

were the limitations of the Indian delegation in pressing that point and getting some conclusive statement from Pakistan?

Shri Swaran Singh: We did raise this point and, as I have explained in the statement as also in answer to some of the other supplementary questions that have been put, they did not show any willingness, readiness and keenness to discuss the other economic issues. We pointed out to them that their stand in the respect was not in accordance with the Tashkent Declaration. This matter is likely to be discussed in the future meeting here.

Shri N. C. Chatterjee (Burdwan): May I put one question?

Mr. Speaker: I do not allow any more questions. Now he will excuse me.

13.10 hrs.

KERALA BUDGET, 1966-67

The Minister of Finance (Shri Sachindra Chaudhuri): Sir, with your permission, I beg to lay on the Table a statement of the estimated receipts and expenditure of the State of Kerala for the year 1966-67.

Shri N. Sreekantan Nair (Quilon): Sir, I strongly protest against the attitude of the Government and the Finance Minister in laying the Budget of the Kerala State before the House as if it is a report of a match factory being presented before the House. When the General Budget is presented with all the fanfare and the decorum in the House, what is the meaning in doing like this in respect of the Kerala Budget? There is no Legislature in the State. The public must know what it is. This is the only occasion when we can hear the Finance Minister making a statement of the estimated receipts and expenditure of the State of Kerala... (Interruption).

Mr. Speaker: He may kindly resume his seat.

Shri Hem Barua (Gauhati): It is just like presenting a match box to you!

Mr. Speaker: I had also the impression that normally, when a State is under President's Rule, the budget is read out here and presented to the House as if it was a budget of the Central Government. Ordinarily, that is done. But last time also I find that Shri T. T. Krishnamachari did the same thing....

Shri N. Sreekantan Nair: What was done last time need not be repeated this year.

Shri Hari Vishnu Kamath (Hoshangabad): It was not a precedent for the future.

An hon. Member: He may read it.

Shri Sachindra Chaudhuri: With all respects to the House, I must say that I had myself found out as to what was the procedure adopted last time. I was told that last time this was the procedure which was accepted by the House and I thought it was no disrespect shown to the House if I followed the same procedure. I have all respects for this House. I am entirely at the disposal of the House and I shall certainly read it out.

Shri Surendranath Dwivedy (Kendrapara): I think, when Orissa Budget was presented the then Finance Minister made a statement while presenting the Budget to the House. I do not know about the Kerala Budget, whether it was a supplement budget or a general budget.

Mr. Speaker: He had only followed the procedure that was followed last year: He might present the Budget to the House.

13.13 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Shri Sachindra Chaudhuri: As I said earlier, I have all respects for the House. I am also a humble Member of the House. I will not do anything which will show disrespect to the House. I will certainly read it.

The House is well aware of the circumstances in which the President's Rule continues in the State of Kerala. It has consequently become necessary to submit the Budget of the Government of Kerala for the year 1966-67 to Parliament, which enjoys the powers of the State Legislature at present.

The general features of the economic situation in the country were reviewed when the Budget of the Government of India was presented a few days ago to Parliament. Certain features which have pointed reference to the State may, however, be touched upon here.

The food situation in the State dominated the attention of the people throughout the year 1965. In the first half of the year, under the system of informal rationing introduced towards the end of 1964, a ration of 160 grammes of rice and 160 grammes of wheat for an adult per day was being given throughout the State. During the months of July, August and September the rice ration was even raised temporarily to 190 grammes first and then to 200 grammes. In October 1965 in response to an appeal sent to all State Governments to reduce the consumption of foodgrains, the overall ration in Kerala was reduced from 320 grammes to 280 grammes per adult per day, consisting of 160 grammes of rice and 120 grammes of wheat. The rice ration had, however, to be reduced to 120 grammes early in January 1966 due to inadequate supplies. Later it was again raised to 140 grammes from 30th January and it has since been decided that it would be restored to

the original quantum of 160 grammes, in the latter half of March.

The failure of the south-west monsoon in parts of the State adversely affected agricultural and industrial production during the current year. Though the first crop was satisfactory, the second crop (including the summer crop) has been affected and according to present indications it is estimated that the production of rice would be somewhat lower than last year. In the case of plantation crops, however, no fall in production is feared and on the other hand it is expected that the production of rubber and tea would register increases. Similarly, the landings of fish along the coast have been satisfactory.

The poor storage position in the reservoirs compelled the imposition of a severe cut on the consumption of power in the State even during the non-summer months. From the middle of December, 1965, a 50 per cent cut on industrial and commercial consumers and a 25 per cent cut on domestic consumers has been imposed and this may have to be continued till the rains come in May, 1966. As a result of the power cut, industrial units in the State have had to work below capacity. New units that have been erected and completed could not also be commissioned.

There was a continuous pressure on prices from the beginning of the year and consumer price indices and wholesale price indices for all the centres in the State showed an upward trend from April, 1965 to January, 1966. There has however been a slight fall in February.

Despite difficulties, determined efforts towards the development of the State were made both by the Government of India and the State Government. The requirements of the plan programmes undertaken by the State Government were re-assessed by the Government of India during the year and an additional

allocation of Rs. 5.9 crores was made to the State Government for accelerating the schemes in the productive sectors particularly under Power, Irrigation, Industries, Fisheries, Minor Irrigation, Soil conservation and Forests. Taken along with the allocations made for special development programmes under agriculture, poultry, piggery and fisheries and those made for advance action on schemes of the Fourth Plan, the revised estimate of plan expenditure for the current year, is about Rs. 8 crores more than the Budget Estimate. As a result, the State's Third Plan outlay would be Rs. 180 crores as against the original provision of Rs. 170 crores. Of this, nearly a third has been on the Power programme. Shortly, one unit of the Sholayar project and two units of the Sabarigiri project will be commissioned increasing the present installed capacity of 192.5 M.W. to 310.5 M.W. In the next few months both these projects will be commissioned in full and the installed capacity in the State will be increased to 546.5 M.W. which would be nearly three times the present capacity.

