

**BUDGET SPEECH**  
**2015-16**

**K.M.MANI**  
**FINANCE MINISTER**

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**GOVERNMENT OF KERALA**

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# PREFACE

Sir,

1. I am happy to present the State's Annual Budget for 2015-16. This is the fifth budget of this Government and the thirteenth Budget that I am presenting before this august house.
2. In all my four previous budgets that I have presented for the UDF Government, I have tried to focus on the need to invigorate development and ensure sustained improvements in the economy. I have always believed that the acid test of each budget is how well it has spurred growth in the State. I am happy to note that the emphasis that I have given has reaped handsome returns for our State. The data published by the Comptroller and Auditor General of India and the Central Statistical Organization show that during the last four years from 2011 to 2015, the growth rate of Kerala's Domestic Product has been well above the growth rate of the country every single year. This is in sharp contrast to the period 2006-2011 when the

growth unfortunately lagged significantly behind the national economy. The CAG has the following remarks to offer in its annual report on State Finances:

*“.. during the last three years, the GSDP growth rate of the State was better than the growth rate of GDP of the country, indicating better economic performance of the State..”*

- 3.** In a time when the national economy has been languishing, I consider this as no mean achievement. The data released by the Central Statistical Organization gives us reason to be even happier. For the first time in the last three years, Kerala has managed to reverse the negative growth in the agriculture and allied sectors. In fact, for the first time in the last seven years, the State has been able to achieve a growth rate of 5.62% in 2012-13 in the agriculture sector.
- 4.** I believe that it is our pragmatic and bold development and investment policies carried out through the budgets of UDF Government last four years that has helped the State to record these crucial achievements. The biggest challenge that I face as the Finance Minister is to use the budget to spur growth without sacrificing the goals of fiscal

consolidation and discipline. In my Budget Estimates for the year 2014-2015, I had anticipated a total receipt of Rs.9365.36 crore as share of central taxes, but the Central Government has now reduced it to Rs.7926.29 crore on account of the poor revenue mobilization by the Centre. This has put fiscal pressure on our State to the tune of Rs.1450 crore. In addition the crisis in the rubber industry has virtually crippled the plantation based economy in the State and consequently destabilised tax collection.

5. The Union Budget presented by the NDA Government two weeks ago comes as a sore disappointment for the State. In more than one sense, the Budget has given short shrift to Kerala. The Union Budget has tried to justify the cuts in expenditure on the grounds that more transfer of funds has been given to the States. This carefully cloaks the truth. In fact, gross transfers to the States after the XIV Finance Commission Award remain at the steady level of 61-62% as in the past. Therefore, what has now happened is that there is more autonomy for the States without any worthwhile increase in the funds that will flow into the States. Even though the State had sought an increase in the devolution

from 32% to 50% on a gross basis, the award of the XIV Finance Commission increasing gross devolution to 42% has given us only a modest increase in the share of central taxes.

6. However, I would like to observe here that along with this transfer, Government of India has abolished eight central schemes. What is more worrying is that the Union Government has listed 20 schemes for changing the pattern of finance sharing between the Centre and the States and has halved the allocations for these schemes. Some of these schemes like ICDS, Indira Awas Yojana, NRLM etc. benefit the marginalised directly. So, if such schemes are to be continued, then a large chunk of the modest increase obtained through the XIV Finance Commission Award will have to be devoted, leaving little money to the States for new developmental initiatives. We are hopeful that Government of India does not undertake this regressive measure of withdrawing from vital pro-poor initiatives like this.
7. The welcome relief for us in the award of the XIV Finance Commission is that our State has also been allocated Rs.9519 crore as revenue deficit support over the next three

years. But that too comes with conditions attached to it. However, this brings us a great responsibility and has thrown a challenge to our State. The Finance Commission has prescribed a fiscal consolidation path. To move on this path would require financial discipline. I shall put these funds to the best use to help the State finances derailed by the sluggish economy back on track. I am confident that I shall be able to take measures that will help us become eligible for the revenue deficit grant that is envisaged in the award of the XIV Finance Commission.

- 8.** Therefore, I have focused this year on improving the financial administration in the State. I have been able to curb the long entrenched practice of transferring funds to treasury accounts of government departments and agencies and claiming expenditure without actually incurring the expenditure. Over the years 2005 to 2012, roughly 10-15% of the allocations in the Plan have been transferred to Treasury Accounts. Under the financial procedures, funds that cannot be spent before March 31 have to be surrendered at the end of the year. However, in the past, amounts that could not be spent before March 31<sup>st</sup> were

being moved into Treasury accounts. From this financial year, such amounts that are proposed to be moved into the Treasury Account, but can be actually expended within six months before September 30, will be recorded in an Electronic Ledger Account. Departments will be free to spend the amounts in the Ledger Account till September 30, 2015. In the case of LSGIs, as the devolutions to them are based on their entitlement identified by successive State Finance Commissions as envisaged in the Constitution of India, Government will not curb their expenditure of unspent balances. LSGIs will be able to fully utilise unspent balances which will be carried forward to the next year. These measures will improve the quality of our expenditure significantly and help avoid any spurious expenditure.

9. Yet another far reaching fiscal consolidation measure is to introduce a Five Year Horizon Planning for each project and scheme in Government. Often, a scheme introduced through the State Budget or commenced in one year is seen to languish for want of budgetary allocations later. This has come in for criticism more recently from the Honourable

High Court. Starting from this year, the projected requirement of any scheme or project of Government over a five year will be captured and necessary funds will be allocated each year in the budget first before newer schemes are taken up.

**10.** In my last four budgets, I have initiated several new projects and schemes which are pioneering in nature. We are systematically reviewing the progress of the schemes. I am happy to inform this house that more than 90% of the schemes that I have announced in the budget are in varying stages. This needs special mention before this august House. I truly believe that this is a remarkable achievement considering the difficult financial situation that I have had to contend with.

**11.** I would like to begin by paying homage to our dearly beloved departed leader of the Assembly, Late Sri. G. Karthikeyan whose death has left a void that will truly be difficult to fill. He was a man of the masses who constantly strived to take up the causes of the common man. The last public function that he graced was in the Government Vocational Higher Secondary School at Vellanadu. In that

function, he had requested the Honourable Chief Minister to allow funds for building a new block in Vellanadu Government Vocational Higher Secondary School. Before I proceed to outline the fiscal strategy and vision in my budget, let me begin by first paying respect to this illustrious leader by fulfilling his last wish. I set apart Rs.7 crore for constructing a new Block in the campus for High School and I am also happy to announce that the school shall be named in his honour as the G. Karthikeyan Memorial Government Vocational Higher Secondary School.

**12.** In all my previous budgets, I have selected specific areas of focus for financing from the exchequer. Let me now submit the seven themes I would like to focus on in this budget before this august house.

1. A vibrant agricultural sector
2. Major strides in infrastructure
3. 'Sampoorna Arogya Keralam'—a universal health initiative
4. Digital Kerala
5. Housing for all
6. Encouraging entrepreneurship in the State.

7. Welfare Measures - motto of development with care.

The UDF Government believes that this will help us achieve the vision that we have drawn up for the State in our perspective plan for 2030 and help us grow on par with more advanced regions of the world. For the implementation of these schemes under the seven thematic groups, Cabinet Sub Committees of concerned Ministers will be constituted wherever necessary. Empowered Committees chaired by the Chief Secretary with Secretaries will be formed to quickly implement decisions.

### **A vibrant agricultural sector**

**13.** I had touched upon the recent progress that the State has achieved after a long gap in the agricultural sector. The vibrant shoots of growth that this Government has been able to sow in the agriculture sector are heartening. In my budget, I shall endeavour to ensure that this buoyancy is sustained.

**14.** A large population in the State depends for their livelihood on the rubber sector. I had exempted Purchase Tax on rubber in December 2014. While this has ameliorated the

distress in the sector partially, rubber growers derived only partial benefit from this. A more direct scheme that benefits rubber growers is needed to support farmers cultivating rubber. To this end, I intend to constitute a Rubber Price Stabilisation Fund of Rs.300 crore to support purchase of 20000 metric tonnes at a market support price of Rs. 150 per kilogram. Service Cooperative Banks will also be drafted for the procurement of rubber as part of the implementation of the scheme. The difference between this market support price and the Daily Reference Price approved by the Rubber Board will be credited to the bank account of the grower or Rubber Producer Society (RPS) directly on the basis of sales bills duly certified by the field officer of the Rubber Boards. The service of Lead Banks of the rubber producing districts will be sought for facilitating these payments. In addition, I intend to remove all restrictions in the free transport of rubber wood to any other state in India.

**15.** This Government has provided over Rs.700 crore in the last three years as price support to farmers for paddy procurement through Supplyco and other agencies. I am

conscious of the need to provide prompt and regular payment to the paddy farmers of the State, if farmers and labourers are to be assured of a decent income and living standards. I intend to institute a mechanism where each farmer will receive the subsidy on paddy procurement within a week of the procurement. I am setting apart Rs.300 crore for this purpose in the budget.

**16.** Availability of agricultural credit at moderate rates is a sine qua non for agriculture development. Experience has proven that waiver of defaulted loans is not a lasting solution. NABARD provides concessional credit to farmers for disbursement through cooperatives. But farmers are able to avail loans only at higher rates. This is largely due to the fact that cooperatives are compelled to factor in the risk of default in fixing repayment rates. Government of India is now extending an interest subsidy of 3% for prompt payment. I am very happy to announce a unique initiative under which the entire interest payable by the farmers will be completely met by Government on every loan where the farmer repays the principal on time. In effect, Kerala will be the first State to ensure interest free loan for short term

agricultural purposes loans to farmers. This will ensure higher offtake of agricultural credit and better investment in the agricultural sector. Details of this scheme will be finalised shortly with NABARD and the Cooperative institutions. I am setting apart Rs.125 crore for this. I am confident that this will increase the inflow of agricultural credit into the State by an additional Rs.2000 crore.

- 17.** Government believes that Neera production can be the best vehicle for a comprehensive recovery of the coconut sector, providing significant income to the coconut farmer. I intend to collaborate and encourage the path breaking efforts of the Coconut Development Board, Kochi in this area. Packaged Neera will be served as one of the beverages of choice in all public functions and government accommodations to encourage the promotion of Neera products. I am happy to announce a subsidy for training Neera Technicians at the rate of Rs.10000 per person. I am setting apart Rs.10 crore for this purpose. I intend to set apart an amount of Rs. 10 crore for providing support for plant and machinery to each Coconut Producer Company to a maximum extent of 25% of the cost or Rs. 50 lakh

whichever is higher. As has been done by some of our neighbouring states, I intend to provide equity support to the Farmer Producer Companies to the tune of 25% of the amount raised by the farmers themselves. I am setting apart Rs.10 crore for this. The financial support will be disbursed through the Kerala Financial Corporation. In all, I am allocating Rs.30 crore for Neera production this year. Rs.45 crore has been provided in the Annual Plan to the Agriculture Department thus raising the allocation for Coconut sector to an unprecedented Rs. 75 crore.

- 18.** It is critical to the State's economy that the Plantation sector becomes vibrant once again. As a part of the package of measures to meet the crisis in the plantation sector, Plantation Tax will not be levied on any individual owners. However, plantation tax will continue to be levied on plantations held by companies, societies or trusts. This will lead to a potential revenue loss of Rs. 2 crore .
- 19.** The resurgence of the agriculture sector will depend on the forward linkages that can boost demand for products and increase productivity. With this in mind, I am proposing an interest subvention scheme for agro-based industries

including rubber based industries, commencing production after 1.4.2015 where the value addition is more than 75%. Under this scheme, 50% of the interest on project loan availed by an entrepreneur from a bank or any financial institution up to a maximum of Rs.10 lakh per annum will be met by Government for three years. I am setting apart an amount of Rs. 20 crore for this.

