



Government of Kerala



# BUDGET SPEECH 2019-2020

**Dr. T.M. Thomas Isaac**  
Minister for Finance

31<sup>st</sup> January, 2019

# **BUDGET SPEECH**

**2019-20**

**By**

**Dr. T.M. THOMAS ISSAC  
FINANCE MINISTER**

**On**

**31<sup>st</sup> JANUARY, 2019**

**GOVERNMENT OF KERALA**

# CONTENTS

	<i>Pages</i>
Part - I - Preface	1
Part - II - 25 Projects for a New Kerala	8
Part - III - Development Sectors	46
Part – IV - Fiscal Analysis	84
Conclusion	101

## PREFACE

Sir,

01. In the last year we have survived two disasters. The first one is extreme rainfall and the floods of July-August, which was the heaviest floods witnessed by this generation. The world watched in amazement the unity launched under the leadership of the Chief Minister with precise planning, resource mobilisation and speedy execution under constant vigil and supervision. Everyone, including fish workers, common people, the youth, Non-Resident Indians, and officials had joined hands with the sole aim to confront the disaster. The ensuing urgent rehabilitation activities were successfully implemented in an exemplary manner. Now is the phase of reconstruction. I am presenting the Budget 2019-20 of this State Government, which has undertaken the responsibility of reconstruction, before this house.
02. The vision of Sree Narayana Guru that "whatever be the religion, attire or language their cast is one" is most relevant at this time. As envisaged by the Guru, the renaissance remoulded Malayalees as the "human caste." Along with modernizing its people, renaissance also attempted reforming the society of Kerala as a whole. That is why Narayana Guru persuaded the great poet Kumaran Asan to start a tile factory. It was to create a healthy and hygienic society that Guru made his disciple C.R.Kesavan Vaidyar to start a soap company. Guru also said that what is required henceforth are schools and industry and not temples. It was in these circumstances that reformers like Ayyankali, Father Chavara, Mannathu Padmanabhan and Makti Thangal embarked on the mission of establishing schools in this context. Such initiatives shall be in our mind while going ahead to create a new Kerala.

03. But later, we saw some vested interests trying to destroy the people's unity, which had evolved to overcome the floods. The vested interest saw the verdict of the Supreme Court on Sabarimala upholding the equality of women to worship as a golden opportunity for communal polarisation. The determined efforts to unleash violence in the streets was an attempt to sabotage all the renaissance values of Kerala. This also became an opportunity for us to reflect on our negligence and weakness in taking forward the values and activities of renaissance. The Supreme Court verdict resulted intense debates based on ideas and struggles. This debate developed into a great surge forward culminating in the pledge to stand steadfast with the values of renaissance.
04. In his poem *Simhanadam*, We cannot forget the lament of the great poet Kumaran Asan while looking at the Kerala of yester years,

*"Man is an impure thing for man, it  
seems,  
What befalls on earth is  
untouchability, it seems!  
Alas! It's a pity that hell is here  
indeed,  
O Lord Haral! Can there be a land  
similar to this!"*

The renaissance Kerala developed by sweeping away the concepts of purity and impurity. Sir, Kumaran Asan is the poet laureate of 'Kerala's Renaissance'.

05. This is the centenary year of the publication of the poem '*Chinthavishtayaya Sita*', the classic work of Kumaran Asan. In this

centenary year of the poem I am paying tribute to Kumaran Asan, the greatest Malayalam writer of the 20<sup>th</sup> century, the founder visionary of Sree Narayana Dharma Paripalana Yogam, an astute entrepreneur, and a high profile editor.

06. It is in the 100<sup>th</sup> year of the perennial question being asked by Asan's Sita to Rama, "*yes, am I a puppet?*", that lakhs of women of Kerala flocked to the streets to proclaim that they are not impure. The great wall of defence erected by them proclaimed with boldness that they are not mere puppets.
07. 'Vanitha Mathil' was the declaration that Kerala will continue to be a land radiating the energy of secularism and progressive thoughts. The Vanitha Mathil that upheld the words of Asan's Sita, '*My mind and spirit will never relent*', raised the pride of Malayalees to the skies. In continuation of this, I earnestly hope that this Budget will be contributing towards building an enlightened society in terms of equality and social justice.
08. Sir, a Comprehensive Study Museum on Kerala renaissance will be set up in Thiruvananthapuram. Along the paths where Vanitha Mathil was erected, women artists will create memorial walls to immortalise historical memories. Kerala Lalithakala Academy will take the initiative for this. The required additional fund will be provided when the project is formulated. An amount of Rs.2 crore is being deposited in the Treasury for giving an annual award in the name of Smt. Dakshayani Velayudhan to a woman who works for the empowerment of women and the upliftment of the marginalised people.

## **Rebuilding and Central Government**

09. We are grateful to the Central Armed Forces and the Central government who joined hands with us to save our people during the floods. But, the subsequent stand of the Center has not been conducive to our recovery from the shocks of the massive floods. The Centre has sanctioned over Rs.3,000 crore only from the National Disaster Relief Fund (NDRF). We could not avail of the assistance offered by friendly nations due to the lack of positive response from the Centre. The Central Government interfered not to get the help offered by friendly nations, but to deny it. The State Ministers were not allowed to approach the Malayalee diaspora for raising the much needed resources. The State's request to enhance the annual borrowing limit to fund reconstruction has not been acceded to. The stand of the Central Government is that, the loans taken from the ADB and the World Bank for reconstruction have within the present sanctioned borrowing limit. This implies that we would not get additional funds to tide over flood damage. The question "why such cruelty to Keralites?" is resonating in the minds of each Malayalee.
10. The Central Government is not in favor of raising the borrowing limit. Apart from this, the Center is treating the additions in treasury savings bank deposit also as loans and reduce it from the sanctioned borrowing limit. In the months of January, February and March the State had a balance of more than Rs. 6,000 crore left in the borrowing limit. Even after 2 month long discussions, the Central Government has cut Rs.1,800 crore from our sanctioned borrowing limit. This approach of the Central Government has severely stressed the financial position of the State.
11. As per the Fiscal Responsibility Act, the limit of fiscal deficits for Centre and State is three percent of Gross Domestic Product/Gross State

Domestic Product (GDP/GSDP). But when financial disasters like the global recession occurs, needs to be paused to enable nations to come out of recession. Consequent to global recession of 2008, the fiscal deficit widened in all countries. The fiscal deficit of Government of India reached 6.46 percent in 2009-10. The average fiscal deficit, since 2008-09 is 4.76 percent. It is in this context we need to look at the attitude of Central Government in denying the request of Kerala to consider the loans for taken reconstruction outside the normal borrowing limit or raise the borrowing limit itself. We are not demanding this not just for Kerala. The Centre shall be ready to sanction additional amount to all States facing natural calamities on the basis of the funds required for reconstruction. We have raised this demand in the GST Council. The Sub-Committee of Finance Ministers has approved this in principle. But the attitude of Central Government has not changed. The formation of a Government at the Centre which would adopt a broader view towards fiscal needs of the State Governments is not the requirement of Kerala alone, but a pre-requisite for the development of all States.

12. *"Don't give in to stubbornness"*, says Asan. The rebuild exercise is moving ahead overcoming the limits imposed. People and institutions within and outside the Country have generously donated to the Chief Minister's Distress Relief Fund. An amount of Rs.3,229 crore has been received so far. It has been ensured that this money will be spent only for activities related to distress relief. The financial assistance received from Central Distress Relief Fund can be utilised only as per the Central norms. But the relief benefits disbursed by us is two to four times higher than that of the Centre. This huge liability is completely met out of the Chief Minister's Distress Relief Fund.



13. An amount of Rs.1,732.70 crore has already been spent from the Disaster Relief Fund. In addition to this, there is a committed expenditure of Rs. 395 crore such as payment of remaining installments for construction of houses, the interest of loan given to entrepreneurs and Kudumbashree till March 31. Apart from this, over and above CMDRF Rs.1,000 crore has been allocated to the Public Works Department (PWD) and the Local Self Government Department (LSGD) for the reconstruction and repair of roads.

### **Livelihood Development Package**

14. The flood has destroyed not only the properties but also the livelihood of lakhs of people. Agriculture, handicrafts, small and medium enterprises in the flood affected area were totally destroyed. For two months, it was total stagnation of the labour market. In addition to the loss sustained to property, there has been an estimated income loss of Rs.25,000 crore. The specialty of this Annual Plan is the focus on livelihood development.
15. There are 118 schemes in the Annual Plan encompassing various sectors such as self-employment, wage employment and skill development during 2019-20. Of this, Rs.4,700 crore is earmarked for livelihood development. Among these, most important is Mahathma Gandhi National Rural Employment Guarantee Scheme. Ten crore work days will be created in 2018-19. The estimate is that around Rs. 2,500 crore will be disbursed as wages. This is an increase of 65 per cent compared to the previous year. Ten crore working days are targeted in 2019-20 also. Rs. 230 crore is earmarked as the State's share. The outlay for Ayyankali Employment Guarantee Scheme is being raised to Rs. 75 crore from Rs. 50 crore.

16. The District Credit Plans of this year have been formulated based on the loss sustained to the means of livelihood in the flood. The total outlay of different livelihood rehabilitation loan schemes is Rs. 11,000 crore. 60 percent of the loan is for Agriculture Sector and 20 per cent is for Small Scale Industries Sector. An amount of Rs. 250 crore has been specially earmarked for the flood affected Panchayats to prepare comprehensive livelihood scheme at the level of local governments. Sir, in 2019-20, we will retrieve our means of livelihood destroyed by the floods. Those who are doubtful can check with the extent of land under Punja cultivation in Kuttanad after the floods.

### **Rebuild Kerala Initiative**

17. The matters dealt with so far relate to compensation and urgent reconstruction works. But the Schemes relating to infrastructure facilities and livelihood are to be implemented with a perspective of long-term reconstruction. Environmental awareness is to be imbibed in our attitude and development works. Along with this, production and construction works have to be based on modern technologies. The slogan is not just rebuild but build back better. The vibrancy and efficiency of intervention shown during the time of floods should be a model for this project also. Participation of people, in a large scale, has to be ensured. The discussion is in progress with agencies including foreign for required resource mobilization for this. These projects will be finalised based on the outcome of these discussions. Rs. 1,000 crore has now been earmarked for Rebuild Kerala initiative in the plan.

## II

### **25 Projects for a New Kerala**

18. Sir, the total outlay of this Budget is Rs. 1.42 lakh crore. Even during the financial crisis, the expected plan outlay for 2019-20 is raised to Rs.39,807 crore from Rs.32,564 crore. There are altogether 1,200 Schemes in the Plan itself. Let me introduce, as a prelude to the Budget, 25 Projects from the Budget that have the potential to deeply influence our future. Each of this will be materialised as joint programs of rebuild scheme, Annual Plan & KIIFB.

#### **(One) Industrial Parks and Corporate Investments**

19. The Industrial parks that are being established today in Kerala have two characteristics. First is the amazing leap in the volume of Industrial Parks. Second is the conscious approach to start parks, in connection with large scale infrastructure investments.
20. Rs.15,600 crore has already been sanctioned from KIIFB for acquiring 6,700 acres of land and for Industrial Parks utilizing the potential of Kannur Airport, a massive chain of Industrial Complex will be created at the outskirts of Kannur Airport. The activities for creating an outer ring road on Parippally – Vengod – Aruvikkara -Vizhinjam route and an allied growth corridor for utilizing the potential of the Vizhinjam Port will begin in 2019-20. This will be a chain of new townships, knowledge hubs and industrial areas. In connection with Cochin Refineries, 600 acres of land belonging to FACT for Petro Chemical Park will be acquired in 2019-20. Another important project is the Cochin – Coimbatore industrial corridor. GCDA is preparing a roadmap for developing a township Amaravathy

model in the eastern outskirts of the city. 150 acres of land of Cost Guard Centre near Azheekal Port will be acquired for Industrial Park. An amount of Rs.141 crore is being earmarked in the Annual Plan for Industrial Park.

21. An attractive land acquisition package will be formulated, avoiding eviction, giving emphasis to fallow land and decadent plantations, based on the willingness of the land owners. In addition to KIIFB funding, innovative devices like land bonds, land pooling etc. will be utilized.
22. Fifty lakh sq.ft. IT Park has already been created within first 3 years of this Government. Within next two years, one crore sixteen lakh sq.ft. land will be additionally created including the office space being constructed in Smart City. Sir, creating of IT infrastructure we have moved miles ahead in the promises made in our manifesto.
23. Corporate Investments needs to be attracted to the above mentioned industrial parks. The corporate investments of India is not flowing to Kerala. That situation is getting changed. Leading corporates are now coming forward to invest in Kerala.
  - 300 people have already been given employment in Nissan Technopark. 2,000 more people will get direct employment on the completion of their nerve center of electrical vehicles.
  - An agreement has been inked by Tores Investment for creating 57 lakh sq.ft. of area in Technopark.
  - HR Block, a multinational company, has already started its operation on an area of forty thousand sq.ft. Now they are providing employment to 550 persons.
  - Space & Aero Centre of Excellence is going to construct a two lakh sq.ft facility that will provide employment to three thousand people.

They will be concentrating on Internet of Things, Artificial Intelligence and Virtual reality.

- Tech Mahindra has taken over a twelve thousand sq.ft. building, with a capacity to give employment to 200 persons.
- 150 persons have got job across six companies in Kozhikode Cyber Park. It is expected that two thousand persons will get direct employment.
- The prominent consulting company, Ernst & Young, based on emerging technology and in the form of managed service, aims to generate around thousand job opportunities.
- An understanding has also been reached with 'Teranet', a Canadian Company to come to Thiruvananthapuram.
- An agreement has been executed to establish an aerospace incubator called Bizlab, of Airbus Company in Thiruvananthapuram.
- A prominent news media company 'Thejas', a Singapore based company named 'Unity' dealing in augmented reality, and 'Altair' a computer aided engineering firm is coming to Kochi.
- A joint venture called 'Coconicks' comprising Keltron, KSIDC, UST Global and Axeleron has been formed in collaboration with Intel Corporation. The aim is to move Kerala into a forward moving force in the creation of computer hardware.
- A Meds Park will be established jointly by Sri.Chithira Thirunal Institute & KSIDC in Life Science Park costing Rs.230 crore for the manufacture of Medical devices. The construction of this will start in 2019-20.
- We are in consultations with companied such as Fujitsu and Hitachi.

At present, one lakh people are working in IT Parks. This will go up to two lakh during the tenure of this Government itself.

## **(Two) Start Ups**

24. Sir, today's startups are tomorrow's future. The potential of the youth for acquiring fast techno-education skills fast, for starting new ventures and creating new business models utilising the acquired skills has transformed the Startups into strong galvanizing forces for economic growth all over the world. The experience of Chile and Estonia has to become a model for us. The Startups began in 2010 as a precise accelerator programme has succeeded in attracting entrepreneurs all over the world to Chile. An amount of Rs.10 crore is earmarked for formulating such a programme under the leadership of Innovation Zone.
25. Kerala is the top performer in 2018 as per the ranking of the Commerce and Industry Ministry, Government of India. The success in engaging Startups in Government projects, making venture capital available to them on attractive terms, incubation, giving acceleration, organizing summits and conferences for linking Startups with research institutes and markets, have carried us to the forefront. Rs.70 crore is earmarked for youth entrepreneurship development programme of Kerala Startup Mission. Another significant intervention is the young innovators programme of K-Disc. KSIDC is also conducting programmes for encouraging young entrepreneurs. Seed money will be given to young entrepreneurs selected by Young Entrepreneurs' Summit 2019.
26. With the introduction of an integrated Startup complex in Ernakulam on 13 January 2019, the Startup system in Kerala has transformed into the biggest startup ecosystem in India. Here, startups are working together in different fields such as Cancer diagnosis, Charitable Works, Robotics, Augmented Reality, Space Technology and Artificial Intelligence. Rs.10 crore is being earmarked for innovation zone. The Government of

India has decided to start a biotech incubation centre in Life Science Park at Thiruvananthapuram. For knowledge city ecosystem in Technocity and the Nano-Space Park in Pallipuram Rs. 1 crore each is being allocated.

### **(Three) Malabar Coffee and Carbon Neutral Wayanad**

27. I am putting forward a scheme for doubling the income of people of Wayanad, who are reeling under an agrarian crisis. Nowadays, the coffee bean farmers of Wayanad are getting only ten percent of the retail price of coffee powder. This should be raised to at least 20 percent. The project aims to sell coffee powder of Wayanad, branded as 'Malabar'.
28. There will be intervention at three levels for this. (First), KINFRA mega Food Park amounting to Rs.150 crore with KIIFB funding announced in the first budget will be established in 2019-20. Common processing facilities for coffee will be established here.
29. Second, Coffee plantations will be categorized, taking into account aspects of local agrarian climate and thereby scientific care will be ensured. Based on this categorization tag, the products should be taken to local procurement centres. The responsibility for this will be with agricultural co-operatives and producer companies. Ripened coffee bean will be procured from the farmers. At the time of procurement of coffee bean itself, the price ranging from 25 percent to 100 percent above the market rate will be transferred to the account of the farmers.
30. Thirdly, the coffee bean cultivated in the carbon neutral Wayanad hills, will be the most important speciality of global branding of Malabar Coffee. A project will be formulated in the district for reducing the

carbon emission to the maximum possible extent and also to plant enough trees to absorb the remaining carbon gases. Such a system has been formulated in the Panchayat of Meenangadi. Steps will be taken to obtain Carbon Credit from global market by meticulous documentation, including geo-tag, for tree planting. Rs. 50 will be given as loan every year for each tree. The loan needs to be repaid only when the trees are cut down. Government will give guarantee for this to the bank.

31. Along with this, schemes will be formulated for other value added agricultural products such as Jackfruit. Wayanad has been selected as special agricultural zone for floriculture. Rs. 5 crore is included in the Wayanad Package to rejuvenate pepper farming. Activities for expanding biodiversity and arboriculture will give a fillip to eco-tourism. Trekking trails will be established by ensuring way side eateries and camping grounds. Wayanad is going to prove that a huge leap may be made in the income of people by protecting environment and raising defense against climate change, and this experience will be a model for the whole country.
32. Special attention will be given in the rebuild project to high range areas which bore the brunt of the destruction of the floods. Scrapping of agriculture tax and plantation tax will be a mild relief to this sector. But urgent measures have to be taken to make plantation more profitable. This intervention needs to be undertaken, taking into account the environmental importance of the Western Ghats. How can the income of people be raised by retaining the environmental balance? Wayanad Project is a model for this. Similar projects will be formulated under Rebuild Kerala in other hilly areas including Idukki.



