



GOVERNMENT OF KERALA

EIGHTH FIVE YEAR PLAN 1992-97

FINAL OUTLAY APPROVED

BY

THE PLANNING COMMISSION

(SUMMARY FEATURE)

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STATE PLANNING BOARD

THIRUVANANTHAPURAM

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FOREWORD

The Eighth Plan covering the five year period 1992-97 has been formally launched on April 1st 1992 at a critical juncture in our country's development and at a time of momentous political and economic changes abroad.

2. During the last four decades, development planning in India has brought about many notable achievements by way of building up a diversified infrastructural base, industrial capacities and technological capabilities. However, the planning process in recent times, has been threatened by problems like fiscal imbalances, diminishing productivity of public expenditures, and persistent gaps between targets and achievements. In a sense, planning had become a routine exercise and a prisoner of its own premises unable to cope with the changing realities. Planning, therefore, needs a new orientation. The Eighth Plan has made an earnest effort to give such a new orientation to the planning process and the strategies outlined to achieve the major objectives of poverty alleviation and employment generation mark a welcome departure from the past plans.

3. Kerala's eighth plan involving a state plan outlay of Rs. 5460 crores has been drawn up keeping in view the broad framework as indicated by the Planning Commission. The development effort in the Plan is visualised as combined effort of the State Government and its agencies, Central Government and its agencies and the Private Sector. The overall investment in the State's economy in the next five years is visualised at Rs. 23,000 crores. Unlike in the past, planning emphasis will be as much on increasing and promoting investment in the economy by all sectors as on doing things directly by Government.

4. Since Kerala has achieved a high level of development in Social Infrastructure as compared with other states, the stress in future has to be on quality improvement and standards upgradation. The major thrust in the 8th plan will be on development of physical infrastructure and poverty elimination through increase in employment. With this objective in view, a major emphasis has been given for the development of agricultural and industrial sectors for both of which the State Government has formulated a detailed policy framework. Employment intensive activities like Horticulture, Sericulture, Housing, Tourism and Electronics have been given an important place in the plan.

5. The phenomenon of growing employment has emerged as a major problem. The expansion of employment opportunities will be one of the major objectives of the Eighth Plan. The State Planning Board has formulated a detailed report setting out the employment generation strategy for the different sectors of the economy as part of the eighth plan. It is estimated that effective implementation of the programme visualised in the plan could result in generating about 23 lakhs job opportunities during the next five years.

6. The success of the plan will depend largely on people's initiative and participation which are key elements in the process of development. Every effort will be made to build up and strengthen the institutions with which people are directly involved.

Thiruvananthapuram,
24-6-1992.

K. KARUNAKARAN
CHIEF MINISTER

CHAPTER I

KERALA ECONOMY - AN OVERVIEW

During the last forty years covering the period 1951-1991 during which Seven Five Year Plans and Five Annual Plans have been implemented, the magnitude of aggregate public sector investment in the State's economy amounted to Rs. 12,000 crores made up of Rs. 8,000 crores in the State sector including Centrally Assisted Schemes, Rs. 2,000 crores by way of institutional finance provided by Public Sector agencies and another Rs. 2,000 crores by way of direct investments by the Central Government. Almost an equal amount of investment in areas like Agriculture, Industry and Social Services Sectors, would also have taken place in the private sector of the economy during this period.

Despite this order of investment, the overall annual average growth rate has been hovering around 3 percent against the national average of 5 percent. There have been wide fluctuations in the rate of growth ranging between 1.56 percent and 5.55 percent during different plan periods. Since the rate of growth of the State economy has been less than that of the national average, the gap between State per capita income and National per capita income has widened over the years. The State's per capita domestic product which stood at about 90 percent of the nation's per capita income during the sixties declined to 84 percent during the early eighties and further to 70 percent at the beginning of the current decade.

Looking at the sectoral changes in the composition of the State domestic product, it is seen that the share of the agricultural sector has been declining. The share which was as high as 59.4 per cent in 1960-61 declined to 49.5 percent in 1970-71 and further declined to 39 percent by 1989-90. While the share of the secondary sector was low at 12 percent in 1960-61, it has been showing steady increase over the course of the last two decades and is now reckoned at 22.7 percent at which it has been stagnating for some years now. It is, however, the service sector which has been expanding rapidly so much so its share in the state domestic product which was 28.6 per cent in 1960-61 increased to 34.2 percent in 1970-71. During the eighties it further increased and is now estimated at 38.6 per cent of the State's SDP. This type of structural transformation has been the cumulative consequence of the pattern of investment that has taken place in the State. While on the one hand, it has resulted in the growth of many positive factors especially as a result of the emphasis on promoting the social service sectors, it has also resulted in the emergence of several negative factors mainly because of the poor performance in terms of the growth of commodity production, resulting in a fragile material base, which is no longer able to sustain the social and welfare services.

Positive Aspects of the Past Development

The positive aspects of Kerala's past development effort may briefly be summarised as follows:

(i) Kerala has the highest general rate of literacy in the Country-91 per cent as against a national average of 52 per cent. Female literacy is as high as 87 per cent according to the latest 1991 census, while the national figure is only 39 per cent.

(ii) The decennial rate of growth of population, which was 19 per cent during 1971-81 as against 25 per cent for the Country as a whole, has further come down to 13.9 per cent during the decade 1981-91 as against 23.5 per cent at the national level.

(iii) The State has a very low death rate of 6.1 per thousand as against the rate of 10.2 for the Country. Infant mortality is also the lowest in the country, namely, 21 as against the national average of 93 per thousand births. In terms of life expectancy, Kerala is far ahead of other States, the figure being 66 years as against the national average of 54.

(iv) School education is free. There are 59 lakhs children and about 12,000 schools spread all over the State. The enrolment of children in Class I to V has been 108 per cent and for Class VI to VIII 97 per cent. The general drop out rate has been less than 4 per cent.

(v) The State is far ahead of other regions in the country in medical facilities. Every Panchayat in the State has now at least one dispensary. The total number of dispensaries which stood at 1205 in 1970-71 increased to 2006 by the end of 1989-90. Number of hospital beds per lakh of population at 141 is the highest in the Country.

(vi) The Voluntary agencies in the State have been playing a very active role in establishing educational and medical institutions.

(vii) The per capita State expenditure on education and health has been the highest in the State. It was Rs. 220 and Rs. 92 respectively in 1989-90 as against all State's average of Rs. 163 and Rs. 79.

(viii) Investment in social infrastructure have helped in creating an egalitarian approach among all sections of society. It has also helped to create skilled manpower. In fact the State has for long become an exporter of skilled manpower and the export to foreign countries has helped the Country to earn valuable foreign exchange by way of remittances.

(ix) Successive Governments have laid emphasis on the development of physical infrastructure which has resulted in a wide network of roads. The roads length per sq.km. is 3.23 kms. as against all India average of less than 0.6 km. The number of motor vehicles per lakh of population of 1302 is also much higher than the average of 1183 for the Country as a whole (1986 data). Similarly in terms of communications like Post Offices and Telephones, the State is relatively well placed.

(x) The topographical features of the State are such that the human settlement pattern is widely dispersed throughout the State inspite of the very high population density of 747 as against the national average of 267 as per the latest Census.

(xi) Water supply position is much better in the State as compared with other parts of the Country.

(xii) Electrification has covered the entire State though household coverage is not hundred per cent. However, per capita consumption of power in the State is much lower than the national average.

(xiii) As a result of implementation of a series of egalitarian and welfare measures by successive Governments in the past, the State has now a variety of social welfare measures like old age pension, agricultural workers pension, unemployment allowance, etc. to mention a few important ones.

(xiv) Because of the predominance of cash crops in the agriculture of the State, the per capita consumption of non/food items is very high in the State relative to other parts of the Country.

(xv) Effective implementation of land reforms and national programmes for rural poor and schemes for scheduled castes and tribes have had their beneficial impact in many of the rural areas in the State.

(xvi) The State-wide coverage of public distribution of essential commodities and the relative efficacy of the public distribution system has worked to the benefit of the under-privileged sections of society and has helped in reducing the impact of poverty.

As a result of many of the positive aspects mentioned above, the physical quality of life of the ordinary man in Kerala has vastly improved over the years and the overall social consumption of people at all levels has been high.

Negative Aspects of Development

The negative aspects which have characterised past development plans may be listed as follows:

(i) The size of land holdings in the State has become quite small, the average size of the holding being less than 0.4 hectare. About 90 per cent of the holding is below half hectare in size. There is thus acute pressure on land making agriculture less attractive.

(ii) The extreme pressure on land has resulted in large scale encroachment of forest lands resulting in the denudation of the green canopy of the State. This has had its adverse impact on the ecology of many parts of the State and has been one of the major causes of the frequent occurrence of droughts and floods and of degradation of lands in hilly areas.

(iii)) The emphasis laid on the Social Service sectors in the past, to the subordination of commodity producing sectors, has resulted in an inherent weakness of the economy. Growth rate has been low, industrialisation has been at a slow pace and investments have been tardy in forthcoming. The annual average rate of growth of State income from the primary sector was (-) 0.43 per cent as compared to the all India growth rate of 4.45 per cent during 1961-62 to 1988-89. The rate of growth in the secondary sector was only 3.48 percent against 6.9 per cent at the all India level during the period. As against an annual rate of growth of 10.6 per cent in the manufacturing sector at the all India level the growth rate in the State has been as low as 1.7 per cent. This situation has given rise to a serious unemployment problem in the State. The number of job seekers as per registrations in Employment Exchanges which was 4.87 lakhs in 1970-71 has now swelled to nearly 32 lakhs, of which more than 60 per cent are "educated unemployed". With a population of 3.5 per cent of the country's total population, Kerala has an unemployment of nearly 10 per cent as compared with the number at the national level.

(iv) Labour absorption in the private sector has either been stagnant or falling, with the result the Government and public sector employment has become an end in itself resulting in overstaffing and inefficiency. The general policy of confining direct recruitment to the lowest administrative and technical levels has also led to a decline in quality and absence of professional competence in almost all development departments.

(v) Because of inadequate production and the need to import most of the essential and other consumption requirements of the population the pressure on general price level has been high in the State. This has given rise to the vicious circle of higher wages and higher prices. To add to this, the flow of remittances from abroad also contributed to the pressure on prices.

(vi) The State had become a high cost non/competitive economy which has come in the way of attracting investors within the State and from the rest of the Country. In fact investors in the State have been moving into other States and investing there.

(vii) Governments felt compelled to take on the role of major entrepreneur in the State. However, both the pattern of industries and their management have not helped the State either in speeding up the process of industrialisation or in creating adequate employment opportunities. About 65 per cent of the public sector units have been incurring losses on a continuous basis and capacity utilisation has ranged between 23% and 50%. The losses of many of the industrial undertakings have been more than their paid-up capital. Despite several studies and detailed reports, little action if any, has been taken to improve the working of the Public Sector Enterprises.

(viii) The labour-capital ratio of the State Public Sector undertaking has been Rs. 1.12 lakh per employee. In some of the State undertakings this has as high as Rs. 3.5 lakhs. Such a capital intensive public sector investment approach has been quite unhelpful in making any dent on the employment situation.