**20.** I am introducing a scheme to encourage cultivation of spices in the State. Under the scheme, the subsidy will be based on norms prescribed by the Government of India. I am setting apart Rs.20 crore for this. Pilot schemes will be started in the districts of Kottayam, Idukki and Wayanad.

**21.** I am happy to announce the setting up of Honey Mission to enhance the production of honey in the State as potent means to invigorate the agricultural economy. I am setting up Rs. 2 crore for this.

### **Major strides in infrastructure**

**22.** While Kerala's investments in the social development sector have brought rich dividends to the State, we are still lagging behind in development and investments in infrastructure. We are at the crossroads of development. If we do not

invest significant funds in major infrastructure development, then it might be too late for Kerala to catch up with the rest of the world. This year, we shall take steps to tap the financial markets for financing some of our major projects. My Government shall prepare a vision document- Infrastructure Master Plan 2030 - to identify infrastructure gaps. I have set apart Rs. 2000 crore for major projects in my budget. These funds will be used by the Kerala Infrastructure Investment Fund Board to leverage additional funds through newer financial structures like the Alternative Investment Fund, InVIT, Infrastructure Development Fund and through General Obligation Bonds. The Union Budget has also outlined some tax rationalisation for funds mobilised through structures like Alternative Investment Fund. I shall make best use of these measures announced in the Union Budget. The Kerala Infrastructure Investment Fund Act will be amended suitably to make it a dynamic vehicle for supporting infrastructure growth. In addition, Government will use agencies like the Kerala Road Fund Board, KSIDC and KINFRA to mobilise resources from the market.

- 23.** I am confident that these measures will help the State to channelize investment in infrastructure to the tune of Rs.25000 crore in the next three years. Funds raised from the market will be tapped on needs basis and not allowed to be used for meeting any expenditure other than on major capital projects of the State. I intend to set apart these funds for major projects like the Suburban Railway Corridor, Light Metros in Thiruvananthapuram and Kozhikode, the upgradation of the Inland Waterway system as a viable alternative mode of transport in the State, Airport projects in the State including expansion, major power projects, major port development, large water supply projects and four-laning of important segments of highways in the State.
- 24.** Considering the advanced stage of tendering for the Vizhinjam International Seaport Project, I am setting apart Rs.600 crore for this as the State's commitment this year.
- 25.** Government of India has set apart Rs.639.86 crore in its Budget for 2015-16 for Kochi Metro Rail Project. I am providing the counterpart funds of the State for an amount of Rs. 940 cr. in 2015-16.

**26.**I also intend to provide Rs.50 crore for acquisition of land for Calicut and Thiruvananthapuram International Airports.

**27.**I am also proposing a major initiative - the District Flagship Infrastructure Project (DFIP) - for accelerating infrastructure development. One major infrastructure project will be selected by Government in every district and will be funded under this initiative. Land Acquisition required for the projects will be completed through price negotiation in six months. An amount of Rs.1400 crore will be set apart for the fourteen projects from the additional funds that I intend to raise from the market.

**'Sampoorna Arogya Keralam' – a universal health initiative**

**28.**I am aware that high healthcare costs contribute to poverty in the State. This Government launched "Karunya Benevolent fund" for helping the poor to cope up with unexpected medical catastrophe and to provide financial risk protection. The Hon'ble Members will appreciate the good response to this initiative from Lotteries Department. It is the proof of this Government's dedication to the welfare of Kerala. The multiplicity of schemes in this area such as RSBY, CHIS, CHIS Plus, Arogyakiranam, Thalolam,

protection of children against cancer and other such help by multiple departments and welfare boards has stood in the way of an assured health care cover without being segregated under respective schemes. Our people should not have to wander from pillar to post to avail the benefits offered by various agencies in Government. I propose to bring all such schemes under one flagship program by name "Sampoorna Arogya Keralam" so that people need not visit multiple offices/agencies to get medical care and instead can directly access healthcare facilities in enlisted public and or private hospitals through a "Smart Health Card". This will be achieved with the state-of-the-art ICT platform for online processing. The Sampoorna Arogya Keralam Trust will be created under the Chairmanship of the Chief Minister with all concerned ministers as trustees. The scheme will be funded by channelling the resources under various schemes. The estimated requirement of funds is Rs. 500 crore. The scheme will benefit all eligible people in Kerala and will also help augment the public health sector infrastructure. I dedicate this historic scheme to the people of Kerala and submit the same to this august house.

## **Digital Kerala**

**29.**The best measure of good governance is how well Government is able to reach out to common people and give them effective access to public services. E-Governance is undoubtedly the most powerful vehicle for achieving this goal. The State of Kerala has been a forerunner in the adoption of IT for providing services to citizens. We need to take the next bold steps to make our State the first fully Digital State.

**30.**IT Department is drawing up plans to use the National Optic Fibre Network (NOFN) as part of its Digital India initiative. Idukki district has become the first district in India to be fully connected. We will avail this connectivity for the entire State with the support of Government of India and provide NOFN/Internet over Optic Fibre to all Block and Grama Panchayats in the State. Kerala State Electricity Board is drawing up an ambitious plan to extend connectivity from the Panchayats to all beneficiary institutions like schools, hospitals, anganawadies and other public institutions. This will usher in a new era in digital connectivity in the State and

will put us ahead of the rest of India and even some of the more advanced nations of the world.

- 31.** All services notified under the Right to Service Act 2012 by various Departments will be fully rendered as e-services over a period of 3 years, so that our people do not have to visit Government Offices unnecessarily. I intend to institute an award for departments which are able to bring into the e-service fold this year, not less than 50% of the services notified under the Act. To meet the cost of development of web applications and services and for the purchase of hardware, I am providing Rs. 25 crore.
- 32.** I am happy to announce the formation of an e-Governance Innovation Fund (e-GIF). For speedy implementation this fund will be administered by an Empowered Committee chaired by the Chief Secretary. District Committees will be formed under the Chairmanship of the District Collector. Any e-governance citizen centric application and hardware support for the same recommended by the District Committee shall be eligible for support from e-GIF. I am providing Rs.14 crore for this fund at Rs.1 crore per district.

**33.** Citizens, in general, are often required to produce certificates issued by one department that are required by another department for various purposes. In Digital Kerala the necessity of such certificates and the need for citizens to approach Government departments or authorities in person will be reduced or eliminated. Government intends to do it in two major steps. The first is by eliminating the need for students and parents to approach any authority for certificates. The students' database in Education Department has been made digital. I intend to support a unified Virtual IT Platform which will eliminate the need for a student anywhere in Kerala to approach various Government Departments for certificates for his or her education. The second would be to integrate or interconnect databases maintaining citizen information so that citizens will be provided with application specific certificates automatically or be able to generate online requests for certificates issued by Government departments. To meet the cost of integration of various databases and purchase of equipment, I am providing an amount of Rs.10 crore.

- 34.** Half of the departments in the Secretariat have switched over to the e-Office mode of work or are in the process of doing so. This will be completed in the next four months. E-Office will be extended to the State and District Levels offices of all major departments this year. I intend to provide a sum of Rs. 50 crore for purchasing computers and network accessories and training of personnel in these offices. It will be a major landmark for Kerala when our State will have a seamless and transparent system in which a petition filed by any citizen can be tracked all the way from the district to the State.
- 35.** I am pleased to announce one time assistance of Rs 1 crore for establishing the Smart Classroom Grid of Local Self Government Department to establish state-of-the-art smart classrooms with a range of advanced ICT tools to provide capacity building inputs to elected LSG representatives, functionaries, SHGs, workers of MGNREGA and the public.
- 36.** A strong in-house IT Team in our Government Departments is a prerequisite for success of any e-Governance project. A pilot project of Virtual IT Cadre was launched in February which will be scaled upwards and extended to all

Departments. The personnel inducted into the Virtual Cadre will be made the knowledge leaders who will be equipped to handle high end IT projects and proposals. I am providing an amount of Rs. 1 crore for capacity building under this novel initiative.

**37.** Selected Municipalities in the State will be given assistance to establish WiFi connectivity. This will benefit lakhs of people particularly the youth in our State. For this an amount of Rs.1 crore will be given to Municipal Corporations and Rs. 50 lakh to selected Municipalities. An amount of Rs. 10 crore is set part for this.

**38.** I have already made an allocation of Rs.374.57 crore this year for IT. This allocation of Rs.101 crore that I have announced now is over and above the normal allocations for IT in the budget under Annual Plan.

### **Housing for all**

**39.** Under the State Housing Policy the goal of this Government is to ensure that every family has a roof over its head. I have great pleasure in being able to announce three new schemes in the State to provide affordable housing for 1.75 lakh families.

**40.** Availability of land in even rural areas, not to speak of towns and cities has become a critical constraint in implementing housing schemes. Therefore to resolve the problem of homelessness of our BPL population, we need to take up vertical housing schemes if we are to address this challenge effectively. District Housing Societies will be formed which will take up bankable schemes for BPL families including the purchase of land and raise funds from banks, with Government Guarantee. Under the scheme, residential flats for the poor up to four floors will be constructed. District Level Empowered Committees headed by District Collectors will be empowered to purchase land needed for the project. The construction will use prefab technology to the extent possible to complete the project in one year. Government will directly repay principal and interest on the funds borrowed by each District Housing Society to the Bank. I am constituting a Housing Fund into which Government shall make annual payments from the Budget. Priority will be given to those Panchayats which are willing to commit 5% of their annual plan allocation each year for this purpose. 75,000 houses shall be taken up for construction

this year. 3000 houses will be exclusively set apart for fishermen. I am setting aside Rs.162 crore for making the annual payment into the Housing Fund this year as Government's share.

**41.** I am happy to announce a new integrated bank loan linked scheme to build 75,000 houses for landless BPL and low income families. This scheme will be implemented in collaboration with the leading banks of the State. BPL beneficiaries will be subsidised up to 75% of the annual payment on principal and interest that will be disbursed by Government directly to Banks on amounts up to Rs.4 lakhs for a period of 20 years for the purchase of house plots and construction of houses. For persons with income up to Rs.2 lakhs per year, the subsidy shall be 50% of the annual payment. I am setting apart an amount of Rs.180 crore for this in my budget.

**42.** I am pleased to announce a special Housing Scheme of Government to provide one house in each ward of every Local Body in the State. 50% of the funds will be provided by Government and the rest by Local Bodies. 22000 houses

will be completed with the participation of Local Bodies. I am providing Rs.110 crore as State's share for this.

**43.** Under the Zero Landless Scheme – the State's Flagship Project implemented by the Revenue Department, Government have been able to provide land to over a lakh of persons. This path breaking project will be fully implemented. Persons who have been allotted land under this scheme will be given priority in the new housing schemes that I have announced.

**44.** I will also provide an additional Rs. 20 crore for building 1500 houses under the Grihasree Housing Scheme this year.

**45.** I am also providing an amount of Rs.10 crore for the Sowbhagya Housing Scheme.

**46.** To finance these ambitious schemes, I intend to raise additional resources through an additional tax of one rupee on every litre of petrol and diesel. I am committing an amount of Rs.482 crore this year for the Housing For All initiative.

### **Encouraging entrepreneurship in the State.**

**47.** Building an ecosystem where entrepreneurship and self-employment initiatives can flourish is a policy of the UDF

Government. It is imperative to encourage our youth to progress from being mere employment seekers to becoming employment providers. The Industries Department has taken several initiatives in Government towards realising this goal. I intend to provide special support for these efforts.

**48.** Government proposes to launch a Comprehensive Mission on Employment Generation (MEGA) to provide holistic direction and oversight to self employment programmes implemented with the assistance of various governmental agencies and Banks. The mission will support services including skill development, business planning, financial linkage, technology and infrastructure support to potential entrepreneurs. It is also envisaged to set up business incubators in all districts and technology incubators in all sectors. The scheme is provisioned to constitute state specific Credit Guarantee fund, Seed Fund, Angel fund and Incubation Infrastructure Challenge Fund. An amount of Rs. 25 crore is provided for this mission.