#### **(Four) Kerala Teeming with Coconut Trees**

33. Sir, a scheme is announced for increasing the production of coconuts and also for getting 20 percent higher price for coconut. Rs.70 crore is earmarked for this in the plan. Another Rs.100 crore will be made available from co-operative banks local governments and Coir Department.
34. Every year 10 lakh coconut seedlings will be planted under the aegis of Kerala Coconut Council. The possibilities of tissue culture will be utilized for developing good quality coconut seedlings. Scientific care of coconut trees will be ensured on the basis of the project 'Keragramam'. Rs. 43 crore is earmarked for 'Keragramam'.
35. This year Keragramam will be linked with Co-operative Banks. Under the aegis of Co-operative Banks, the activities such as climbing of trees and looking after coconut trees in a time bound manner will rest with Kera service societies. The price of the coconut will be transferred online to the bank accounts of the farmers at the time of collecting coconuts from the premises of the house.
36. This aim could be attained only if a system is ensured for not only processing coconuts but also its byproducts. The Coir Department will provide the co-operative societies which join the scheme, machines for climbing the trees, for peeling of coconuts and for converting husk into coir at a subsidized rate of 90 percent. Coirfed will purchase, coir and coir pith ensuring fair profit. The value added coconut products will be sold either by producer companies of farmers, or by co-operative banks with local branding. Otherwise, arrangements will be made for the sale through Kerafed or Kudumbashree with State branding.

### **(Five) Integrated Rice Parks and Rubber Parks**

37. To attain three lakh hectares of land under paddy cultivation, agriculture needs to be made more profitable. The way for this is to make available the profit of value addition to farmers. Rs.20 crore is earmarked for starting Rice Parks having international standards at three centres such as Palakkad, Thrissur and Alappuzha. The outlay for paddy cultivation is Rs .91 crore.
38. Major share of paddy procured by the State Government will be processed here. Not only rice powder, ready-to-eat products from rice powder and barn oil will also be produced. Value added products of husk and hay and byproducts such as bio manure and feeds for poultry and cattle will also will be produced in these parks.
39. The parks will also function as the incubation centres of startups. Arrangements will be made for agriculture groups pack rice in specific manner. These parks will include vast godowns for storing paddy, rice, rice products, pollution control systems and trade centres. This park will function under the control of a company having the capability for branding and selling the products at national and international level. Even now, paddy farmers are being given paddy support price, which is Rs.7.80 higher than the support price of Central Government. We should be able to increase the support price when parks become a reality. Money can be given timely through co-operative banks.
40. Rs.500 crore is earmarked for the support price of Rubber. Without entering into the value added products of rubber, the present crisis cannot be overcome. For this, a company in the model of CIAL will be registered in 2019-20. KSIDC has prepared detailed documents for this. Land will be acquired and preliminary works will begin this year.

26 per cent equity investment will be by the Government and the balance by private investors. KINFRA has been entrusted with the task of finding 200 acres of land in Kottayam district. Efforts are on to bring a large scale tyre manufacturing as the main investor in this park. There will be common processing facilities in this park for small scale rubber producers. The aim is to create an industrial complex manufacturing items ranging from balloons to tyre.

**(Six) New Kuttanad Package**

41. Second phase of Kuttanadu Package worth rupees thousand crore is announced. As part of this package, one time cleaning of backwaters and other water sources will be undertaken. The plastic and other waste materials will be removed with the participation of people. The height of back waters has considerably increased due to accumulation of silt. The depth of back water will be increased by removing the silt and it will be strengthened by reconstructing outer bunds. Rs. 47 crore is earmarked for repair and construction of outer bunds. Kuttanadu Drinking Water Scheme with KIIFB aid of Rs 250 crore will become a reality in 2019-20.
42. 'Thaneer Mukkom Bund' is to be kept open at least for one year, for cleaning, by letting in salt water. If necessary, environmental impact study and agricultural calendar can be completed and public consensus can be ensured to keep the bund open for one year in 2019-20. An amount of Rs.20 crore is earmarked for compensating the agricultural loss.
43. It is to be ensured that the cleaned Kuttanadu will not be contaminated again. The sewage water from all the towns and villages around it is directly released into the backwaters. This has to be stopped. One time cleaning of streams will be ensured. Septic tank closets and sewage treatment at source will be implemented to ensure that the streamlets

remain clean. There is no use in having septic tanks only; there should be facilities for septage treatment. Mobile suckers are daily collecting around three lakh liters of septage from Alappuzha District alone. All this septage eventually accumulates in the backwaters. Permanent septage centers could not be established due to opposition from local people. The solution to this is mobile septage units. Now mobile septage units having 50,000 litres capacity have begun functioning on experimental basis. Floating septage units can be installed in house boats also. Septage units shall be commercially oriented ventures. For this 25 percent capital subsidy will be given by government. Local Governments will have permission to provide additional subsidy. 20 percent subsidy will be given for water sewage treatment units in hotels and auditoriums. The Central Assistance fund of wet land authority will also be utilized for this.

44. Along with this, steps will be taken to deposit fish seeds regularly and thereby to enhance the fish wealth in back waters. An amount of Rs. 5 crore is earmarked for pisciculture. Agricultural package devoid of excessive and unscientific use of pesticides and fertilizers will be implemented. Utilising an amount of Rs. 16 crore, a new duck breeding farm will be set up in Kuttanad and this will ensure insurance coverage.
45. An amount of Rs.40 crore will be expended in 2019-20 for renovation of Alappuzha-Changanasseri (AC) canal and to increase the depth and width of the leading channel of Thotappally Spillway. Public Works Department is preparing a project for the reconstruction of AC road capable of withstanding flood.
46. Construction of Public buildings in Kuttanadu shall be structures that can survive floods. For example the community halls being constructed in all

panchayats of Kuttanad with the support of KSFE could be used as shelters during floods. Elevated cattle protection centres will be constructed for the protection of animals during the floods. The multi storied hospital being constructed in Pulinkunnu with KIIFB assistance will have facility for landing of helicopters. The estimated cost of this is Rs. 150 crore. At least Rs 500 crore would be utilised for Kuttanad Package in 2019-20, which would include assistance from the Wetland Authority.

### **(Seven) River rejuvenation and Watershed development**

47. Floods have underlined the importance of rivers and the water holding capacity of river basins. The experience of people of Edanad reveals that their area was spared only because Varattar could divert the Pampa flood water to the river basins of Manimala. People's mission being formed in Kerala under the aegis of Haritha Mission for rejuvenation of rivers, is becoming another Kerala Model. In this regard, we have many existing experiences of rivers like Varattar, Kuttamperoorar, Kolarayar, Meenachalar, Kodoorar, Pallikkalar, Meenatharayar, Kanampuzha, Killiyar, Karippelchal etc. Thus 24 rivers with a length of 1,017 kilometer are getting to be rejuvenated. Rs.25 crore is earmarked for supporting such peoples' initiatives.
48. National Biodiversity Board has offered an amount of Rs. 25 crore for Biodiversity Development Project on Varattar river bank. Haritha Mission has taken initiative to formulate comprehensive water shed projects on these river beds. Additional resources will be made available from central agencies like NABARD, for implementing this. This river bed programmes could be transformed into epitome of integrated programme for water management, waste management and horticulture. Small rivers are

taken up for rejuvenation at present. We should be able to form, without delay, river bed programmes for Pampa, Periyar and Nila. The formation of a River Basin Authority will give a boost to this.

#### **(Eight) Rehabilitation and Restoration of Coasts**

49. Sir, The fisherfolk were Kerala's own army, who rushed to the forefront of disaster to save the lives of their brethren who were trapped in the vortex of flood. A package amounting to Rs. 2,000 crore had been earmarked in the Budget of last year for the comprehensive development of the own army of Kerala. This will be expanded into a comprehensive programme in "Rebuild Kerala". In 2019-20, over Rs. 1,000 crore will be spent on the development works in the coastal areas.
50. Coastal area will be first prey to climate change. There are more than eighteen thousand houses with in fifty meters of the sea. Of these, at least ten thousand houses are to be rehabilitated urgently. Those who are willing to relocate their dwellings will be given rupees ten lakh to buy land and to construct houses beyond two hundred meters from the coast. For others, flats will be constructed for rehabilitation through Life Mission as done in Muttathara. The ownership and possession of the vacated land will remain with them. Such areas will be retained as a bio-defense against sea erosion. Rehabilitation will be a prominent agenda in 'Re-Build Kerala'. As a part of immediate expenses of rehabilitation, Rs. 100 crore is additionally allotted. Houses will be ensured to all eligible beneficiaries in coastal area from 'Life Mission'.
51. Sanction has already been given for works amounting to Rs. 227 crore for the prevention of sea erosion by traditional means like sea wall, pulimuts etc. Experiment for constructing Off Shore Break Water on the sea bed at a distance of 400-500 feet from the shore is going on in Poonthura.

If found successful, this scheme will further be expanded. Fund for this will be made available from KIIFB. Along with this, more fishing harbours are inevitable for safe mooring of boats. Priority will be given to complete the construction of already undertaken harbours and their necessary maintenance. For this, an amount of Rs.50 crore is earmarked. Sanction has been given for Parappanangadi harbour from KIIFB. Chethi harbor which has been given administrative sanction will also be undertaken by KIIFB. A new harbour will be constructed at Pozhiyoor. Along with this, an amount of Rs. 13 crore is earmarked to make available satellite phones and GPS equipped navigation systems to the fish workers.

52. Rs.103 crore is earmarked for infrastructure facilities and developmental activities. Steps are being taken with the support of KIIFB to renovate 70 fish markets and to set up cold chain network. An amount of Rs. 200 crore is earmarked for coastal roads.
53. All the schools in coastal area having the strength of more than 500 students have already been taken up by KIIFB. The renovation of the remaining 71 schools will start this year. Coastal Development Corporation will be the construction agency for it. For the operational expenses of the corporation Rs 1 crore is allotted from non-Plan account. To collect information on the changing situation in the coastal sea and analyse the same, an additional Rs 3 crore has been earmarked. The renovation of all the Taluk hospitals in the coastal area will begin this year. Total investment in the coastal area through KIIFB is Rs. 900 crore. The coastal area will be given priority while selecting family health centers.
54. An amount of Rs. 13 crore is earmarked for coaching and study centres. Special academic and allied programmes will be formulated to uplift the

quality of education to the general standard and to set up common study rooms for students in association with local libraries in line with the education project 'Prathibha Theeram'. General Education Department has worked out a scheme for children of fishermen, tribal people and plantation workers. For this scheme Rs. 20 crore is earmarked. Additional fund will be from education budget.

55. An amount of Rs. 28 crore has been earmarked for lean month relief schemes of fisherfolk and Rs. 12 crore for insurance. A subsidised interest free loan scheme will be formulated to set up kiosks and other facilities for fisher women selling fish in Thiruvananthapuram.

56. Financial aid of Rs. 10 crore is sanctioned for strengthening the societies of fishermen and Rs. 5 crore for yarn twisting unit at Paravoor. Rs. 9 crore will be made available to Matsyafed for giving interest free loan to fishermen. In addition to this, steps will be taken to sanction immediate loan amounting to Rs.100 crore to Matsyafed to spend in co-operative sector. Additional fund will be made available from agencies like National Backward Development Corporation and National Minority Development Corporation. Sir, altogether Rs. 1,000 crore will be expended from the package for coastal area in 2019-20.

#### **(Nine) Public Sector Industries**

57. When this government assumed power, only 8 PSUs out of 40 were making profit. By the end of this financial year, the number of profit making PSUs will rise to 20. The turnover will rise from Rs. 2,800 crore to Rs. 3,800 crore. The public sector which sustained a loss of Rs. 123 crore will make a profit of Rs.160 crore. The State Government will extend whole hearted encouragement to private investors and also will protect the public sector. The public sector undertakings which are



working effectively and profitably are also an inspiration to private investors.

58. Out of Rs. 527 crore provided for large and medium scale industries in 2019-20, Rs. 299 crore is set apart for public sector. The total outlay for public sector undertakings are as follows:

- 1) Kerala State Drugs and Pharmaceutical – Rs. 27 crore
- 2) Malabar Spinning and Weaving Mills – Rs. 25 crore
- 3) Travancore Titanium Products – Rs. 24 crore
- 4) Keltron – Rs.19 crore
- 5) Autocast – Rs.17 crore
- 6) Kerala Ceramics – Rs.17 crore
- 7) Komalapuram Spinning and Weaving Mills – Rs. 13 crore
- 8) SIDCO – Rs.11 crore
- 9) Keltron Components – Rs. 10 crore
- 10) Kerala Electrical Allied Engineering Company – Rs. 10 crore
- 11) Transformers and Electricals, Kerala – Rs.10 crore
- 12) Traco Cable Company – Rs. 9 crore
- 13) United Electrical Industries – Rs. 9 crore
- 14) Steel Industries, Kerala – Rs. 8 crore
- 15) Trivandrum Spinning Mills – Rs. 7.5 crore
- 16) Kottayam Mills – Rs. 7 crore
- 17) Kerala Automobiles Ltd. – Rs. 6 crore
- 18) Seetharam Textiles – Rs. 5 crore
- 19) Prabhuram Mill – Rs. 5 crore
- 20) Steel and Industrial Forgings – Rs. 3.5 crore
- 21) Iderikod Mills – Rs. 3 crore
- 22) Kerala State Industrial Enterprises – Rs. 2.5 crore
- 23) Travancore Cements – Rs. 2 crore

- 24) Kerala Clay and Ceramics Products – Rs. 2 crore
- 25) Forest Industries Travancore – Rs. 2 crore
- 26) Kerala Artisans Development Corporation – Rs. 1 crore
- 27) Kerala State Mineral Development Corporation – Rs. 50 lakhs
- 28) Kelpalm – Rs. 50 lakh

Besides this, an amount of Rs. 30 crore is set apart as working capital for the public sector.

59. The extension and diversification of Public Sector Undertakings is an important agenda. The Non Beta Lactum Plant of KSDP will become functional in this financial year. The construction of Injectable Factory with an estimated cost of Rs. 54 crore has already begun. The construction of Oncology Park will be started in 2019-20. Generic medicines will be produced under the brand name 'Kerala Generic'. When this government assumed power, the production in this factory was amounting to Rs. 24 crore and in 2018-19 it will be increased to Rs. 55 crore. Next year, when the Injectable Plant is also commissioned, the production capacity will increase to Rs. 300 crore. The main obstacle is lack of working capital. An amount of Rs. 50 crore from the allocation to Medical Service Corporation will be made directly to KSDP as advance.
60. The Titanium factory in Thiruvananthapuram is completing 75 years. An extensive project has been prepared to modernise the factory by converting all the effluence into by-products. The layout for Titanium Metal Complex has been prepared in association with KMML. Meanwhile, steps will be taken to increase the production of titanium sponge and convert it into value added product. Bogie Construction Project of Auto Cast, which was dispensed with in 2010, will be

rejuvenated. 'SILK' will be diversified as a competent unit to undertake complex fabrication works. Likewise, specific schemes have been formulated for each industrial firm. The Government has no intention to privatize any existing factory; but ventures will be started in new sectors, joining in collaboration with private entrepreneurs, if necessary. The prevailing joint venture between INTEL and KELTRON is a model for this.

### **(Ten) Energy Mission**

61. The entire power requirement of 'New Kerala' will be ensured. The expected additional power generation from 30 hydro-electric projects under construction is only 11 crore units. At the same time, 130-150 crore unit electricity will be available from the announced 500 Mega Watt rooftop solar plants and 500 Mega Watt floating and terrestrial solar plants. Households have already registered for rooftop capacity for 200 megawatts.
62. Funds will be provided from KIIFB to install solar panels on the roof top of government institutions like schools and hospitals. The amount saved from electricity charges is sufficient to complete the repayment in five years. There is also a plan to setup additional plants in mega projects like Idukki to augment production during peak load hours.
63. The power generated from the alternate sources will be insufficient for our increasing requirement. Kerala's dependence on outside electricity will increase. But there is no loss due to this. It is profitable to purchase electricity from centers producing it at lowest cost. The transmission grids for the smooth transmission of electricity are becoming important.
64. This is the importance of the KIIFB funded Trans Grid 2.0 amounting to Rs. 6,375 crore. A renovation scheme known as 'Dhyuti 2020-21' has

been started to reduce distribution losses down to 10 percent. Steps are also being taken to reduce transmission losses.

65. Along with this it's decided to actively intervene in demand-management sector. 51 watt can be saved, if a 60 watt filament bulb is replaced by a 9 watt LED bulb. 5 watt can be saved if 14 watt CFL lamp is replaced by 9 watt LED bulb. The mercury pollution can also be avoided. It is estimated that there are around 75 lakh filament bulbs and 8 crore CFL bulbs in the households of Kerala. 50 crore unit of electricity can be saved, if whole of them are replaced by LED bulbs. This reduction occurs during peak load hours. A new power plant with a capacity of 150-200 Mega Watt will have to be constructed, if this much quantity of power is to be generated.
66. KIIFB funding will be ensured to Electricity Board for the bulk purchase of LED bulbs. The collection of old bulbs and supply of LED bulbs at households will be made through Kudumbashree workers, trained at Panchayat level. Safe disposal of the old bulbs will be ensured.
67. The consumer need not pay money in advance for LED bulbs. The cost of CFL bulbs with a life of less than three years is Rs.120/-. But, LED bulbs which costs Rs.65/- has a life of 10 years. Due to the replacement of CFL with LED bulbs, the consumer is benefited and portion of that benefit need be paid as the cost of the LED bulbs along with the electricity bills on instalment basis. The amount will be returned through escrow account to KIIFB within 2 years.
68. Along with this, schemes will be formulated to replace energy in-efficient fans and pump sets. The project will be implemented under the aegis of Panchayats. Peelikode panchayat has created a role model for this.

Kerala will see a comprehensive campaign against energy misuse. As part of this, fifty thousand energy conservation classes will be conducted.

69. The total plan outlay for energy sector in 2019-20 is Rs. 1781 crore. Of this, Rs. 476 crore is for transmission and Rs.563 crore is for generation.