(ix) The emphasis on social and physical infrastructure development and the pricing policies followed in respect of them have led to an extremely difficult budgetary situation for the Government with rising revenue deficits. During the last five years an increasing portion of the amounts borrowed for development had to be diverted to cover the revenue deficit. A virtually free social service policy and taking up more and more of programmes when the quality of existing services is poor has resulted in low maintenance standards of existing assets and services. The quality of educational and health services has declined.

(x) The irrational allocation of resources to projects, especially those in the irrigation and power sectors have increased the gestation period of many of them, some of which have been started as far back as 30 years. This has resulted not only in substantial cost escalations making it more difficult to complete them, but has also denied fruits of development to the State since no returns have started accruing from such projects. These locked-up investments have only helped to increase the budgetary strains on the Government severely affecting its resource position.

(xi) The constraint on State's resources has in turn affected adversely the allocation for development programmes in the Five Year Plans. In fact, over the years, the per capita plan outlay of the State has been diminishing in terms of the average outlay of all the states.

While there was not much of difference in the per capita outlays in the Fifties when the First and Second Five Year Plans were implemented, the gap between State's per capita and national per capita outlays gradually increased in the subsequent plan periods. During the Seventh Plan while the per capita State Plan outlay for Kerala was Rs. 727, the corresponding figure for all States was Rs. 1026. Thus, Kerala's per capita outlay was lower by nearly Rs. 300 which is quite substantial.

The development perspective for Kerala has to be viewed against the background of positive and negative aspects outlined in the preceding paragraphs. The development thrust has to be such that the major weaknesses that have led to negative aspects would have to be set right to the maximum extent possible. This demanded a totally new approach in the Eighth Plan.

TABLE - I
PER CAPITA INCOME OF KERALA AND INDIA

Five year periods	(At 1970-71 prices)			(At 1980-81 prices)		
	Kerala	India	Index (*)	Kerala	India	Index (*)
1	2	3	4	5	6	7
1960-61 to 1964-65	510	573	0.90			
1965-66 to 1969-70	546	580	0.94			
1970-71 to 1975-76	603	620	0.97			
1975-76 to 1979-80	599	678	0.88			
1980-81 to 1984-85	615	735	0.83	1444	1721	0.84
1985-86				1462	1842	0.79
1986-87				1400	1866	0.75
1987-88				1416	1903	0.74
1988-89				1530	2078	0.74
1989-90				1596	2142	0.75

(*) Proportion of per capita income of Kerala to that of India

TABLE - 2

AVERAGE ANNUAL GROWTH RATE OF SECTORAL INCOME AT CONSTANT PRICES KERALA AND INDIA
(Percent)

Plan period	Agriculture, forestry and logging, fishing, mining quarrying		Manufacturing, Construction, electricity, gas & water supply		Transport, Communication and trade		Banking and Insurance, real estate & ownership of dwelling business Services		Public Administration and Defence & Other Services		Domestic Product at factor cost	
	Kerala	India	Kerala	India	Kerala	India	Kerala	India	Kerala	India	Kerala	India
1	2	3	4	5	6	7	8	9	10	11	12	13
III Plan 1961-66	0.21	0.48	6.06	7.40	4.24	6.10	5.24	5.14	4.03	4.50	2.15	2.68
Annual Plan (1966-69)	5.36	4.83	3.42	3.27	9.81	4.20	2.20	4.53	3.77	3.03	5.41	4.13
IV Plan 1969-74	0.93	3.06	9.51	3.52	4.79	3.80	5.16	4.74	6.09	4.42	3.63	3.46
V Plan 1974-79	0.03	3.94	3.03	6.12	1.86	7.02	6.98	6.24	2.99	5.16	1.56	5.14
Annual Plan (1979-80)	0.62	12.50	9.09	2.30	6.28	0.50	2.62	1.30	7.67	10.40	4.38	4.90
VI Plan 1980-85	0.63	5.30	0.82	5.52	4.09	5.82	3.61	5.28	5.31	5.96	2.18	5.54
VII Plan 1985-90	5.31	3.56	3.39	6.52	1.80	7.21	2.33	7.32	5.28	6.44	3.92	5.62

TABLE - 3

SECTOR-WISE DISTRIBUTION OF NDP (KERALA) AND GDP (INDIA) AT 1980-81 PRICES

(Rs. Crores)

Year	Kerala				India			
	Primary	Secondary	Tertiary	Total	Primary	Secondary	Tertiary	Total
1	2	3	4	5	6	7	8	9
1980-81	1499.70 (39.7)	931.57 (24.6)	1351.03 (35.7)	3782.30 (100.00)	48536.00 (39.6)	29828.00 (24.4)	44063.00 (36.0)	122427.00 (100.0)
1985-86	1499.69 (37.1)	957.70 (23.7)	1584.33 (39.2)	4041.72 (100.0)	56875.00 (36.3)	40602.00 (25.9)	59123.00 (37.8)	156600.00 (100.0)
1986-87	1419.02 (36.0)	887.19 (22.5)	1631.88 (41.5)	3938.09 (100.0)	56313.00 (34.6)	43274.00 (26.6)	63124.00 (38.8)	162711.00 (100.0)
1987-88	1455.23 (36.0)	902.10 (22.3)	1689.72 (41.7)	4047.05 (100.0)	56627.00 (33.3)	46172.00 (27.2)	67242.00 (69.5)	170041.00 (100.0)
1988-89	1740.43 (39.2)	979.30 (22.0)	1724.55 (38.3)	4444.28 (100.0)	65128.00 (34.7)	49905.00 (26.6)	72692.00 (38.7)	187725.00 (100.0)
1989-90	1838.70 (39.1)	1070.02 (22.7)	1796.73 (38.2)	4705.45 (100.0)	66902.00 (33.9)	53263.00 (27.0)	77254.00 (39.1)	197419.00 (100.0)

Note: Figures in brackets shows percentage share

Source: 1. Economic Review 1990

2. Economic Survey 1990-91

TABLE - 4
PLAN OUTLAYS

Five Year Plan	Outlay (Rs. crores)			Per capita Plan Outlays (Rs.)		
	Kerala	India	(%)	Kerala	India	All States
1	2	3	4	5		6
I Five Year Plan (1951-56)	44	2358	1.9	31		38
II Five Year Plan (1956-61)	79	4500	1.8	49		51
III Five Year Plan (1961-66)	182	8099	2.2	101		92
Annual Plans (1966-69)	145	6757	2.1	73		61
IV Five Year Plan (1969-74)	333	15902	2.1	156		142
V Five Year Plan (1974-79)	569	39308	1.4	224		262
Annual Plan (1979-80)	170	12601	1.3	67		85
VI Five Year Plan (1980-85)	1550	97500	1.6	587		670
VII Five Year Plan (1985-90)	2100	180000	1.2	727		1026

Source: CMIE 1990 & 1991, Annual Plan Budget-Kerala

CHAPTER II

EIGHTH PLAN OBJECTIVES AND STRATEGIES

Reviewing the present economic situation in the Country, the Planning Commission has stressed the need for a drastic overhaul of current style of planning and procedures, weeding out projects and schemes which do not make economic sense and do not have an appropriate development thrust. The Commission has underlined that Planning has to assume a new role in the context of the Government's initiatives in correcting the imbalance in the Country's economic management. The most glaring problems in planning has been that the essence of process have been eroded. According to the Commission, in popular perception, the credibility and relevance of planning, even in the changed context, needs to be restored. To rectify the situation, the Commission has enunciated three measures, namely (i) to weed out plan schemes which have no economic rationale (ii) to rationalise plan expenditures by a process of consolidation and coordination of schemes now scattered as a number of more or less similar half-hearted 'jabs' at the same target and (iii) to ensure that sectors which clamour for increased plan outlays try to generate net additional resources to the extent possible, through non/inflationary measures .

The major emphasis in the Eighth Plan, according to the Commission would be on three areas, namely, infrastructure, social services and poverty alleviation through increase in employment and satisfying the minimum needs of the poor. The Commission has stressed the importance of State role in power, transport, communication and agriculture. In the new strategy as visualised, private sector will be called upon to play a more effective and expanding role in the development process. As far as Kerala is concerned, while the changes in the approach and procedures of planning outlined by Planning Commission would be singularly relevant, the thrust areas has achieved a high level of development in respect of social infrastructure as compared with other states. The need here is for quality improvement and standards upgradation, be it education, health, roads, irrigation or transport. However, the thrust on physical infrastructure and poverty alleviation through increase in employment will have to be given topmost priority in the State Plan. For this, the industrial and agricultural sectors and activities like housing, tourism, etc., would deserve highest emphasis. A major share of resources for promoting these activities would have to be mobilised through private and other institutional agencies rather than through the State budget.

Macro Dimensions of the Eighth Plan

If the State economy is to grow at the same rate of 5.6 per cent per annum as assumed for the national economy during the Eighth Plan period, it has been estimated that an aggregate investment of Rs. 23,000 crores would have to take place in the State. Of this, the investment in the State sector plan as visualised now is of the order of Rs. 5,460 crores.

Correspondingly other public investments in the State (i.e. investment by the State and Central undertakings and agencies including investments raised by them through financial institutions and intermediaries) would have to be of the magnitude of atleast Rs. 6,740 crores. The balance amount of Rs. 10,800 crores would represent private sector investments by the private corporate sector, the co-operative sector and household sector including the institutional finances availed of by these agencies. The sectoral pattern of these different types of investments would be as follows:

Estimated Sectoral Distribution of Investment in the Eighth Plan (1992-97)

(Rs. Crores at 1991-92 prices)

Sector	State Sector Investment			Central Sector & related agencies	Total Public Sector Investment	Private Sector Invest-	Total Investment in 8th Plan
	State Plan	State Under-takings (*)	Gross State Plan				
1	2	3	4	5	6	7	8
Agriculture & Allied Services	1688	120	1808	630	2438	2362	4800
Industry	810	750	1560	990	2550	4450	7000
Power	1300	450	1750	1250	3000	250	3250
Transport & Communications	433	200	633	350	983	867	1850
Services	1229	1250	2479	750	3229	2871	6100
Total	5460	2770	8230	3970	12200	10800	23000

(*) Includes state owned companies, statutory bodies and agencies and the investments raised through financial institutions and borrowings by such agencies.

As a result of the above investments, the State income is expected to increase from Rs. 13,578 crores in 1991-92 to Rs. 17,830 crores in 1996-97 at 1991-92 price levels, thereby giving an annual rate of growth of 5.6 per cent per annum. The details of sectoral rates of growth as visualised during the plan period are as follows.

**Estimated Growth and Sectoral Distribution of Income in the
Eighth Plan (1992-97)**

(Rs. Crores at 1991-92 prices)

Sector	1991-92	1996-97	Annual Growth Rate (%)
1	2	3	4
Agriculture and Allied Services	4820	5453	2.5
Industry	1699	2736	6.7
Power	184	324	12.0
Construction	1437	1853	5.2
Transport and Communications	1014	1351	5.9
Services	4424	6113	6.7
TOTAL	13578	17830	5.6

The incremental capital output ratio (ICOR) economy during the Eighth Plan period is 5.4:1. If this is to materialise, returns from public investments have to show significant improvement. There has to be better capacity utilisation in the different sectors followed by a rational pricing of public utility services. The performance of the power, industry and agricultural sectors would have to show distinct improvement in terms of their efficiency and productivity.