**49.** An Incubation Infrastructure Development Fund will be constituted to meet gap financing needed for infrastructure

development for facilitating for incubators and host institutions. I am setting apart Rs.10 crore as initial expenditure.

**50.**In addition to the regular allocations to the Universities, I am providing Rs. 11 crore to provide Rs. 1 crore each to set up Incubation Support Centres in the Universities in the State.

**51.**In my previous budgets, I had supported the efforts taken Government for encouraging startups in the State. I am happy to announce an Performance Linked Support Scheme for Startups. I intend to support 1000 startups with performance incentive of Rs 10,000 per startup per month for the first two years. I am setting apart Rs. 12 crore for this scheme this year.

**52.**I have provided Rs. 40 crore for the Entrepreneurship Support Scheme to provide extensive support to micro, small and medium enterprises. An amount of Rs.6 crore has been provided as seed fund to assist young entrepreneurs.

**53.**I intend to set up a fund to provide up to 10% participation in self-employment initiatives of our youth. This participation will be 20% in the case of self-employment initiatives set up by women. I also intend to extend this

scheme to 1500 SC/ST beneficiaries and 1500 fishermen beneficiaries under this. Government will provide equity participation up to 50% in the case of these beneficiaries. A detailed plan will be drawn up bringing together related institutions like Banks, Kerala Financial Corporation, KSIDC, KINFRA and combining the major skill providing institutions like the Skill Development Mission under the Labour Department and the Additional Skill Acquisition Programme of the Education Department. I am setting apart Rs.50 crore for this.

**54.** I also intend to provide support to any student entrepreneur who is able to secure a patent, interest subsidy for five years for loans availed from any Bank for implementation of a project based on the patent. I am also happy to announce that any student in any college in the State securing a patent will be provided educational assistance up to Rs. 3 lakh per year for continuing his or her postgraduate studies or research for a period of three years. I am setting apart Rs.5 crore for this.

**55.** Under the Kerala State Entrepreneurship Development Scheme that was launched in my budget two years ago,

1300 entrepreneurs have been assisted through the Kerala Financial Corporation. I intend to raise the financial limit of loan offered to technocrats from Rs. 10 to Rs. 15 lakh and for others from Rs.4 lakh to Rs. 7 lakh.

**56.**To encourage employment generation, I intend to institute an award scheme for the best three Grama Panchayats for their ability to bring in private investment with the greatest employment potential. The best three Grama Panchayats will be awarded Rs. 5 crore, Rs. 3 crore and Rs. 1 crore as development grants. I intend to set apart a sum of Rs.9 crore for this.

**57.**The role of women in Kerala in our socio-economic development cannot be overemphasised. We need to harness their entrepreneurial spirit if we are to achieve the levels of development that we envision. I am happy to announce a new interest subvention scheme for woman entrepreneurs. The scheme will cover industrial units run by women employing not less than 50% of women in its work force, and will bear the entire interest on for loans availed from any scheduled bank up to a maximum of Rs.5 lakh per

annum for three years. I am setting apart an amount of Rs.10 crore for this.

### **Welfare measures - our motto of development and care**

- 58.** Accelerating development, ensuring social justice, protection and care of the people have always been the main thrust of the United Democratic Front Government.
- 59.** In 2010-11 before the UDF Government assumed office, the outlay on all welfare schemes and pensions was Rs. 484.14 crore. In the current year, the revised estimates for welfare measures now amount to a sum of Rs. 2710 crore. This reflects an increase of nearly 600% and symbolizes the philosophy of this Government that reverberates in its motto. Timely availability of pensions to our disadvantaged is as important as its quantum. I intend to ensure that from June 2015 all our beneficiaries will be disbursed their welfare pensions on the fifteenth of each month directly into their bank and post office accounts.
- 60.** I had revised welfare pensions two times in my previous budgets. I take this opportunity to continue this commitment to pay all welfare pensions in time and also

intend to make enhancements to all pensions during the course of the year.

- 61.**The care of the elderly in our society is a sacred tradition. With substantial reduction in population and size of the family, the number of elderly who do not have anyone to care for them is on the increase. I am delighted to announce an Elder Citizens Care Programme where the State and LSG together will meet the living, housing and health care expenses of all persons above 80 years who have no one to care for them. The State and participating LSG will share the expenditure equally. I am setting apart Rs. 50 crore for this.
- 62.**I am also happy to announce a unification of income limit prescribed under various welfare schemes, educational scholarships and concessions. The family income limit for determining eligibility of all schemes will be raised to Rs.1 lakh. An approximate increase in expenditure of Rs.75 crore is expected through this measure.
- 63.**The autorickshaw transport sector affords significant employment opportunities in the State particularly the youth. An insurance scheme will be drawn up for Auto

rickshaw workers in the State where Government will meet 90% of the insurance premium. I am setting apart Rs. 5 crore for the scheme toward this.

**64.** Senior Journalists who retired before 2009 will be brought under welfare pension scheme.

**65.** The assistance provided for the marriage of the daughter of a widow will be enhanced to Rs.50000 from Rs.30000.

### **Local Self Governments**

**66.** I am setting apart Rs.4800 crore as devolution to the LSGIs in my budget this year. The XIV Finance Commission Award has been disappointing to Local Self Governments in general. The choice of the base year of 2011 by XIV Finance Commission for comparing populations for devolution of LSG grants has hurt the State badly and depressed the share of LSG grants that will accrue to the State. In fact, this has penalised our efforts in health care and population management and wrongly incentivised poorly performing States. The Fifth State Finance Commission has started its work. I shall provide additional funds necessary for

implementing the award of the State Finance Commission through the Supplementary Demand for Grants.

**67.** The aggregate Annual Plan outlay is set at Rs.27686.32 crore in this Budget. There are diverse schemes of all departments which have been provided funds in the Budget. I shall merely confine myself to a few of the salient sectoral allocations in my speech.

### **SALIENT SECTORAL ALLOCATIONS**

#### **Agriculture**

**68.** The agriculture sector has always been the mainstay of the rural economy in the State. I would like to reiterate that Kerala has not only reversed the negative growth rate of the last decade in the agricultural sector but has also been able to achieve a modest positive growth rate. I have already announced a special thematic package for invigorating of the agriculture sector amounting to Rs.687 crore. In addition to that my budget contains a provision of Rs.403.18 crore for various development schemes under this sector.

**69.** I have set apart an amount of Rs.12.50 crore for various crop insurance schemes including a comprehensive crop

insurance scheme for paddy addressing the drawbacks in the crop insurance schemes.

**70.**An amount of Rs.2 crore for new research projects, Rs. 7.34 crore for new agricultural extension projects and Rs. 17 crore for infrastructure development works has been set apart for the Kerala Agricultural University.

**71.**I am happy to introduce a novel scheme by Agriculture Department to promote organic vegetable promotion and marketing. I am earmarking Rs. 10 crore to take up innovative 'Farm to Family' initiative, by using e-Commerce platform, linking farmers producing organic vegetables, safe-to-eat vegetables with the families and consumers. This initiative shall be undertaken through Malabar Union of MILMA.

**72.**To encourage hi-tech farming further, power tariff subsidy as is given to paddy cultivators will be extended to hi-tech polyhouses and precision farming areas in the State.

**73.**I am also happy to set apart Rs. 5 crore for propagating modern practices in agriculture relevant to the agronomic conditions of the state. These will include Rain-shelter cultivation, propagation of banana saplings through tissue

culture, foliar spray nourishing technology and agri-aquaponics.

**74.** Four new agricultural polytechnics will be started in Harippad, Koothuparambu, Melukavu and Kadathuruthy. I am providing Rs. 3 crore for this.

**75.** I am happy to announce that the 'Pravasi Kerala Krishi Vikas' scheme will be launched as a joint venture with NRIs to enhance production of fruits, vegetables, milk and eggs. NRI investments will be channelized for this.

#### **Soil and Water Conservation**

**76.** I am setting apart a total amount of Rs.80.25 crore including NABARD assistance for soil and watershed conservation activities in the State.

#### **Animal Husbandry**

**77.** An amount of Rs. 2.15 crore is provided for the modernization activities and e-governance programmes of the Animal Husbandry Department. Another Rs. 2.09 crore is provided as State's Share for various schemes under National Livestock Management Programme.

- 78.**An amount of Rs.1 crore is set apart for expansion of the Cattle Feed plant at Karunagappally under Kerala Feeds Limited.
- 79.**With a view to provide a regular income to farmers and to address waste management issues, Pig Satellite Units will be set up under Meat Products of India for which an amount of Rs.1 crore is earmarked.
- 80.**In order to address the malnutrition reported from Attapadi, it is proposed to implement a scheme to increase egg production from these areas through the Kerala State Poultry Development Corporation. An amount of Rs.2 crore is set apart for this.
- 81.**To strengthen the delivery of veterinary services in the State, I am setting apart Rs.1.70 crore for seven veterinary polyclinics.

### **Dairy Development**

- 82.** A total amount of Rs.79 crore is provided for the Dairy Development sector to increase milk production and attract more people to this sector. The budget provision under Cattle Feed subsidy has also been increased by 58%.

### **Development of Fisheries Sector & Welfare of Fishermen**

- 83.** To improve basic infrastructure facilities and quality of life of our fisher folk an amount of Rs.181.97 crore is provided in this budget. This includes Rs.100 crore for construction of individual houses and flats.
- 84.** I am happy to announce a 'Theera Naipunya' skill project for girls and young women from fishermen families for providing them skills and placement.
- 85.** I intend to provide financial support for the expansion of the 'Fish Maid' value added product with the help of the National Fisheries Development Board.

### **Forest & Wildlife**

- 86.** Kerala is among the States with the largest forest cover per Sq.Km. Maintaining this is essential for mitigating the hazards of climatic change. With this objective, Government has set apart an amount of Rs.152 crore for various development activities of the forest department.
- 87.** For activities intended to improve productivity of existing hardwood plantation and industrial raw material plantation an amount of Rs.14.75 crore is provided this year. This is 57% more over the previous years' budget provision.

**88.** People living on the fringes of forest areas are prone to attack of wild animals and also suffer extensive damages to their crops and livestock. An amount of Rs.100 crore is set apart for various activities including compensation to mitigate these hardships. NABARD assistance will be utilised for implementing a comprehensive scheme for undertaking protective measures.

### **Panchayats**

**89.** Government propose to develop KILA (Kerala Institute of Local Administration) as a university with specialized centres for academic and research in local self governance. An amount Rs.20 crore is earmarked for this.

**90.** One Panchayat in each District will be made old-age friendly by providing assistance to older people to mitigate age related problems. Twenty Geriatric Workers will be deployed in each Panchayat in association with Kudumbashree, Social Justice Department, KSSM, Social Welfare Board and NGOs. An amount of Rs.1 crore is set apart for this.

**91.** Block level Agricultural Produce Marketing Centres will be opened in Alappuzha, Kottayam, Malappuram and Kollam

Districts. Twenty percent of such Centres will be managed by differently abled persons.

- 92.** Kudumbasree occupies a pride of place in Kerala's strategy for alleviation of rural poverty. Rs.122.96 crore has been earmarked respectively for Kudumbashree. The Head Office Building for Kudumbashree will be constructed at Thiruvananthapuram at a cost of Rs.5 crore.
- 93.** Kerala must emerge as the most environment friendly State in India if it is to preserve the natural beauty of the State for our posterity. I propose a number of measures to reduce use of plastic, recycle plastic, promote in-situ segregation and productive use of domestic waste. These measures will be channelised through Kerala Suchitwa Mission. I shall provide incentives/tax concessions for plastic recycling efforts including setting up of facilities to make environment friendly products. I also propose to incentivize organizations actively participating in research related to plastic substitution, recycling, building awareness and creating alternative materials. Financial support will be extended to LSGIs and NGOs and other organizations for exemplary contributions in this area. In addition to the amount of

Rs.26 crore in the budget for the Mission, I shall additionally provide an amount of Rs. 20 crore for the new initiatives that I have outlined above.