#### **(Eleven) Designed Roads**

70. The appearance of the road network in Kerala will be changed by the next two years. In the last three years BM & BC roads for a length of 1601 kilometer and ordinary roads for a length of 2516 kilometer have been constructed as on December 2018. Construction of 6000 kilometer road will also be completed by the next two years. It will be a turning point not only in terms of length but also in the quality of roads.
71. The roads taken over as part of 'Rebuild Kerala' will be designer roads constructed with the latest technology. The post flood reconstruction aims at using modern technology for construction of roads with the requirements such as transportation, safety, amenities for pedestrians, drainage and long term maintenance, strictly adhering to the standards of Indian Road Congress. The speciality of these designer roads will be modern technologies like full depth reclamation and cold recycling. Use of geo textiles and geo cells will be increased. Technologies such as micro surfacing will be widely utilised. Even though, the initial cost of these roads will be substantially higher, in long term, the maintenance cost will be lower and it will have a longer life as well. Our motto is 'new age-new construction'.
72. An amount of Rs. 1,367 crore is earmarked for Public Works Department. In fact, a larger amount has to be spent from the exchequer on this. For example, in the last two years an amount of

Rs. 2,770 crore has been earmarked to the Public Works Department, whereas the amount spent was Rs. 5,388 crore. In spite of this, there are arrears in payments to contractors. This problem could only be resolved when the revenue deficit in the State budget is considerably reduced. The roads, bridges and buildings which were given administrative sanction based on the previous years' budgets, worth Rs. 10,000 crore, are in different stages of construction. Apart from this, the public works worth Rs. 11,000 crore approved and funded by KIIFB are in various stages of tendering and construction. In addition to this, there will be a share for Public Works Department from 'Rebuild Kerala'. Still the public demand for roads cannot be satisfied. Proposals on construction works around Rs. 2,500 crore, including proposals submitted by MLAs have been included in budget by giving 20 percent provision. Token provision has been included in the budget for the remaining proposals.

### **(Twelve) Kerala to Electric Vehicles**

73. In accordance with State Electric Vehicle Policy, steps will be taken to increase the number of electric vehicles to ten lakh by 2022. As part of promotion:

(One) Private electric vehicles will be given rebate in road tax.

(Two) An amount of Rs. 12 crore is allotted for starting e-mobility promotion fund. This year 10,000 electric autos will be given subsidy from this.

(Three) The expense of owners can be reduced, if the centres for replacing charged electric batteries are setup in cities. Charging stations will be established with the assistance of private investors based on the

specifications of vehicles. Gradually, only electric autos will be newly permitted in major towns.

74. To create a model, KSRTC will switch over to electric buses. The electric buses tried at Pampa – Nilakkal has proved that this change will bring only, profit to KSRTC. In the first phase, all the services in Thiruvananthapuram Corporation will be changed to electric buses. With this, Thiruvananthapuram will be the first city in India having all buses e-vehicle. The Water Transport Corporation has started using solar boats.
75. Along with this, factories for the manufacturing of electric vehicles and research facilities will be created in the state. The Kerala Automobiles has started manufacturing electric autos on experimental basis. Discussion has started with Swiss company to manufacture electric buses as a joint venture. When KSRTC turns to electric buses in large scale, the supplier company may be asked to start manufacturing centre in Kerala. And allied industries will be developed.

#### **(Thirteen) West Coast Canal**

76. Sir, 2020 will be the year of completion of 585 kilometer of Bekal – Kovalam waterway. The construction of Kovalam – Kollam, Kodungallur – Bekal stretch has been rejuvenated when it has been undertaken by Kerala Waterways and Infrastructure in collaboration with CIAL. An amount of Rs.600 crore has been allocated by KIIFB for land acquisition in connection with the 26 kilometer long canal from Mahi to Valapattanam. Now, works are going on in 10 sectors.
77. Around 240 bridges have to be demolished and re-constructed. An amount of Rs. 108 crore has been earmarked in the plan. By 2022, the reconstruction of bridges, land acquisition for the widening of canals

and eviction of encroachments will be completed. It will take another three years for the complete renovation of jetties along the waterways and construction of tourism centres. CIAL touch is very much evident in the construction of National Water ways also. Cost of construction could be reduced considerably, which at one stage was expected to be Rs. 2500 crore.

78. The completion of West Coast Canal will largely rewrite the state transportation structure. Water transport was the most important mode of freight movement before independence. Today, the role of water transport is marginal. A change in the scenario is essential considering the environment, cost effectiveness of freight movement. It will be a great boost to backwater tourism and Malabar River Cruise Project being formulated.
79. Kochi Integrated Water Transport comprising 16 routes of waterways and spanning 76 kilometer, will be developed and the same will be connected with Kochi Metro and bus terminal. This project is implemented with German assistance.

#### **(Fourteen) North – South Parallel Rail Track**

80. The construction of North-South Parallel Rail Track will be started in 2020. Government have agreed the suggestion of a new Greenfield track for medium speed trains. The new North-South rail line will be an independent elevated double line from the existing rail line. The length of the new line will be 515 kilometer, that is 65 kilometer less than the existing line. Trains running at a speed of 180 kilometer can complete the Thiruvananthapuram – Kasaragod journey in four hours. The new elevated rail track will be connected with the existing line in Thiruvananthapuram and Kasaragod only.



81. Kerala Rail Development Corporation, which is a joint venture of Central and State Governments, is implementing this project. The total estimated expenditure is Rs. 55,000 crore. Both foreign loans and domestic fund mobilization sources will be utilized for this. The construction can be completed in seven years. The road traffic which increases 10% annually can be eased with this kind of new rail track.

**(Fifteen) Kerala Boat League**

82. Kerala Boat League was a major tourism project which was adversely affected by the flood. Starting from Nehru Trophy on the second Saturday of August to the President's Cup on November 1, there will be a boat race on every weekend at least in one center. This period will become a new tourism season. Preparations are going on to conduct wide spread advertisements in foreign countries and elsewhere in connection with the new boat season. Steps will also be taken for obtaining UNESCO Cultural Heritage Status for the boat race in Kerala.
83. The nine snake boats which clocked the best time in the previous year's Nehru Trophy boat race would compete in the league. Tender has already been invited for selecting the management institution for Kerala Boat League. How much of revenue, being collected from advertisement and sponsorships by the event management centre, is shared with government will be the criteria for finalizing the tender. Better prize money can be given to boatmen and boats as the league races are conducted by exploring all commercial possibilities. An amount of Rs.20 crore will be expended from the budget for providing infrastructure facilities.

## **(Sixteen) Spices Route and Heritage Projects**

84. The latest and most extensive project in tourism sector is 'Spices Route'. The intention of this travel project is to connect the ports of Kerala, emerged from very ancient times as part of international spice trade but declined later, are to be connected with the ports of West Asia and Europe. It is similar to the Spices Route in China. This concept has originated from Muziris Heritage Project. Now activities have been started by including Thalassery and Alappuzha in the project. The detailed plan of Thalassery Heritage Project has already been prepared. Ponnani and Thankassery will be included in the project in 2019-20. The construction of Coastal Highway, having cycle track, connecting all the port cities in Kerala with the financial assistance of Rs.6,000 crore from KIIFB will be a big boost for Spices Route.
85. Except for the Maritime Museum, the Muziris Project will be completed in 2020-21. A seminar including foreign countries who are interested to be partners in the Spices Route will be conducted in Kochi during the month of June.
86. Alappuzha will be a model to know how the spices route project will transform our old port cities. The first phase consisting of a dozen heritage museums, canal renovation and restoration, modernisation of factory and port buildings will be completed in 2019-20. It will take one more year for the renovation of roads and bridges, construction of transport hub and completion of remaining museums. The Alappuzha canal region will be transformed into a showcasing zone of not only ancient buildings but also indistinct cultural heritage. It is expected that at least half of five lakh travellers visiting Kuttanad back waters could be

enticed to Alappuzha. It will help for the rejuvenation of the city and also to create employment on a large scale.

### **(Seventeen) Boards Made of Coir Replacing Wood**

87. In the next two years, the coconut fiber production of Kerala will be raised to ten times, coir production to three times and coir produce to two times. As part of this, 400 fiber mills and 5,000 automatic spinning machines will be set up by next year. The hundredth mill is going to be inaugurated in Alappuzha in the 3<sup>rd</sup> week of February. In this sector the low price of Rs. 3 to 5 for the coconut pith and small fibre is the fact preventing the giant leap. Whereas, the rate received in Tamil Nadu is Rs. 18. Our coconut pith is not fit for export. But micro fibre cannot be used for coir spinning. Coir Industry in Kerala cannot be made competitive without getting new avenues for these two items.

88. It is in this difficult juncture that an invention made by the Wageningen University in the Netherlands becomes relevant. Wageningen University has developed a technology to transform fibre and pith into good boards subjecting them to high pressure. This product could be used instead of wood. An MoU has already been signed with Wageningen University for the transfer of this technology to NCRMA. It is intended to establish a large factory for this purpose in Alappuzha. An amount of Rs.20 crore is earmarked for initial activities. The new technology will enable to increase the price of coconut pith and small fibers considerably and also to make the fiber production profitable. It will rejuvenate coir industry of Kerala.

### **(Eighteen) Non-Resident Keralite Investment and Protection**

89. Loka Kerala Sabha and its continuing activities are a turning point in investment and their welfare and in strengthening the relationship

between the NRKs and their native land. Rs. 81 crore has been earmarked for various activities. An amount of Rs. 25 crore is earmarked for 'Santhwanam Project' to provide financial assistance in emergency situations to non-resident returnees who have income below rupees one lakh. Also an amount of Rs. 15 crore is earmarked for providing capital and interest subsidy to non-resident entrepreneurs. An amount of Rs. 5 crore each is earmarked for Loka Kerala Sabha and Global Pravasi Festival. Now onwards, NORKA will meet the expense to transport the body of malayalees to home who expired in Gulf countries.

90. NORKA Welfare Board has formulated a Deposit Dividend Scheme in the face of the criticism that the monthly pension of Rs. 2,000/- given to Non-Resident Keralite is inadequate. As per this Scheme, if Rs. 5 lakh or its multiples are invested, after five years, non-residents or their heirs will get a fixed amount as monthly income based on the investment. Interest obtained by investing the deposit amount in institutions like KIIFB will be given as dividend. Providing financial assistance, by merging Welfare Pension with this scheme is also considered.
91. Akin to Deposit Dividend Scheme, KSFE has started Pravasi Chitty to utilise the savings of the Non-residents for the development of the State. The amount being obtained from Pravasi Chitty by way of security, floating money and deposit of bidders will be deposited in KIIFB bonds. Chittals will have the right to suggest, for which KIIFB Construction Projects, their investments have to be utilised. Pravasi Chitties will have a decisive role towards the fund mobilization of KIIFB in 2019-20. Presently the chitty has been started only in the U.A.E. The activities will be extended to other Gulf countries by the month of February. After a few months, it will be possible to join the chit from any country in the world.

## **(Nineteen) Kerala Bank**

92. It may not be an exaggeration to say that the most decisive event of 2019-20 will be the formation of Kerala Bank. After approving the conditions, stipulated by the Reserve Bank of India (RBI), consequent to the deliberations, in principle approval for the formation of Kerala Bank was given by the RBI in the month of October, 2018. It will not be difficult to reach a consensus on the matters suggested by NABARD. The issue of bad debts, amounting to Rs.306 crore, of Marketfed and Rubco, was resolved when the Government repaid it. In this Assembly session, the legal framework for the formation of Kerala Bank will be in place after bringing required amendments in the Co-operative Act. The merger will strictly be in accordance with the Kerala Co-operative Societies Act & Rules.
93. The formation of Kerala Bank will give shape to the largest banking network in Kerala with the integration of State Co-operative Bank, District Co-operative Banks and more than 800 of their branches. Kerala Co-operative Bank will be the first Scheduled Bank in the Co-operative sector in India. It is expected that the deposit strength of the new bank will increase from Rs. 57,761 crore to Rs. 64,741 crore as it can accept deposits from non-residents as well, unlike the existing co-operative banks. As a result of this, the bank can strongly support new enterprises in agricultural and industrial sectors. Along with this, the bank being an apex body, can provide a protective cover to 1542 Primary Credit Co-operative Societies/Banks. During demonetization we have realized the adverse effects of the absence of such an upper tier with complete banking rights. Most modern banking facilities can be ensured for the customers of Co-operative banks as the mirror accounts of the accounts in Primary Co-operative Societies will be created in Kerala Bank.

The role played by local banks in the development of plantations and industries will become evident, if we examine the development history of Kerala. The banks which had organic linkage with our state had been taken over by outsiders. Many had been merged with other banks. This has created a big fiscal gap in the state. Kerala Bank will help in bringing a big leap in development by filling this gap.

### **(Twenty) Hunger Free Kerala**

94. The rank of India in the Global Hunger Index which was 55 in 2014 has dropped to 103 in 2018. Together we need to take up the challenge of transforming Kerala into a hunger free state in India where hunger is on the rise. The scheme which was announced in the previous budget was implemented in Alappuzha on an experimental basis. Without any assistance from government, food is being provided to around thousand families twice a day in Alappuzha and Cherthala constituencies. We have also the experience of providing food packets for patients and bystanders for the last one year under the leadership of DYFI. It proves that people's collective in each place can provide food to the starving in that locality. This is the model for 'hunger free project' of Kerala. An amount of Rs. 20 crore is earmarked for providing food materials at subsidised rate from Civil Supplies Corporation to the voluntary organisations and institutions which become part of this scheme. Production of food kits from prisons will also be increased considerably.

### **(Twenty one) Women Empowerment and Kudumbashree Branding**

95. Even though we have attained notable progress in the condition of women, recent controversies indicate the fact that we are far behind like any other states in the case of gender status. Even in the first budget of this Government, Gender budgeting was announced with the aim of

women empowerment. Based on this the consideration for women has improved significantly. During the financial year 2016-17, the total outlay for schemes meant entirely for women was Rs. 760 crore which was only 4 percent of the total plan provision. Sir, in 2019-20 budget, the amount is enhanced to Rs. 1,420 crore and the plan outlay is enhanced to 6.1 percent. When the special component for women in general development schemes is also taken into account, the total women share will be 16.85 percent. During 2017-18, it was only 11.5 percent. Kudumbashree is the most important public intervention in women empowerment in terms of either in outlay of funds or abundance of programmes. Government is taking initiative to bring quality changes in the income generating activities in 2019-20.

96. Centralised marketing based on 'brands' is inevitable for the success of decentralised production in micro enterprises. Micro enterprises can only succeed under the umbrella of such a marketing strategy. Kudumbashree is formulating such an extensive strategy as part of developing post-flood livelihood. The following 12 products are selected for this.

- (1) Nutrimix nutritious food
- (2) 'Mari' umbrella
- (3) Subhiksha coconut products
- (4) Sree garments
- (5) Kerala chicken
- (6) Coir Kerala
- (7) Handicraft products

(8) Categorized honey brands

(9) Herbal soaps

(10) Curry powders

(11) Dried fish

(12) Tribal products

97. Micro enterprises of these products will function with the base in one or more cluster centres. The cluster centres will take decision on matters like providing training, supplying raw materials, fixing the product criteria, deciding buying price etc. Civil Supplies, Consumerfed, super markets, private traders along with 200 micro marketing centres of Kudumbashree and Home Shop Network of Kudumbashree will be equipped for marketing. In addition to this, a marketing wing will be formed in Kudumbashree for the above mentioned products under the leadership of a senior marketing executive.

98. Kudumbashree has already proved its service expertise by undertaking various services for Kochi Metro and the Railways. Realising the possibility of this sector, the following five service networks will be started in 2019-20.

(1) 5,000 women geriatric care professionals will be trained and deployed.

(2) 100 Take a Break Centres on way side will be undertaken. There will be toilet facilities, rest room and snack counters. In the same model, facilities would be provided in petrol pumps by entering into agreements with petroleum companies.



(3) Society of female masons capable of undertaking construction works will be formed in all CDSs.

(4) Utility Service Societies capable of undertaking works like electrification, plumbing, repair of domestic utensils will be formed in all CDSs.

(5) Event Management Teams will be formed in all CDSs. They will be capable to undertake activities like cooking and serving food for special occasions, erection of shamiyana etc.

(6) Kudumbashree local markets will be upgraded to permanent marketing centres. Cooler chambers for leafy vegetables will be the speciality of these institutions.

99. Sustainable employment opportunities for 25,000 women getting an income of rupees 400 - 600 will be created by the aforesaid livelihood intervention during 2019-20. A bank loan worth Rs. 3,500 crore with an interest rate of four percent will be made available to 65,000 neighborhood groups in 2019-20. Sir, Rs. 285 crore is earmarked for Kudumbashree. Rs.400 crore will be made available from Local Government Institutions. Apart from this, an amount of Rs. 315 crore is available from various Centrally Sponsored Schemes. Thus, an amount of Rs. 1,000 crore is the budget of Kudumbashree. A rehabilitation scheme will be formulated for women groups, who are debt ridden due to loan taken for animal husbandry and small scale industries. An additional amount of Rs.20 crore is earmarked for this.

## **(Twenty two) Placement for 10,000 Members from Scheduled Communities**

100. No other Indian State, at present, provides Development Fund to Scheduled Caste and Scheduled Tribes in proportion to their population. In India such a principle itself has become irrelevant since the Central Government have dispensed with Five Year Plans. But in Kerala 9.81 percent of plan fund for Scheduled Caste Sub Plan and 2.83 percent of Plan Fund for Scheduled Tribe Sub Plan are earmarked in the budget, which is higher than the proportionate share of their population. In this year's Plan, a novel scheme guaranteeing employment in the organised sector for Scheduled Communities is being implemented.
101. The participation of SC/ST is very crucial for the upliftment of the society. There should be conscious effort to increase the role of the marginalised in the development of modern Kerala. The obstacle for this is non-reservation in private sector. There are several skill development programmes in Kerala. Unlike it, the approach is to provide employment through placement by learning new trends in various employment sectors and reaching agreement with corporates by ensuring skills required for them. This programme for providing employment in modern industrial and service sectors within and outside the nation through customised skill development to ten thousand Scheduled Castes and Scheduled Tribes, is being implemented under the aegis of CREST and IIM Kozhikode. Such a scheme will be formulated for fishermen also.

## **(Twenty three) Housing for All**

102. Life Mission is trying to transform Kerala into a state with housing for all. Out of the 54,036 incomplete houses aimed for completion in the first

phase activities of Life Mission, 93 percent have been achieved. 1,84,255 beneficiaries, who own land but are homeless, are enlisted for housing assistance in the second phase activities of Life Mission. Among them, housing construction of 79,159 beneficiaries in Grama Panchayats is in various stages of completion. All of these will be completed by the middle of March. The fund for this is available through HUDCO loan. The construction of houses started for 21,000 beneficiaries, whose cases required more time for examining necessary documents will be completed by the middle of May. Apart from this, around 11,200 houses, under construction in urban areas, will be completed in this phase. Their construction will be started in the year 2019-20. An amount of Rs. 1,296 crore is earmarked for housing complexes for landless and homeless people, which is the third phase of Life Mission.

#### **(Twenty four) Towards Educational Excellence**

103. I am honoured to present before this house, the picture of progress in public education. In the last two years 2.5 lakh students got additionally enrolled in general educational institutions. Of these, 94 percent were students who had obtained T.C from other schools. What additional recognition could be longed for? Mission for the protection of general education should be carried onward.
104. One important aspect that heightened the expectation of the general public was the expansion of amenities in general education sector. An amount of Rs. 2,037.91 crore has been sanctioned for this from KIIFB. Rs. 170 crore is earmarked for the expansion of infrastructure facilities of schools that had not obtained financial aid from KIIFB. The 'Matching Grant' project meant for aided schools will continue this year also.