In drawing up the sector-wise allocations in the Eighth Plan, the following major considerations have been kept in view.

- (i) The currently ongoing projects in all sectors have been subjected to close scrutiny and in allocating funds, projects which are nearing completion have been given top priority so as to ensure that such projects will be fully funded to check further cost and time over-runs, especially with regard to major irrigation and power projects.
- (ii) Requests for fresh starts during the Plan period have been scrutinised vigorously and the practice of making token provision for any scheme has been totally done away with to prevent resources from being spread thinly on a number of schemes and from getting diverted from ongoing projects, resulting in cost and time overruns.
- (iii) Externally-aided projects have been carefully reviewed and realistic allocations have been made in respect of each of them based on their latest stage of implementation.
- (iv) To the extent possible, departmental duplication of schemes, especially in the social services sectors covering activities like housing welfare schemes in respect of backward classes etc, has been avoided to prevent wastage and leakage of resources and haphazard implementation of development programmes.

SECTORAL STRATEGIES

AGRICULTURE AND ALLIED ACTIVITIES

Agriculture continues to be the largest segment of economic activity in Kerala. There has been a gradual decline in its relative share in State income, but this has not been accompanied by proportionate displacement of work force from this sector. More than 50% of the workforce is still dependent on this sector for sustenance. The task in the Agricultural sector is, therefore, not only that of augmenting commodity production but also strengthening the income base and employment opportunities of over 34 lakh agricultural workers, including farmers whose fortunes are closely linked with this sector.

The State has already reached almost near saturation in its land use (57%) and a reasonably high level of cropping intensity (137%). Further growth in agricultural production is therefore possible mainly through vertical growth rather than horizontal expansion. In regard to vertical growth the past performance has been rather dismal. The pattern of development recorded by the sector during the last four decades reveals two distinct phases, the first phase ending by 1970-71, when all the crops recorded steady increases in area contributing substantially for increase in production. During the second phase after 1970-71 the net cropped area remained almost stagnant and there was considerable intercrop adjustments in area.

Food crops as a group suffered severe set back in area (4.0 lakh ha.) while high value commercial crops like coconut and rubber gained substantially during the process. The shift in area under the crop is largely influenced by their relative profitability rather than any rational consideration of emerging pattern of demand to warrant such a shift. The steady decline in area under rice cultivation is bound to have its adverse impact on food security not only for human consumption, but also for livestock, employment opportunities and ecology. The widening gap between supply and demand of food grains also warrants sustaining the area under rice atleast at the current level of around 6 lakh ha. The current level of productivity of almost all the cash crops in Kerala with the only exception of rubber is woefully low with enormous potential for further improvement. All these factors emphasise the need for pursuing an agricultural strategy that is capable of triggering the productivity of crops through technological reforms aimed at improving the efficiency of inputs.

Over the years the State could build up sufficient institutional infrastructure for research, extension, input delivery and credit that can support a vibrant agriculture. Unfortunately they could not make any appreciable impact in improving the productivity of major crops. The fluctuations in production of crops in Kerala experienced in the recent past was largely dictated by changes in areas rather than improvement in productivity. Sadly, Kerala Agriculture was not benefited by the technological revolution which has embraced a large number of crops and areas in other parts of the country. There is need for evolving appropriate policies and programmes that can facilitate a technological break through in agricultural production.

Agricultural sector in Kerala is thus losing its dynamism and resilience it had in the past. Low productivity of important Cash crops, high cost of cultivation of almost all crops, inadequacies in processing and marketing arrangements, wide fluctuations in prices, drastic reduction in area under food crops, increasing incidence of subdivision and fragmentation of holdings, the attitudinal changes towards agriculture and farming community, not any more being a symbol of social status etc., are some of the important problems to be tackled on an emergency basis. Well thought out policy formulations supported by effective measures alone can reverse the trend. With this end in view, the State Government have announced a Policy in March 1992 outlining the future perspectives for agricultural development in Kerala. The policy statement as announced by Government is given below.

1. Government, as a matter of policy, will recognise and develop agriculture as a worthwhile occupation capable of ensuring a decent living with dignity and social status to farmers. The intention is to restore and regain vitality and dynamism of Kerala agriculture through judicious utilisation of scarce resources of land, water, rural manpower and technology with focus on increasing production and productivity in a planned manner. Henceforth the emphasis will be creating and restructuring infrastructure, input delivery system, extension and research to meet the requirements of small farmers who constitute the majority of the farming community. Agriculture development programmes will be reoriented accordingly. Diseconomies on account of fragmentation and sub division will be encountered through community action and group farming. Collection, storage, processing and marketing of agriculture produce will be treated as integral components of agriculture development. The idea is to maximise the income of farmers through value addition. Government recognise economic incentives and social security measures as basic to the agricultural policy.

2. It is absolutely essential for the food security of the State to arrest the decline, if not expand, in the area under food crops. Statutory measures and financial incentives will be adopted for sustaining the area under paddy. Efforts will be made to increase area under pulses also. The importance of tapioca and other traditional tubers will be maintained. The dependence of Kerala on neighbouring states for fruits and vegetables will be reduced, if not eliminated altogether. The aim is to achieve self sufficiency in fruits and vegetables by 2000 A.D.

3. Massive rehabilitation programmes are necessary for small holder crops like coconut, cashew, pepper etc., to increase productivity. Suitable measures will be drawn up and implemented to restore and regain the pride of place the State had once in the production of spices like pepper, cardamom, ginger, turmeric, cinnamon, nutmeg and clove. In respect of plantation crops like rubber, coffee, tea and cardamom the approach for production enhancement will be intensive management rather than area expansion. Agricultural education, extension and research will be streamlined to find solutions to the current problems faced by the farming community and also to evolve viable technology including production of high yielding stable varieties. Biotechnology with emphasis on tissue culture and genetic engineering will be introduced in the field of agricultural research and the result obtained will be transferred to the field.

4. In a State like Kerala, where the size of land holding is very small, mixed farming combining crop husbandry and animal husbandry is the best strategy for maximisation of income of small farmers, marginal farmers and agricultural labourers, who constitute the bulk of the farming community in the State. Even the agricultural labourers can take up some of the livestock production programmes like poultry and rabbit as the land space required is negligible. Traditionally vast majority of the livestock keepers are women, particularly rural women. Thus the livestock sector has the potential to become a powerful instrument for the socio-economic transformation of rural Kerala.

5. The traditional backyard system of livestock keeping is found to be ideal in the socio-economic conditions of the State even today. Therefore, the major thrust of the livestock development will continue to be backyard system with appropriate linkages for the supply of inputs and services at farmers door-steps and also for procurement, processing and marketing of output combined with adequate extension support. The focus will be on modern technology in the field of breeding, feeding and management with emphasis on productivity. The basic objective is to achieve self sufficiency in the production of milk and eggs by 2000 A.D. and to reduce substantially the gap between demand and supply in the case of meat.

6. The Departments of Agriculture, Animal Husbandry and Dairy Development will be restructured so as to make them result-oriented. They will be assigned a facilitating role leaving the lead role to the farmers. Farmer's participation is the kingpin of the new agricultural development policy.

7. The functions and responsibilities of the Department of Animal Husbandry, Department of Dairy Development, Kerala Livestock Development Board, Kerala Co-operative Milk Marketing Federation, Poultry Development Corporation and Meat Products of India will be clearly defined to avoid overlapping and duplication of efforts.

8. Inter departmental coordination is also absolutely essential to achieve basic objective of the policy. Therefore, portfolios of Agriculture, Animal Husbandry and Dairy Development will be assigned to one and the same Minister.

The Agricultural policy is also supported by a number of measures covering land use, water use, crop production programmes, mechanisation, input delivery system, crop insurance, live stock development, price policy, research and extension support, marketing and processing support for agricultural and livestock produce, agrobased industries, involvement of public undertakings, taxation, programmes for weaker sections, women development, special programmes for coastal areas, hill areas, unemployed youth, debt relief measures, incentives and awards to social security measures etc.

The Policy statement stress the need for upgrtading the social status of agriculture through deliberate economic incentives, institutional arrangements and social security measures. A number of measures for ensuring due dignity, prestige and status for farming as an economic activity has been announced as part of the policy with the intention of attracting and retaining the youth under Agriculture. They include reservation of seats in the Board of management of Co-operative institutions at different levels, Panchayat committees, various agricultural development committees, providing special quotas for farmers children in Kerala Agricultural University, and a very attractive pension scheme for farmers.

It is for the first time that a State Government is declaring an agricultural policy in the country. The first and foremost task before the Government is to integrate the measures announced by Government and the Agricultural development programmes contemplated under the Eighth Five Year Plan. A State level task force has already been constituted by Government to oversee the implementation of the policy.

Salient features of major approaches and strategies suggested for agricultural development during the Eighth Five Year Plan are detailed below.

Rice

Rice production has been stagnating around 10 to 11 lakh tonnes during the past decade. Apart from the drastic reduction in area the perpetual stagnation in the coverage of high yielding varieties at around 25% of the gross cropped area is also responsible for such a poor performance. With a view to sustaining the area under rice atleast at the present level of 6 lakh ha. and making rice production more attractive, the Group Farming Programme for rice covering an area of 1.65 lakhs ha. was launched in 1989-90 and further extended to 3.1 lakh ha. in 1990-91, which generated considerable enthusiasm among the rice farmers. As a result, production of rice increased by 1.28 lakh tonnes during 1989-90 accounting for over 11 per cent increase over the previous year. However, the counter the economic reasons dampening the enthusiasm of the rice growers still persisting, a package of measures comprising of least cost techniques, group action, adoption of high yielding varieties and promotion of relay cropping in summer fallows, efficient use of inputs to augment the farm income needs to be introduced. The efforts of the group farming samithies have to be guided and directed towards these goals based on a total development perspective to be drawn up for each padasekharam after indentifying the key constraints. It is expected that it would be possible to bring atleast 4 lakh ha. under high yielding varieties through these measures and an average productivity of 2.5 tonnes per ha. for high yielding varieties and 2 lakh tonnes for other varieties could be achieved during the plan. A special programme for developing single cropped areas like Kari lands in Alappuzha district, Kole lands in Thrissur district and high land rice areas in Wayanad district into double crop is also proposed under the plan. It is anticipated that the rice production would average around 14 lakh tonnes per annum in the coming years. To strengthen the income base of the farmers integration of pulses production as part of the rice based farming system by promoting relay crops of pulses in 50,000 ha. of summer fallows would be introduced

A Paddy Board will be constituted as an apex organisation of group farming samithies for integrating and co-ordinating the programmes for rice development.