### **Urban Development**

- 94.** Lack of proper walkways/footpaths/road crossings is a major problem to public especially the senior citizens of the State. This government is committed to make the lives of the senior citizens more comfortable and safe. A special initiative will be launched to improve the road safety by utilizing the road safety fund for creating pedestrian friendly and senior citizen friendly road/traffic infrastructure in Thiruvananthapuram, Kochi and Kozhikode. An amount of Rs. 20 crore will be earmarked for this purpose.
- 95.** Water harvesting structures will be compulsorily enforced as part of giving sanctions for new buildings.

### **Rural Development**

- 96.** An amount of Rs.50 crore is provided as State share for Mahatma Gandhi National Rural Employment Guarantee Programme.
- 97.** The State has to meet the expenses for tender excess, shifting of utilities, etc for road construction works under

Central Scheme PMGSY. For this an amount of Rs.79.47 crore is provided.

- 98.** In addition to their regular grants of Rs.4800 crore, a total amount of Rs.106.87 crore is provided this year as share of various plan schemes being implemented through Local Self Government Institutions. Rs.33 crore is set apart for Grama Panchayats Rs.62.69 crore for Block Panchayats and Rs.11.18 crore for District Panchayats.

#### **Kasargode Package**

- 99.** To implement the perspective plan drawn up for Kasargod District by Dr. P. Prabhakaran, former Chief Secretary, I am providing Rs.85 crores this year.

#### **Co-operation**

- 100.** The co-operative sector in Kerala plays a vital role in providing services and credit to meet financial needs of the common man. This year a total amount of Rs.85.39 crore is set apart for various schemes under Co-operation sector.
- 101.** An amount of Rs.50 lakh will be provided for construction of Office cum research training centre for Meenachal Circle Co-operative Union.

**Industries**

- 102.** An amount of Rs.582.20 crore is provided in this budget for the Industries Sector under the Annual Plan. The primary focus will be on new initiatives for the development of a culture of entrepreneurship in society.
- 103.** Rs.3 crore is set apart for the establishment of common facilities centres as a part of cluster development activities in small scale industries sector.
- 104.** An amount of Rs.50 Lakh is earmarked for the establishment of business incubation centers to coordinate entrepreneur promotion activities for creating more employment opportunities and starting new enterprises.
- 105.** An amount of Rs.4 crore is allocated as the State share for the centrally sponsored scheme for cluster development.
- 106.** It is proposed to establish Trade Facilitation Centres in selected district industries centres to promote trade in traditional products like Handloom, Handicrafts, Coir etc. An amount of Rs. 2 crore is earmarked to set up such centres at District Industrial Centres Alappuzha and Thrissur as a pilot initiative.

- 107.** A token provision has been made as State share for the activities of Bio- Polymer Science and Technology Centre at Cochin.
- 108.** As amount of Rs.10 crore is earmarked for employment generation in traditional sectors.
- 109.** An amount of Rs.12 crore is allocated for funding business/technology incubators such as Seed fund/Angel Funding/Venture Capital approved by Government of India departments.
- 110.** An amount of Rs.5 crore is provided for entrepreneurship promotion jointly with institutions like TiE, NASSCOM, CII etc.
- 111.** An amount of Rs.4.5 crore is earmarked for establishing a green industrial park at Kaninattil, Ernakulam.
- 112.** KSIDC has been provided Rs.74 crores for establishing new parks and completing ongoing parks taken up by it. An provision of Rs.3 crore has been made to establish a Mega Food Park at Cherthala for processing and export of seafood products.
- 113.** The State Government will establish a Petrochemical Park at Kochi which will create more employment opportunities

- 114.** I am happy to announce that all clearances needed for the German-American Company Taurus to set up its facilities at an outlay of Rs.1500 crore with foreign investment, have been given. This will provide employment to not less than 20000 persons.
- 115.** An amount of Rs.3.5 crore is earmarked for establishing Medical Devices Incubation Centre at an estimated cost of Rs.12 crore in collaboration with SCITMST.
- 116.** It is proposed to set up basic infrastructure facilities for new projects under KINFRA like Mega Food Park at Palakkad, Footwear Park at Ramanattukara, Gems and Jewellery Park at Puzhakkal, Spices Park at Thodupuzha, Nano Tech Zone at High Tech Park, Kalamassery, Film & Video Park at Kazhakkuttom. An amount of Rs.55.06 crore is earmarked for KINFRA for undertaking these major projects.
- 117.** An amount of Rs.30 lakh is earmarked for Scheme “Assistance for Handicrafts Artisans” replacing the entrepreneur assistance scheme. The Scheme aims to provide support to women entrepreneurs among artisans.
- 118.** An amount of Rs.116.95 crore is earmarked for the comprehensive development of Coir sector.

**119.** An amount of Rs.5 crore will be set apart for Infocity in Karoor and IIIT in Kottayam.

**120.** To encourage sericulture through SERIFED I am setting apart Rs.1 crore.

### **Coir Sector**

**121.** To resolve the acute scarcity of fibre for the production of coir, it is intended to start Centralised Factory Units on PPP Mode.

**122.** I am setting apart Rs.1 crore for providing scholarships for children of coir workers who secure admission in professional courses.

### **Ports & Harbour**

**123.** Kerala Maritime Board has been constituted for the administrative control and management of non-major ports in Kerala. A token provision is provided for the functioning of the Board to supplement additional funds later.

### **Public Works**

**124.** I am happy to note that after a long wait, the State Government have received approvals for Kollam and Alappuzha bypasses. Adequate funds will be made available for these projects.

- 125.** An amount of Rs.4 crore is earmarked for construction of service roads along the National Highway, by widening the carriageway Thaze Chovva – Puthiya Theru and Kuttippuram Puthuponnani stretches in National Highway 17.
- 126.** Necessary funds will be earmarked for the long term maintenance of 1000 KMs of selected roads with World Bank assistance.
- 127.** For the development of coastal corridor between Vallarpadam container terminal to Kozhikode via Ponnani, an amount of Rs.3 crore is allocated in my budget.
- 128.** An amount of Rs.3 crore will be set apart for the construction of Palluruthy-Naalpathady Road.
- 129.** A feasibility study will be conducted for the construction of Thodupuzha- Ernakulam Suburban Highway. An amount of Rs.50 Lakh is provided for this.
- 130.** An amount of Rs.2 crore will be set apart for constructing Annexe building to Civil Station, Thodupuzha.
- 131.** A new bridge will be constructed replacing the existing bridge over Korappuzha in Elathoor linking Kozhikode and Koyilandy .

- 132.** The bridge over Iruvanjippuzha linking Kozhikode - Kodanchery - Thiruvambadi Panchayaths will be renovated and an amount of Rs.5.25 crore is earmarked for this.
- 133.** A flyover will be constructed at Vazhuthacaud for easing out traffic congestion. An amount of Rs.1 crore is to be provided for this as initial expenditure.
- 134.** An amount of Rs.51.75 crore is set apart for completing the ongoing works of the existing Government buildings and construction of new ones as part of the Public Office Building Construction programme.
- 135.** A PWD Building Complex to house various offices under the Department will be constructed in Malappuran in memory of Late Sri. Avukaderkutty Naha, Deputy Chief Minister who held charge of the PWD portfolio. An amount of Rs.5 crore is set apart for this.
- 136.** I am providing an amount of Rs.1 crore for the Painavu – Idukki bypass.

### **Water Resources**

- 137.** It is proposed to carry out renovation of CADA canals of Chitturpuzha, Malampuzha, Mangalam and Pothundy

projects through Padasekhara Samithies. For this, an amount of Rs.28 crore is provided.

**138.** An amount of Rs.38.50 crore is provided under Minor Irrigation Class I works. This is more than double the previous year's provision.

**139.** I am setting apart Rs.1 crore as initial costs for acquiring land for the Palakkadu District Moolathara R.B Canal.

**140.** I am allocating Rs.10 crore for a new water supply scheme in Vilappil Panchayat.

### **Water Supply & Sewerage**

**141.** To ensure the availability of quality drinking water in every nook and corner of the State, Rs.900.42 crore is earmarked for water supply and sewerage sector this year.

**142.** An amount of Rs.200 crore is set apart for the JICA assisted Kerala Water Supply Project and an amount of Rs.89.18 crore for implementation of NABARD assisted Rural water supply schemes.

**143.** For the ongoing schemes in Kerala Rural Water Supply and Sanitation Project Rs.264.42 crore is provided. In addition to this, Rs.65.60 crore is set apart for various other rural water supply schemes.

**144.** The Capital city now heavily depends on Aruvikkara Dam for its water supply requirements. An alternate water supply line to bring water from Neyyar Dam via Maranallore to Vellayambalam reservoir will be constructed with Central assistance. An amount of Rs.10 crore is to be provided for this purpose for initial expenditure.

**Power**

**145.** To augment power generation through various means, an amount of Rs.1467.20 crore is provided for diverse schemes in the energy sector.

**146.** An amount of Rs.1 crore is earmarked for the preliminary works to establish a coal based power plant at Cheemeni as a joint venture of KSEB & KSIDC.

**147.** An amount of Rs.50 lakh is provided for carrying out preliminary works to establish a petcoke based power plant in the land to be transferred from FACT.

**148.** Rs.15 crore is provided for the Senkulam Augmentation scheme which will be commissioned during February 2016.

**149.** An amount of Rs.20 crore is provided for the Chethan kotta small hydro electric project which will be commissioned during October 2015.

- 150.** An amount of Rs.1 crore each is provided for the hydroelectric projects, Peruvannamoozhy, Upper Senkulam and Landram.
- 151.** Rs.59 crore is provided this year for gas based power plants.
- 152.** An amount of Rs.1.08 crore is allocated for Kerala State Energy Conservation Fund for implementing energy audit recommendations.

### **Housing**

- 153.** I have already outlined the ambitious scheme for providing housing for all in the State. A rental housing scheme namely 'Santhwanam' will be implemented through Kerala State Housing Board to provide accommodation at nominal rates for patients undergoing treatment in various medical colleges of the State. An amount of Rs.7.5 crore is provided for constructing 44 such units in the first phase.
- 154.** An amount of Rs.2 crore is earmarked for constructing daytime rest house for senior citizens in the own land of Kerala Housing Board at Kalpetta.

**Inland Water Navigation**

- 155.** An amount of Rs.5 crore is earmarked for the construction of 600 tonne Bulk Barge under the Kerala State Inland Navigation Corporation.
- 156.** The Kollam-Kottapuram Inland Waterway will be commissioned this year. I am setting apart Rs.5.6 crore for paying the balance compensation to fishermen whose nets have to be removed for the waterway.