Significant advance has been made by the State in other fields also. The progress achieved in the various sectors is indicated in the publication on the Plan programmes, which has been presented along with the budget documents.

Turning now to the budgetary field, the current year's budget envisaged an overall deficit of Rs. 82 lakhs. Since then, the State Government had to revise the allowances of Government employees and the staff of aided schools with effect from the 1st October, 1965. Also, against the market loan of Rs. 5 crores programmed at the time of the presentation of the budget, only a loan of Rs. 4 crores could be raised. The Plan allocations were also increased during the course of the year with additional Central assistance. Further, the Government of Kerala had to make large payments during the current year for

foodgrains received last year. The worsening of the budgetary position consequent on these factors was offset to some extent by the economy measures implemented by the State Government and the larger revenues anticipated under certain heads like State Excise, Forest and Tax on Goods and Passengers. The Government of India have also decided to give an additional loan of Rs. 6 crores to the State Excise, Forest and Tax on Goods getary position. In the result, the current financial year is expected to close without any uncovered overdraft.

The Budget for the next year places the Revenue at the existing level of taxation at Rs. 103.1 crores which is Rs. 20.7 crores more than the Revised Estimate for the current year. It may be recalled in this connection that, on the basis of the recommendations of the Fourth Finance Commission as accepted by the Government of India, the State Government are entitled to an annual grant-in-aid of Rs. 20.82 crores for the five year period commencing with 1966-67 as against Rs. 6.25 crores at present. There is also substantial improvement in the pattern of devolution of Union taxes and duties, the State's share for next year being estimated at Rs. 13.9 crores against Rs. 11.8 crores for the current year. Owing to the commissioning of the Sabarigiri and Sholayar hydro-electric projects, there would be a significant rise in the quantum of power generation in the State. This, together with the enhancement of tariff on electricity which was brought into force from October, 1965, would augment the resources of the State Electricity Board and its consequent capacity to pay interest on the loans advanced by the State. Accordingly, credit has been taken in the budget for a sum of Rs. 4.9 crores towards interest from the Board.

The expenditure on Revenue account next year is estimated at Rs. 99.3

[Shri Sachindra Chaudhri]

crores which is Rs. 15.8 crores more than the Revised Estimate for the current year. The increase is mainly due to full year's provision being made for the payment of revised rates of allowances, the general revision of scales of pay proposed to be given effect to from 1st January, 1966, increased debt charges and the 'committed' expenditure arising out of completed Third Plan schemes. In the net, the Revenue account would show a surplus of Rs. 3.8 crores next year as against a deficit of Rs. 1.1 crores in the current year.

Capital outlay next year is estimated at Rs. 11.0 crores as against Rs. 16.8 crores in the current year, the fall being mainly accounted for by the recovery shown in the budget estimates for adjusting the value of the assets of the former Transport Department transferred to the Kerala State Road Transport Corporation which came into being from the beginning of the current year. The net disbursement of loans and advances by the State Government next year is placed at Rs. 20.0 crores as against Rs. 18.6 crores in the current year. The increase is due to the provision made in the estimates for 1966-67 for adjusting the value of the assets of the Transport Department as loan to the newly formed Corporation.

Next year's estimates provide for a sum of Rs. 41.8 crores for outlay on the State Plan. This includes Rs. 1 crore towards outlay on road transport schemes to be financed by the Kerala State Road Transport Corporation out of its own resources. Central assistance for the Plan would be Rs. 28.30 crores and the balance would be met from the State's own resources. The Plan places particular emphasis on the agricultural sector, including Fisheries and also the acceleration of the projects on hand in other sectors. The outlay on the agricultural sector, including medium irrigation, Co-operation and community development, would be Rs. 14.7 crores and that on Power Rs. 15.0

crores. All the other sectors together would have an outlay of Rs. 12.1 crores. Next year's estimates also include a provision of Rs. 9.23 crores for outlay on Centrally sponsored schemes for which the central assistance would be Rs. 9.03 crores. The details are given in the publication on the Plan programme.

The budgetary position for next year may now be summarised. The Revenue budget shows a surplus of Rs. 3.8 crores at the existing level of taxation. The capital outlay is placed at Rs. 11.0 crores and loans and advances at Rs. 20.0 crores. The debt repayment next year is placed at Rs. 10.9 crores. The net disbursement of Rs. 41.9 crores, will be met, apart from the Revenue surplus of Rs. 3.8 crores, by loans from the Centre of Rs. 29.6 crores, by market borrowing of Rs. 4 crores, by the State's share of Small Savings collections of Rs. 2 crores and by receipts under miscellaneous debt and deposit heads of Rs. 1.8 crores leaving an overall deficit of Rs. 94 lakhs.

The deficit would be partly covered by the withdrawal of the deduction allowed by the Sales Tax Rules for excise duty paid on goods, in the calculation of turn over of goods. The necessary amendment to the Rules has already been notified on the basis of a decision mutually agreed upon by all the Southern States. Proposals for the rationalisation of sales tax rates and revision of stamp duties and court fees on a few items, are also under consideration.

12.25 hrs.

RAILWAY BUDGET—GENERAL DISCUSSION—Contd.

Mr. Deputy-Speaker: Mr. A. T. Sarma may continue his speech.

Shri A. T. Sarma (Chatrapur): Mr. Deputy-Speaker, I have already said that there are no proper railway lines in my State. Our grievances are