Coconut

Being a traditional crop a sizeable proportion (20%) of the existing stock of plant population is old and unproductive requiring immediate replacement. More than 80 percent of the coconut holdings are rainfed which needs to be provided with irrigation support. With the commissioning of the 3 oil mill complexes by the end of 1992-93 under the KERAFED the State would be in a commanding position in the supply management of coconut oil in the country, when 2/3 of the internal production would be within its fold. With the enormous increase in the prices of edible oils like groundnut, seasmum etc. and considering the spurt in demand for coconut oil in recent years, it is necessary to stabilize the prices of coconut oil at levels comparable to other edible oils so that the price barrier for large scale demand for consumption purpose is removed. Such a strategy calls for substantial increase in productivity of the crop so that the small and marginal farmers who are solely dependant on this crop for sustenance are not deprived of the income base which they are already enjoying. With this objective, it is proposed to take up a major project for rehabilitation of coconut covering atleast 2 lakh ha. during the plan period. The programme will be organised in selected contiguous blocks in the service areas of the primary Agricultural Credit Co-operatives who are already participating coconut procurement and processing project being implemented by KERAFED. Coconut farmers who participate in the activities of KERAFED will be brought under a bonus scheme. The new measures would help to attain a production level of 5000 million nuts by the end of the Eighth Plan.

Pepper

As in the case of coconut, pepper is also a traditional crop of Kerala confronting problems like increasing proportion of uneconomic vines in the existing stock, rapidly spreading quick wilt disease, poor management etc., culminating in a sub optimal productivity of around 270 kg. The production which touched an all time high of 43261 tonnes in 1988-89 could not be sustained during the subsequent year. Currently, the crop is facing very serious threat on account of the emergence of quick wilt disease in its virulent form in the districts of Wayanad and Idukki. It is reported that nearly 40000 ha. are vulnerable to the disease. The strategy suggested for pepper is to organise mass campaigns for plant protection on an organised basis in these districts as an immediate measure to combat the disease and to follow it up with a long term programme for systematic rejuvenation of 'phyto sanitary' measures in the plantation combined with soil conservation and mulching; replanting of the affected plants as well as old and senile ones on an area basis. The proposal is to cover atleast 20000 ha. under a new programme tying it up with institutional credit. Similarly by making available rooted cuttings at reasonable cost, it would be possible to increase the effective area under this crop substantially. A massive Planting programme for 'trailing' pepper in all live standards available in homesteads covering all the Panchayats in the State will be taken up. There is scope for raising the average productivity of the commodity atleast to 500 kgs. with such intensive treatments. The target for Eighth Plan is accordingly projected as 50,000 tonnes.

Cashew

Cashew is perhaps the only crop offering scope for area expansion in Kerala. As per the land utilisation statistics more than 40000 ha. of land available in the districts of Kasaragod and Malappuram are in the category of cultivable wastelands. A large proportion of this area is laterite with a hard upper crust which is amenable for land improvement through penetration by mechanical means followed by addition of salt. It is proposed to take up a programme for land improvement in this tract so as to make 5000 to 10000 ha. fit for planting of cashew. The productivity of the crop at the current level is only around 875 kgs. per ha. which can also be stepped up through promotion of scientific manuring and plant protection in the existing plantation.

This activity can be concentrated in the northern districts covering mainly the younger generation plantations raised during the early eighties under World Bank assisted project.

Horticulture

The natural endowments in Kerala, highly suited for a wide variety of horticulture ranging from semi temperate to tropical ones are yet to be tapped. More than 50 per cent of the vegetable as well as a large proportion of the fruits required for internal consumption are being imported from the neighbouring states. Being a labour intensive activity, promotion of vegetable production in an organised manner, on the basis of a prescheduled sequence of planting; after identifying the types and varieties most suited to each locality, can go a long way in augmenting the income base of the small farmers and employment opportunities to agricultural labourers to a considerable extent.

The Horticultural Products Development Corporation is already in the process of developing the marketing infrastructure for vegetables in all the districts. It is proposed to identify 140 vegetable villages in the State each covering an average 100 ha. for commercial production. The programme is capable of doubling the vegetable production from the present level of 1.50 lakh tonnes.

Even though the agro climatic features of Kerala are ideally suited for raising a variety of fruits, this potential remains largely untapped. Highly dispersed and unorganised pattern of production, lack of any arrangements for procurement, processing and marketing, and total neglect of this sector particularly in the area of technological upgradation of the genetic base etc. are the major impediments for attaining a breakthrough in this sector. Development of biotechnology offers tremendous potential for total transformation of the production base into a high value high-tech-agriculture. The 'Small Farmers Agri Business consortium' announced by Government of India opens up the possibilities for commercialising horticulture and building up a sound agri business based on the horticulture. The region comprising of Ernakulam district and adjoining areas are highly suited for a viable high value high tech high intensive agri/horti commercial activity.

Accordingly, it is proposed to launch an intensive horticultural programme in this region integrating the activities, support facilities and services available from the Biotechnology programme operated by the Science and Technology Department, Agri-Business consortium announced by Government of India, E.E.C. assisted horticulture development project and the project under discussion with the NDDB for marketing horticultural products. This will be a peoples movement mobilising the services of various Governmental/Quasi government and non governmental organisations for fostering private initiative and investment with appropriate technological, processing and export linkage. As far as fruit is concerned the strategy would be one of promoting planting of 5 to 10 fruit plants of a particular variety in almost all the homesteads in a few selected clusters of villages. The required planting materials of commercial cultivators will have to be made available at reasonable cost in an organised manner. This programme is conceived as a major support programme for ensuring the availability of fruits of commercial value to feed the processing complexes envisaged in the proposed horticultural development project with assistance from EEC.

Improved Seeds and Planting Materials

In the area of nucleus and foundation seeds for rice as well as progeny support for perennial crops the State has built up adequate infrastructural facilities. Unfortunately, the high quality material made available from the departmental farms are not optimally utilised for further multiplication and distribution. The thrust proposed to be given for genetic improvement as part of crop development programmes during the Plan demands a well planned supply net work with superior high yielding varieties catering to the planting material requirements of a fairly large segment of farmers. Supply of high quality materials from the farms should be restricted to registered nurseries and organisation coming forward for further multiplication and distribution. This would help developing the private seed industry on a sound footing. It is anticipated that it would be possible to organise atleast 2000 private nurseries through this approach during the plan which would also help phase out or reduce the role of Government agencies in this regard.

Manures & Fertilizers

Eventhough the State could attain a reasonably high level of fertilizer use (72 Kg/ha) it has helped to attain commensurate increase in yield. Appropriate measures for the efficient use of fertilizers needs to be evolved. Renewed efforts for enriching the organic content in the soil by propagating planting and use of green manures on a massive scale would be given greater attention during the plan. This would be launched through voluntary organisation and farmers associations.

Plant Protection

The strategy followed for Plant Protection is one of need based application of chemicals. Krishi Bhavans would provide the surveillance support required for making this approach effective. The consumption of pesticides could be pegged at around 750 tonnes of active ingredients per annum in the recent past. While this strategy by and large worked very well in the arena of food crops it has not been effective in the case of some of the pests and diseases which are gradually assuming endemic statuses. In such cases it is necessary to organise massive prophylactic measures for protecting the crops particularly in vulnerable areas. A new scheme has been suggested for the purpose.

To begin with, quick wilt of pepper and tea mosquito on cashew will be tackled on a massive scale. The operational charges will be met by Government while the cost of chemicals will have to be borne by the beneficiaries.

Marketing and Processing Support

Instability in prices in the long run arising out of its high degree of external influence had been one of the most irritant factor in the commodity producing sector particularly the export oriented cash crops. Marketing infrastructure available for most of them is too fragile to enable any significant grip on their trade. The agro industrial base is very weak and even commodities like rubber, spices, tubers etc. which have very great potential for supporting agro based industries are traded almost in their raw form without much of a value addition. Earnest efforts would be made to build up necessary infrastructure for important commodities like coconut, rubber, fruits, vegetables and spices in the Co-operative sector. The oil milling complexes expected to be commissioned under the aegis of the KERAFED by the end of 1992-93 with a capacity of 1.80 lakh tonnes of copra would be the first one in this direction. For other commodities a chain of processing complexes are sought to be established with NCDC assistance.

The EEC assisted market development project aims at establishing 3 urban market complexes and 3 rural complexes supplemented with regulatory measures for orderly marketing.

Soil Conservation

While the area requiring soil conservation support is as high as 15 lakh ha the coverage till the end of the Seventh Five Year Plan was a meagre 1 lakh ha. Though there is increasing realisation about the need for organising soil conservation measures on a watershed basis this also could not be operationalised as an integral part of the crop development activities. Lack of an organisation at the ground level for shouldering this responsibility is felt to be the major constraint for attaining this objective. Inter disciplinary teams will be constituted at the watershed level for the implementation of this strategy. The coverage under soil conservation measures will also be activated through a shift in budgetary support in favour of utilising the entire resources for subsidy support in lieu of providing 25% subsidy as well as 75% loan from the budget. With the policy shift along with the massive coverage contemplated under the National Watershed Project the State would be in a position to cover 70000 ha. additionally during the plan period.

Livestock

Animal Husbandry is emerging as a major avenue for self employment particularly for the small and marginal farmers. It can very well combine with the rice and coconut based farming systems mutually benefiting each other. The cattle improvement programme vigorously pursued by the State during the last two decades has helped in upgrading the genetic base of the dairy cattle in Kerala. The proportion of crossbred animals in the breedable stock by the end of 1989-90 is estimated to be around 52 per cent. However, the capacity for frozen semen production already built up by the KLD Board (25 lakh doses) has not been put to serve optimally yet for want of adequate insemination facilities particularly in the Malabar region.

In the context of the proposed marketing infrastructure for the region under the North Kerala Dairy Project with Swiss assistance cross breeding facilities need special attention. With the establishment of 1000 more centres as proposed in the plan including 700 targetted for 1991-92, the coverage would be adequate to support a breedable cattle population of around 750 per centre which is considered to be optimal. These efforts have to be reinforced by a very close and efficient veterinary service which is vital for breaking the technological barriers in pushing the milk production forward namely the reduction in age for first calving and intercalving period. Veterinary services will be extended to all the panchayats during the plan and the services of the Veterinary Officer in charge of the panchayat level dispensary will be made available to the milk societies twice in a week on fixed days and time as per a predetermined schedule. With these arrangements the State is looking forward to attain a target of producing 25 lakh tonnes of milk by the end of the plan.

Dairy infrastructure also needs further support to handle the additional milk anticipated. The milk handled by the Dairy Sector is only around 1.75 lakh tonnes annually which is proposed to be stepped up to 3.50 lakh tonnes by the end of the plan. The dairy base at the primary level has to be strengthened adequately with arrangements for fodder and feed support. The estimated gap of around 25 lakh tonnes of fodder and 2.30 lakh tonnes of feeds for meeting the internal demand at the current level has to be gradually bridged. The Department of Dairy Development will be concentrating mostly on fodder development with a view to organise fodder production/conservation on commercial lines by milk co-operatives in a sustainable manner. Atleast 1000 dairy societies would be involved in the programme. The Kerala Co-operative Milk Marketing Federation will also be assisted to expand its capacity for production of cattle feed from the current level of 400 tonnes to 1000 tonnes per day including the establishment of a new unit under the North Kerala Dairy Project.

The Poultry Development Corporation would be concentrating on promoting broiler production by arranging high quality chicks, feed and by providing the required marketing support. The Corporation is in the process of building up adequate infrastructure for a capacity production of 25 lakh broiler chicks which will be further enhanced to 60 lakh during the Plan Period. A credit linked programme for supporting 1000 broiler units with NCDC assistance has also been contemplated under the plan. Egg production also need a boost for attaining a production level of 2600 million by 1996-97, the current production being 1900. This will be secured largely through promotion of back yard units in all the districts.