**Health & Family Welfare**

- 157.** This Government prides in the investments that it has made in the Health Sector. I am happy to inform this august house that by the end of this year 11 Districts in Kerala will have their own Medical Colleges. To maintain key health indicators of the State at sustainable levels and to improve quality standards of health institutions Government has set apart enhanced provision of Rs.665.37 crore for the health sector during 2015-16 in the Annual Plan.
- 158.** To harness the opportunities presented by information technology in health services, 'e-Health scheme' will be implemented in the State with the assistance of central

- government. A token provision of Rs. 1 crore is earmarked for this during 2015-16.
- 159.** An amount of Rs.2.50 crore is provided for strengthening of emergency medical care facilities.
- 160.** It is proposed to establish Cath Lab facilities in the district hospital, Kollam and the General hospitals of Ernakulam and Kozhikode. An amount of Rs.5 crore is set apart for this during 2015-16.
- 161.** The number of chronic renal failure cases requiring dialysis has gone up in recent times. During 2015-16 an amount of Rs.7.10 crore is provided for setting up of dialysis units in district hospitals.
- 162.** An amount of Rs.50 lakh is provided for strengthening the Administrative cadre in Medical Education service.
- 163.** The budget provision for Arogyakiranam will be enhanced to Rs. 15 crore for the year 2015-16.
- 164.** An amount of Rs.16 Lakh will be provided for establishing Special Care Dentistry unit at Kottayam Govt. Dental College.
- 165.** To make available the expensive infertility treatment protocols available to families who cannot afford it, I intend to provide support for extending the Janani Kendrams in SAT

- Hospital to all Medical Colleges. I am setting apart Rs.5 crore for this.
- 166.** The Ernakulam Cancer Institute and Research Centre will be built on annuity mode at a total outlay of Rs. 450 crore.
- 167.** A new block will be constructed in the Women and Children's Hospital at Thycaud with an outlay of Rs. 5 crore with central assistance.
- 168.** The Taluk Hospital in Chengannur will be upgraded into a District Hospital.
- 169.** The Community Health Centre in Kattapana will be upgraded into a Taluk Hospital.
- 170.** The Ayurveda Dispensary in Nedumkunnam will be upgraded into a hospital.
- 171.** I am providing Rs.2 crore for improving facilities in the Children's hospital at Arpookara.
- 172.** I had raised the honorarium of Asha workers last year. I have already approved the payment of their arrears. In view of the commendable work done by Asha workers in the State, I am happy to raise their honorarium to Rs.1000 per month. I am providing Rs. 6 crore for this.

**Science, Technology & Environment**

**173.** An amount of Rs. 153.29 crore is earmarked for research & development activities of institutions under KSSTEC.

**General Education**

**174.** Special emphasis is being given to the overall development of Education sector. An amount of Rs.1074.62 crore is earmarked. Many government schools in Kerala have outperformed their peers in the Aided and Unaided sectors. Nevertheless it is imperative that the infrastructure facilities of government schools are improved, if Kerala is to sustain the enviable success it has achieved in education. An amount of Rs.8 crore is earmarked for the project viz. Mission 100 – Upgradation of 100 schools to international standards utilizing 75% of the requirement of fund from MLA SDF, MPLAD, LSGIs, PTA, CSR etc. For this, the experience on infrastructure and quality upgradation gained from the Nadakavu School will be utilised.

**175.** Infrastructure facilities in G.V.Raja Sports School, Thiruvananthapuram and GVHSS Kannur will be improved. An amount of Rs.61 crore is earmarked for the improvement

of infrastructure facilities of government Higher Secondary Schools.

### **Higher Education**

**176.** This Government has started 24 new Government Arts and Science Colleges to date as part of its plans to ensure that every Taluk will have an arts and science college of its own. This Government has started 367 new courses in the Government and Aided sectors. I am happy to inform you that most students who qualify in the Higher Secondary Examination are able to get admission in a college within the State, thanks to the huge public investment that Government has made in higher education in the last three years.

**177.** As part of our commitment to invest more in our public higher education system, the total allocation to Universities under the Higher Education Department has been kept at a record high of Rs.723.53 crore.

**178.** To keep pace with advances in higher education, Honours courses were started in four State Universities. To strengthen the existing Honours programmes, and to start innovative courses including community courses, an amount of Rs.10.99 crore is set apart in this Budget.

- 179.** Kerala is blessed with all the prerequisites and resources for it to emerge as an international hub for higher education in South Asia. A Global Education Meet (GEM 2015) will be organized in November 2015. I am setting apart Rs. 2 crore for the conduct of this meet.
- 180.** This year Government intends to take steps to project Kerala a preferred international destination for education in India. International Higher Education Zones (IHEZ) will be opened in various parts of the State with sizable private sector participation. Government will offer facilities and incentives on par with those offered in the Special Export Processing Zones set up in the State. This will include water supply, power, roads, exemption from registration fees and other taxes. Private Sector players who are willing to set apart 25% of the total fees raised in the Zone for a Scholarship fund for students in our public educational institutions will qualify to apply for starting an IHEZ. Each IHEZ will be of area not less than 20 acres and will have to also host academic courses from reputed international Universities. I am providing Rs.25 crore for this path breaking initiative.

- 181.** I had announced an Academic City in my last budget. An Academic City Authority will be constituted soon to initiate further processes in the matter. I am setting apart Rs.1 crore for administrative expenditure.
- 182.** I am happy to inform the Hon'ble Members that the Central Government has issued orders for setting up an IIT at Palakkad on 26th February and that the IIT will commence this year itself. I shall be providing Rs.50 crore for land acquisition and infrastructure for this.
- 183.** In my second budget, I had announced two dream projects one of which was the Additional Skill Acquisition Programme (ASAP). This is now being implemented with financial assistance from ADB. I have provided an outlay of Rs.234.68 crore, out of which an amount of Rs.227.48 crore will be external assistance. This amount will be used to construct 25 Community Skill Parks where land has been identified by the concerned MLA. This year, these Community Skill Parks will be linked to Universities so that students in our Colleges can acquire skills as part of their curriculum.
- 184.** An amount of Rs.3.62 crore is provided for implementation of the programme, Rashtriya Uchchar Shiksha Abhiyan

(RUSA), with financial assistance from the Central Government.

- 185.** I have set apart Rs.8 crore for improvement of the facilities of laboratories and libraries in various government colleges.
- 186.** Colleges Infrastructure Upgradation Programme (CIUP) is intended to improve the infrastructure facilities in Government colleges. An amount of Rs.100 crore is required for the first phase. During 2015-16, an amount of Rs.25 crore is provided for the above project.
- 187.** An amount of Rs.15 crore will be set apart for the second phase of Science City, Kottayam for edutainment components.
- 188.** Land Acquisition for the proposed LBS Institute of Technology in Malappuram will be completed this year itself. I intend to provide an amount of Rs.10 crore for developing infrastructure there.
- 189.** To keep pace with advances in science and technology, I shall provide assistance to start separate interdisciplinary divisions in Nanotechnology and Biotechnology at the postgraduate and research levels in two engineering colleges. To start the new programmes I am providing an amount of Rs.1 crore.

**190.** A Civil Service Training Centre will be established in Aloor.

**191.** Government Victoria College, Palakkadu is celebrating its 125<sup>th</sup> year. On this historic occasion, I am happy to announce Rs.2 crore for construction of a Auditorium in the College.

### **Sports & Youth Affairs**

**192.** The National Games 2015 will always be remembered as a crowning success in the annals of sports history of the State. The conduct of the games itself have earned the encomium of participants from far and wide. Despite our financial constraints, I have been able to ensure that the National Games did not suffer for lack of funds. As part of the National Games, we have invested nearly Rs.300 crore in building up world class sports infrastructure. The Kariavattom Stadium is truly a marvel even by international standards. We have to ensure that we preserve this infrastructure and put it to the best use through a carefully designed 'Legacy Plan'. To this end, I am making a provision of Rs.15 crore that will be invested annually through the Sports Development Fund to maintain and preserve these facilities.

- 193.** A synthetic track shall be laid in the Pathanamthitta District Stadium. To capitalise on the gains of the National Games 2015, I intend to ensure that every District in Kerala has at least one synthetic track. I am setting apart Rs.10 crore to take up this project in phases.
- 194.** With the successful conduct of National Games, Kerala has proven that our State is second to none in sports. To continue its thrust in sports, I am providing an amount of Rs.69 crore for various development activities of Sports and Youth Affairs Department during 2015-16.
- 195.** It is proposed to renovate Kochi Nehru International Stadium to equip the same to host national and international events. I shall be providing additional funds once the financial plans are drawn up for implementation.
- 196.** The Nehru Stadium at Kottayam will be developed on the model of the international Green Field Stadium constructed at Kariavattom.

### **Transport**

- 197.** This Government is committed to the revitalisation of KSRTC. In the last four years alone, an amount of Rs.1252 crore has been provided to the Corporation, unmatched by any

Government in the past. The total allocation for KSRTC is Rs.219.55 crore this year. An amount of Rs.8 crore is set apart for the infrastructural development and modernization of the Workshops and Depots of KSRTC.

### **Social Justice**

- 198.** One Lakh persons will be trained as social security volunteers who will function as resource persons for providing holistic care for the needy. This will be a joint initiative of KSSM, Kudumbashree, LSGD and ICDS. An amount of Rs.5 crore is set apart for this.
- 199.** I welcome the declaration of the Union Finance Minister in his budget speech to make the National Institute of Speech and Hearing (NISH) into a Central University. I shall extend all necessary financial support for this in addition to the Rs.8.5 crore I have already provided for in the budget.
- 200.** Regional Institute for Physical Medicine and Rehabilitation (RIPMR), Kallettumkara, Thrissur will be upgraded as a National Level Institute for Physical Medicine & Rehabilitation with research facilities. An amount of Rs.5 crore is set apart for the purpose.

- 201.** Counselling Centres in all Districts will be started for mental patients and for their rehabilitation. Family members will also be given counselling on rehabilitation so that as much as rehabilitation can be made in domestic environment. An amount of Rs.3 crore is set apart for this.
- 202.** Prevalence of Autism Spectrum Disorder is on the higher side in the State. A new scheme will be introduced through Kerala Social Security Mission for early identification, intervention, effective mainstreaming, education, employment of affected persons. An amount of Rs.3 crore is allocated for pilot projects in Thiruvananthapuram, Ernakulam and Kozhikode Districts.
- 203.** A new 'State Initiative on Dementia' project will be implemented jointly by the Social Justice Department and LSG Institutions. Day Care Centres and Care giving will be provided for Dementia patients. An amount of Rs.1 crore is set apart for the project.
- 204.** A scheme for imparting training for Home Nurses especially in Geriatric Nursing will be introduced and trained persons will be given accreditation. A legislation in Home Nursing Sector will be introduced. The scheme will be jointly carried

out by Social Justice Department with cooperation of Health, LSGD, Institute of Palliative Medicine, Mental Health & Neuro Sciences. An amount of Rs. 1 crore is set apart for the purpose.

- 205.** This Government does not consider NIRBHAYA as a mere a scheme or a project but it represents a cause and an ideal to work towards. Under NIRBHAYA, I am happy to inform this august house that we have started 11 homes for women and child victims of atrocities. I intend to provide Rs.5 crore for the work of the NIRBHAYA division in the Social Justice Department. This will be supplemented through funds raised under Corporate Social Responsibility from companies.
- 206.** A job bank by name 'She Bank' will be formed with skilled and trained women. International Women's' Conference will be held in Thiruvananthapuram in November, 2015. Text Books will be supplied free to girl students of Plus One and Plus Two Classes of Govt. and Aided Schools. An allocation of Rs. 3 crore is made for these Projects.
- 207.** A new Children's Home will be constructed at Thrissur at a cost of Rs.1 crore.

- 208.** Diploma Courses in care giving will be started for giving comprehensive training to caregivers in orphanages. Accreditation to Orphanages will be given based on grading. The Headquarters building will be constructed for Orphanage Control Board. An amount of Rs. 5 crore is set apart for above purposes.
- 209.** Loan upto Rs.25,000 without any security, will be given to severely disabled persons, widows suffering from serious diseases and parents of mentally challenged children for Small Scale Projects for their livelihoods. Skill development programmes for differently abled with assured employment will be implemented.
- 210.** Kannur District will be made the first differently abled friendly district in the State at a Project cost of Rs. 15 crore. Government offices, Educational Institutions, Railway and Bus stations will be provided with ramps for easy access to differently abled persons.
- 211.** A comprehensive policy for the differently abled will be formulated this year. Under this, all public buildings will be provided with access to differently abled.

- 212.** The first 1000 days, from conception till two years of age is critical for physical and mental growth of a child. This period is crucial in developing a healthier generation. An amount of Rs.2 crore is earmarked for enhancing the nutritional levels of children at Attappady on a pilot basis.
- 213.** Rs.2 crore is earmarked for extending the GIS based mother and child health tracking system at Mananthawady in Wayanad district similar to the one implemented at Attapady block in Palakkad District.
- 214.** With introduction of the new and revised theme educational charts in our Anganawadies this year, we have begun the transformation of Anganawadies into centres offering high quality education, supplementary nutrition and basic health care. I am happy to increase the state share of the honorarium of Anganwady Workers and Helpers from Rs.1400 to Rs.2000 per month. I am providing an additional allocation of Rs.48 crore for this.