45,000 class rooms of 8<sup>th</sup> to 12<sup>th</sup> standards of 4,775 schools have been transformed into high-tech. An amount of Rs. 292 crore has already been sanctioned by KIIFB for converting 9941 number of primary/upper primary schools into high-tech. Of Rs. 80 crore meant for the expansion of infrastructure facilities of Higher Secondary, a major chunk is earmarked for laboratories and libraries. The Government's stand is to integrate libraries and laboratories of high schools and higher secondary schools. A scheme will be formulated for the repair of school furniture using provision from current year's budget itself. There are certain schools which have no own land or inadequate land. A scheme will be prepared also for purchasing additional land necessary for them too. Post of teachers will be created as per the laid down norms. Sir, till now, 3,656 posts have been created by this Government in the educational sector.

105. In last year's budget, the Master Plan for upgrading academic standards and the activities were discussed in detail. All those schemes will be continued. I would like to mention about two new approaches. The ongoing teacher's training programmes will continue. But, we need to move from the approach of training to the transformation of teachers. In order to achieve this goal, a residential course of two weeks duration for teachers will be initiated. Over the next five years all the teachers will pass through this mould. The second is about vocational training. The experience from National Skill Qualification Frame Work, which was constituted for this purpose, is rather disappointing. But our State cannot avoid this scheme. Our Vocational Higher Secondary Schools cannot be retained in the present manner. Vocational training is required even in Higher Secondary Schools. It is desired to create a Kerala model in this

regard. We think about school workshops, being given guidance by the voluntary technical experts from our higher technical institutions and not by hired private institutes. In addition to this, there will be external employment training, pupil centred activities and training of teachers. For all these activities Rs. 15 crore is earmarked.

106. One of the main thrust of school education sector is upgrading of academic excellence. Rs. 32 crore is set up for this. We have already formulated separate projects for academic excellence in the field of English, Arithmetic and Social Science. A separate training session will be organized under the aegis of this project in order to enable the teachers to impart practical English language skills to the pupils. Rs. 10 crore is earmarked for remedial education programme named 'SRADHA'. Special emphasis will be provided in remedial education programme 'SRADHA' for the pupil who are unable to achieve minimum learning level in Arithmetics. Besides, a new learning support programme outside the school has been formulated in backward regions.

107. More importance is given to subsidiary education programmes in this budget. With the co-operation of Artists who are in receipt of Diamond Year Fellowship, Art Centres will be opened in selected schools in all districts, which will be functional in holidays. An amount of Rs. 7 crore is set apart for such Arts and Sports Park. Rs.6.5 crore is earmarked for School Youth Festival.

#### **(Twenty Five) Universal Health Security Scheme**

108. Comprehensive Health Security Scheme was announced in the previous budget. But it could not be implemented. It is because, consequent to the announcement of Ayushman Bharat Scheme of five

lakh rupees in the Central budget, we were waiting for its criteria. When the details of the scheme came out in the month of October, it was like mountain giving birth to a mouse. The premium agreed by the Central Government is Rs. 1,250 per person for RSBY in which benefits worth rupees thirty thousand are received. At the same time, premium provided for the scheme of rupees five lakh is only Rs. 1,100/-. Moreover, the Central Government will only provide 60 percent of this. It is estimated that for benefits worth rupees five lakh, the premium will be more than rupees eight thousand. Now there are 42 lakh beneficiaries in RSBY scheme. Whereas under Ayushman Bharat, the Central Government provides assistance to 18 lakh families only. The total expense for us is around Rs. 800 - 1,000 crore whereas the central assistance is below rupees hundred crore. The situation has placed complete financial burden on the State Government but the whole credit goes to the Centre.

109. There are four components for the Comprehensive Health Security Scheme going to be implemented in Kerala. First is, India's best network of Primary Health Centres. Among them, 150 hospitals were upgraded to Family Health Centres. In the next stage, 200 more hospitals will be upgraded to this status. All the Primary Health Centres will be upgraded to Family Health Centres step by step. In this manner, Kerala will become a region in which the Astana Global Health Conference Declaration of primary health services will be implemented in full measures. The family health hospitals will have three doctors and proportional para medical staff. OP facility will be available in the afternoon as well. There will also be laboratory and pharmacy. Once this scheme becomes universal, the rush in the secondary and tertiary hospitals will be reduced. Modernisation of

these hospitals is the second stage. This will be implemented by equipping all Medical Colleges with Oncology Departments, all District Hospitals with Cardiology Departments, all Taluk Hospitals with Trauma Care Centres and Dialysis facilities. Steps have also been taken to appoint doctors and nurses required for this. Sir, as of now this Government has created 4,217 new posts in the health sector, This intervention aims to enable public health system to handle life style diseases. The Government intends to make the private hospitals in Kerala also to participate in the secondary and tertiary health care services. But these service are to be provided at reasonable rates. A comprehensive health insurance comprising interested private hospitals is the third stage.

110. Members of all the insured families will be provided treatment worth one lakh rupees from the Insurance Company. Expenses above this up to five lakh rupees will be given to the hospitals concerned directly from the government for designated health procedures of lifestyle diseases like cancer, heart diseases etc. All those insured will have the claim for this. In short, we are combining the erstwhile RSBY and Karunya Scheme in Kerala. Other schemes under Health Department will also be combined with this. The Government will remit the insurance premium for the 42 lakh families. More than ten lakh employees and pensioners have their own health insurance. There are ten lakh families receiving ESI benefit. Remaining 20 lakh individuals have the right to join this insurance cum assurance scheme by remitting their own premium. Thus this is a universal scheme ensuring health security to all families in Kerala.

111. Sir, we are entering into the tender process of Insurance Scheme. The new scheme will come in to existence by the month of May. The

complete revenue from Kerala Lottery will be set apart for this. Sir, eighty percent of the insurance benefits of RSBY Schemes was received by Public Hospitals. Renovations are being carried out in secondary and tertiary sectors for ensuring this standard in 'Karunya Comprehensive Health Insurance Scheme' also.

112. The fourth tier of the Comprehensive Health Insurance Scheme is public intervention. Public participation is essential for disease prevention and for monitoring morbidity. An extensive health force, comprising Sub Centres and associated ASHA workers, should take responsibility for this in each Panchayat and Municipality. This is the crux of the Ardram Mission. The honorarium for Asha workers is enhanced by Rs 500. Disease prevention activities, treatment for diseases and palliative care if treatment becomes ineffective is the view of the Government. Steps will be taken to co-ordinate and strengthen the palliative care network by connecting them with Primary Health Centres.

#### **Kerala Infrastructure Investment Fund Board (KIIFB)**

113. The signature of KIIFB can be seen in almost all the projects that are going to transform Kerala. 2019-20 will be the year in which KIIFB approved projects worth Rs. 30000 crore are on the functional path. It is estimated that Rs.10000 crore will be required for settling bills.
114. We achieve the goal of making possible the infrastructure development of our state by giving a small portion of future income of Government as grant to KIIFB annually. KIIFB is only securitizing, today, the future cash flow akin to LSGIs availing loan in Life Mission. There are several advantages for this. First one is, without waiting for twenty or twenty five years, essential infrastructure facilities can be created today itself. Those



fortunes can be enjoyed by one more generation. Second is, we can guess the cost escalation of construction if it is carried out after ten or twenty years. The rate of interest for the loan availed today is meagre when compared to this cost escalation.

115. Sir, KIIFB has already given sanction for various projects worth Rs.41,326 crore. After detailed examination, approval has been given to 64 percentage of projects announced in 2016-17 budget and to 74 percentage of projects in 2017-18 budget. 48.6 percentage of projects which got administrative sanction have already been tendered. 79 percentage of the tendered projects have been started after entering into contract. I am happy to say that this is a record in the construction of infrastructure facilities in Kerala. KIIFB is making a big leap not only in the construction of roads and bridges but also in the creation of infrastructure facilities in hospitals and schools. KIIFB has given sanction specially for acquiring land worth Rs. 13,578 crore in addition to that announced in the budget. Different types of Industrial Parks will be established through this.

116. Sir, at this juncture, I am not going into more details as I have already mentioned the role of KIIFB while explaining 25 Point Programmes.

### III

## **Development Sectors**

117. Sir, major portion of the schemes we have discussed till now are integrated programmes. They are the crux of this budget. I am going for a quick presentation by dividing them in to various development sectors. Let me start with Labour Sectors.

## **Agriculture**

118. Sir, An amount of Rs. 2,500 crore will be expended in Agricultural sector for rejuvenating agriculture from flood disaster. Of this Rs. 770 crore is from plan outlay. An amount of Rs. 282 crore will be made available from Centrally Sponsored Schemes. At least Rs. 200 crore is expected from externally aided projects. At least Rs. 1,000 crore will be set apart for agriculture from the schemes of Local Government Institutions. Thus a total amount of Rs. 2,500 crore
119. An amount of Rs. 167 crore is earmarked for crops. The attempt to encourage ragi and chama cultivation in Attappady was a great success. This scheme will be extended.
120. An amount of Rs. 71 crore is earmarked for vegetable development. Special financial aid will be provided to best 'A grade' clusters. Block Level Federations will be formed to co-ordinate block level clusters. Professionals from IRMA will be engaged for the effective functioning of vegetable producer companies.
121. Flood has uprooted the nature and destroyed fertility of soil. An amount of Rs. 29 crore is earmarked for issuing soil health cards after testing the micro nutrient quality of soil and to adapt remedial measures. An amount of Rs. 25 crore is earmarked to make available good quality seeds and seedlings, Rs. 45 crore for extension activities and Rs. 25 crore for Agro Service Centres.
122. Use of pesticides will be made scientific and will be subjected to strict restrictions. An amount of Rs. 10 crore is earmarked for spices like pepper, nutmeg, cardamom, clove, ginger and turmeric. An amount of Rs. 6 crore is earmarked for the promotion of fruit tree cultivation and Rs. 5 crore for floriculture.

123. An amount of Rs. 20 crore is earmarked for implementing State Crop Insurance Scheme and an amount of Rs. 7.5 crore is also earmarked for meeting the expenses during emergency situations.
124. An amount of Rs. 42 crore is earmarked for strengthening marketing systems. Of this Rs. 20 crore is for support price. An amount of Rs. 19 crore is earmarked for the promotion of value addition process of agricultural produce. The functioning of Kerala Agro Business Company will commence this year. Besides cold chain, the chain of zero energy cool chambers will also be encouraged.
125. An amount of Rs. 120 crore is earmarked for soil and water conservation. Of this Rs. 48 crore is for watershed management activities. Kattakkada and Thaliparamba are ideal examples of constituency based Watershed Development Programmes. Special financial assistance will be provided for similar schemes. Rs. 5 crore is set apart for strengthening landslide prone areas. Rs. 56 crore earmarked from R.I.D.F to Kerala Land Development Corporation is for the development of Kole fields in Thrissur and Ponnani and also for the Agriculture fields in Palakkad.
126. An amount of Rs. 83 crore is earmarked for Kerala Agricultural University.

### **Animal Husbandry**

127. A total amount of Rs. 450 crore is set apart for Animal Husbandry sector. Of this Rs. 108 crore is for Dairy Development Department. Around Rs.100 crore is earmarked for cross breeding extension activities. An amount of Rs. 60 crore is provided for Calf Care Programme. An amount of Rs. 29 crore is provided as financial assistance to co-operative societies. An amount of Rs. 50 crore is earmarked for diary promotion

and cattle shed development activities on commercial basis. An amount of Rs. 27 crore is set apart for Kerala Feeds, Cattle feed subsidy and fodder cultivation. An amount of Rs. 75 crore is earmarked for Veterinary University.

### **Inland Fisheries**

128. Inland Fisheries is one of the areas with utmost potential for development. An amount of Rs. 109 crore is earmarked for this. There are special programmes for fish conservation in water bodies and for promotion of private aqua culture. For Kakka Co-operative societies an additional Rs. 3 crore is provided.

129. An amount of Rs. 41 crore is earmarked for Fisheries University.

### **Cashew**

130. Sir, most of the industrial units in this sector, has fallen into debt trap due to loss and are facing revenue recovery and lock out. This crisis is to be overcome immediately. For opening the closed factories in private sector, Government have formulated a package. Most important is restructuring of their debt liabilities. Unfortunately the Reserve Bank and Commercial banks are not supportive. Restructuring is the need of the hour and not one time settlement. I assert that interest of these restructured loans will be borne by the Government for one year. An amount of Rs. 25 crore is additionally earmarked for this.

131. Another issue is the unavailability of raw cashew at reasonable price. We should be able to buy raw cashew directly, from the farmers or from institutions in Africa avoiding middle man. Cashew Board has been constituted with this aim. The main hurdle is the lack of adequate working capital. An amount of Rs. 30 crore is earmarked for Cashew

Board. During this season Cashew Board should be able to provide one lakh ton raw cashew nut not only to the public sector institutions but also to the private sector. For this purpose, a loan of Rs. 250 crore from Co-operative Banks will be made available to the Cashew Board under Government Guarantee. Only those institutions which are willing to take raw cashew nut through escrow account will be permitted to avail raw cashew nut on credit. In order to maintain the credibility of the Cashew Board this condition should be strictly adhered to.

132. Along with this Cashew Corporation and CAPEX need to be modernized and their products should be branded and sold. An amount of Rs. 19 crore is earmarked for this. Intense steps will be taken to expand domestic cashew cultivation in Kerala. Rs.8 crore including the RKVY fund is earmarked for allied activities.

### **Coir**

133. An amount of Rs. 142 crore is earmarked for Coir Industry. In addition to this, an amount of Rs. 89 crore will be made available from NCDC loan for restructuring. More than half of the total provision is for mechanization. An amount of Rs. 45 crore is set apart as the price fluctuation fund for procuring products at subsidized rate from labourers, who could not be accommodated in the mechanized sector. The land of commercial taxes check posts at Naduppunni and Meenakshipuram will be taken over for coconut pith bracketing.

### **Handloom**

134. School uniform scheme is the most important project implemented for the propping up of the Handloom industry. Through this project full time employment will be generated for all the weavers who are willing to weave school uniform. The expected expenditure for this project is

Rs. 170 crore. Rs. 56 crore is earmarked for Handloom and Power loom sectors. Rs. 25 crore is earmarked for eight mills under Tex Fed.

### **Khadi and Village Industries**

135. An amount of Rs. 14 crore is earmarked for Khadi Industry. 30 percent of Khadi sold in Kerala is silk. In this backdrop, Rs. 50 lakh is earmarked for Khadi Silk Weaving Scheme.

### **Handicrafts**

136. Rs. 3.5 crore is set apart for the handicraft development schemes. In order to encourage planting of bamboo, a separate scheme will be launched. Including the Central share, Rs. 2 crore will be received.

### **Information Technology Sector**

137. The total outlay for IT sector is Rs. 574 crore. Of this, Rs. 139 crore is earmarked for Kerala State IT Mission, the nodal agency. Kerala is one of the states in the country having massive IT administrative setups. New models of Akshaya Kendras and FRIENDS, which connected the people of Kerala to e-governance have to be developed. The new projects are the schemes for co-ordinating various government services and also for Aadhar enabled services in an area.

138. An amount of Rs. 84 crore is provided to Technopark, Technocity, Technopark (Kollam), Infopark (Kochi, Thrissur and Cherthala). An amount of Rs. 10 crore is specifically earmarked for the construction of Ladies Hostel and Fitness Centre at Infopark, Cherthala. An amount of Rs. 23 crore is provided to Cyber Park, Kozhikode. An amount of Rs. 148 crore is earmarked to KSITL, the government agency for IT Infrastructure facilities. This agency is implementing Kerala Fibre Optic Network Project, connecting all households and Government institutions

in Kerala. Another important activity is the Skill Delivery Platform connecting 150 Hi-tech class rooms of engineering colleges for imparting skill training to 50,000 students.

139. ICFOSS has found a significant space in the free software movement. An amount of Rs.6 crore is earmarked for that. An amount of Rs. 7 crore is earmarked to C-DIT.

### **Tourism**

140. Successful marketing is the most crucial factor for the success of the tourism sector. The entrepreneurship has succeeded in Kerala under the effective campaign spearheaded by the Government. Our campaign is to be strengthened against the backdrop of setbacks caused by the Nipah outbreak, flood and indiscriminate hartals. Out of Rs. 372 crore earmarked for Tourism Sector in 2019-20, Rs. 82 crore is set apart for marketing. Based on a clear framework, additional funds for marketing will be allotted later.
141. An amount of Rs.132 crore is earmarked for developing the facilities of tourist centres. New project will be started this year for the development of tourism at Muzhuppilangad. Akkulam Tourist Project is under the consideration of KIIFB. An amount of Rs.12 crore is earmarked for DTPCs. An amount of Rs.8 crore is earmarked for KTDC. KTDC will be give participation in the management of tourism destinations.
142. Another new scheme going to be started this year is Kerala Tourism Entrepreneurship Fund. Financial assistance from this fund will be provided to those educated entrepreneurs who put forward novel ideas, projects or remedial measures. An amount of Rs.4 crore is earmarked to protect private buildings having tourism potential and also to private entrepreneurs for providing basic infrastructure.

## **Kerala Development and Innovation Strategy Council (K-DISC)**

143. This year, the Council will head a Block Chain Training Programme, which will be one of the largest training programmes in the world itself. Steps will be taken to transform Kerala into a manufacturing hub in this sector by creating Kerala Medical Technology Consortium. Measures will be initiated to infuse 60 new technologies into various departmental activities. Government intends to give stress on new innovation findings intended for the differently abled children. An amount of Rs.20 crore is earmarked for all these activities.

## **Large Scale Industries**

144. An amount of Rs.116 crore is earmarked to KSIDC, the most important industrial promotion agency. The systematic activities being initiated to enhance Kerala's rating in Ease of Doing Business Index have started to yield results. Life Science Park, Light Engineering Industrial Park at Palakkad, Industrial Growth Centers at Kozhikode, Kannur and Cherthala and Hardware Park in Kochi are the main projects. An amount of Rs.87 crore is earmarked for KINFRA. The main parks with which KINFRA is presently involved are the water supply schemes at Palakkad and Kakkanad; Spices Park at Thodupuzha, Video Park at Kazhakootam, Industrial Park at Kakkancheri & Ottappalam, Petro Chemical Park, Advance Technology Park at Ramanattukara, Defence Park at Ottapalam and Export Enclave at Kakkanad. Standard Design Factories having more than 4 lakh sq.ft. area are now under construction. An amount of Rs.17 crore is earmarked for the Industrial Park and Export Enclave, which is being set up at Mattannur in connection with Kannur Airport. KINFRA will establish a Modern Marine Park with fish landing centre at Chaliyam in Beypore.