Fisheries

The development of fisheries sector in the past presents a lopsided picture with the investment and efforts largely concentrated in tapping the inshore resources. Consequently, the production is also hovering around 4 lakh tonnes over the last few years as the scope for any further increase in catches has been severely constrained by the limit in exploitable resource beyond a sustainable level in the inshore area. Though there is vast potential

for development of deep sea fisheries (4 lakh tonnes) and inland culture fisheries (4 lakh tonnes) these areas remain virtually neglected. The inland sector in Kerala, unlike other parts in the country poses a number of technological barriers for commercial exploitation in view of the highly varying aquatic conditions peculiar to the water spreads of Kerala. The inland resources comprising of reservoirs, Kayal areas, low lying paddy fields etc. require detailed study and operational research for perfecting appropriate technology suitable to the varying situations. A massive effort on these lines is contemplated under a new project proposed with Kuwaiti Fund assistance which will be followed up by intensive extension and service support for mass scale adoption of the perfected technology. The project as conceived now would support the basic infrastructure facilities like seed farms, feed mills etc., required for such a massive venture. A similar study will also be organised for identifying the constraints that deter private initiative for large scale exploitation in the deep sea areas adjacent to the Kerala Sea Coast. Such a study is aimed at fostering private investment in this area.

In the marine sector the Matsyafed will be launching its III phase during the Eighth Plan with NCDC assistance for organising the marketing infrastructure linking the fishing centres with the inland markets and consumers through a net work of around 1000 retail outlets proposed to be organised as self employment ventures. Fish processing will also be promoted under this project. A target of 7.50 lakh tonnes of fish is proposed for the plan period which would include 7.00 lakh tonnes of marine and 0.50 lakh tonnes of inland fish.

Forestry and Wild Life

The first and foremost thing to be attended to in the forestry sector is firming up the data on actual forest cover the estimates of which by different agencies vary considerably. The forest cover according to Forest Department is 28% while it is much lower as per the estimates of National Remote Sensing Agency Hyderabad (21.6%). Nevertheless, a substantial portion of the reported forest area are devoid of natural cover. The boundary demarcation programme and the resource survey initiated during the Seventh Plan have to be completed within first two years of the plan in a time bound manner. Nearly 6900 Sq. Kms of natural forests classified under the category of protection forestry requires effective conservation for enrichment of degraded areas and protection measures against natural and man made hazards like poaching, fire, grazing and encroachment. It is proposed to establish forest stations in all the remaining 12 districts during the Eighth Plan with modern facilities. Forest conservation measures will be consolidated on a watershed basis and to begin with a pilot project will be implemented in the Kallar watershed in Pathanamthitta district. With a view to strengthen the Wild Life management it is proposed to establish a Wild Life Research Centre at Munnar.

The World Bank aided Social Forestry Project has been rescheduled for completion by the end of December 1992. Establishment of a natural study centre in the Malayattoor forest Division and Silvi Pasture Programme in Munnar area is also proposed under the project. The project would be achieving a total coverage of around 79,000 ha. under farm forestry and 32000 ha. under plantation forestry in public lands by the end of the project period.

As part of the national policy, afforestation programmes will be organised in 5 selected centres in memory of our national leaders. A major project for eco-restoration of the Attappady region in a phased manner with people's participation will also be taken up during the plan period.

Co-operation

The co-operative movement in Kerala has gained strength over the years though its growth pattern and performance has been lopsided. The credit co-operatives have been functioning well in the state with a membership of 82 lakhs, deposits of Rs. 783 crores and disbursements of Rs. 866 crores. The recovery performance has also been high at 80 per cent during the last few years, the co-operatives have been going in for special deposit mobilisation which has proved highly successful as far as the quantum of deposits mobilised is concerned.

During 1991 also, as against a target of Rs. 60 crores, as much as Rs. 200 crores have been mobilised. However, in the matter of deployment of these resources the unconventional channels in the past have not been proving productive. New and innovative methods of using such resources for purposes of promoting ventures like co-operative spinning mills and agro-based processing activities would have to be considered so that to that extent the direct involvement of Government in such activities could be avoided and Government's budgetary burden reduced correspondingly.

The co-operative institutions operating in sectors other than credit are yet to acquire a strong and viable financial footing and are still relying on Government support for sustenance. In the area of credit also 86 societies are either defunct or financially weak. The assistance provided by State Government under the various state Plan Schemes is intended to strengthen such weak societies through additional Share capital, managerial assistance etc.

As a policy such assistances will be given to the co-operatives only based on detailed appraisal of the working of the institutions followed by specific proposals for revival/strengthening. The flow of financial support in various forms will also be restricted to only needy societies and which are capable of producing results.

The performance of the co-operatives in the area of agricultural marketing has not been encouraging. The coverage is poor and the functioning of the institutions without any linkage and loyalty between co-operatives is also defective. The State Co-operative Marketing Federation is in dire straits due to deep financial crisis. It is proposed to reorganise and revitalise the marketing sector to ensure adequate backward and forward linkages and supporting with adequate infrastructural facilities. This would be one of the priority areas for

co-operative development during Eighth Plan. Two major projects viz., one for rubber processing and another for food processing have also been proposed for NCDC assistance. The World Bank aided phase III storage project would also be supported under the plan for construction of 500 godowns.

Employment oriented co-operatives would receive a new thrust for strengthening their base and expanding their activities during the plan period. The Co-operative hospitals will be modernised and supported with a view to facilitating them to organise programmes for training para-medical personnel. Women's wing will be organised in selected Primary Agricultural Credit Societies so as to sponsor, support and develop agro processing activities as self employment ventures.

RURAL DEVELOPMENT

Under the Rural Development Sector, the Integrated Rural Development Programme (IRDP) and the Jawahar Rozgar Yojana (JRY) are the major poverty alleviation programmes. The main objective under IRDP is to provide assistance in the form of loan and subsidy to the families below poverty line to enable them to attain an income level to cross the poverty line. Allocation in VII Plan was in relation to the incidence of poverty in the State for ensuring proper identification of beneficiaries. A State wide survey of families below poverty line was conducted during 1985-86 and the data was arranged block-wise based on the income of the families the poorest income group coming first. Families are drawn up for assistance from this list on the principle of 'Antyodaya'. The total number of families below poverty line as per the survey was 15.67 lakhs. Two more surveys were also conducted to find out eligible families to whom a second dose of assistance was to be given during the VII Plan period. A total of 4.87 lakh families were assisted during the VII Plan and the per family investment in respect of new families rose from Rs. 3748 to Rs. 6362. A family survey conducted among the entire rural families in the State recently reveal that the total population below poverty line is 17 lakhs. A target of 2.80 lakh families are proposed for assistance under IRDP during the VIII Plan.

Under the Jawahar Rozgar Yojana (JRY) which was under implementation from 1989-90 onwards, the allocation of fund is entirely on rural poverty ratio worked out by Planning Commission. Adoption of this criteria has resulted in reduction in outlay to Kerala when compared to the allocations the State received for the earlier programmes of NREP and RLEGP. The poverty ratio worked out by Planning Commission does not take into account the difference in price levels as between various State. Awaiting favourable consideration for the representations made by the State to work out State specific poverty ratios, only current level of funding is tentatively provided under the plan. Employment generation under JRY during 1990-91 and 1991-92 was of the order of 181 and 185 lakh mandays.

As decided at the 44th meeting of the National Development Council, which approved the Eighth Five Year Plan, a basket of locally relevant schemes will be formulated under Rural Development and implemented during the Eighth Plan.

Assistance to Panchayats for infrastructural development works

As part of decentralisation, the panchayats are provided 'Untied funds' for taking up need based local level works. Infrastructural development works capable of generating additional employment opportunities in rural areas such as drinking water, sanitation, environmental improvement etc. are to be executed directly by Panchayats through functional Committees. The outlay provided for the continuance of the programme during Eighth Plan is Rs. 110.80 crores and for 1992-93 is Rs. 20 crores.

Self-Reliant Villages

During the VIII Five Year Plan a new scheme viz., 'Self-Reliant Village Scheme' has been introduced for integrated development of 100 selected villages. The idea is to integrate the assistance available from the various programmes sponsored by the development departments and implement them in an effective manner with people's participation. It is proposed to transform these villages as self-reliant ones, in respect of basic needs and services. Critical gaps in development support, if any, will be provided from the VIII Plan outlay of Rs. 5 crores earmarked under this scheme.

IRRIGATION, FLOOD CONTROL, ANTI-SEA EROSION AND COMMAND AREA DEVELOPMENT

Major and Medium Irrigation

The total investment in major and medium irrigation projects stood at Rs. 759 crores at the end of the Seventh Five Year Plan. Another Rs. 130 crores would have been invested during the two Annual Plans that followed. Thus the total investment till the end of 1991-92 is likely to be Rs. 889 crores. For various reasons, most of the schemes targeted for commissioning during this period could not be completed as scheduled. Consequently the costs of these projects have escalated. This has necessitated the need for a review of these projects and emphasis should be for completion and commissioning of these projects within a stipulated time limit. A programme has therefore been drawn up for completion of these projects and the plan outlays for the individual schemes/projects have been proposed accordingly.

The objective of the Eighth Five Year Plan is completion of all the ongoing schemes spilling over from the Third and Fourth Plan periods and to attain their full benefits. Out of the ongoing major and medium, irrigation schemes, eight schemes will be completed and commissioned before the close of the Eighth Plan period. The revised schedule of completion of these projects are: Chimoni- Mupli and Pazhasi in 1992-93, Kanhirapuzha in 1993-94, Muvattupuzha and Attrappady in 1995-96 and Kallada, Karapuzha (Kabini) and Bridge- cum-Regulator at Chamravattom in 1996-97. In the case of Idamalayar, though the Project has not been approved by the Government of India, nearly 39% of the latest revised cost of the project has already been incurred. It is proposed to speed up completion of the scheme. The other schemes such as Vamanapuram, Meenachil, Kakkadavu, Chaliyar (Beyporepuzha), Banasurasagar and Kuriarkutty - Karappara included in the plan are in different stages of investigation, design or starting of preparatory works and therefore they will spill over to the Ninth Five Year Plan for larger investments.

A gross area of 3.97 lakh ha. could be irrigated as on March 1991. Through the 10 completed irrigation schemes and partial commissioning of the 7 ongoing irrigation schemes an additional area of 50,000 ha. is expected to be brought under irrigation by the end of March 1992.

The outlay during the Eighth Plan for major and medium irrigation schemes is Rs. 375 crores. With this investment it is programmed to bring an additional area of 1,48,000 ha, (gross) under irrigation. The outlay for 1992-93 is Rs. 74.50 crores, and the additional irrigation potential is expected to be 42,500 ha. (gross).

An amount of Rs. 408 lakhs has been set apart to meet the spill over commitments of 4 schemes viz., Pamba (Rs. 100 lakhs) Periyar Vally (Rs. 108 lakhs) Chitturpuzha (Rs. 100 lakhs) and Kuttiady (Rs. 100 lakhs) which would be completed by the end of 1991-92.