### **Scheduled Castes & Scheduled Tribes**

- 215.** The total allocation in this budget is Rs.1636.12 crore for Scheduled Castes and Rs.630.62 crore for Scheduled Tribes.

- 216.** A comprehensive development programme both infrastructure and livelihood, will be implemented in Attapady tribal area and Aralam Resettlement area. The consultancy wing of NABARD, NABCON will prepare the plan for implementation in this year. A provision of Rs. 5 crore is made for this purpose.
- 217.** An amount of Rs.180 crore has been provided for extending financial assistance to Scheduled Caste families for construction of new houses for the houseless, completion of partially constructed houses and improvement of dilapidated houses.
- 218.** Rs.150 crore is earmarked for providing financial assistance to the poor landless scheduled caste families for purchase of land for construction of houses.
- 219.** Government propose to enhance, language and skill development levels of ST students through a programme “Gurukulam” through which education from nursery level to higher education will be provided. An amount of Rs.1 crore is earmarked for this purpose.
- 220.** I am happy to announce a scheme for meeting entire tuition fee for ST students who secure admissions in premier

educational institutions of the country in professional courses. I am setting aside Rs.50 lakh for this.

**221.** I am also happy to announce a new overseas scholarship scheme for ST students who secure admission in reputed Universities abroad. I am setting aside Rs.50 lakh for this.

### **Welfare Measures for Various Communities**

**222.** An amount of Rs.32 crore is earmarked for the implementation of various welfare schemes implemented through Kerala State Forward Community Welfare Corporation.

**223.** I have set apart an amount of Rs.277.68 crore has been set up for the welfare of Other Backward Classes including the share capital grant of Rs.12.90 crore for the Kerala State Backward Classes Development Corporation.

**224.** An amount of Rs.59 crore has been provided for several schemes for minority communities including outlay on scholarships, skill training, housing, water supply schemes and share capital of the Kerala State Minority Development Finance Corporation. In all, I have provided Rs.102.01 crore for the welfare of minorities in the budget.

- 225.** A Commission will be set up to study how best community of converted Christians in our State numbering to 20 lakhs in all can be integrated into the mainstream of social and economic development. As a interim measure, I have pleasure in announcing Rs.5 crore for an assistance package for them.
- 226.** An amount of Rs.60 lakh is earmarked for setting up of Pulikkottil Hyder Memorial Cultural Study Centre at Vandoor in Malappuram District.
- 227.** I am providing Rs.10 lakh for the activities of the Cheramar Sambava Development Society.

### **Tourism**

- 228.** Tourism is among the most vibrant sectors of the State's economy. An amount of Rs.223.04 crore is earmarked for the development of this sector. Ten new eco-tourism destinations will be developed next year.
- 229.** Ministry of Tourism, Government of India is expected to provide financial assistance for organizing various fairs, festivals and tourism related events in India and abroad. An

amount of Rs.45 Lakh is provided as state share for this scheme.

- 230.** An amount of Rs.88 Lakh is provided for various schemes under tourism sector, effectively tapping the potential of information technology.
- 231.** An amount of Rs.31 crore is earmarked for the marketing activities in this sector to popularize new tourism products.
- 232.** An amount of Rs.6 crore has been provided for starting “Sea Plane” services in the State.
- 233.** A Tourism Investment Promotion Board headed by the Chief Minister will be set up to facilitate and channelize investments particularly small scale investments in the tourism sector. I am providing Rs.25 lakhs for this.
- 234.** I am happy to announce financial support for the implementation of the Varkala Master Plan in a phased manner.
- 235.** Two Yatri Nivas will be started in Guruvayur and Kanya Kumari under the Tourism Department.
- 236.** I am providing Rs.1 crore for promoting tourism in Idukki.

**Art & Culture**

- 237.** KSFDC is entrusted with supervision for the scientific preservation, digitalization and archiving of old Malayalam films. An amount of Rs. 1 crore is provided for the project.
- 238.** Government propose to introduce a medical cum accident insurance scheme for artists & performers in collaboration with a public insurance company. Government will provide 50% of the funds and the balance amount will be met by individuals, philanthropists, NGOs etc. The scheme will be implemented under the supervision of Kerala Sangeetha Nataka Academy.
- 239.** A Kerala Literary and Cultural Centre and Heritage Museum will be set up in Changanacherry. I am providing Rs.1 crore for this.
- 240.** I am providing Rs. 2 crore as grant for the construction of a Convention Centre at Santhigiri.
- 241.** An outlay of Rs.10 crore is provided for implementation of various activities of Archaeology department for the year 2015-16.

**Museum & Zoo**

**242.** For modernizing the Zoos and other museums an amount of Rs.16.25 crore is earmarked for the department of Museum & Zoo. As a part of this, laser show and musical fountain will be started in Thrissur this year.

**Information & Public Relations**

**243.** In order to sensitise the public about Kerala's accomplishments in various field over the last 60 years, Diamond Jubilee celebrations named 'Vajrom Kerala' lasting 1 year from November 2015 to October 2016 will be organized. An amount of Rs.1 crore is earmarked for this.

**Labour & Rehabilitation**

**244.** Three Kaushal Kendras focused on rural community skill development will be set up on a pilot basis in Kollam, Palakkad and Kannur. It is proposed to set up one centre in each Block Panchayat.

**245.** I am providing Rs. 1 crore for the initial expenditure for setting up an International Centre for Skill Excellence in the State to help equip our youth to take up employment avenues abroad.

- 246.** A Practical Entrepreneurship Training hub for the students of ITI will be started in Ernakulam to provide training and handholding support to students from 565 ITIs in our State. I am providing Rs.5 crore for this.
- 247.** An amount of Rs.22 lakh is set apart for providing a full fledged Trade Test Wing under the Employment & Training Department.
- 248.** A Centre for Employment Guidance and Advanced Training for Nurses will be set up in Lalam Block. I am setting apart Rs. 1 crore.
- 249.** A new Women's ITI will be set up in Karukachal.

### **Civil Supplies**

- 250.** The role of the Civil Supplies Department in holding the price line in the State and in the procurement of paddy from farmers is commendable. I had already touched upon the increased budgetary provision for paddy procurement. In addition, I am setting apart Rs.100 crore for market intervention operations through Supplyco. In all, I am providing Rs.830.44 crore for civil supplies.
- 251.** The Civil Supplies Department is now engaged in the implementation of the Food Security Act. I have made a

provision of Rs.20 crores for implementing effective systems and purchase of computers and peripherals for the purpose.

- 252.** For purchasing various equipments for the Drug Testing Lab an amount of Rs.3.40 crore has been set apart.

### **Home & Judiciary**

- 253.** Government is committed to build and maintain a modern and well equipped police force in the State. The allocation for the Police Department is Rs.3042.63 crore in the budget under Non Plan. In order to enhance efficiency levels of police personnel and to provide qualitative improvement in public service an amount of Rs.26.50 crore is set apart for police department during this year. Let me assure this august house that there will be no compromise on our State's security and shortage of funds will not be allowed to stand in the way of taking effective measures to face the challenges posed by extremist insurgency noticed in the State.
- 254.** To take effective steps to prevent the growing incidence of cyber crime, three cyber police stations will be set up at Kozhikode, Thrissur and Infopark, Kochi.

- 255.** Satellite Fire and Rescue Stations will be set up all Municipal Corporations equipped with modern Hybrid Fire Tenders.
- 256.** An outlay of Rs.3 crore is provided during the current financial year for construction of office building in Idukki for unit offices of Vigilance and Anti Corruption Bureau.
- 257.** In addition to the regular allocations for the Judiciary, an amount of Rs.2 crore is earmarked for 2015-16 for setting up of model courts in the state and to enhance e-governance activities in High Court of Kerala.
- 258.** I intend to provide Rs.2 crore for constructing a Court Complex in Parappanangadi in honour of the respected novelist O. Chandu Menon who wrote his classic masterpiece 'Indulekha' while working as a Munsif there.
- 259.** I am also providing Rs. 2 crore for the construction of a Court Complex in Kattapana in Idukki district.

### **Revenue**

- 260.** Delivery of public service at the doorsteps of people is the overarching thrust of all e-governance initiatives. With this objective an amount of Rs.4 crore is set apart to Revenue Department for the ongoing computerization programme.

- 261.** Government is committed to conservation of paddy fields in the State. In a State like Kerala which faces severe constraints on availability of land, it will be practically impossible to enforce reconversion of lands that were converted into homesteads in the past. Government intends to bring out necessary amendments to regularize paddy lands reclaimed prior to the promulgation of the Kerala Paddy lands – Wetlands Conservation Act 2008, on payment of fee equivalent to 25% of the current notified fair value for similar land after conversion in the locality.
- 262.** Rs. 50 lakh will be provided for constructing a mini civil station in Nilambur.

### **Legal Metrology**

- 263.** It is proposed to modernize the functions of Legal Metrology Department and improve quality and efficiency of verification. An amount of Rs.2.75 crore is earmarked for this.
- 264.** An amount of Rs.1 crore is earmarked for Legal Metrology Operations Management System aimed to ensure better public service delivery.

**General Administration**

**265.** It is propose to set up Training centres for imparting training on minority languages like Tamil and Kannada to Government servants and other interested persons. An amount of Rs. 50 lakh is set apart for this.

**Devaswom**

**266.** For the implementation of the Sabarimala Master Plan, I am setting apart Rs.25 crore in this budget for financing critical gaps.

**267.** I am providing Rs.10 crore for the restoration of ponds and sacred groves of temples.

**Haj Pilgrims**

**268.** I am enhancing the grant for the Kerala State Haj Committee from Rs.1 crore to Rs. 3 crore.

**Law**

**269.** An amount of Rs.80 lakh is earmarked for implementing “Law Information Management System” in Law Department.

**Registration**

**270.** An amount of Rs. 2 crore is provided for the year 2015-16 to establish a training centre for Registration Department at Koothattukulam.

**Planning and Economic Affairs**

**271.** An amount of Rs.10 crore has been provided for preparing DPR and action plan for implementing various developmental activities by integrating Annual/Five Year Plans with Kerala Perspective Plan 2030 for the overall development of this sector.

**272.** An amount of Rs.1.75 crore has been earmarked for the renovation & construction of buildings for State Planning Board.

**273.** An amount of Rs.3 crore is provided for Agro Ecological Planning and Development.

**Treasury**

**274.** For the upgradation of infrastructure and allied initiatives of State treasuries, an amount of Rs.12 crore is set apart during the current financial year.

- 275.** An amount of Rs.8.78 crore has been set apart for the construction of new buildings for Treasuries which do not have their own building with Central Assistance.
- 276.** The Treasury Department will initiate locker facilities to the public at reasonable rates. For building necessary infrastructure, I am providing Rs.50 lakhs. This is expected to fetch a revenue of Rs.5 crore annually.

#### **State Audit Department**

- 277.** For the computerisation of State Audit Department, I am setting apart Rs.2 crore.

#### **Excise**

- 278.** For improving various facilities of State Excise Academy and Research Centre at Thrissur, an amount of Rs.2.30 crore is provided this year.

#### **Disaster Management**

- 279.** An outlay of Rs.28.16 crore is provided during the year for the construction of cyclone shelters in 9 coastal districts of Kerala as part of implementation of the project “National Cyclone Risk Mitigation Project (NCRMP)”, an externally aided programme.

## TAX PROPOSALS

### Modernising Tax Administration

**280.** I am conscious of the fact that if we have to finance the ambitious schemes flowing out of the vision I have placed in the budget before this august house, I need to strengthen the machinery that brings in the revenue needed for this. Measures proposed include enabling online payments, online services, online registration, e-refunds by integrating the Commercial tax, Excise and Registration departments with GRASS (Online treasury System). Modern systems for Revenue Recovery, personnel management and audit management will be put in place. Integrated check posts will be operationalised with closed circuit systems that can be monitored remotely to make their functioning transparent. A budget provision of Rs. 20 crore is made for this purpose.