## **Small Scale Industry**

145. In Kerala, 16,000 micro, small and medium industrial units requiring an investment of Rs.1,550 crore will be established in 2019-20. 55,000 employment opportunities will be created. A total amount of Rs.163 crore is earmarked for small scale industries. Of this, Rs.50 crore is for improving the facilities of Industrial Estates. Construction of Multi Storeyed Industrial Parks is going on at Veli, Shornur, Uzhakalpadam, Punnapra, Puthusseri, Manjeri and Varavoor. The three new schemes, which will be started this year are interest subsidy for land acquisition expenditure, financial assistance for flood related audit, and interest subsidy for them.

## **Commerce**

146. An amount of Rs.15 crore is earmarked for the Department of Commerce. A permanent exhibition marketing complex named Kerala Mart will be constructed. An amount of Rs.10 crore is additionally earmarked for Traders Welfare Fund. Traders organization and Welfare Board have jointly assessed that a total of 12160 traders have suffered losses in the flood. It has been decided to give compensation to 1130 traders, who are members of the Welfare Board, from the Welfare Fund itself. An amount of Rs.20 crore is earmarked for giving compensation to the remaining traders as per the same criteria. Government will bear, for a period of one year, the interest of the loans availed within 31<sup>st</sup> march by these flood affected traders. Charging of additional court fee, without limit on big assessments based on best judgement is creating unbearable burden on traders. Hence notification will be issued after fixing a limit to this.

147. Excel Glass in Alappuzha has been closed for the last 10 years. In 2010, KSIDC and KFC had rejuvenated this sick industry by sanctioning loans on liberal terms. However, after reopening in 2011 the factory was shut down again without repaying even a small part of the loan taken. In this circumstance, the government financial institutions will take over the movable and immovable properties. Consequent to this, government will give compensation to the retired and other labourers. For this, an amount of Rs.4 crore is earmarked. A new factory will be opened in the same place in 2020-21.

### **Geriatric Care**

148. The population of those above 60 years of age that comes to 13% is growing at a rapid pace. Changes in the family structure and others, have weakened the traditional protection enjoyed by the elders. In this back drop, a new social system have to be created intentionally. Local governments are the most important agency for geriatric care. They are bound to provide 5% of their plan fund i.e. Rs.375 crore for this. If this amount can be utilized with plan and care great changes can be effected in the welfare of the elderly. In two or three wards of all panchayaths, 'Pakal Veedu' will be established. It will function under the supervision of Kudumbashree or voluntary workers. There will be facilities not only for entertainment and relaxation but also for food and treatment. Those ailing elderly persons who are dwelling in houses can be protected through palliative networks. Proportionate to the number of patients, financial assistance can be provided to, from the Geriatric Fund for this. Under the aegis of Kudumbashree 20000 neighbourhood groups for elderly will be started in 2019-20. For each neighbourhood group Rs.5000/- will be given as grant. Those elderly who are staying alone will be included in the Snehitha Calling Bell Scheme and Kudumbashree

workers will visit their homes once in a week. Under the aegis of Kudumbashree, Elder's meet and 'melas' will be conducted in all CDSs. Geriatric councils consisting of pensioners' organizations, Kudumbashree, palliative / health workers will be established in all Local Government Institutions.

149. Apart from the diagnosed diseases, under the Karunya Universal Health Care Scheme more aid to health care will be provided for those who have passed 65 years of age. An amount of Rs.30 crore is earmarked for 'Sayamprabha' and 'Vayomithram' schemes of Social Justice Department. An amount of Rs.10 crore is earmarked for creating geriatric friendly environment in hospitals. Voluntary technical force will be established for utilizing the service of technically expertised retirees in various sectors. Under the aegis of Kudumbashree, labour groups which do not require strenuous physical effort, will be established.

150. Welfare pension is an excellent testimony to LDF Government's commitment to the poor and elderly. Among the 42 lakh people who are getting welfare pension, one fourth of them started to receive the pension for the first time during the period of this Government. Not only the arrears were cleared but the pension amount was also increased to Rs.1,100/-from Rs.600/-. An average amount of Rs.1964.73 crore was expended per year by the former government for welfare pension. The anticipated expenditure during 2018-19 is Rs.7,533.72 crore. The central assistance received last financial year is only Rs.150 crore. Sir, all the welfare pensions are increased by Rs.100/-. Today there is discussion at the national level about basic income scheme. It is a matter of pride to state that Kerala has made this concept a reality through old-age pension schemes.

## **Protection of the Differently Abled**

151. 2018-19 budget, with size of its allocation and also with the characteristics of the programmes, was a mile stone for visually impaired, hearing impaired, differently abled and differently intelligent persons. This approach is carried forward. A total amount of Rs.244 crore is set apart for this sector through different departments like Social Justice, Education, Health, Local Government etc. In addition to this, at least Rs.375 crore has to be set apart by the Local Government Institutions as per the norms. An amount of Rs.500 crore is for disability pension. We should be able to expend this outlay of around rupees thousand crore with proper co-ordination and compassion. Thus we are making a great step towards the concept of Kerala that ensures universal security.
152. Kerala is giving priority for the pre-natal health care in pregnancy. As a first step, we are trying to prevent disabilities through preventive measures including MMR vaccine. To diagnose the possible future disabilities and to adopt remedial measures screening is done right from the infancy. An amount of Rs.60 crore has been earmarked through three different programmes such as 'Arogya Kiranam', 'SID' and 'Cochlear Implant' for related schemes.
153. Special Resource Persons have been appointed to provide help to mild, moderate, differently abled students, studying in normal schools. There are government special schools for severely differently abled children. In addition to this, there is the scheme of 'Autism Park' on experimental basis in one selected panchayat of all districts by which all the differently abled students are taught either in a special or in a common class

irrespective of severity of their disability. An amount of Rs.31 crore has been earmarked for all these schemes.

154. An amount of Rs.35 crore is earmarked for improving the facilities of 71 Buds schools which accommodate majority of the differently abled children in these schools. An amount of Rs.40 crore is additionally provided as financial assistance to 290 special schools run by voluntary organisations and others with the approval of Education Department. Fund for this is to be located from plan outlay of Education Department for other schemes.

155. An amount of Rs.52 crore is earmarked for the schemes for treatment and care of differently abled. The outlay for Mental Health Programmes is enhanced to Rs.59 crore. An amount of Rs.13 crore is earmarked for Barrier Free Kerala and Rs.42 crore is earmarked for providing allowance to helpers and caretakers of the differently abled children, protected in houses. An amount of Rs.13 crore is earmarked for Kerala State Handicapped Person's Welfare Corporation. An amount of Rs.38 crore will be provided as grant to different government and quasi-government institutions for training, research and treatment of differently abled people.

156. An amount of Rs.34.5 crore has already been allocated for Endosulfan Victims in last three budgets. In 2019-20, Rs.20 crore is also allocated.

### **Transgender**

157. We have to complete the task of making the transgender community the natural partners of general public. The confidence and visibility gained by this community over the last few years is a hopeful advancement. The scheme 'Mazhavillu' has been formulated with this aim. 'Mazhavillu' is a scheme which includes several programmes enabling the

transsexual persons to merge with the mainstream by means of the schemes such as vocational training, self-employment assistance, habitations in all districts, assistance for surgery based on medical advice, learning assistance, transgender neighbourhood groups and help for preparation for competitive examinations. Rs.5 crore is earmarked for this. Approval will be given for transgenders to participate in the schemes of Women's Development Corporation. Development Corporations based on communities should make available a specific number of assistance to transgenders every year.

### **Scheduled Caste Sub Plan**

158. The total outlay for the Scheduled Caste Sub Plan is Rs.1,977 crore. Of this, Rs.153 crore has been handed over to Local Government institutions.

159. The total state outlay for Scheduled Caste Sub Plan is Rs.1,649 crore. In addition to this, Rs.260 crore will be available from Centrally Sponsored Schemes. In the state plan, topmost priority is given for housing. An amount of Rs.785 crore has been set apart for this. Next priority is for education. Rs.350 crore from State Plan and Rs.200 crore out of Centrally Sponsored Schemes will be expended for scholarships of students, coaching, training and Model Residential Schools. Rs.100 crore is earmarked for renovation of colonies and another Rs.100 crore is earmarked towards corpus fund. Among the welfare schemes, the most important are the allocation of Rs.70 crore for marriage assistance and Rs.10 crore for 'Valsalya Nidhi'.

### **Scheduled Tribe Sub Plan**

160. The outlay for Scheduled Tribe Sub Plan is Rs.663 crore. In addition to this, Rs.50 crore will be available from Centrally Sponsored Schemes.

Here also, the topmost priority is for housing. Rs.226 crore is earmarked for this sector. The next preference is for education for which Rs.128 crore has been earmarked. Rs.60 crore is earmarked for Model Residential Schools. Rs.100 crore is earmarked for comprehensive development of tribal settlement and another allocation of Rs.25 crore each for food and health insurance. There are around thirty thousand acres of land under the farms of the department and agriculture land were handed over by government to the Scheduled Tribe. In order to increase the agriculture productivity from the above land a comprehensive project in co-operation with Agriculture Department will be formulated. For protection of mental health in Attappadi, Rs 25 lakh has been earmarked for formulating a special programme in collaboration with the expert organisation 'Banyan'.

### **Welfare of Backward Communities**

161. An amount of Rs.114 crore is specially earmarked for backward communities. Of this an amount of Rs.53 crore is for OEC scholarship. An amount of Rs.50 crore including Central share is set apart for backward community scholarship. An amount of Rs.14 crore is earmarked for Backward Classes Development Corporation. An amount of Rs.10 crore is earmarked for Converted Christian Development Corporation. The occupations of Viswakarmas is accepted as traditional occupations. An amount of Rs.10 crore is earmarked as an aid for traditional labours.

### **Welfare of Forward Communities**

162. An amount of Rs.42 crore is earmarked for Kerala State Welfare Corporation for Forward Communities. Of this Rs.17 crore is for

scholarships. A new scheme, namely, Sammmunnathi Mangalya Sahaya Nidhi will be started.

### **Welfare of Minorities**

163. An amount of Rs.49 crore is earmarked for the welfare of minorities. An amount of Rs.11 crore will also be available from Central Schemes. Of this Rs.10 crore is for educational needs. An amount of Rs.25 crore, including Central Share, is earmarked for multifaceted development programmes in minority concentrated blocks. An amount of Rs.15 crore is earmarked for Minority Welfare Development Corporation. A centre will be established in Calicut University for minority studies. Considering the increase in the number of women going for Haj in recent years, a special block will be constructed for women in Haj house.

### **Sabarimala**

164. Sabarimala is Kerala's largest pilgrim centre. Since Sabarimala is a forest shrine, there are many limitations. The aim of the government is to create maximum facilities in Thirupathy model, while protecting the environment and ecosystem, for lakhs of pilgrims who visit Sabarimala. KIIFB is implementing projects worth Rs.141.75 crore for providing modern facilities at Sabarimala base camps at Nilakkal, Pamba and important interim shelters. These projects will move to construction stage in 2019-20. The following projects are given financial assistance through KIIFB.

- (1) Sewage treatment plant having a treatment capacity of 10 million litres at Pamba – Rs.39.59 crore.
- (2) Vehicle parking facility at Nilakkal – Rs.4.85 crore
- (3) 'Viripanthal' (resting place) at Nilakkal – Rs.34.1crore



- (4) Midway shelter at Erumeli – Rs.19.49 crore
- (5) 'Viripanthal' at Pamba – Rs.19.49 crore
- (6) Midway shelter at Keezhillam – Rs.19.39 crore
- (7) Vehicle parking facility at Ranni – Rs.4.84 crore

165. For the road works in Sabarimala Rs.89 crore in 2016-17, Rs.140 crore in 2017-18 and Rs.200 crore in 2018-19 were provided. For the long term upgradation works for rest of the roads, Rs. 200 crore has been allotted in 2019-20, taking this to a total of Rs. 629 crore. Apart from this, the State Government has spend Rs 65 crore, and on behalf of local government Rs 17 crore. An amount of Rs.28 crore is set apart for 2019-20. Thus a total of Rs.739 crore is being spent on facilities in Sabarimala. Unlike the vicious propaganda unleashed by some, the Government does not even appropriate even single paisa from the income of the Sabarimala Temple. Unfortunately, some politicians masquerading as devotees, are falsely propagating that Government is siphoning off the money of the Sabarimala temple with the aim of destabilising the Devaswom board by dissuading devotees from offering money. Government will not allow the temporary fall in donation resulting from this move to affect the functioning of Devaswom temples. An amount of Rs.100 crore is specially earmarked for Travancore Devaswom Board. Sir, besides this Rs.36 crore is earmarked for Malabar and Cochi Devaswoms in this budget.

## **Health**

166. In this budget the major outlay is provided for health sector, which amounts to Rs.1,406 crore. Apart from this Rs.600 crore will be received from NHM. The Medical Insurance, which we have just discussed is expected to cost around Rs.800 crore. The hospitals that have

commenced constructions may require at least Rs.1,000 crore from KIIFB. Altogether it amounts to Rs.4,000 crore. Thus unprecedented support is given to health sector. Our health sector which is world famous is gearing up to face the challenges of the new era.

167. Rs.788 crore is set apart for 1,280 Public Health Institutions. Rs.232 crore is earmarked for 14 Medical Colleges. In the back drop of recent flood, it is found that the land allotted for Medical College at Wayanad is not suitable. To purchase suitable land and to commence the initial work of the building, money will be made available from KIIFB. Rs.8 crore is earmarked for starting e-Health programme centered at various Medical Colleges.
168. An amount of Rs.35 crore for Malabar Cancer Centre, Rs.20 crore for Health University, Rs.15 crore for Cochin Cancer Research Centre and Rs.3 crore each for Child Development Centre and NIMHANS.
169. A total amount of Rs.48 crore is earmarked for Indian Systems of Medicines. Rs.2 crore is set apart for starting sports medicine facilities in association with District Sports Councils. Rs.50 crore is earmarked for Ayurvedic Medical Education. Rs.7.5 crore is allocated for Laboratory Research Centre with international standard in connection with the works of Patent Cell.
170. An amount of Rs.26 crore is earmarked for Homoeopathy. HOMCO is an important Homoeo Medicine Production Centre. Rs.30.26 crore is the current turn over. It is exporting medicines to overseas as well as to 15 states. The present capacity of the factory is inadequate. In this background, construction of a factory having capacity of Rs.100 crore was started last year. The inauguration of the company will be held in 2019-20. For this Rs.10 crore is set apart.

171. An outlay of Rs.73 crore is earmarked for Regional Cancer Centre. It is expected that the 14 floor new block with an area of 2.75 lakh Sq.ft will be completed in 2020.

### **General Education**

172. Sir, Rs.992 crore, is the total outlay for general education. Rs.695 crore is the allocation for Higher Education and Rs.249 crore for Technical Education. Thus the state plan outlay for 2019-20 is Rs.1,938 crore. The total outlay for education sector including Central share comes to Rs.3,154 crore. In addition to this, an expenditure of at least Rs.1,000 crore expenditure in education sector is expected from KIIFB. Thus, as in health sector, the educational sector is also expected to put an all-time record to the tune of Rs.4,000 crore during the next year.

### **Higher Education**

173. The total outlay for Universities is Rs.1,513 crore.

- a. Kerala University – Rs.29 crore
- b. Calicut University – Rs.25 crore
- c. Mahatma Gandhi University – Rs.27 crore
- d. Sri Sankaracharya Sanskrit University – Rs.17 crore
- e. Kannur University – Rs.25 crore
- f. National University of Advanced Legal Studies – Rs.7 crore
- g. Malayalam University – Rs.9 crore

174. An amount of Rs.17 crore is earmarked for Kerala State Higher Education Council and Rs.10 crore for Kerala Council for Historical Research. Rs.2 crore is earmarked for Centre for Coastal Hereditary Studies. Rs.2 crore is earmarked for K R Narayanan National Institute of Visual Science & Arts and Rs.5 crore for Centre for Continuing

Education. For the preliminary work of the Open University Rs. 1 crore is being allocated. The land acquisition process of the Malayalam University will be completed immediately.

175. Even in higher education sector, the thrust is for quality enhancement. Rs.18 crore is earmarked altogether for the schemes which includes, NIT Project assistance of Rs.35,000/- meant for promoting research aptitude, FRS Project for encouraging the research among post graduate students, 'FLAIR'- meant for developing the linkage between Academic Innovation and Research, the mentoring programme 'Walk with the Scholar' and Erudite Project for introducing world famous scientists to the campuses. Rs.25 crore is earmarked for improving the required criteria for ensuring NAAC accreditation for all Government Colleges. In these colleges innovative courses will be encouraged. An amount of Rs.9 crore is earmarked to give scholarships to students not only for academic excellence but also for literature, arts and sports. Rs.5 crore is earmarked to ensure that one class room in every college is equipped with information communication facilities including video conferencing as part of online resources initiative in college education. Rs.7 crore is earmarked for the betterment of laboratories, libraries and furniture. Rs.5 crore is set apart for Government Autonomous Colleges. Lead Colleges will be formed for co-ordinating adjacent educational institutions on cluster basis.
176. Rs.282 crore is earmarked for Additional Skill Acquisition Programme. This project will be implemented with the support of Labour Department and General Education Department. An amount of Rs.250 crore will be made available to Higher Education sector through RUSA project during the current financial year.

177. Rs.300.74 crore renovation project for college buildings with the financial assistance of KIIFB will be started during 2019-20. Along with this, Rs.50 crore is earmarked for providing other allied facilities such as furniture, sports etc.

### **Science, Technology & Environment**

178. Rs.152 crore is earmarked for Kerala State Council for Science and Technology & Environment. Of this, Rs.60 crore is meant for financial assistance to CWRDM, KFRI, Jawaharlal Nehru Tropical Botanical Garden and Malabar Botanical Garden.

179. The first building in Institute of Advanced Virology having an area of 25000 Sq.ft. at Thonnakkal will be completed this year. The construction of second building having an area of 78000 Sq.ft. will commence soon. An amount of Rs.50 crore is earmarked for the Institute.

### **Technical Education**

180. An amount of Rs.25 crore is provided to Cochin University of Science and Technology and Rs.31 crore is provided to Kerala Technological University. An amount of Rs.19 crore is earmarked for Kerala Science and Technology Museum and Rs.20 crore is earmarked for IHRD. An amount of Rs.5.5 crore is set apart for special research promotion centers in College of Engineering, Thiruvananthapuram.