Minor Irrigation

The outlay during the Eighth Five Year Plan for Minor Irrigation works is Rs. 13000 lakhs (Rs. 10500 lakhs for Surface Water Development and Rs. 2500 lakhs for Ground Water Development).

Since lift irrigation and minor irrigation class I and Class II works are ideally suited in Kerala condition, more emphasis is given for these types of works during the VIII Plan period. Priority is also given to restoration of the potential of irrigation works which were badly damaged during floods, and also due to inadequate maintenance.

Though Kerala gets rainfall much higher than the national average, due to the peculiar geographical features of the State, it has not been possible to put to effective use the water resources available in the State.

Since water, the primary natural resources on which the sustenance and ecodevelopment of Kerala State largely depend. Government has drawn up a water policy for Kerala, the salient features of which are given below:

1. A master plan for water resources development for the State will be made and an appropriate planning for river basin development and integrated water shed management shall be prepared. Water resources development in the State will have the following priority.

- a. Drinking water requirements.
- b. Irrigation requirements.
- c. Power generation
- d. Industrial needs/salinity control
- e. Flood control
- f. Navigation.

2. Maximising water availability and reducing drought impact.

The long term water management strategies are:

- a. Maximum use of available and utilisable water storage spaces.
- b. Massive insitu of soil and water conservation.
- c. Stopping deforestation and stepping up afforestation in river catchment areas.
- d. Linking up irrigation and hydel resources with urban water supply schemes.
- e. Utilising all fresh water resources like tanks, springs, turanqams etc.
- f. Following selective and judicious ground water development.
- g. Evolving permanent solution of problems of drought and drinking water scarcity

The short term water management strategies are:

- a. Encouraging house compound wells to be deepened and desilted.
 - b. Encouraging drip irrigation technology.
 - c. Desilting of tanks and ponds, deepening community wells and construction of Contour trenches and check dams to conserve fresh water resources.
 - d. Training public on the maintenance and up keep of household compound wells.
 - e. Plugging leakages in the existing water distribution systems.
3. Water quality maintenance and upgradation.
 4. Using inland waterways, inland fisheries and aquatic recreation facilities.
 5. Stepping up hydro power generation.
 6. Shore erosion and preventive measures.
 7. Training of professional on water management and related matters.
 8. Science and technology planning for state water management sector.

The priority areas identified for Science and Technology inputs are:

- a. Drought and Flash flood management
- b. Salinity prevention in coastal wells and rivers.
- c. Estuary and back water development
- d. Adopting water harvesting techniques.
- e. Studying land use-erosion sedimentation -infiltration evaporation relationships.
- f. Developing modern irrigation technology like drip, sprinkler etc.
- g. Water management in irrigation.

ENERGY

Power

The State Government has given priority for industrial development during the Eighth Five Year Plan. Needless to say, power is an essential input to achieve the industrial development envisaged in the Plan. The total investment in power development in the State till the end of the Seventh Five Year Plan was to the tune of Rs. 115430 lakhs. Additions made to this during the succeeding two Annual Plans viz., Rs. 14425 lakhs in 1990-91 and Rs. 15480 lakhs in 1991-92, raise the total investment so far in the power sector to Rs. 145385 lakhs.

The installed capacity of the completed hydroelectric generating stations of Kerala Power System as on March 1991, is 1476.5 MW, with an annual power generation potential of 5620 MU.

The present annual energy requirement of the State is about 7200 MU. The availability of energy for the state, together with State's available share of about 1600 MU against the allocated share of 2071 MU from Central Sector thermal/atomic power stations, the system capacity at present is about 7200 MU, which is just enough to meet the present restricted demand. If there is unrestricted power supply at required voltage level the present demand would be above 9000 MU.

Schemes with a total annual energy generation potential of about 1300 MU are under various stages of implementations and all these schemes will be commissioned by 1994-95. Small schemes which have very little environment problems with a total energy potential of 1070 MU can be taken up and about 240 MU can be added during the Eighth Five Year Plan Period and 833 MU can be added in the Ninth Five Year Plan period.

State's share from the Central Sector Power Stations is estimated to be about 3000 MU by the end of Eighth Five Year Plan period. Thus the system capacity at the end of Eighth Five Year Plan period will be about 10268 MU. If there is unrestricted power supply at required voltage level, the requirement at the end of Eighth Five Year Plan will be about 15316 MU at 10% growth in demand and by the turn of the century the demand will be about 20395 MU or more. Thus there will be an energy shortage of about 5778 MU by the end of Eighth Five Year Plan period. This Gap has to be partly compensated by central investments in power plans in the southern region. Since the proposal to set up a Nuclear Power Plant at Kodam-kulam is dropped, a joint inter-state project with the participation of Nuclear Power Corporation will be pursued or alternatively the NTPC will be requested to set up a coal based Thermal

Plant at this site for reducing the gap in power availability in the Southern region. Also the State proposes to encourage setting up of captive power Plants, through a consortium of industrial units or individual industrial units. The possibility of power generation in the joint sector in collaboration with the neighbouring states, by locating projects in those States, will also be explored. Starting power plants purely in the private sector and using NRI investments is also contemplated. Also emphasis is given to build base stations for power generation through projects other than hydel projects. Along with these it is also necessary to strengthen the interstate transmission lines to enable the state to draw its full share of power from the central sector projects.

The three diesel generating stations at Kasaragode, Brahmapuram and Vadakara will be implemented with speed fuel. The state would urge the Central Government to take initiative for laying a gas line from Bombay High to Kerala on a top priority basis so that the gas flared at present, nearly 40% of the total production of gas in the Bombay High is wasted, can be put to use by Kerala and other southern States to start gas based power stations to tide over the power crisis of the region.

For a need based power plan with reference to the present status of various ongoing projects and new projects to be taken up, the investment required would be about Rs. 1440 crores during the Eighth Five Year Plan period and Rs. 200 crores for the 1992-93 Annual Plan. But considering the financial resources at the command of the state, the public Sector energy plan has been limited to Rs. 1300 crores for the Eighth Five Year Plan and Rs. 180 crores for the Annual Plan (1992-93)

INDUSTRY AND MINERALS

The State domestic product originating from the manufacturing sector in Kerala increased from Rs. 5322 crores in 1980-81 to Rs. 638 crores in 1989-90 (at 1980-81 prices) recording an average annual growth of only around 2 per cent. The trend rate of growth in the industries sector of the state in the last three decades beginning with the sixties was also marginal at 1.7 per cent per annum, compared to the national annual average growth rate of 10.6 per cent. As a corollary to the stunted growth of the industrial sector of the State, the employment opportunities have been stagnating while the number of job seekers, especially of the white collar type, has been on the increase. The gravity of the problem is evident from the fact that Kerala, with 3.44 per cent of the population of the Indian Union, accounts for about 10 per cent of the unemployed persons of the country.

During the past plans, the financial outlay set apart for the 'Industries' sector was only around 7 to 8 percent of the total outlay (with the exception of Fifth Five Year Plan when it was 11 percent). Central industrial investment and long term credit from central financial institutions were also low. The share of central investment in the State has been on the decline since the beginning of the seventies, which declined from 2.9 percent in 1971-72 to 1.6 percent in 1988-89. Private investment in industries in the State has also been very meagre.

The slow growth of industry has materially affected the economy of the State.

Considering the constraints the State faces in other sectors, it is the industrial sector that holds out promise. Growth in the industrial sector is contingent on massive investment. It is estimated, according to a study conducted in 1988, that investment to the tune of Rs. 12000 crores in industry alone would be needed to bring up the per capita income of the State to the national level. Obviously such a magnitude of investment can take place only with the participation of the private sector and for this, favourable climate has to be created and the necessary infrastructural facilities built up. The new industrial policy of the State Government seeks to achieve this and is a complete break from the past.

State sector outlays under the 'Industries' sector of the Eighth Five Year Plan (1992-97) and Annual Plan (1992-93) have been substantially stepped up compared to those in the previous plans. As against 11.2 percent of the State Sector expenditure under industries sector during the Seventh Five Year Plan, the outlay for the Eighth Five Year Plan (1992-97) is 14.83 percent and that for the Annual Plan (1992-93) is 12.05 percent of the total State Sector outlay. The outlay for the 'Industries and Minerals' sector for the Eighth Five Year Plan (1992-97) is Rs. 810 crores and that for the Annual Plan (1992-93) is Rs. 110 crores.

Major changes have been introduced during the Eighth Five Year Plan in the manner of financing various public sector industrial undertakings and other schemes, in strict compliance with the policies enunciated in the recent Industrial Policy Statement of the Government of Kerala. The most important deviation from the past is in the matter of financing State public sector industrial undertakings. Loss making public sector industrial undertakings are not provided with Plan funds to make good their cash losses. State Sector industrial undertakings have been classified into four groups viz., (i) those units making profit (ii) those which are making loss but can be made viable (iii) those which are making continuous loss and having heavy accumulated losses and the revivability/closure of which can be ascertained only after detailed study and (iv) public sector industries under implementation. Outlays have been provided for each group in one lump and not for individual units. Funds will hereafter, be provided only on the basis of approved projects of establishment/expansion/diversification/rehabilitation and to the extent of State Government's commitment in each such approved project and not for each Public Sector Undertakings in a routine manner.

Higher outlays have been provided for industries in core areas and for infrastructure development. Industrial promotion and financing agencies like Kerala Financial Corporation (KFC) and Kerala State Industrial Development Corporation (KSIDC) have been provided with adequate financial outlays for the Eighth Five Year Plan in order that these institutions could extend sufficient finance for the development of industries in the private/joint sector. Sufficient outlays have been provided for the development of infrastructure through the Infrastructure Development Authority as provided in the Industrial Policy Statement. The rate of State Investment subsidy and other concessions have been substantially enhanced in the Industrial policy statement and hence adequate amount for paying such incentives at enhanced rates as well as for clearing arrears has been provided in the Plan.

Three Electronic Technology Parks at Thiruvananthapuram, Kochi, and Kozhikode have been planned for implementation during Eighth Plan. The park at Thiruvananthapuram has already been set up.

The need for the development of small scale industries to create employment opportunities has been fully realised and necessary schemes have been drawn up for the same under small scale industries sector. Funds required for State investment subsidy, margin money, women's industries programmes, etc., have been fully provided for in the Plan. Schemes for the benefit of scheduled castes and scheduled tribes beneficiaries under small scale industries have been separately provided for.

Problems of traditional industries of the State viz., Coir, Handloom and Cashew, to mention the most important ones, have been taken into account in drawing up programmes for the development of these industries. It has now been realised that these industries cannot continue for long with the present level of low technology, low productivity, low wages, raw material shortage and partial unemployment. In view of the large number of persons (about 13 lakhs in the above three industries alone) engaged in these traditional industries, effective steps have to be taken to revive these industries. Based on the report of the Special Task Force on Coir Industry, schemes have been drawn up for modernisation and phased mechanisation of coir industry. These programmes have got the approval of the High Powered Committee on coir industry, constituted by the planning commission under the chairmanship of Shri. Ashim Chatterjee, Advisor (VSI). Several steps have been taken for the implementation of the recommendations contained in the report. The schemes under coir industry for the Eighth Five Year Plan have been drawn up in tune with the recommendations of the Task Force. Steps have been taken to reorganise Handloom, Powerloom and Handicrafts Industries. The share capital base of the co-operative societies in the traditional industries will be strengthened. The finances of the various primary and apex societies in this sector will be re-structured by converting a substantial portion of the Government loan into equity. The ultimate aim of programmes in the traditional industries sector is to provide full employment to such number of workers as can be retained in them by introducing technological improvements and increasing productivity.

