitary fittings”, and that this is an item declared to be of special importance under the CST Act.

204. The rate of tax on firewood used as fuel by SSI units is proposed to be reduced from 12% to 4% subject to certification by the Industries Department.

205. In order to prevent undervaluation and tax evasion of high value commodities, the following goods are proposed to be included in the Vth schedule of the KGST Act.

Descriptions of goods	Proposed rate	
	First sale	Last sale
Aluminium products (including Aluminium extrusions) and products, Aluminium alloys not elsewhere mentioned in this schedule-----	6	2
Cooking ranges, water heaters.	10	2
Articles of stainless steel not falling under second schedule	8	4
Electronic systems, instruments, apparatus and appliances other than those specified elsewhere in this Schedule and spare parts and accessories thereof.	6	2
Cement including white cement	10	5
Computers of all descriptions, components parts and accessories of computer.	3	1
Food including vegetative or animal preparations sold in air tight containers.	10	2
Furniture of all kinds whether sold as finished goods or in unassembled form Explanation :- Slotted angles when assembled form furniture or rack shall be deemed to be furniture for the purpose of this entry.	10	2
Linoleum and flexible flooring material	20	5
Medicines and drugs (Allopathic, Ayurvedic, Homeopathic, Sidha and Unani.	6	2
Non - alcoholic drinks, whether or not bottled, canned or packed. Explanation - Powders	20	5
Paints, colours, lacquers, varnishes, pigments, polishers, indigo, dyes.	10	5
Plastics and articles of plastics including PVC pipes, plastics	10	2

paper , cello phone , polythene , polyurethane, polyethylene, ...		
Readymade garments and connected matters	6	2
Spare parts and accessories of motor vehicles and motor vessels including those relating to tractors.	6	2
Squashes, sauces, fruit juices, fruit pulp, soda, mineral water, Horlicks, Boost, Bournvita, Complan, Glucose D, Glucovita and similar items whether or not bottled, canned or packed.	15	5
Explanation :		
Shampoo, Talcum powder including medicated talcum powder , sandal wood oil ramacham oil, cinnamon oil ,other perfumeries and cosmetics not falling under any other entry in this schedule.	15	5
Suit cases and brief cases of all kinds made of plastics, nylon, leather or moulded material.	10	2
Television sets and picture tubes thereof	10	2
Tabulating machines, calculating machines, duplicating machines, parts and accessories thereof	6	2
Water supply and sanitary equipment's and fittings.	10	2

Additional revenue of Rs.25 crore is expected.

206. Disputes often arise as to whether certain commodities can be classified as petroleum products. Based on information gathered from competent authorities, the following items are proposed to be added under entry 108 (vi) of the I schedule.

1. Aromex

2. Base oil

3. Benzene

4. Bitumen

5. Carbon Black Feed Stock.

6. Civol

7. Cutting oil

- 8. Glass cleaner**
- 9. Heavy Petroleum Stock**
- 10. Hexane**
- 11. HHS**
- 12. Tomax**
- 13. J.S.P.**
- 14. Low Sulphur Heavy Stock**
- 15. Menthol**
- 16. Methmic**
- 17. Mineral Turpentine Oil**
- 18. Mosquito Larvicidal Oil**
- 19. Polyisobutene**
- 20. Process Oil**
- 21. Residual Fuel Oil**
- 22. Slop Cut**
- 23. Solvent 1425**
- 24. Solvent Oil**
- 25. Special Boiling Point Spirit**
- 26. Spray Oil**
- 27. Toluene**
- 28. Transformer Oil Feed Stock**
- 29. Water Menthanol Mix**

30. Wax

31. While Oil

32. Any other petroleum products not elsewhere mentioned in this schedule or in the second schedule.

207. The following items are proposed to be included under Entry 108 – Petroleum products.

i. Automotive LPG - 20%

ii. Liquefied Natural Gas (Compressed Natural Gas) - 28%

208. For mobilising additional revenue, I propose to levy entry tax on textiles and tobacco (including tobacco products) at 1% and 4% respectively. The expected additional revenue is Rs.50 crores.