181. An amount of Rs.43 crore is earmarked for various Engineering Colleges. Besides, an amount of Rs.14 crore is set apart for various projects aimed at enhancing quality of education and industrial exposure. Minor research centers in special subjects will be established in Engineering Colleges. Various courses have been started in collaboration with world famous industrial companies under PPP model

in Automotive Mechatronics, Automation Technologies, Translational Research etc. All these will raise the quality of our technical education to a new horizon.

182. An amount of Rs.44 crore is earmarked for the development of Polytechnics. Product Training centers and Technical centers will be promoted focusing on Polytechnics. An amount of Rs.15 crore is set apart for improving academic amenities such as libraries, information communication facilities etc.

### **Culture**

183. An amount of Rs.157 crore is earmarked for art and culture sector for the financial year 2019-20. Of this, Rs.11 crore is set apart for Chalachithra Academy, Rs.8 crore for Kerala State Film Development Corporation, Rs.5 crore each for Kerala Sangeetha Nataka Academy and Lalithakala Academy. An amount of Rs.32 crore is the outlay for Museum and Zoos. Of this, an amount of Rs.20 crore will be utilized for modernization of Museums and Gallery. Many of the District Cultural Centres which were to be established through KIIFB, as proposed in the previous budget, will move towards construction stage in 2019-20.

184. From the plan provision which has been earmarked to construct suitable monuments for our renaissance leaders at their place of birth or place of activity, funds will be provided to all the institutions that have been obtaining recurring grants during the previous years. An amount of Rs.5 crore has been earmarked for the renovation of the monument of Thakazhi at Ambalappuzha. An amount of Rs.1 crore is earmarked for P. Krishna Pillai monument at Vaikom, Rs.50 lakh for the completion of the monument of Fr.Chavara Kuriakose Alias at Koonanmavu and Rs.1 crore for the preservation of Sri. Velayudha Panicker's house at

Arattupuzha. An amount of Rs.1 crore is allotted for the completion of PRDS College building in commemoration of Kumaraguru. One time grant of Rs.25 lakh is allotted to Kochi Lokadharmi Permanent Drama Theatre.

185. An amount of Rs.13 crore is set apart for the Diamond Jubilee Fellowship. Rs.2 crore is earmarked to the Archives for the digitalization of the prominent Malayalam Dailies of the earlier era. An amount of Rs.1 crore is earmarked for State Library Council. The allowance of Librarians is enhanced by 20 percent.

### **Sports, Youth Welfare**

186. Kerala is a prominent state in the sports field. Sports culture exhorts the idea of unity and togetherness. KIIFB has already given approval for 27 projects worth Rs.528.90 crore so far for the sports sector. Government intends to accord sanction for a hostel stadium in St.Joseph Higher Secondary School, Thiruvananthapuram, a stadium in Higher Secondary School Kanichukulangara, a playground for Kunnummal Volleyball Academy, Anavoor Higher Secondary School Stadium and Nedumangad Sports Stadium. The KIIFB projects that will bring about major improvements in our sports infrastructure facilities, will move towards construction in 2019-20.

187. The outlay for sports in 2019-20 is Rs.117 crore. Of this, Rs.71 crore is earmarked for Sports Directorate and Rs.41 crore for Sports Council.

188. An amount of Rs.23 crore is set apart for Youth Welfare Board.

### **Public Works**

189. An amount of Rs.510 crore is earmarked for KSTP projects. An amount of Rs.72 crore will be received from the Central Road Fund Board, this

year. Rs.70 crore and Rs.132 crore are provided for State Highways and other roads respectively. All rail over bridges, which have got sanction, will be undertaken.

190. The prolonged transportation problem of the people of Wayanad is going to be disentangled. Half of the expected cost of Rs.450 – 500 crore for Wayanad-Bandipur Elevated Highway will be borne by the State Government. The works of Chengannur bypass, widening of the Attingal City road, and the flyover at the Shencotta Junction in Kollam bypass will be undertaken.

### **KSRTC**

191. An understanding has been reached with the banks for the revival of KSRTC. The State Government had promised an amount of Rs.1,000 crore for the first year as per the revival package. An amount of Rs.921 crore has already been spent on pension, salary, repayment to KTDFC etc. Along with this, concrete measures have been suggested to reduce expenditure and to increase revenue. If employees and the management implement these suggestions in unison, KSRTC will come out of the prevailing pathetic situation in 2019-20. After that, government needs to pay only compensation to KSRTC for the free services rendered by them. Government is reviewing the effectiveness with which this package has been implemented. An amount of Rs.1,000 crore will be made available as Government assistance for restructuring KSRTC in 2019-20.

### **Inland Water Transport**

192. An amount of Rs.131 crore is earmarked for the three agencies in the water transport sector viz, State Water Transport Department, Kerala Shipping & Inland Navigation and Coastal Shipping & Inland Navigation.



An amount of Rs.21 crore is earmarked for the purchase of new boats. Ro-Ro service will be started in Vaikom-Thavanakkadavu ferry. Steps will be expedited for switching over from diesel engines to CNG/Electric boats.

193. A cruise vessel with overnight stay facility worth Rs.40 crore will be bought for Kerala Shipping and Inland Navigation Corporation. A barge with a capacity of 1200 tone will also be purchased this year. An amount of Rs.2.7 crore is earmarked for renovating the jetty adjacent to the High Court.

### **Ports**

194. The total outlay for the Ports Department is Rs.98 crore. Work of Vizhinjam Port is progressing. Approximately 40 percent of the first phase of construction work has been completed. An amount of Rs.48 crore is earmarked for the expansion of shipping operations in Azheekkal, Beypore, Kollam, Vizhinjam and Ponnani ports. A separate company has been registered for developing a new greenfield outer port in Azheekkal. An amount of Rs.13 crore is earmarked. Rs.10 crore is earmarked for Harbour Engineering Department.

### **Air Transport**

195. Steps towards the acquisition of 18 acres land for Thiruvananthapuram airport is in progress. But the Central government have decided to sell the land we have given free of cost for the airport, to private companies. The Centre has not yielded to our request to give us the primary right to purchase the same. Even though there are many hurdles, we have been permitted to take part in the tender. We have decided to participate in the tender by registering a company named Thiruvananthapuram

International Airport. Technical and financial feasibility studies are being conducted for establishing airport and heliports at Sabarimala.

### **The Railways**

196. New railway lines such as Thalassery-Mysore, Nilambur-Nanjangode are under the consideration of Kerala Rail Development Corporation. The stretch of Kochi Metro line from Maharaja's College to Pettah will be completed in 2019-20.

### **Irrigation**

197. Total amount earmarked for irrigation sector is Rs.517 crore. Among large and medium scale irrigation projects, an amount of Rs.38 crore is earmarked for Edamalayar and Moovattupuzha Projects and Rs.61 crore for interstate river water projects such as Kabani, Bhavani and Pambar basins. A project for the renovation of old dams is being implemented with the assistance of World Bank. In the first phase, four dams of the Irrigation Department and five dams of the Power Department will be renovated at a cost of Rs.360 crore. An amount of Rs.5 crore is earmarked for drought, flood control and drinking water schemes under Kuriyarkutty and Karappara projects.

198. An amount of Rs.21.5 crore is earmarked for the renovation of Chittur Puzha, Cheramangalam and Moolathara canals. Rs.145 crore is earmarked for the renovation of lift irrigation projects and Rs.28 crore is set apart for ground water development. An amount of Rs.3 crore is additionally provided for resolving water scarcity in rain shadow regions.

### **Drinking Water**

199. The total outlay for drinking water sector is Rs.892 crore. Of this, Rs.700 crore is for various projects of Water Authority. An amount of

Rs.117 crore is earmarked for the second phase works of 'Jalanidhi'. The second phase of this project will be implemented in 200 Grama panchayats of 8 districts. An amount of Rs.55 crore is earmarked for the maintenance of Community Drinking Water Distribution Projects implemented under the first and second phase of 'Jalanidhi' project. An amount of Rs.20 crore is set apart for rain water harvesting.

200. An amount of Rs.280 crore is earmarked for new drinking water projects. 80 ongoing projects under National Rural Drinking Water Project, have to be completed. An amount of Rs.100 crore is earmarked as State share for the completion of 30 projects among them. Nine lakh people will be benefited by this. Rs.75 crore is earmarked for the completion of Meenad and Kozhikode drinking water distribution schemes implemented with JICA assistance. Works of Neyyatinkara in Thiruvananthapuram Drinking Water Project, Karunapuram, Rajakkad, Udumbanchola project in Idukki district will be taken up. An amount of Rs.30 crore is also set apart for drought relief in the project.

### **Forest**

201. An amount of Rs.208 crore will be expended in 2019-20 for the conservation of forests. Of this, around Rs.60 crore is for demarcating the boundaries of natural forests and for conserving them. An amount of Rs.24 crore is earmarked for the schemes related to the prevention of man-animal conflicts. Rs.47 crore is provided for the rejuvenation of degraded forests and conservation of biodiversity. An amount of Rs.51 crore will be available to the Sanctuaries and National Parks. Of this, Rs.30 crore is Central financial assistance. I am happy to inform that KIIFB has approved and sanctioned an amount of Rs.269.75 crore

for Puthoor Zoological Park Project. A dream that has been on wait for two decades is going to be materialised.

## **Local Governance**

202. Kerala has continuously been enjoying the first place in decentralization for the last two decades following the introduction of people's planning. The financial devolution in the State is unprecedented. During the time of the previous government the outlay for Local Government Institutions was 23.5 percent of the Plan allocation. But in 2019-20 it is raised to 24.5 percent. The plan grant, which was Rs.7,000 crore during the previous year has been enhanced to Rs.7,500 crore. Of this, Rs.250 crore is earmarked for Special Project of the flood affected panchayats. Of the plan grant transferred to Local Governments Rs.1,307 crore is for Scheduled Caste Sub Plan and Rs.196 crore for Scheduled Tribe Sub Plan. In addition to the plan grant, Local Government Institutions will get Rs.2,741 crore as Maintenance Grant and Rs.1,626 crore as General Purpose Grant. Thus the total amount comes to Rs.11,867 crore. From this, Rs.1,210 crore is for Corporations, Rs.1,617 crore for Municipalities, Rs.1,564 crore for District Panchayats, Rs.1,090 crore for Block Panchayats and Rs.6,334 crore for Grama Panchayats.

203. Unlike other States, all the main Centrally Sponsored Schemes are implemented through Local Governments. Allocation for Rural Development amounting to Rs.5,136 crore including Central share will be expended through Block and Grama Panchayats. The allocation of Rs.1,862 crore for Urban Development is expended through Corporations. In addition to this, at least an amount of Rs.2,500 crore from LIFE Mission will be expended through Local Governments. When

all these are taken into account a total of Rs.21,000 crore will be available for Local Governments. It is also pointed out that this allocation does not include the own fund of Local Governments. A Welfare Fund will be formulated for NREGS workers. Those who have worked more than 25 days in a month for three consecutive years are already eligible for Social Security Pension.

204. Government have taken several measures for building up the capacity in order to spend such enormous sums. Now, by creating 195 posts of Engineers, it is ensured that at least one Engineer will be available in all Local Government Institutions. Planning could be made time bound through continuous training and interventions. The next year's developmental projects of all Local Government Institutions, except five, have already got the approval of DPC. Commendable progress has been made in implementation also. The average plan expenditure during the period of the financial years from 2014-15 to 2017-18 at the end of December came to 30 percent of annual outlay. In 2018-19 it rose to 58 percent.
205. There are two weaknesses. Number excessiveness of small projects in the model of WARP are increasing, but they are not moving into comprehensive programmes. Two, people's participation is not rising to the expectations. This will lead to bureaucratic dominance. It will also lead to lack of transparency and corruption. As a remedy to this, Resource Centres comprising voluntary experts, in every districts, will be constituted. An amount of Rs.40 crore has been earmarked this year also for taking up the joint projects based on district plan. Acceptance can be regained by increasing people's participation in the functioning of different Missions and strengthening Kudumbashree and Gramasabha.

206. KILA has risen into a world famous centre of excellence in decentralisation. Other training systems related to LSGD have been brought under KILA. Rs.33 crore is earmarked for KILA. Rs.2 crore is additionally earmarked for training and experiments for creating local models for treatment of solid-liquid waste.
207. An amount of Rs.91 crore is earmarked for Kasaragod Package in 2019-20. The priority with which the amount is to be spent will be determined by a district level committee chaired by District Collector.
208. State Finance Commission will be appointed urgently to study and submit recommendations on financial devolution of Local Administrative Institutions.

### **Hygiene**

209. An amount of Rs.260 crore has been earmarked for Suchithwa Mission for sanitation programmes. Henceforth up to 90 percent subsidy can be given to means of waste treatment at source. As mentioned earlier 25 percent subsidy can be given by Government and another 25 percent can be provided by Local Self Government Institutions for the means of waste water treatment.
210. Clean Kerala Company has collected 15,764 tone waste after the flood. At present the company has a processing capacity of 160 ton plastic. This capacity will be increased to 1,000 tones by establishing 263 plants. As envisaged in the Act, waste treatment facility will be established in any one of the Industrial Estates in all districts. A facility for e-waste treatment will also be established in Kerala. The construction of waste manure pits in every house will be taken up as a campaign. Grama panchayats and Municipalities will be graded in the model of 'Swatcha Bharatha Survekshan'.

## **Co-operation**

211. The total outlay of Co-operation sector is Rs.154 crore. The important component in it is the financial assistance to Credit Co-operative Societies. An amount of Rs.46 crore is earmarked for this. An amount of Rs.31 crore is provided for marketing and RIDF Scheme. An amount of Rs.15 crore is provided for Scheduled Caste Co-operative Societies and Rs.3 crore is set apart for Women Co-operative Societies and Vanithafed. An amount of Rs.17 crore is set apart for modernization of Co-operative Institutions, diversification and for assistance to Model Co-operative Societies. An amount of Rs.6 crore is provided as special encouragement to Model Co-operative Societies. An amount of Rs.1.75 crore is earmarked as state share for NCDC loan.
212. A new scheme is going to be started for the co-operators seeking treatment for fatal diseases. An amount of Rs.5 crore has been earmarked for this scheme. Money from this fund can also be used for giving assistance to those co-operators who lost their houses in natural calamity.
213. An amount of Rs.55 crore is earmarked for Housing Board. As per the 'Grihashree' Scheme of Housing Board, two lakh rupees per house will be provided as subsidy to voluntary organisations. In Marine Drive area of Cochi City, an international exhibition city comprising buildings for office/commercial purposes, star hotels, and service apartment, will be constructed on the 17.9 acres of land owned by the Housing Board. 6.5 acres of land owned by the Housing Board in Kalavoor will be acquired by paying market price for Alappuzha Development programme.

## **Civil Supplies**

214. An amount of Rs.45 crore is earmarked for Civil Supplies. Of this, Rs.23 crore is meant for completing the facilities of National Food Security Act. An amount of Rs.7 crore is earmarked for establishing Council for Food Research and Development.

## **Kerala State Financial Enterprises**

215. 2019 is the golden jubilee year of KSFE. New chits amounting to Rs.650 crore and net profit of Rs.200 crore are the aims in the golden jubilee year. 60 new branches will be started. The present turnover of KSFE is Rs.35,000 crore. In 2019-20, the turnover will exceed Rs.60,000 crore including the Pravasi Chits in 2019-20. A giant leap is also expected in other business ventures of KSFE in the jubilee year. Gold loans worth Rs.1,000 crore is targeted. KSFE will surge to new heights in its form and content in the jubilee year.

## **Kerala Financial Corporation**

216. A structural re-organisation is going on in Kerala Financial Corporation. By reducing the interest rate by five percent, KFC has brought the interest rate to the base rate system of 9.5 percent. In the coming financial year, new loans amounting to Rs.1,500 crore will be granted. For this, KFC will mobilise Rs.500 crore additionally from markets. Special assistance scheme for increasing the energy efficiency of micro, small and medium range enterprises and special scheme for giving loan to fiber mills will be implemented in 2019-20. Considerable efforts are in progress for post flood rebuilding. By providing loans and bill discounting to the contractors, KFC has become a partner in the rebuilding of Kerala.



## **NORKA and Non Resident**

217. A model Global Kerala Centre will be established at Mavelikkara in the five acre land owned by NORKA. Those non-resident Keralites who made investment in the infrastructure development of the centre will be given priority in the services of the Centre. Based on the experience of the Centre at Mavelikkara, more Global Kerala Centres can be established in more places in future.

218. An amount of Rs.9 crore has been earmarked for the NRK welfare fund and Rs.15 crore for the rehabilitation of non-resident returnees.

## **Labour**

219. The provision for Labour Department is Rs.563 crore which includes Rs.401 crore for the various schemes implemented by Labour Department, Rs.124 crore for Industrial Training Department and Rs.30 crore for National Employment Service.

220. An amount of Rs.80 crore is provided for the income guarantee scheme for the labourers of the unorganized sector and an amount of Rs.5 crore is provided for the social security activities including maternity benefits. Rs.5 crore is set apart for the scheme named 'Apna Ghar' for ensuring a decent dwelling place for guest workers. A new office complex for Motor Workers Welfare Board will be constructed.

221. An amount of Rs.45 crore is provided for the modernization of ITIs and Rs.39 crore is earmarked for the skill development programmes under the aegis of Kerala Academy for Skill Excellence.

## **Government Employees**

222. Steps for the pay revision of Government Employees will be completed in a time bound manner. Arrears of 2 instalments of DA will be disbursed in cash along with the salary for the month of April. Tender has already been invited for the implementation of Medical Insurance Scheme. It will be implemented within a few months. Government offices such as Village office, Taluk office, Collectorate, Sub Registrar office, RT office which are frequently visited by the public have to become more people friendly. Amenities like drinking water, resting place and public toilet are to be setup. Government offices have to be more women friendly. As the first step, these facilities will be setup in Collectorates and the District level offices. For this, an amount of Rs.50 crore is additionally earmarked.

## **Treasury**

223. The functioning of the treasuries have considerably improved with the implementation of Integrated Financial Management System. An amount of Rs.21 crore has been earmarked for treasury renovation. Construction of 20 new treasury buildings are in progress. Sanction for 12 more building will be granted this year. In 2019-20, the salary and pension of all the employees and pensioners will be routed through treasury account.

224. The valuables of Government are kept in the strong rooms of treasuries. It is decided to verify the stock this year. During 2019-20 correct stock registers will be prepared after verifying stocks. Those with archeological importance will be displayed in museums.

## **Registration**

225. Registration of title deeds will be made simple and transparent utilizing modern technology. This would make the department more people friendly. E-Stamping system will be expanded. Finger print and photo will be digitalized and made part of title deed. Steps will be taken to give title deeds in a time bound manner by computerizing registration procedures. ANASWARA, a project for digitalizing documents, will be implemented. E-POS machines and CCTV cameras will be installed in Sub-Registrar Offices.
226. An amount of Rs.25 crore is earmarked for the Registration Department. Of this Rs.15 crore is for digitalizing the old registration documents and also to create a registration database. 13 crore sheets of documents are to be digitalized. The modernization of buildings of the Registration Department will be continued with the financial assistance of KIIFB.