**281.** Kerala is preparing to migrate to Goods and Services Tax, likely to be introduced from April, 2016 all over India. The State needs to be made GST ready both in-terms of preparing the stakeholders namely traders, public, department officials etc. There is a need for capacity building of the stakeholders

and accordingly, I earmark an amount of Rs. 2 crore for this purpose. The Commercial Taxes department will take up extensive training and capacity building programs utilizing the services of organizations such as GIFT, IIMK etc.

**282.** The UDF Government has always held the cardinal belief that a Government is only as good as the quality of its human resources. The gains that we have made in the last four years are truly a result of the dedication shown by the employees of our State. Government is expecting the award of the 10<sup>th</sup> Pay Commission soon. I have left sufficient fiscal space in this Budget for accommodating the increases in salaries and allowances that will be necessary on account of the recommendations of the Pay Commission.

## **RESOURCE MOBILISATION**

### **MOTOR VEHICLES**

**283.** Considering the higher rate of tax prevalent for two wheelers in other States, the following changes would be made in tax

rates of motor cycles in the State. The one time tax rate of motor cycles having purchase value upto 1 lakh rupees will be raised from 6% to 8%, that of motor cycles having purchase value above 1 lakh rupees and upto 2 lakh rupees from 8% to 10% and one time tax rate of motor cycles having purchase value more than 2 lakh rupees to 20%. As a result of this increase, the Government expects an additional income of 100 crore rupees.

**284.** Non transport vehicles such as Motor cars, motor cycles etc registered in other States are frequently conducting service within the State of Kerala. As per the existing Taxation Act there is no provision to impose tax on such vehicles. Moreover no statistical data or details of such vehicles entering from other States are available with the Department. Due to this, the State is facing many security problems. Hence Government intends to impose tax on those vehicles which are registered in other States and operating within the State of Kerala for more than one month, at the rate specified below.

Sl. No.	Class of Vehicle	Exceeding 30 days upto 1 year (amount in Rs.)	Exceeding 1 year
1	Motor Cycles and three wheelers	200/-	One time tax proportional to the rate specified in Annexure I of the taxation schedule
2	Motor Cars	1500/-	„
3	Private Service Vehicles for Personal Use		
	a Up to 10 seats	300/- per seat	„
	b More than 10 seats	500/- per seat	„
4	Construction equipment vehicles and other non transport vehicles	1000/-	„

Government is expecting an additional income of Rs. 20 crore in the next year by way of the above amendment.

**285.** The practice of using luxury vehicles imported from foreign countries for temporary use in the State is on a rise. There is

no provision in the existing laws for levying a short time tax for those vehicles. So I intend to impose tax for such vehicles at the rate of Rs.10,000/- for first month and Rs.5,000/- for every subsequent month of stay or part thereof. Government expects an income of Rs.1 crore from the above.

### **REGISTRATION**

- 286.** A one time settlement scheme for updating the annual accounts/returns/ list of members etc. of organizations under Travancore Kochi Literary, Scientific and Charitable Societies Registration Act, 1955 will be implemented. Accordingly, such organizations will be allowed to update the returns by paying a one time fee of Rs.500 for every year delay. The filing of returns will be automated on online platform. This is likely to generate a revenue of Rs.15 crore.
- 287.** Kerala Stamp Act 1959 will be amended to include the instrument “license for rent”, as the same has not been included so far. This will attract same stamp duty as that of rent deeds (lease deeds). This is expected to raise revenue to the extent of Rs.20 Crore.

**288.** It is proposed to rationalise the stamp duty and registration fee to make in line with the changing times, as given below.

**a) Stamp duty**

Sl. No	Article	Description	Existing rates Rs.	Revision proposed Rs.
1	5	Agreement or Memorandum of agreement- (d) If not otherwise provided for	100	500
2	24	Counterpart or duplicate of any instrument chargeable with duty and in respect which the proper duty has been paid (ii) in any other case :	100	500
3	25	Customs Bond or Central Excise Bond – (a) In any other case:	50	500
4	28	Certificate of enrolment in the roll of advocates prepared and maintained by the State Bar Council under the Advocates Act 1961 (Central Act 25 of 1961)	250	1000
5	36	Memorandum of association of a company (a) If accompanied by article of association under Companies Act (Central Act I of 1956) (b) If not so accompanied	500 1000	1000 The same duty as leviable on Articles of

				Association under Article 10, according to the share capital of the company
6	50	Security Bond or mortgage deed, executed by way of security for execution of an office or to account for money or other property received by virtue thereof or executed by a surety to secure the due performance of a contract – (b) in any case	100	500

**b) Registration fees**

Sl. No.	Article	Description	Existing rates in Rs.	Revision proposed in Rs.
1	I (a) (2)	(i) Registration of power of attorney (ii) Minimum fees for Items come	100  2 % of the Stamp duty	200  2 % of the Stamp duty

		under note in Sub clause (2)	levied subject to a minimum of Rs.100	levied subject to a minimum of Rs.200
2	I (p)	Dissolution of Partnership deed	200	500
3	I (s)	Rectification	100	500
4	I (t)	Ratification	100	500
5	I(v)	Unvalued agreement	100	200
6	V(iii)	Revocation of Will	100	500
7	VI	(1) Deposit of sealed cover	100	1000
		(2) Withdrawal of sealed cover	100	1000
8	XI Note (iii)	Miscellaneous Records	Search fee miscellaneous record first year other current year Rs.0.50 and Rs. 0.25 for additional year	Search fee miscellaneous record first year other current year Rs.50 and Rs. 20 for additional year
9	XVII (a) &(b)	(a) keeping a document pending appearance of parties	10	100
		(b) for complete refusal to register a document	10	100
10	XIX	Transfer of Revenue Registry	10	50

An additional revenue of Rs.100 crore is expected from this.

- 289.** As an incentive for extending banking service in rural areas, the stamp duty for the registration of ATMs in Panchayath areas will be reduced to Rs.1250/- from the current rate of Rs.2500/-.

### **PLANTATION TAX**

- 290.** As a part of the package of measures to meet the crisis in the plantation sector, Plantation Tax will not be levied on any individual owners. However, plantation tax will continue to be levied on plantations held by companies, societies or trusts. This will lead to a potential revenue loss of Rs.2 crore.

### **COMMERCIAL TAXES**

#### **Taxation Proposals**

- 291.** I have already announced certain measures in the earlier paras to rejuvenate the agricultural sector in general including rubber. For this additional revenue resources has to be mobilized. Rice, rice products, wheat, maida, atta, suji, rava were already exempted from tax. Compared with previous years, the inflation rate and the consumer price

index are showing downward trend as per the statistics available. Most of the above mentioned products are packaged commodities sold on MRP. Considering the above, it is proposed to levy 1% tax on rice, rice products and wheat and 5% tax on maida, atta, suji and rava. Additional revenue of Rs.110 crore is expected from it. Goods sold to PDS will continue to be tax free.

**292.** An additional tax of Rupees one per litre will be imposed on petrol and diesel. The additional amount received from it will be used for constructing buildings for the weaker sections of the society who do not have an independent dwelling house. The Government can vary the rate by a notification. An additional revenue of Rs.375 crore is expected.

**293.** In order to compensate the revenue loss suffered by the States on account of reduction of Central Sales Tax rate from 4% to 2% and other tax concessions, situation arose, whereby the States could levy tax on textiles and sugar. Accordingly in the last year's Budget, tax was imposed on textiles. Some of the neighbouring have already imposed tax

on sugar. Retaining the exemption to sugar sold through the Public Distribution System, a nominal tax of 2% will be imposed on sugar. The additional revenue expected is Rs.100 crore.

**294.** There are complaints regarding the increasing trade in adulterated coconut oil brought from outside the State. This being an exempted commodity, the statistics relating to the sale of such coconut oil is not available. Considering the above, coconut oil will be taxed at a minimal rate of 1%. The additional revenue expected is Rs.50 crore.

**295.** Compared to the contractors who undertake contract works by purchasing materials from within the State, the contractors who purchase materials from outside the State, get disproportionate benefits, owing to the difference in the rate of tax. In order to remove this imbalance, a negative list as existed prior to 2008 would be reintroduced, incorporating interior decoration and furnishing contracts as additional items. These contracts would be non-compoundable. The additional revenue expected is Rs.50 crore.

- 296.** Since the introduction of Kerala Value Added Tax Act, transfer of copy right of cinema films were taxable under the provisions relating to the transfer of right to use of intangible goods. The proliferation of television channels and the transformation in the distribution structure have put an end to the inconsistencies and uncertainties faced by the sector. Hence, the tax of 5% on transfer of copy right of cinema films which was exempted in 2010 will be reintroduced. The additional revenue expected is Rs.20 crore.
- 297.** The august House is aware of the fact that considering the health hazards posed by the use of tobacco products, the rate of tax of cigarettes was increased to 30% with a view to discourage the use of tobacco products. As a further step towards this end, beedi would be taxed at 14.5%. An additional amount of Rs.15 crore is expected from this measure.
- 298.** The benefit of the tax exemption granted to nylon ropes, polyester ropes and polyester twine would be limited to the sales made by Mathsyafed, Theeramythri and Fishermen Co-operative Society. Others would be taxable at 5%. The additional revenue expected is Rs.3 crore.

**299.** Brooms, brushes and mops made of plastic used for cleaning of floors and toilets would be taxable at 5%.

**300.** As a measure to tackle the tax drain in sale of live chicken, a 1% tax would be imposed on poultry feed.

**301.** Government have enhanced the fees / user charge of various services provided by the Government Departments, as part of the State's non-tax revenue mobilization measure. Registration and renewal fee under KVAT Act and Luxury Tax Act was fixed ten years ago. Considering the electronic services offered to the registered dealers and the inflation, it is imperative that the fees be increased. Accordingly following revisions would be made.

- i) For dealers having VAT registration alone and a total turnover of and above Rs.25 lakhs, the renewal fee can be increased from the present Rs.500 to Rs.1000. For others having VAT and CST registration, the renewal fee can be increased from the present Rs.1500 to Rs.3000 irrespective of turnover.

- ii) Similarly the registration and renewal fee under Kerala Tax on Luxuries Act can be increased by 50% as per the following table.

a) Hotels

	Present rate	Proposed rate
Star hotels	Rs.6250	Rs.9375
Other hotels situated within Municipal Corporation area	Rs.1250	Rs.1875
Other hotels situated within Municipal Council or Township area	Rs.1000	Rs.1500
Other hotels situated within Grama Panchayat area	Rs.750	Rs.1125

b) Halls, Auditorium, Kalyanamandapam etc.

	Present rate	Proposed rate
Situated within Municipal Corporation area	Rs.1000	Rs.1500
Situated within Municipal Council or Township area	Rs.750	Rs.1125
Situated within Grama Panchayat area	Rs.500	Rs.750

- iii) The registration and renewal fee for hospitals, home stays and serviced apartments/villas will be increased from present Rs. 1000/- to Rs. 1500/-.

iv) For house boats, the registration fee will be increased from to Rs. 1000/- to Rs.1500/- and renewal fee will be increased from Rs. 500/- to Rs. 750/-.

An additional revenue of Rs.10 crore is expected through the above amendments.

**302.** The disparity existing among the tax rate of ornaments made of gold and other valuable metals and the tax rate of bullion, other articles made of gold and gold coins have posed certain practical difficulties in the processing of input tax claims and refunds. To overcome this position, will be made applicable only to bullion sold by agencies notified by Director of General of Foreign Trade and those authorized by RBI for import of gold, at their point of sale within the State. The schedule rate of all other forms would be unified at 5%. An additional revenue of Rs.15 crore is expected.