209. Studies have indicated that there is decline in revenue of certain segments of IMFL, as excise duty is levied ad valorem. I propose to levy specific duties for different segments for maximising revenue. Additional revenue of Rs.100 crores is expected.

210. As a result of the recent amendments to the Income Tax Act, only 65% of the income from rubber and 60% of the income from coffee can be treated as agricultural income. Consequential amendments will be made in Section 39 of the Agricultural Income Tax Act. The expected loss of revenue is Rs.2 crores.

211. The rates of Agricultural Income Tax are proposed to be amended as follows:

1. In the case of persons other than a company or co-operative societies:

a	Where the total Agricultural Income does not exceed Rs.40,000/-	..	Nil
b	Where the total Agricultural Income Exceeds Rs.40,000 but does not exceed Rs.60,000	..	10% of the amount which the income exceeds Rs.40,000
c	Where the total Agricultural Income - exceed Rs.60000 but does not exceeds Rs.1 lakh	--	Rs.2000 plus 20% of the amount by which total agricultural income exceeds Rs.60000
d	Where the total Agricultural Income exceeds Rs. 1 lakh	--	Rs.10000 plus 30% of the amount by which total agricultural income

			exceeds Rs.1 lakh
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2. In the case of a firm, 35% of the Total Agricultural Income.

3. In the case of a domestic company or a cooperative society.

a	Where the total Agricultural income does not exceeds Rs. 25000	--	35% of the total Agricultural Income
b	Where the total agricultural income exceeds Rs.25000 but does not exceeds Rs.1 lakh	--	40% of the total agricultural income
c	Where the total agricultural income exceeds Rs.1 lakh but does not Rs.3 lakhs	--	45% of the Total Agricultural Income
d	Where the total agricultural income exceeds Rs.3 lakhs	--	50% of the total agricultural income

4. In the case of foreign Company -- 80% of the total agricultural income.

212. In order to encourage the production of milk within the State, it is proposed to levy entry tax of 3% on milk. Milk will be removed from the third schedule of the K.G.S.T. Act included in the first schedule of the Act, taxable at 3%. Co-operative Societies will be exempted from sales tax for the milk sold by them within the State.

213. Luxurious and expensive accommodation and other amenities are now being provided in house boats. These are generally used by tourists with high paying capacity. It is, therefore, proposed to levy luxury tax at the rate of 4% on the rent (exclusion of charges for food, drink and telephone calls) received. Owners of houseboats will also be required to take registration under the Kerala Tax on Luxuries Act. The registration fee will be Rs.1000/- and the annual renewal fee Rs.500/-. Additional revenue of Rs.2 crores is expected.

214. The public sector oil companies that import L.S.H.S., Furnace oil and other heavy ends of crude distillates have represented serious difficulties in respect of tax. They have to pay high rates of entry tax whereas their customers are eligible for concessional rates of sales tax. Set-off is not feasible. As this is a genuine problem, and in view of the substantial contribution being made to tax revenue by the public sector oil companies, I propose to exempt them from entry tax on the these commodities with effect from 01-04-02. This will be subject to the condition that these commodities were imported for resale within the State.

215. The license fee under the Kerala Money Lenders Act is proposed to be raised from Rs.3000 to Rs.5000. Additional revenue of Rs. 3 crore is expected. The rate of interest that can be charged by a money lender will be revised. Government will be authorized to notify the rates from time to time.

216. The rate of luxury tax on non air conditioned rooms where the rent charged is above Rs.500 per day per room is proposed to be reduced from 15% to 10%. A loss of revenue of Rs.5 lakhs is anticipated.

217. The reduced rate of 1% CST on interstate sales of agricultural produces including rubber will be applicable only if sales tax has been paid. In order to help the coconut oil industry in the State, the rate of CST on inter state sales of coconut oil and oil cake is proposed to be reduced from 2% to 1%. The net effect is expected to be additional revenue of Rs.5 lakh.