The existing khadi production centres would be revitalised to stabilise the existing level of employment. Under the village industries sector, the strategy adopted is to create large number of additional employment in the rural areas. In addition to the existing 25 village industries under the purview of the State Khadi and Village Industries Board, 74 new village industries have been added. This would enable the Khadi and Village Industries Board to assist more village industries and it would create additional employment opportunities.

It is proposed to extend sericulture on a large scale in all the districts of the State. The target fixed for the Eighth Five Year Plan is 50000 acres and that for the Annual Plan, 1992-93 is 5000 acres.

It is estimated that 2.5 lakh additional employment opportunities would be created during Eighth Five Year Plan and 25000 during Annual Plan 1992-93. Sericulture programme will be implemented only in areas where the soil conditions, climate and other factors are favourable for its success. All the technical infrastructure units like P2 farms, grainages, Chowki rearing centres, cocoon markets and filature centres, etc., will have to be started in time. The proposal is 'to develop integrated sericulture development programme incorporating silk weaving by weavers' co-operatives in the khadi and handloom sectors. Necessary administrative set up has to be built up in time for the successful implementation of the programme.

All the policy measures including incentives, infrastructure, simplification of procedures, industrial relations, etc., as enunciated in the Industrial Policy Statement of the State Government would have to be implemented expeditiously for the speedy industrialisation of the State. The salient features of the Statement of Industrial Policy of the Government of Kerala is given at the end of this section.

Small Scale Industries

The small scale Industries sector in Kerala has a pivotal role to play in solving the unemployment problem of the state. Kerala's educated, trained and enlightened manpower, wide net work of physical infrastructure facilities comprising of its airports, major and minor ports, railways, roads, canals, communication system etc., form an ideal base for development of industries capable of catering to both the domestic and international markets. But factors like high wage rates, lack of availability of mineral and other natural resources, high pressure of population on land etc., hinder the growth of industries in the State. The new Industrial policy announced by the State Government, contains several concessions such as increased rate of investment subsidy, other incentives, tax and duty concessions simplification of procedures for investment promotion, better industrial relations etc. It is hoped that these incentives and concessions would persuade the industrialists to set up more industries in the State and this would generate more employment opportunities.

The eighth Five Year Plan proposals for Small Scale Industries Sector have been formulated in consonance with the new industrial policy with the objective of creating additional employment opportunities. It is proposed to promote fifty thousand new small scale industrial units during the Eighth Five Year Plan. During the first year (1992-93) the target is to promote ten thousand new industrial units. It is estimated that three lakh new employment opportunities would be created through the establishment of fifty thousand new small scale industrial units.

Out of the total amount of Rs. 150.00 crores proposed for the 'Small Scale Industries' sector an amount of Rs. 105.00 crores (70 percent) is intended for providing direct assistance to entrepreneurs by way of seed capital loan, margin money assistance, State investment subsidy, assistance for the promotion of women's industries, assistance to professionally skilled persons etc. One of the new schemes, proposed to be implemented during the Eighth Five Year Plan period is the establishment of an Industrial Infrastructure Development Authority with an outlay of Rs. 8.00 crores. Development of Industrial Estates, Industrial Areas/Plots by mobilisation of private capital will be encouraged by the Authority, in addition to the industrial growth centres in the State. The Authority will mobilise resources for implementation of these programmes from financial institutions. A sum of Rs. 20.50 crores (13.67 percent) is set apart for implementation of schemes under special component plan and tribal sub plan for the development of industries exclusively for the benefit of Scheduled Castes and Scheduled Tribes population.

The Annual Plan outlay for 1992-93 for Small Scale Industries is Rs. 31.00 crores. Of this, an amount of Rs. 19.50 crores is set apart for giving State Investment Subsidy during the year inclusive of provision for clearing accumulated arrears. By the end of the first year of the Eighth Plan, the entire arrears of investment subsidy would be cleared.

The physical target set for the Annual Plan 1992-93 is to start 10000 new industrial units with an investment of Rs. 300.00 crores, additional employment opportunities for 60000 persons and additional production of goods and services to the tune of Rs 300.00 crores.

Handloom and Powerloom Industries

Handloom Industries

Handloom weavers in the State are experiencing great difficulties on account of hike in the price of raw materials viz., yarn, dyes etc. and competition from the mill sector, especially powerlooms. The high wage rates in the State coupled with the high cost of living have made the life of handloom weavers burdensome. The high labour cost in the State has rendered the handloom products of the state less competitive than products of the neighbouring states, from where large quantities of handloom goods are sold in the State.

The organised sector of the Handloom industry viz., handloom weavers co-operatives societies, Kerala State Handloom Weavers' Apex Society (HANTEX) and Kerala State Handloom Development Corporation, built up, nursed and financed by the State during the last four decades for the benefit of the poor handloom weavers of the State have not risen to the expectations of the government and the industry. More than one-fifth of the societies are either dormant or under liquidation. The weavers within the jurisdiction of the dormant societies are denied of the benefit of getting raw materials, finance and other inputs. Many of the working societies are in severe financial difficulties on account of continuous losses and hence these institutions are not in a position to assist the weavers. Many of the loss making societies experiences acute shortage of working capital, as financial institutions are not prepared to extend loan to these societies. With the result, these societies are not able to work efficiently and the losses of these societies increase year after year. In order to break this vicious circle, it is proposed to restructure the finances of these institutions. A substantial portion of the loan and interest liability of these societies to the State government have to be converted into share capital. This would enable these societies to get out of the vicious circle of permanent loss, provided these societies work efficiently and reduce their high overhead costs.

At present the handloom weavers in the State do not get employment throughout the Year. The main objective of the Eighth Five Year Plan is to enhance the number of days of employment of the weavers. It is estimated that the employment in the handloom sector would increase by about 20 percent in terms of mandays. No additional employment generation is expected from this sector; but the partial unemployment of the workers already existing in this sector would be reduced to that extent during the plan period.

The emphasis in the handloom sector during the Eighth Five Year Plan would be on the reorganisation of the existing primary handloom weavers' co-operative societies. The share capital base of the primary handloom weavers' co-operative societies would be strengthened. This would enable the societies to avail themselves of more institutional finance and expand their activities. The handloom weavers' apex society (HANTEX) is not fulfilling its duties in the matter of assisting its member societies. The HANTEX would be strengthened by providing more share capital and its finance would be restructured. A rehabilitation-cum-production programme is proposed to be implemented for the benefit of loomless weavers. Substantial amount has been provided to strengthen the infrastructure base of the handloom industry viz., worksheds godowns, showrooms, etc. of primary and Apex societies with NCDC assistance. The working of the Handloom Development Corporation is also proposed to be streamlined during the Plan period.

Coir Industry

Kerala produces about 85 per cent of Coir and 90 percent of Coir products of the country and this industry provides employment to 4.30 lakh workers, including those engaged on a part time basis, belonging to the weaker sections of the rural population. About 84 percent of the total workers are women. Unemployment and underemployment are acute in this sector. Of late, this industry has been experiencing great difficulties both in the supply and demand fronts.

Schemes and programmes under the Five Year Plans have been formulated mainly with a view to organising a network of co-operative societies of coir workers in order to provide them with full employment, better wages, better working conditions etc. The organised industry has been experiencing acute shortage of raw materials viz., husk and fibre, in spite of the implementation of several regulatory measures of the Government including the three point levy system.

There has been continuous and drastic fall in the export of coir and coir products, since the mid sixties. The demand for coir products has been on the decline in the traditional markets. The coir industry has stuck to traditional methods of production for historical and sociological reasons. These adverse factors have resulted in partial unemployment of thousands of coir workers. For the last several years, coir workers in the co-operative sector of the State have been getting work only for less than 100 days in an year. At the same time brown fibre industry with mechanised defibering facilities of unretted (Dried) husk is thriving elsewhere in the country.

A Special Task Force was constituted to study the various aspects and problems of coir industry in Kerala. The Task Force has recommended several measures for the revitalisation of coir industry.

The recommendations include measures for making available adequate raw materials to the industry by introducing mechanical defibering of raw husks. The Task Force has also recommended measures to introduce modernisation in the areas of spinning and manufacturing by making use of improved equipment and other infrastructural facilities. Reorganisation of coir co-operative societies has been given utmost importance.

Adequate measures have been suggested for the promotion of internal and export markets. Steps for the promotion of research and development activities and welfare of workers engaged in the industry also form part of the recommendations of the Task Force.

An outlay of Rs. 40.00 crores for the Eighth Five Year Plan (1992-97) and Rs. 6.25 crores for the annual Plan (1992-93), have been provided under the State sector for the coir industry. The schemes for the Eighth Five Year Plan are in tune with the recommendations of the Special Task Force. The scheme for integrated development of coir industry proposed in the plan is aimed at modernisation of the primary activities in Coir industry.

Khadi and Village Industries

The Khadi and Village Industries Board, through its own production centres, registered institutions, co-operative societies, and individual enterprises, has been providing employment opportunities to a large number of people in the rural areas. The need for developing this sector with a view to increasing employment opportunities in the rural areas, has been well emphasised in the New Industrial Policy of the State Government. Considering the scope of Village Industries, the Board has included 74 new village industries and many more are proposed to be included in the list of industries, in addition to the existing 25 Village industries under the purview of Khadi and Village Industries Board. With a view to achieving the avowed objectives of the New Industries Policy of the Government, the Board has taken up new ventures for revitalising majority of its sick and defunct co-operative societies by forming federations and by other methods. Special emphasis has been given for the promotion of village industries during the Eighth Plan. An outlay of Rs. 1900.00 lakhs has been provided for the Eighth Plan and Rs. 330.00 lakhs for the Annual Plan 1992-93. Of this, an amount of Rs. 340.00 lakhs has been provided under Special Component Plan for the benefit of Scheduled Castes and Rs. 100.00 lakhs under Tribal Sub Plan for the benefit of Scheduled Tribes for the Eighth Plan 1992-97. The outlays provided under Special Component Plan and Tribal Sub Plan for the Annual Plan 1992-93 are Rs. 35.00 lakhs and Rs. 15.00 lakhs respectively.

Handicrafts

The outlay proposed for the development of handicrafts in the State during the Eighth Five Year Plan is Rs. 900.00 lakhs as against the outlay of Rs. 250.00 lakhs and expenditure of Rs. 381.31 lakhs during the Seventh Five Year Plan. During the Eighth Five Year Plan emphasis will be to modernise and diversify the activities of handicrafts promotional organisation in the State public and Co-operative Sectors viz., the Kerala State Handicrafts Development Corporation, Handicrafts Apex Society, Kerala Artisans Development Corporation and the Kerala State Bamboo Corporation and Handicrafts Primary Co-operative Societies. The equity base of the Handicrafts primary Society will be strengthened by raising the limit of Government share participation. Of the total outlay of Rs. 900.00 lakhs for the Eighth Five Year Plan, Rs. 140.00 lakhs (15.6 percent) is set apart for implementing schemes under special component Plan and Tribal Sub Plan. An amount of Rs. 35.00 lakhs is provided as subsidy for publicity and propaganda, which is a new scheme proposed for the market development of handicraft products. The balance amount of Rs. 865.00 lakhs is proposed for continuing the ongoing schemes.