**303.** Ensuring conservation of the environment is the declared objective of the Government. Towards this end, and in order to discourage the use of plastic products which are hazardous to the environment and also to encourage the use of natural products, the rate of tax of disposable plastic cups

and plates, disposable Styrofoam cups and plates, thermocol / Styrofoam sheets and printed flex is enhanced to 20%. All types of plastic toys would be made taxable at 14.5%. An additional revenue of Rs.15 crore is expected.

- 304.** Serviced villas will be treated at par with serviced apartments and made taxable at 12.5% under Kerala Tax on Luxuries Act.

### **Tax Concessions**

- 305.** I have already declared the relief measures for rubber farmers. In continuation of this, rubber wood would be totally exempted from tax. In these days of falling prices, this measure would ease the movement of rubber wood, thereby ensuring better prices for the farmers.
- 306.** Last year, an explanation was incorporated in the Act clarifying that for the purpose of determining the eligibility for payment of presumptive tax, the turnover of petroleum products and medicines which had suffered tax on MRP, will not be considered. This provision would be granted retrospective effect from 01-04-2005 onwards.
- 307.** As a new form of environmental friendly energy source capable of changing the industrial landscape of Kerala, LNG

would be exempted from VAT for an year. A revenue loss of Rs.100 crore is expected.

- 308.** Pesticides were taxable at 5% since the inception of KVAT Act, vide Entry 44 of Third Schedule. In 2011, while exempting fertilizers and bio-fertilizers by amending the entry, due to omission pesticides became taxable at 13.5% for the period from 19-7-2011 to 7-11-2011. In order to remove this contradiction it is made clear that the tax rate would be 5% for the period.
- 309.** Lead Oxide used in the manufacture of batteries was included as an industrial input and the rate of tax was reduced to 5% in 2013. This decision would be granted retrospective effect from 01-04-2005 onwards.
- 310.** In continuation of environment friendly measures, to promote the movement of electronic and plastic waste for recycling/disposal, used plastic and electronic waste, and recycling plant for plastics shall be exempted from tax. Pyrolysis oil obtained from recycling of plastics at the point of sale by such manufacturing units shall be exempted from tax. The revenue loss expected is Rs.10 crore.

- 311.** The tax rate of electronic goods and systems notified by the Government, manufactured and sold by such units, meant for defence purpose of the country, is reduced to 5%. A revenue loss of Rs.5 crore is expected.
- 312.** The tax exemption granted to khadi products sold by manufacturing units approved by Kerala Khadi and Village Industries would be extended to units approved by Khadi and Village Industries Commission. This would be given retrospective effect from 01-04-2005 onwards. The revenue loss expected is Rs.3.50 crore.
- 313.** Fabricated wall panels made by FACT from their by-product Glass fibre reinforced gypsum is exempted from tax. The revenue loss expected is Rs.5 crore.
- 314.** The tax exemption granted in 2012 to honey, honey bee box and accessories would be given retrospective effect with effect from 01-04-2005 onwards.
- 315.** The rent limit under luxury tax with respect to rooms in charitable hospitals enjoying exemption under VAT, will be raised to Rs.2000.

**Simplification of procedures**

- 316.** A provision would be made in the Act whereby dealers in cooked food eligible for compounding under Section 8(c)(i) would be permitted to pay tax at compounded rates for the years prior to their registration also.
- 317.** As per Section 94(2A) with regard to commodities with disputed tax rates, if the manufacturer or first seller pays entire tax on MRP after the issuance of the statutory clarification, subsequent dealers in the VAT chain will be spared of assessment / penalties. An amendment would be made in Section 94(2A) with retrospective effect making it clear that in addition to the tax due, interest thereon would also be payable.
- 318.** Similar provisions as in the Kerala Value Added Tax Act, for suo-motu revision by the Deputy Commissioner, of orders of assessing authority which are prejudicial to the revenue, will be incorporated in the Kerala Tax on Luxuries Act.
- 319.** A provision was declared in the last budget, whereby charitable hospitals enjoying income tax exemption were exempted from VAT on payment of a fee of Rs.10000/-. It will be clarified that this exemption would be applicable to all

hospitals run by charitable institutions registered as such before the income tax authority under Sec.12(AA) of the Income Tax Act.

**Improving efficiency of tax administration**

- 320.** The last budget certain appealable orders made within the ambit of revision by an amendment. But no consequential amendment was made in the suo moto revisional powers of the Commissioner. So necessary amendments would be made in Sec. 56 and 58 of the KVAT Act to rectify this position.
- 321.** The tax deduction at source (TDS) rates for Work Contracts executed under Sampoorna Gramin Rosgar Yojna or Beneficiary Committee, shall be made equivalent to their tax rates. Necessary amendments would be made in the provisions.
- 322.** All Multilevel Marketing Companies, their distributors and agents would be made liable to take registration and pay tax under the Kerala Value Added Tax irrespective of their turnover.

- 323.** GST being a destination based tax system, the tax on goods brought by consumers in Kerala from other States through online trade, is expected to accrue to the State. To ascertain the accurate quantum of e-commerce transactions prior to the introduction of GST, all companies and entities maintaining an e-commerce website will be made liable to file the details of inbound and outbound goods sold through such sites in a prescribed format on monthly basis. Necessary amendments will be made in the KVAT Act for the purpose.
- 324.** As per Sec.52, every transporting agency etc. are bound to file returns with respect of goods dealt by them. Specific provision would be made in the Act to facilitate their registration also.
- 325.** Presently, as per KVAT Rules, if a dealer detects any omission or mistake in the return filed by him, he is permitted to file revised return along with penal interest calculated at twice the rate of interest, if the tax payable increase consequent to such revision. Corresponding provisions would be made in the Act with retrospective effect to reflect this position.

- 326.** To ensure tax compliance, amendments would be made in Sec.54 and 82 of the Kerala Value Added Tax for collection of information through general survey and enquiry.
- 327.** To bring more accountability in the movement of goods, all job-workers receiving goods from outside the State for job works shall be mandated take registration under the Act irrespective of any turnover limit.
- 328.** It would be made clear that registration under the Act to be made mandatory if turnover reaches Rs.10 lakh whether taxable or not.
- 329.** The time limit for assessments under Sec. 24 and 25 of the Kerala Value Added Tax Act which expires on 31.3.2015 shall be extended by an year.
- 330.** In order to encourage dealers who sets good example in compliance with tax laws and to promote best practices in tax compliance, a “green card” scheme would be implemented to ensure priority in delivery of services from the department, to eligible dealers.
- 331.** In continuation to the e-governance initiatives implemented in the department, steps would be taken to analyze the

- information received from various sources using information technology, thereby increasing tax compliance.
- 332.** It would be clarified in the Act and Rules, that ultimate tax liability under the Kerala Value Added Tax, will be on the principal contract amount. This would have retrospective effect from 01-04-2005.
- 333.** Tax practitioners will have a significant role to play when Goods and Service Tax Act is implemented. For inducting them in to the new system in the changing circumstances and to ensure more responsibility in their actions, an annual renewal fee of Rs.500/- will be introduced. Photo identity cards will also be issued to them.
- 334.** More dealer friendly services will be implemented with the aid of information technology.

#### **Rationalization of Tax rates**

- 335.** Through Finance Act 2014, turnover tax was introduced on certain items from textiles. The dealers are complaining that multiple levy of turnover tax at different stages is resulting in cascading effect and further they cannot collect the tax also.

Considering these aspects, VAT of 1% will be imposed on all textiles, in lieu of the present 2% turnover tax.

### **Kerala Money Lenders Act**

**336.** As per the Kerala Money Lenders Act, a money lender have to make a Security Deposit in accordance with the loans disbursed by them. This is to be made in the form of Fixed Deposit in their names in the Treasury. This Security Deposit has not been revised for the last two decades. The number of moneylenders and their activities have increased during this period. Hence the Security amount will be revised. Presently the security fixed for a money lender who lends less than one lakh rupees is Rs.5000/- and for a money lender who lends one lakh rupees or above but less than 5 lakh rupees is Rs.10000/-. This will be unified and fixed as Rs.10000/-. An increase of 50% would be made in the security amount applicable to other slabs.

**337.** The implementation of the present guideline under Sec.4 (2B) for the purpose of determination of the security amount is not possible because of the lack of clarity in the accounts submitted money lenders. It is seen that this has led to defects in the determination of the security amount. Hence

the provision which existed prior to 1995 would be re-introduced. Accordingly the guideline for fixing the security amount of a money lender would be the aggregate amount lent during the previous year.

**338.** Various fines and penalties under Kerala Money Lenders Act 1958 were fixed before 25 years and beyond. This affects the efficient control of the activities of the money lenders. Hence the rates of various fines and penalties are re- fixed as per the table given below:

Sl. No.	Section	Present fine / penalty (Rs.)	Revised rate (Rs.)
1	Sec.11	1000	10000
2	Sec.13	1000	10000
3	Sec.17	50000	500000
4	Sec.18	1000	25000
5	Sec.18A	500	5000
6	Sec.18B	500	5000
7	Sec.18C	25000	50000

**CONVERSION OF PADDY LANDS**

**339.** Government is committed to the conservation of paddy lands. Reconversion of paddy lands which were converted as homesteads earlier, is not practical considering the acute scarcity of land experienced in a State like Kerala. Government intends to regularize such conversions made before the promulgation of Kerala Paddy Land and Wet Land Conservation Act. Accordingly, a fee equivalent to 25% of the notified fare value of similar land in the locality will be levied for such regularization. Rs.150 crore is expected from this measure.

**MINING AND GEOLOGY**

**340.** Kerala Minor Mineral Concession Rules have been amended insisting environmental clearance for grant of new mining leases and permits. As part of this, it is proposed to implement an online system for regulation and verification of mineral mining and its transport. An additional revenue of Rs.50 crore is expected through this measure and also by revision of the royalty fees on minerals.

**CONCLUSION**

**341.** Let me now present the revised estimates for the year 2014-2015 and the budget estimates for the year 2015-2016.

**Revised Estimates for 2014-15 (Rs. crore)**

Revenue Receipts	63588.32
Revenue Expenditure	73852.29
Revenue Deficit (-)	(-)10263.97
Capital expenditure	5037.75
Loans & Advances (Net) (-)	(-)697.33
Public debt (Net)	13721.86
Public account (Net)	2266.70
Overall Deficit	(-)10.49
Opening balance	1.53
Closing Balance	(-)8.96

**Budget Estimates for 2015-16 (Rs. crore)**

Revenue Receipts	77427.20
Revenue Expenditure	85259.12
Revenue Deficit	-7831.92
Capital expenditure	9194.14
Loans & Advances (Net)	-673.20

Public debt (Net)	16509.49
Public account (Net)	1207.06
Overall Surplus	17.29
Opening Balance	-8.96
Closing Balance	8.33
Additional expenditure announced	1931.41
Concessions announced	145.50
Additional Resource Mobilisation	1220.00
Cumulative Deficit at the end of the year	-848.58

**342.** A budget is not merely a concatenation of figures – it truly embodies the aspirations of a people. As mentioned in my introduction in the beginning, I truly believe that my previous budgets have given a significant impetus for growth. The notable increase in Kerala’s economic growth has come in for positive comments from many sources. It is an eloquent testimony to what we have been able to achieve together. This is even more significant as we have been able to overcome to some extent the challenges posed by a languishing national and regional economy and reductions in the budgeted inflows that were expected from the Central Government.

**343.** Sir, in conclusion I have presented before this august House a seven-pronged strategy that will usher in a new phase of development in the State. It is when seven colours merge harmoniously that we are blessed with the radiance of light. I am optimistic that my budget too with its seven streams blending development and care will usher in a new dawn for Kerala.

**344.** I have designed this Budget with great thought and care to propel Kerala to be the fastest growing region in our country. I request that I may be extended the same cooperation and support as you always have in the previous years, in implementing the annual budget.

**345.** I humbly commend this Budget before this august house.

**JAI HIND**