218. The tax potential in the State has not so far been scientifically estimated and therefore there are serious difficulties in realizing the maximum collection. It is proposed to conduct a detailed study of tax potential through the Centre for Taxation Studies. I provide Rs.15 lakhs for this purpose.

219. In order to remove ambiguity and to prevent evasion of tax and thereby increase collection, certain amendments are proposed in the KGST Act and Entry Tax Act. Details are given in Annexure I.

PART C

SUMMARY OF BUDGET PROPOSLS

Revised Estimates for 2003-2004

220. In the current year, the budget deficit will be Rs.191.93 crore. The revenue deficit is at Rs. 3676.23 crore. We have cleared the liabilities left to us by the previous Government. Today, I can proudly say that when we report expenditure, it is real cash expenditure and not fictitious expenditure on paper. In 2003-2004, we took a very difficult decision that has significantly impacted our deficit. We decided to shoulder the liabilities owed by KSEB to Central PSUs. This straightaway led to a whopping increase of Rs. 1158 crore in the fiscal deficit. So also, the revenue deficit went up on account of the cash subsidy of Rs. 556.46 crore that Government paid to KSEB. All this is clearly for good reason. Any other decision would have saddled the people of Kerala with a burdensome tariff revision.

221. Our debt position needs some clarification. When this Government came to power, the interest bearing debt was Rs.23920 crore. On 31.3.2003, the debt stock stood at Rs.31060 crore. In the revised estimate for the current year, the figure is likely to be Rs.35989 crore. The cumulative State Plan expenditure during the last two years was Rs.6029 crore. During the current year, the State Plan size is Rs.4430 crore. This indicates that while the debt went up by Rs.12069 crore, the amount spent on State Plan has been an impressive amount of Rs.9500 crore. Honourable Members are aware that after 1997-98, the entire State Plan has been financed by debt. Therefore, it is but inevitable that if we have to finance an annual plan commensurate with our development goals, we would have to incur higher debt correspondingly. There is yet another dimension to the problem. I have to remind the honourable members that the previous Government had encouraged transfer

crediting to show paper expenditure. We have now stopped this unhealthy practice and frozen the treasury public accounts into which the paper expenditure was debited prior to 2001. But for accounting purposes, nearly Rs.1500 crore of such non interest bearing liabilities remain as part of our debt. As I mentioned earlier, debt of Rs.1158 crore has been incurred on account of KSEB. In sum, Government have very prudently managed the debt position taking care that every rupee of borrowed money is spent for the purpose for which it is raised.

222. The figures for the overall financial position in the current financial year are as follows:

(Rs. in crore)	Revised Estimates
	2003-2004
Revenue Receipts	12551.25
Revenue Expenditure	16227.48
Revenue Deficit	-3676.23
Capital Expenditure	676.76
Public Debt (Net)	4182.30
Loans and Advances (Net)	-1300.85
Public Account (Net)	1279.61
Overall Deficit	-191.93
Carry over Deficit	-301.93
Cumulative Deficit	-493.86

223. I expect the final figures on Revenue Receipts to be Rs.12551.25 crore and revenue expenditure to be Rs.16227.48 crore, leaving a revenue deficit of Rs.3676.23 crore.

224.; The total revenue expenditure and the total revenue receipts for the year are Rs.18971.09 crore and Rs.14623.96 crore respectively.

225. For 2004-2005, the overall financial position is summarised as follows:

	2004-2005
Revenue Receipts	14263.96
Revenue Expenditure	18971.09
Revenue Deficit	-4707.13
Capital Expenditure	571.32
Public Debt (Net)	2971.52
Loans and Advances (Net)	-64.44
Public Account (Net)	1976.10
Overall Deficit	-395.27
Carry over Deficit	-493.86

Additional Expenditure now announced	357.26
Additional Resource Mobilisation (ARM)	495.05
Revised Overall Deficit	-257.48
Cumulative Deficit	-751.34

226. My Budget makes a bold statement. It is a declaration of our resolve to create a peaceful, caring and prosperous Kerala. This task is by no means easy. A reprehensible myopia is dangerously setting in. Too many of us now seem to prefer the narrow approach where we view all development through the lens of short term political gains. We need to cooperate constructively across political and communal lines, shedding the inhibitions that separate us. Surely, none of us need lose our identity in doing so, but the least we can is to keep our partisan baggage and our contrived differences aside, in working for our Kerala. After all, whatever be the political hue of the Government in power, we are doing this for our people, for our posterity.