## **Motor Vehicles Department**

227. An amount of Rs.14 crore is earmarked for the road safety initiatives of the Motor Vehicles Department. Rs.6.75 crore is earmarked for vehicle-cum-driver testing Stations and Rs.10.5 crore is earmarked for the renovation of check posts.

## **Revenue**

228. In Plan, an amount of Rs.90 crore has been provided for the Land Revenue Department. Of this Rs.40 crore is for extending the facilities of the revenue offices. An amount of Rs.17 is for digitalising land records and to conduct mutation procedures online. An amount of Rs.15 crore is provided for the completion of re-surveys.

229. It is intended to setup a Civil Defence Core in connection with the National Service Scheme, NCC, Scout, Student Police Cadet and voluntary organizations. The State Disaster Response force will be strengthened.

230. Rs.22 crore including the Central share will be obtained from the National Cyclone Risk Mitigation Project for setting up cyclone defence infrastructure.

### **Excise**

231. An amount of Rs.17 crore is provided for the modernization of the Excise Department. Of this, Rs.10 crore is for de-addiction awareness programmes and for 'VIMUKTHI' de-addiction Programme.

### **State Lottery**

232. In 2014-15, the state lottery turnover was Rs.5,441.84 crore which was raised to Rs.9,021.36 crore in 2017-18. In 2019-20 the lottery turnover will raise to Rs.11,863 crore. We have been able to attain this achievement in lottery sale by strictly defending undesirable trends and preventing the entry of other states gambling lotteries. State Government has taken stand to impose GST at a higher rate on lotteries being conducted by middle men. The case filed against this by the agents of other state lotteries have failed. But attempts are going on to unify these different rates by other means. But now we have been able to scuttle this sector by joining hands with other likeminded states. A ministerial sub committee has been formed to enquire into it. Kerala has to stand together to defend this by obtaining support of maximum number of states.

### **Planning Board**

233. The total outlay of State Planning Board is Rs.33 crore. The allocation for IMG is Rs.23 crore.

### **Kerala Public Service Commission**

234. An amount of Rs.8 crore is earmarked for Public Service Commission. Of this, Rs.3 crore is for digitalizing the recruitment system.

### **Legislative Assembly**

235. The construction of new apartments for MLAs will be completed on war-footing. Fund will be provided for e-Assembly which is a complete paperless digital system.

### **Police and Vigilance**

236. An amount of Rs.193 crore is earmarked for the modernization of Police and Vigilance Departments. In addition to this, Rs.60 crore will be obtained in the Centrally Sponsored Scheme including the state share of Rs.24 crore.

### **Jail**

237. Rs.16 crore is earmarked for the renovation of jails and Rs.10 crore is earmarked for the welfare and rehabilitation of prisoners.

### **Fire Force**

238. Our Fire Force has grown into a wing that extends its invaluable rescue services during natural disasters and other accidents, apart from firefighting. The significance of this service has been evident during the floods. For fulfilling the growing responsibilities, modern equipment and technical facilities are to be ensured to the department. The primary activity of the coming year is to achieve these modern facilities. The

outlay for Fire and Rescue Services in this year is Rs.75 crore. Of this, Rs.70 crore will be utilized for purchasing modern equipments.

### **Judiciary**

239. An amount of Rs.25 crore is earmarked for Judicial Service. For the modernization of prosecution department Rs.1.5 crore is earmarked. An amount of Rs.24 crore is earmarked for the construction of court complexes and quarters. Rs.36 crore will be obtained as Central share.

### **Legal Metrology**

240. An amount of Rs.11 crore is earmarked for the Department of Legal Metrology.

### **Printing and Stationery**

241. An amount of Rs.11 crore is earmarked for Stationery and Printing Department.

### **Haritha Keralam Mission**

242. An amount of Rs.7 crore is earmarked for Haritha Keralam Mission. This amount is for administrative expenses and promotion activities. The activities of the mission are carried out through Suchitwa Mission, Water Resources, Agriculture, Local Self Government Department.

### **Information and Publicity**

243. An amount of Rs.45 crore is earmarked for Information and Publicity. Of this, Rs.6 crore is given to Media Academy as a grant.

### **Economics and Statistics**

244. An amount of Rs.2.4 crore is earmarked for the Department of Economics and Statistics. An amount of Rs.58 crore will be received from the Central Government for conducting surveys including the agriculture Census.

## IV

### FISCAL ANALYSIS

245. Tax policy is an important instrument for implementing the general fiscal policy of the Government. During 2006-07 / 2010-11 reducing the deficit was made possible without compromising spending and increasing the revenue. But from 2013-14 onwards, the growth rate in tax of the State reduced to 10 - 12%. This led to increase in the deficit and aggravated the financial crisis. We faced the financial crisis by the following measures viz. expenditure for the respective years were recorded in 'e-Lams' and deferred for the next year, amounts allotted to department for expenditure were kept in Treasury without distributing the same and taking more loans through public account. This grave situation was detailed in the white paper brought out by this Government. The white paper had put forward the possibility of increased revenues when GST is implemented, thus bringing the State back to the fiscal consolidation measures started in 2006-07. However even after three years the expectation did not materialise. Tax revenue is growing at a rate of 10% only, while expenditure grows at 16% to 17%.
246. Some had argued for reducing the expenditure to tide over the crisis. Such steps would be suicidal, since the Kerala economy is facing increased threat of stagnation. Crops like rubber is facing acute crisis because of the general stagnation in prices of agricultural commodities. Employment policies of gulf countries have affected migration to those countries. The number of persons seeking employment in gulf countries is dwarfed by the number of persons returning from these countries due to job losses. There is a trend of decrease in remittances from gulf countries. This fear factor has

gripped consumer market and real estate. In these circumstances, the fiscal policy of curtailing expenditure would end in realizing the possibilities of stagnation. However, this situation of considerable increase in expenditures and depressed revenue growth cannot be continued.

247. We have to analyse why revenue growth is not happening. The general recession across the country and low inflation are the reasons. However, it is a reality that States like Tamil Nadu, Telengana and Maharashtra are performing better than Kerala in case of GST revenue. Consumption in big metropolises like Chennai, Mumbai and Hyderabad is obviously high, but Kerala is ahead in the country in per capita consumption. Then why can't Kerala achieve the expected growth?
248. The difference between the above States and Kerala is that, the basis of consumption of these States is the industries situated in those States. As such, the GST leakage would be less. But 75% of the consumption in Kerala is on account of goods produced in other States. In the absence of an effective e-Way bill system, there would be significant tax loss on interstate trade. Now, there are no check-posts to detect this. Instead, there are no other alternatives also. Even, annual returns are also not available for verification of accounts and detect tax evasion. Now the GST department has no option other than to satisfy themselves with the tax what the dealers have declared. This situation, combined with the frequent reduction in GST rates is the reason why there is no increase in the revenues. Another fact is that, the lowering of GST rates has not benefited the consumer.
249. Sir, it is not intended to bring in any basic rectification in fiscal policy of the State, by cutting down the expenditure. This budget makes is clear



that Government is committed to increase development and welfare activities. Sir, this budget envisages 13.88 % increase in the expenditure compared to revised estimates of 2018-19. Further, capital investment is increased by taking loans through public enterprises like Kochi Metro, Vizhinjam Company, CIAL, KINFRA and financial institutions like KIIFB. If the investments through KIIFB alone is analysed, one can get a glimpse of the big transformation envisaged in the economy for the coming years.

### **30% increase in tax collection**

250. Not only for averting the financial crisis but also for the success of loans through KIIFB and others, the budget should be better balanced. Revenue deficit should be brought down from the last five years average of 2.21% to below 1%. With regard to fiscal deficit, it should be brought down from the last five years average of 3.61% to 3%. To achieve this, GST revenue should grow by 30% in 2019-2020. Prima-facie this quantum jump of 30% from the current 10% would be thought as impractical. But the department is of the firm belief that they can achieve this target. Let me explain the rationale and the steps to be taken for this.
251. In the month of July, annual returns would start to come. Then, the tax accounts would be subjected to scrutiny and the sales and purchase vouchers of tax payers will be matched to detect illegal input tax credit claims and deliberate suppression of turnover. It means the big portion of tax loss can be recouped. The GST Council has assured all States, 14% growth rate for each year compared to the previous year. Our GST collection is 13% below this assured revenue. If we fill this gap, and if we achieve a growth rate of 14% in 2019-20, we will be above the compensation limit. In another words, if GST is increased

by 27%, VAT arrear collection would be additional revenue for the State. For effective collection of VAT arrears, it is proposed to utilize amnesty scheme. It is expected to garner additional revenue of 6189 crore in GST over and above 22821.6 crores collected during 2018-19. It is targeted to collect Rs. 2000 crore through amnesty.

252. By realising this, as per revised estimate the budget aims to reduce the fiscal deficit from 3.06% to 3% and revenue deficit from 1.68% to 1%. Through this Kerala will return to the path of fiscal consolidation. This herculean task is the core of this budget.

### **Administrative Measures**

253. In order to achieve the above object, major revamp in the GST administrative structure and functionalities is inevitable.
- (a) To co-ordinate the functions of the Centre and State GST departments, a Co-ordination Committee will be formed under the Chairmanship of Finance Minister with Secretary Taxes, State GST Commissioner, Principal Chief Commissioner of Centre and Director General of GST Intelligence.
  - (b) The annual return and connected records of 2017-18 will be available from 2019 July onwards and that of 2018-19 would be available from 2019 December onwards. The verification based on these documents has to be implemented in a time bound manner to expect major boost in tax collection. To equip the department for annual returns scrutiny intensive training programmes will be carried out.
  - (c) Invoice matching based on GSTR-2A requires a robust back end module and sector-wise data analysis. Facilities will be strengthened to develop such back end module and data

analytics. For this purpose, services of professional consultants will be utilized for one or two years.

- (d) From 1<sup>st</sup> June, 2019 onwards all vehicles entering into the State of Kerala, shall be subjected to real time e-Way bill verification using automatic number plate recognition (ANPR) system. This project will be implemented jointly with Motor Vehicle department. Automatic number plate reader cameras installed at all major entry points in the State, will capture registration number of the goods vehicles and ensure whether the vehicle has a valid e-Way bill. If the vehicle is seen not accompanied with e-Way bill, real time alert messages would be sent to the squads. Further, when the vehicle passes through 'on-the-go' weigh bridge system, the weight of goods declared in the e-Way bill and the actual weight recorded will be subjected to verification. The data gathered through this system will be analysed for further utilization. Further intelligence wing will also be provided the vehicles equipped with automatic number plate reading cameras and other modern facilities. GSTN portal is not sharing the real time e-Way bill data even though the State had requested the same. Hence, necessary steps will be taken to gather information through GST Council. In order to implement this, Rs. 10 crore is set apart for SGST Department.
- (e) Majority of service providers are yet to take registration under GST. A good example is that of hotels. The prevailing tax rates of 18% to 12% for hotels were reduced to 5%. However, only 4600 hotels are registered in GST. Now, a compounding provision with 6% tax is proposed to be implemented for small service providers. In the circumstances, to bring in more

persons into the tax net, comprehensive measures like street surveys will be conducted.

- (f) Like in 2010, arrangements would be made for intensive implementation of amnesty scheme. One of the perceived reasons for the failure of amnesty scheme of 2016-17 was the stoppage of revenue recovery steps. Hence revenue recovery steps would be strengthened along with amnesty scheme.
- (g) The tax department would be restructured. Enforcement wing would be strengthened. Steps would be taken for joint inspection of business places in appropriate circumstances based on data analysis, by Centre and State GST officers. One of the main reasons of evasion of tax is the practice of under valuation in invoices. This has to be effectively tackled for increasing the revenue. Conduct of test purchases are necessary to understand the difference in sale and purchase values, whether it reflects in the accounts of the dealer, and whether they are issuing bills for supply. For plugging tax evasion and to strengthen the intelligence wing, secret fund of Rs. 2 crore is earmarked. For the verification of e-Way bill, and issuing online notices vehicle mounted tabs, scanner and printer will be provided to the enforcement wing. Rs. 1 crore is earmarked for this purpose.
- (h) To boost tax collection, the habit of compulsory insisting of bills is to be encouraged. The suppliers of goods and services and consumers have to be made aware of the necessity of promoting bill culture. For this Rs. 1 crore is allotted. The State GST Department will be empowered to grant orders or instructions relating to using special billing software for the

supply of specified goods or services. From 2019-20 onwards, e-Ticketing in approved software will be made compulsory with respect to cinema halls.

- (i) The accounting software developed by GSTN would be provided free of cost to traders.

### **Goods and Services Tax**

254. As per the decision of the GST Council, the following three important changes would be made effective from April, 1<sup>st</sup> onwards.

- The threshold limit of registration for suppliers in goods will be raised from Rs. 20 lakhs to Rs. 40 lakhs.
- In the case of supply of goods, threshold for composition, will be increased to Rs. 1.50 crores and it will be subject to levy of compounded tax at 1% only.
- Generally, service providers were not allowed compounding facility. It was generally felt that 18% service tax was excessive. Henceforth, service providers having turnover between Rs. 20 lakhs and Rs. 50 lakhs can pay compounded tax at 6%.

### **Kerala Flood Cess**

255. States facing natural disasters can hence forth levy disaster cess with recommendation of GST council. The GST Council had permitted the State to levy 1% Cess on supply of goods and services for rebuilding Kerala. I am glad to inform this house that in the pre-budget discussion with the trade, nobody had opposed this proposal. Except for gold, it is not intended to levy cess on goods having GST rate of 5% or below.

256. Small dealers who have availed composition tax will be excluded from levy of cess. 0.25% flood cess will be levied on all goods coming

under the fifth schedule including gold, silver and platinum ornaments on the value of supply. For supply of goods coming within the GST tax bracket of 12%, 18% and 28% and on all services, one percent flood cess will be imposed on the value of supply. This will be levied for a period of two years. To avoid cascading due to tax on tax, the Kerala Flood Cess will be levied only on the value of intra state supply made within the State by registered dealers, at the last supply point, i.e., to consumers or other unregistered dealers (B to C). Rs. 600 crores additional revenue per year is expected through this measure.

### **Kerala Value Added Tax Act**

257. Two years since the implementation of VAT, an adalath was conducted in 2007-08 to complete the pending assessments under KGST Act. Likewise, if only the pending assessments in Value Added Tax Act are completed in time bound manner, the department can be equipped for effective implementation of GST. Around 25000 tax assessments and 60000 return scrutinies are yet to be completed. To complete these assessments in a time bound manner, necessary guidelines are issued.

- 1) In cases where tax evasion has been detected and the offence has been compounded or penalty has been imposed, the assessment shall be done only on the suppressed turnover detected. However, in cases where pattern of suppression has been established, the assessment shall be completed by adding 50% of the suppressed turnover.
- 2) With respect to unaccounted purchases from registered dealers within the State, detected through KVATIS Scrutiny, input tax credit shall be granted on such purchases provided the dealer

admits such purchases. In such cases, assessment shall be completed by adding 20% gross profit on the purchase value. In case of detection of variation in interstate purchases, interstate stock transfers, import and purchases from unregistered dealers, 25% gross profit shall be added to such purchases for arriving at the sale value and assessed to tax. If sales suppression is detected, only the differential turnover shall alone be assessed.

- 3) Discounts, incentives and other income shown in trading, profit and loss account shall be assessed only if it affects the tax.
- 4) Suppressed turnover of compounded works contractors, hoteliers and caterers shall be assessed at the compounded rate by adding 25% tax of the suppressed turnover. Compounding shall not be cancelled.
- 5) If variation is detected on the turnover of compounded jewellerys, such turnover alone shall be assessed at the schedule rates. Compounding shall not be cancelled.
- 6) Those dealers, who have defaulted in producing the statutory forms for applying concession / exemption, shall be assessed only on such turnover at the schedule rate.
- 7) Assessments on variations in annual return, trading, profit and loss account and audit report, shall be limited only to such variation.
- 8) One more opportunity for return revision relating to the period up to 2017 June shall be granted. This facility will be available up to September 30<sup>th</sup>, 2019.

- 9) In case of variations between return and books of accounts pointed out voluntarily by the dealer, assessment shall be limited to such turnover only.
- 10) The assessments completed up to 31<sup>st</sup> March, 2020, according to the guidelines stated above can avail amnesty, provided the dealer opts within 30 days of receipt of the order. However, the amounts under amnesty will have to be paid on or before 31<sup>st</sup> March, 2020. This facility will be limited only to those assessments which are completed on or before 31<sup>st</sup> March, 2020.

#### **One time settlement scheme for arrears**

258. As per accounts around 9,957 crores of rupees are in arrears. From this around 3000 crores of rupees has been reported by recovery authorities as non-collectable. 30% of the total arrears pertain to various penalties and interest. A comprehensive amnesty scheme is announced. This amnesty scheme will be applicable to arrears relating to the period up to March 31<sup>st</sup>, 2005 for Kerala General Sales Tax Act; arrears relating to the period up to June 30<sup>th</sup>, 2017 under Kerala Value Added Tax Act, Kerala Tax on Luxuries Act and Kerala Surcharge on Taxes Act, Central Sales Tax Act; and arrears relating to the period up to March 31<sup>st</sup>, 2017 under Kerala Agricultural Income Tax Act. The assesses who wish to avail the option shall withdraw all appeals and cases pending before all forums. All arrears relating to tax, penalty and interest pertaining to a financial year shall be settled together.
259. Those who opt the scheme shall pay the principal amount only. Full interest and penalty shall stand waived. Those who wish to opt this



scheme, shall file their option on or before 30<sup>th</sup> Sept., 2019. The amounts as per this scheme shall be paid in a maximum of six instalments on or before 31<sup>st</sup> March, 2020.

260. Those who have opted for amnesty schemes earlier, but could not settle the arrears, can also opt under this scheme. Amounts if any paid during the earlier schemes, will be given credit in tax under this scheme. Further, amounts paid after the receipt of demand notice will be given credit under tax as per this scheme.
261. Amount paid as tax while compounding the offence, will be given credit as tax under this scheme.
262. No refund shall be allowed to the arrears settled under this scheme.

#### **Amnesty scheme for presumptive tax dealers**

263. The amnesty scheme declared in the last budget would continue. The condition that the dealers would have to take TIN registration for settling the case under amnesty, will be dispensed with.

#### **VAT tribunal**

264. Presently, tribunal benches consisting of two members have the powers to decide on cases having tax effect / penalty up to Rs. 5 lakhs. Amendments will be made in the Act to stipulate that this monetary limit will not be applicable if one of the member is a judicial member.

#### **Kerala Tax on Luxuries Act**

265. As per Luxury Tax Act, assessments for an year is compulsory. Around 11000 assessments are pending to be completed. In this, around 5000 tax assessments relates to turnover below Rs. 5 lakhs. To give relief the small tax payers in this sector, a scheme is

announced. The assessments of assesseees whose turnover for an year is up to Rs. 5 lakhs and who have filed the annual return and paid tax accordingly, will be deemed to be completed. Necessary provisions will also be made to re-open such cases by Deputy Commissioner when tax evasion is detected subsequently, within a period of four years.

### **The Kerala Money Lenders Act, 1958**

266. Several complaints are received from public regarding the realisation of exorbitant interest by money lenders for the loans. The Kerala Money Lenders Act, 1958, permit money lender to charge interest on any loan at a rate exceeding 2% above the maximum rate of interest charged by commercial banks on loans granted by them. But there is no uniformity for realisation the interest by commercial banks. Commercial banks charge 10% to 12% per annum on gold loans disbursed by them. For personal loans it may go up to 24%. As a result, the effective regulation of interest charged by money lenders cannot be monitored. Therefore, to bring in clarity to the provision, it is decided that the maximum rate of interest chargeable by a money lender is fixed at 18%. Further, in order to ensure transparency in money lending business, I like to insist disbursal of loan amount of Rs. 20,000/- or above only through cheques.

### **The Kerala General Sales Tax Act**

267. Sir, an amnesty for the tax arrears under General Sales Tax Act for the demands relating to the assessment year 2005-06 to 2017-18 is also declared. If the arrears for an assessment year is completely paid, entire penalty shall be waived. The arrears relating to bar hotels can be paid in 10 equal monthly instalments starting from June 2019.

268. Turnover tax will be exempted on the transfer of stock of foreign liquor, based on the orders of Excise Department, during the closure of bar as per the Government policy.
269. Considering the circumstances in which the FL-3 licences used for selling foreign liquor was cancelled and was converted to FL-11 licences for selling beer and wine only, the stipulation that for payment of compounded tax, the tax paid for previous three years should be considered is dispensed with in these cases. This facility will be available only for such FL-11 licensees who had done business for a full year.
270. As the check posts are abolished, the interstate movement of goods coming outside the GST could not be monitored properly as these commodities are excluded from the purview of e-Way bill. Therefore in order to track the interstate movement of these goods, an online system of self declaration shall be introduced to ensure the genuineness of movement of goods coming outside GST.
271. The tax rate on the first sale of all kinds of foreign liquor including beer and wine will be increased by 2%. An additional revenue of Rs. 180 crores is expected.

### **Re-organization of the Department**

272. State GST Department will be reorganized to bring in parity with the cadres of Central GST Department. Even-though both the Departments are exercising same powers under GST they are designated separately and this is to be resolved for effective administration of GST. The SGST Department is to be restructured to have clear verticals for various assignments namely Tax Payer Services, Enforcement, Audit, Appeal, etc.

## **Infrastructure development**

273. Tax complexes will be constructed at district head quarters of Alappuzha and Kannur and additional complexes will be constructed at Ernakulam and Kozhikode districts.

## **Entertainment Tax**

274. In pre-GST era, local bodies collected entertainment tax in State. When GST was implemented, as part of dispensing with double taxation, it was instructed that local bodies need not collect this tax. But in States like Tamil Nadu, both taxes were collected. As per the recommendation of GST Council, the GST rate of cinema tickets was brought down to 18% from 28%. As such, the local bodies will be permitted to levy 10% entertainment tax on cinema tickets.

## **Motor Vehicle Tax**

275. One time settlement scheme announced in the Budget for 2016-17 for vehicle owners who have arrears of tax for five years or more will continue this year also. As per this scheme both Transport Vehicles and Non-Transport Vehicles can escape from further legal procedures by remitting 20% and 30% respectively of last five years tax. In addition to this the registered owners whose vehicles where either transferred or are in a dilapidated condition can escape from further tax liability by submitting an affidavit. Those who are paying tax arrears by revenue recovery procedures can also avail this facility.

276. The onetime tax on new motor cycles, motor cars and private service vehicles used for private purpose will be increased by 1%. Rs. 200 crores additional revenue is expected from this measure.

277. Atmospheric pollution increasing in urban areas of Kerala. The pollution from diesel and petrol vehicles contributes to this. In order to resolve this it is propose to encourage the registration of electric vehicles. 50% concession on tax for five years will be granted to newly registered e-Rickshaws. For other electric vehicles, 25% concession on tax for five years will be granted.
278. As per Section 25 of the Motor Vehicle Taxation Acts, Kerala State Road Transport Corporation considered as a fleet owners. Fleet owners have to pay 40% surcharge in addition to normal tax. Sec. 25 of the Motor Vehicle Taxation Act will be amended to exclude KSRTC from remitting surcharge.
279. The additional fee levied by Central Government for the delay in producing fitness of transport vehicles and renewal of registration of non-transport vehicle will be done away with and in lieu of this, new fees will be levied as per Motor Vehicle Rules.

### **Registration and Stamp Duty**

280. During 2018-19, the onetime settlement scheme was announced for the settlement of all pending under valuation cases from the year 1986. This scheme will be extended up to March, 2020 and an additional revenue of Rs. 100 crores is expected to yield from this.
281. There is no provision in the Kerala Stamp Act to charge stamp duty for electronic records and electronic agreements. Hence, necessary amendments shall be brought in to levy stamp duty for the same.
282. Public works contracts or other service level agreements are being levied a stamp duty at the rate of 0.1% with a maximum ceiling of Rs. 1 lakh. But while calculating stamp duty for the supplementary

contracts, original value as per the principal contract is being considered for levying stamp duty. In order to avoid this anomaly, the value of the supplementary contract alone will be considered for levying stamp duty.

283. Tax rates for registration other than property registration will be unified and the system will be made simple. This will be introduced for court fee stamp also.
284. Stamp duty for agreements relating to deposit of title deeds will be reduced from 0.50% to 0.10% with a maximum ceiling of Rs. 10,000/- and stamp duty for release deeds for such mortgages shall be reduced to 0.10% with an upper limit of Rs. 1000/-.
285. Stamp duty for agreements for the purpose of land development between the landlord and builder will be reduced to 1% from 8%, with an upper limit of Rs. 1000/-.
286. If a rectification deed would cause increase in fair value of the property transfer, then the amount of duty on such instruments shall be the duty chargeable less the duty already paid in respect of such previous instruments. Necessary amendments will be made to this effect in the Kerala Stamp Act.
287. Necessary amendments will be brought in to Kerala Stamp Act for levying stamp duty for limited liability partnership agreements.
288. In order to attract company registration in the State, the stamp duty will be rationalised.
289. In order to reduce price variation between the market value and fair value of the land in Kerala, the existing fair value will be increased by 10%. An additional revenue of Rs. 400 crore is expected.

## **Land revenue**

290. The luxury tax rate for residential buildings will be revised. The following luxury tax will be levied on the basis of plinth area.

i)	3000 to 5000 sq. ft.	-	Rs.4,000/-
ii)	5001 to 7500 sq. ft.	-	Rs.6,000/-
iii)	7501 to 10000 sq. ft.	-	Rs.8,000/-
iv)	Above 10000 sq. ft .	-	Rs.10,000/-

An additional revenue of Rs. 50 crores is expected.

291. One time building tax and luxury tax will be levied on finished buildings, based on the plinth area recorded in the completion / plan certificate submitted with the Local Self Government. Necessary amendments would be made in Kerala Building Tax Act and Rules for this purpose.

292. The requirement of affixing five rupee court fee stamp on applications and petitions before revenue department is dispensed with.

293. The fee for various services under Revenue Department would be increased by 5%. The appeal / revision fees for Revenue Department will be increased from Rs. 10/- to Rs. 20/-.

294. Land lease rent arrears due from various organisations and institutions come around Rs. 1155.31 crores. Present lease rent rate is 5% for commercial leases and 2% for non commercial leases. The rate came in to effect on 2016. Prior to that rent for commercial leases was 15 to 20 per cent. Lease rent arrear demands are raised based on the higher rates. A onetime settlement scheme is declared to settle these dues. The defaulters can settle the dues by the remitting the arrears in the reduced existing rates of 2% and 5% within a specified time frame,

failing which stringent steps shall be taken to revert the land to Government. Rs. 200/- crores revenue is expected from this measure.

295. By converging registration of deeds and mutation, the procedures to this effect will be simplified.

### **Kerala Court Fees and Suit Valuation Act**

296. The court fee as per the Kerala Court Fees and Suit Valuation Act, 1959 to be paid on the appeal memorandum from an order of appellate tribunal to High Court under Income Tax Act, 1961 is fixed as follows. In case where income exceeds Rs.2 lakhs, as 2% of the relief sought for subject to a maximum of Rs.20,000/- and in other cases 5% of the relief sought for subject to a maximum of Rs.2 lakhs. Necessary amendments would be made in the Kerala Court Fees and Suit Valuation Act for this purpose.

297. e-Stamping will be expanded and court fees will be included within the ambit of e-Stamping.

### **Services**

298. All charges and fees for services provided by various departments will be increased by 5%.

### **Conclusion**

299. Sir, Let me present the summary of the Revised Budget Estimate for the year 2018-19.



### **Revised Estimate for 2018-19**

*(Rs. in crore)*

Revenue Receipts	100006.58
Revenue Expenditure	113033.57
Revenue Deficit	(-) 13026.98
Capital Expenditure (Net)	(-) 9772.45
Loans & Advances (Net)	(-) 887.01
Public Debt (Net)	19191.16
Public Account (Net)	4058.70
Overall Deficit	(-) 436.58
Opening balance at the beginning of the year	(-) 44.08
Closing balance at the end of the year	(-) 480.66

300. As per the Revised Estimate of 2018-19, it has been able to contain the Revenue Deficit. The Revenue Expenditure is less than Budget Estimate since the Revenue Receipts has not risen to the expected level. Steps will be taken to rectify the defects in 2019-20.
301. Let me present Budget Estimate 2019-20.

### **Budget Estimate for 2019-20**

*(Rs. in crore)*

Revenue Receipts	115354.71
Revenue Expenditure	124125.00
Revenue Deficit	(-) 8770.29
Capital Expenditure (Net)	(-) 16226.53
Loans & Advances (Net)	(-) 1293.75
Public Debt (Net)	23235.73
Public Account (Net)	3029.70
Overall Deficit	(-) 25.14
Opening balance at the beginning of the year	(-) 480.66

Closing balance at the end of the year	(-) 505.80
Additional Expenditure announced	(-) 1410.63
Tax Relaxation	(-) 300
Additional resource mobilisation	1785.00
Cumulative Deficit at the end of the year	(-) 431.43

302. Let us compare the Revised Estimate for 2018-19 and Budget Estimate for 2019-20. The total expenditure of the Government has increased to 13.88 percent in relation to 2018-19 Revised Estimate. The vision of this Government behind this decision is that the government expenditure needs to be increased to prevent the economy from falling into recession in the context of income from gulf countries getting decreased. The 25 projects put forth in the budget will create a quantum jump in the development of the State. This ensures not only infrastructure facilities but also social security of the state. At the same time, in order to sustain the growth, Kerala needs to enter again on the fiscal consolidation path. Determined intervention in this regard could be seen in this budget.

303. Sir, it could be seen that the Revenue Expenditure in 2019-20 Budget Estimate has increased to 9.81 percent. The increase in receipt is more than that of increase in Revenue Expenditure. It is aimed at an increase of 15.35 percent Revenue Receipt. As a result, Revenue Deficit will come down to 1 percent from 1.68 percent. The increase in Revenue Receipts is Rs.15,348.13 crore. But, of this, only Rs.1,785 crore is collected additionally from flood cess and as a result of increase in some other tax rates. The balance revenue will be mobilized by means of effective collection of existing taxes and settlement of dues.

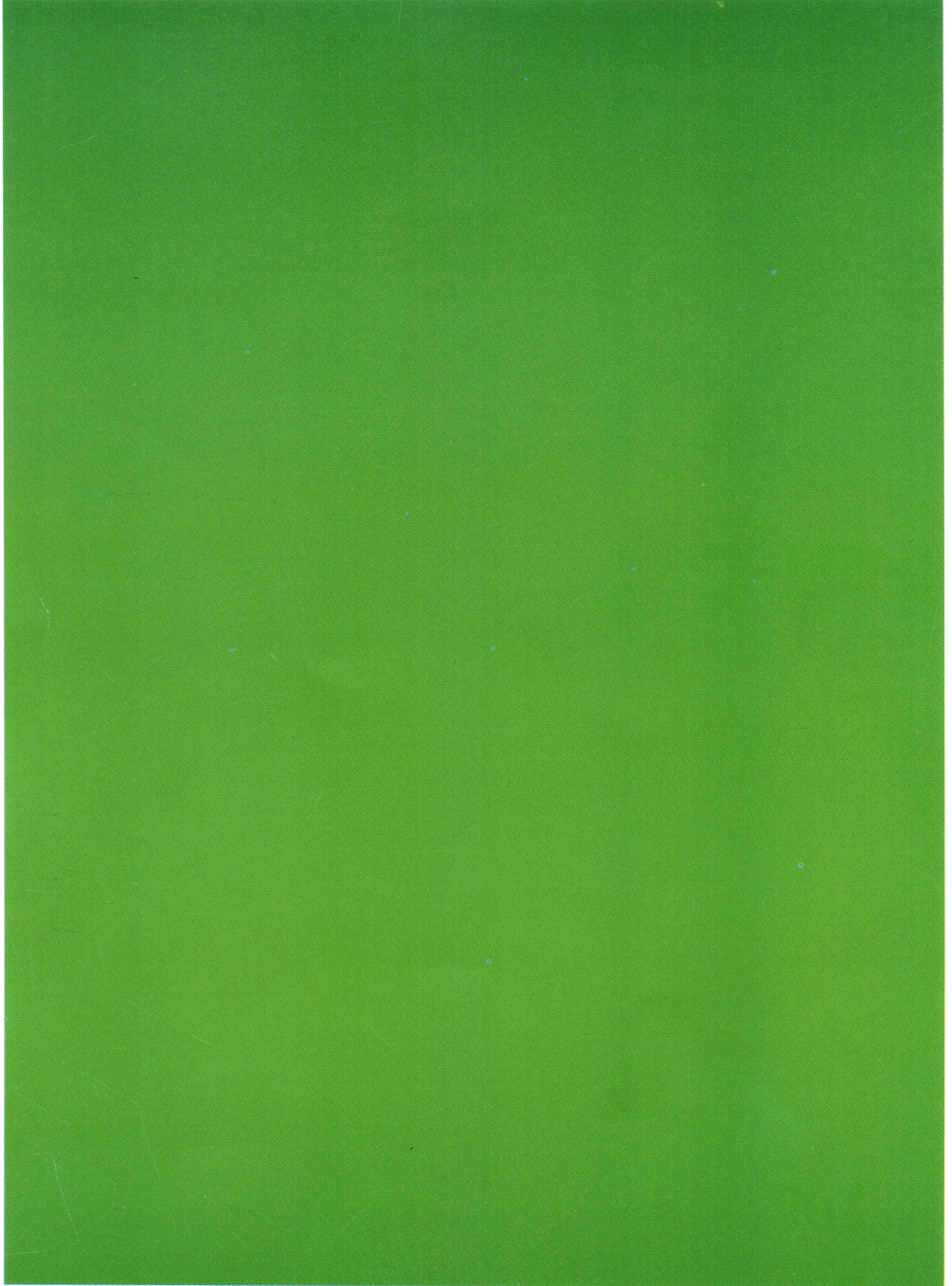
304. The Capital Expenditure has increased by 53.3 percent compared to 2018-19. The quantum leap in Capital Expenditure is an all-time record in the history of the State. This expenditure is 12.6 percent of gross expenditure. This rate needs to be raised further. The rise in growth rate of economy is dependent on Capital Expenditure. Capital Expenditure needs to be increased considerably for building a new Kerala. In 2018-19 we have expended 56.03 percent of loan for revenue expenditure. This will come down to 33.40 percent in 2019-20. This too is a qualitative change.
305. Even though the permissible limit of fiscal deficit is 3%, the expected fiscal deficit for 2019-20 is 3.06 percent. The fact that Centre is continuously violating the fiscal limits, will not be used as a justification for adopting a lackadaisical attitude in this regard. The interest rate for Treasury Fixed Deposits has been reduced with this aim.
306. It will take far more years, in the prevailing conditions in Kerala, to reach the stage, where loan could completely be used for Capital Expenditure. As per the accounting system, education and health expenditure are not regarded as Capital investments, but for us these are expenditures for development of human resources. Such social investments have worked as galvanizing force for the development of Kerala. So, as mechanically enshrined in Fiscal Responsibility Act, we cannot eliminate fiscal deficit. But our determination to bring it down, is perceptible in the Budget of 2019-20.
307. Our perception about Government's economic role is entirely different from neoliberal perception. Our vision is a government which functions strongly and in a better manner. For the accelerated growth of our State, a massive public capital investment is necessary. This cannot be achieved through budget alone. This realization leads to a strategy for mobilization of capital for investing into infrastructure facilities through special investment companies. This endeavor will see success in the year 2019-20.

308. Sir, This is a Budget for creating a new Kerala. We need to protect our proud social achievements in the New Kerala. This government will ensure the protection of common people. This is evident from the allocation for education, health and social sector. The traditional labour sectors will be modernized and traditional labourers will be protected. This is one leg of the development. Kerala is not going to walk on a single leg. A determined stride is to be made to create a knowledge based labour society exploring the possibilities of modern knowledge based society and in accordance with the aspiration of the educated youth. Equal importance is given to this too in the Budget. Sir, our State is on the path of transforming itself into a New Kerala Development Model. Social scientists concede the role of renaissance in paving the way for Kerala Development Model. The new edition of Kerala Development Model needs to hold fast to renaissance values. It needs to be taken forward. Otherwise, there will not be any progress. I am presenting the Budget of 2019-20 before the auspicious house with the ever relevant poetic utterance made by Kumaran Asan a century ago. Sir, I am presenting the vote on account for the next four months of the financial year 2019-20 before this auspicious house for approval.

309.

*'Time has run out;  
Ceremonial threads that bind  
Have worn out.  
Weak strands of tradition  
Can no longer hold,  
Reform, change the rules!  
Else they shall change you  
Roaring winds resound the same  
All the time  
Now in Kerala.'*

**JAI HIND**



cover painting: PS Jalaja  
cover design: Godfrey Das

Printed by the Superintendent of Government Presses  
at the Government Press, Mannanthala, Thiruvananthapuram-2019