227. This is a budget that helps us meet our challenges and fulfil what is expected of us. This is a budget that stands for revitalization of public services – a budget that is geared for growth – a budget that is founded on the noblest belief that “people are the common denominator of progress”. We have achieved much but much more remains to be done.

228. More than half a century ago, Pandit Jawaharlalji reminded us that the future beckons us and said

"The achievement we celebrate today is but a step, an opening of opportunity to the greater triumphs and achievements that await us. ...

That future is not one of ease or resting but of incessant striving so that we may fulfil the pledges we have so often taken and the one we shall take today."

Today the words of that visionary statesman continue to inspire us and exhort us to action every step of our way.

229. I commend this budget for 2004-2005 for your consideration and also move the Vote on Account for the first four months of the year 2004-2005 from April 2004 to July 2004 for approval of this august House.

JAI HIND

ANNEXURE I

(See paragraph 219)

Certain amendments proposed in the Kerala General Sales Tax Act 1963 and the Entry Tax Act, 1994

1. KERALA GENERAL SALES TAX ACT

- (1) In section 2, of the KGST Act, Brand name, Fair market price, Documents, Books Accounts, Turnover in respect of IMFL etc, for more clarity to avoid ambiguity and prevent under valuation.**
- (2) Section 4(2)(c) Limit for disposal of appeal by Bench consisting of two or more members of the Appellate Tribunal shall be enhanced from Rs. 1.5 lakhs to 3 lakhs to minimise the appeal pendency in the Appellate Tribunals**
- (3) Section 5(2)(c)- Liability of payment of turnover tax by manufactures of Indian Made Foreign Liquor is inclusive of the turnover of excise duty. Validation provision shall also be incorporated for the period from 01.07.87 onwards in order to protect the revenue-**
- (4) Section 5(c) - To remove the ambiguity regarding computation of turnover in respect of works contract.**
- (5) Section 7(1)- Prescribing time limit for filing option for compounding, time for order of accepting/ rejecting the compounding application, etc for smooth implementation of the provision.**
- (6) Section 7(7)- In order to remove the ambiguity regarding compounding of tax to civil work.**
- (7) Section 7(B) and 7(C)- Amendments in order to avoid ambiguity and for more clarity to complete the assessment to Works Contracts**
- (8) A new provision will be inserted in the KGST Rules enabling the government to issue notification authorizing the banks to collect tax for and on behalf of the Government. Speedy collection of tax**
- (9) Section 12- Suitable amendments to shift the burden of proof in respect of certain transactions to the dealers to avoid anomalies in the exiting provisions.**
- (10) Section. 17(8)(A) A new sub-section - Prescribing a time limit of one year for the modification of assessment in pursuance of an order of Appellate or revisional authorities for speedy implementation of modified orders**
- (11) Section 19(1)(B) and 19 (B)(1)- Amendment based on the definition of fair market price in order to prevent under valuation.**
- (12) Section 23(3A)_ Amendment to include escapement of tax due also along with the turnover for the purpose of levy of interest**

(13) Section 26(D)- Provision enabling the recovery of tax or other dues payable under the Act from persons from whom money is due to the dealer for ensuring speedy collection.

(14) Section 28(A)- Replacing "prevailing market price" by "fair market price", in order to prevent under valuation.

2. ENTRY TAX

Section 5. Assistant Commissioner to be included as assessing authorities under the Act, Consequent changes in appellate authorities in Section 6 and appeal under section 13, Second Appeal provision to appellate tribunal will be included. Section 14 A will be withdrawn. Speedy disposal of Assessments will be provided.