Industries Other Than V & SI (Large and Medium Scale Industries)

Government of Kerala announced its Industrial Policy in September, 1991 encompassing strategies aimed at the overall development of the industrial sector of the State. One of the strategies envisaged is to use the State's limited budgetary allocation to attract as much investible resources as possible from within the State as well as outside.

The programmes under the large and medium scale industries sector which are arranged under two groups viz., (i) Promotional Institutions and Schemes and (ii) State Public Sector Manufacturing Industrial Units, have been drawn up in line with this strategy. More than 50 per cent of the total outlay proposed for large and medium scale industries has been earmarked for funding promotional institutions and schemes with a view to attracting investment in the private/joint sector in the State.

The balance outlay will be distributed among the State Public Sector industrial units which are again categorised into four according to their present financial position.

Financial support towards the projects proposed by the public sector manufacturing units will be given on the basis of the financing pattern approved by the Government. In certain cases e.g. the units which are incurring loss continuously, before releasing financial assistance, detailed viability studies will be conducted through competent agencies.

The outlay for the manufacturing units will be made available to the category in lump sum instead of providing funds to individual units so that resources are utilised for industrial expansion avoiding blocking of funds in certain specific units.

Mining

The activities of the Department of Mining and Geology and Kerala Mineral Exploration and Development Project (KMEDP) are proposed to be strengthened during the Eighth Plan period. It has also been proposed to reorganise these two organisations in order to equip them with necessary inputs required for the identification and commercial exploitation of the valuable mineral resources of the State. Moreover, the State Government has taken preliminary steps to set up a Mineral Development Corporation to plan and streamline the mineral exploration and to undertake marketing activities wherever necessary.

Salient features of the Statement on Industrial Policy, 1991.

Part A: Introduction

The Statement of Industrial Policy, 1991 of the State Government, the fourth in the series since 1960, states that the strategy for industrial growth would be to use the limited budgetary resources of the State for attracting as much investible resources as possible from within the State as well as outside with a view to accelerate the rate of growth of industry and creation of massive employment opportunities. The emphasis will be on promotion of joint sector and private sector enterprises, except in areas of strategic industries.

For this, it is necessary to create infrastructure facilities comparable to the best in the land, simplify procedures, provide incentives on par with other states shift the emphasis from regulation and control to industrial promotion and create an administrative machinery that is responsive to the needs of the industry. The policy seeks to achieve these goals through the measures detailed in the succeeding paras.

Part B: Measures proposed

Incentives

1. Investment subsidy for new as well as expansion/diversification/modernisation projects will be raised to 15% (Maximum Rs. 15 lakhs) from 5%. Subsidy for thrust industries will be 15% subject to a ceiling of Rs. 20 lakhs. Adequate provision will be made in the plan for the prompt disbursement of subsidy. Setting up of facilities for generation of power by industrial units will be encouraged. Mini-micro hydel projects will also be encouraged by providing subsidy at the rate of 15% subject to a maximum of Rs. 15 lakhs. R & D activities by existing industrial units will be encouraged and provided with subsidy. Self Employment Ventures availing loan from financial institutions and banks will be exempted from sales tax registration subject to certain conditions.

Tax and Duty Concessions

New units will be exempted from all sales taxes for the first seven years. New units in the medium and large scale sector will have the option of exemption from sales tax for seven years or deferment of sales tax for 10 years subject to certain conditions.

The SSI units will have the additional option of depositing the tax with the Government in the "Tax for Growth Fund". Existing units undertaking expansion/diversification/modernisation will also have the benefit under these schemes. Sales tax for items manufactured for sales to the public sector undertakings and other notified agencies will be 4% and the CST on inter-state sales for new units will be 2% for the first seven years. New units will be exempted from electricity duty for the first seven years.

Other Concessions

Large and medium units will be given 50% of the cost of preparation of market/feasibility study reports. Price preference will be given for the products manufactured by SSI units in the State subject to certain conditions.

Investment Promotion

A multi pronged marketing campaign will be initiated with the support and participation of various institutions and agencies. Public relations agencies and publicity agencies will be engaged under the control of KSIDC.

Liason offices will be established in New Delhi, Calcutta and Bombay to cater to the requirements of State industrial units. Regular Open House sessions with industrialists will be conducted. KSIDC will provide escort services to all entrepreneurs in the large scale sector. The Corporation will also operate a market information cell.

Simplification of Procedures

A new 'Green Channel Scheme' will be introduced for expediting clearances. District Industrial Development Committees will be formed in each District. A State Industrial Development Committee will be formed with Minister (Industries) as Chairman for clearing applications of medium and large industries, review the functioning of District Industrial Development Committees and industrial relations situations in the State and to monitor industrial development activities.

SSI units with capital investment below Rs. 10 lakhs will be exempted from all clearances as far as possible.

Industrial Relations

The entrepreneurs will have full right over hiring labour. All restrictive labour practices will be treated as criminal offences. Long term enhancement in wages will be linked to productivity. Government will do all that is in its powers to avoid work stoppages during the first five years of a project. Industrial relations committees will be constituted in all the existing and potential areas. A joint cell of the Labour Department and Industries Department will be set up to suggest modifications in the existing rules and regulations, if necessary for achieving these objectives.

Infrastructure Development

An Industrial Infrastructure Development Authority will be set up for providing facilities in selected areas to attract industrial investment in the State. Development of industrial estates and industrial areas by private investors will be encouraged. The functioning of the SIDCO will be streamlined.

Rehabilitation of Sick Units

Government agencies will play an active role in the rehabilitation of sick units. KSIDC will be the nodal agency for the rehabilitation of medium and large scale units while KFC and Directorate of Industries and Commerce will be the agency for SSI units. Higher margin money assistance will be provided for rehabilitation. Concessions in the taxes and duties will be allowed for potentially viable units. The package of reliefs developed by BIFR will be followed wherever applicable.

State Public Sector

Immediate viability studies will be conducted for all the units which have accumulated losses. Government involvement will be mainly in core areas like infrastructure, strategic industries etc.

An active policy of dis-engagement from other areas will be followed so that resources are made available for industrial expansion instead of blocking funds in specific undertakings. Ownership of public sector undertakings will be made open to the public, wherever necessary.

The Bureau of Public Enterprises will be strengthened and made into a professional multi disciplinary group. A system of MOU will be introduced. Continuity of management will be ensured and a common management cadre will be constituted. A recruitment board will be set up for quick selection of personnel for State PSUs. Small PSUs will be merged with larger ones.

Attracting Central Investment

Any central investment project will be accompanied by simultaneous efforts by the State Government to develop upstream and downstream projects. Efforts will be made to attract investment in major defence production areas.

Traditional Industries

Cashew growers will be organised into co-operatives under the overall control of CAPEX and a cashew development programme will be taken up with the financial support of NCDC/ NABARD and other financial institutions. Two task forces, one each for the handloom industry and handicrafts industry will be constituted to look into the problems and to prepare integrated development plans of action in the respective areas. Share capital base of HANTEX will be strengthened by converting Government loan into equity. The capital base of primary handloom cooperative societies will also be strengthened. Organisational set up of the Khadi Board will be revamped and departmental Khadi production centres will be revitalised. Federations of Village industries societies will be set up. A separate directorate for sericulture will be established and an integrated programme encompassing production, spinning and weaving will be taken up.

Mining

Intensive efforts will be made to exploit mineral resources and to establish downstream projects. The Directorate of Mining and Geology and the Kerala Mineral Exploration and Development Project will be reorganised and strengthened. A Mineral Development Corporation will be set up. Participation of private/joint sector will be encouraged in the mineral development activities.

Electronics: The emphasis will be on expanding private sector activities in computers and software and telecommunications. The public sector will concentrate on strategic electronics.

Technology Development:

A Technology Bank will be established by KSIDC in order to help the industrialists. Steps will be initiated for establishing an Institute of Industrial Science and Technology in the State.

TRANSPORT

The total road length in the State stood at 1.26 lakh kms. Out of this, Village roads maintained both by PWD and panchayats constitute 79.4% of the total road length in the State. The coverage of road length in Kerala is 323 km. per 100 sq.kms. of area and 423 km. per lakh of population as at the end of 1989-90. Thus Kerala has fairly well developed road communication net work. In view of the fact that the coverage of roads in Kerala is fairly good, the emphasis during the VIII plan will be for the development and improvement of the existing State highways/and major district roads such as increasing the formation width and pavement thickness, easing curves and providing necessary road signals. During 1983-84 the State Government introduced a new scheme whereby each M.L.A. was authorised to recommend the development of two roads in each of the Assembly Constituency. Accordingly 279 road works, which were named as M.L.A. roads, were taken up at an average cost of Rs. 2 lakhs per road work. These roads were thus to cost around Rs. 6 crores for completion. The intention was that works like small stretches of roads, Improvement of existing roads, connecting link roads wherever the gap existed were only to be taken up under this programme. But the scope of the activity subsequently was enhanced resulting in large outlays with a long list of spill over projects. So far Rs. 50 crores has been spent on 162 completed works and the commitment on the 87 works under execution is of the order of Rs. 30 crores. To complete the 30 road works yet to be taken up, the requirement will be about Rs. 25 crores according to existing schedule of rates. Setting apart such a huge sum, would cause severe strain on budgetary resources. Large amounts were allocated to these road works in the past by starving the vital State highways and district roads, when the pressure of vehicle on these roads have increased manifold. In fact the allocation to the village roads is still higher when we take into account the fact that about 25% of the allocation for JRY programmes and not less than 50% of the untied funds to the Panchayats are also being spent on road works. These are entirely on village roads. Therefore the provision made for village roads under road sector includes outlay only for completing the 87 M.L.A roads which are spill over works.

Road Transport

Kerala State Road Transport Corporation

The Kerala State Road Transport Corporation worked on profit in the first two years of its existence and from 1967-68 onwards, it has been running in loss. The accumulated loss of the KSRTC at the end of 1989-90 stood at Rs. 143.82 crores even after the dues of Rs. 65 crores was written off by the State Government during the eighties. The total number of buses owned by the Corporation during 1965 was 901 and at present the total number of buses is 3430. About 25% of the buses are aged more than 10 years.

The IDBI and LIC of India are reluctant to sanction loans to the Corporation as it is continuously running on loss. Even the Government of India's share of the share capital contribution was not received during the last two years for the same reason. Given the resource crunch being faced by the State Government, it cannot continue to finance the losses incurred by the Corporation any longer. There are no soft options and the Corporation has to improve its efficiency to stand on its own.

The KSRTC should commercially run its operations, which would then be able to attract institutional finance. During the Eighth Five Year Plan, no outlay is provided to the KSRTC directly from the State Government. On the other hand the Kerala Transport Development Finance Corporation will be provided with the necessary capital support which would enable it to attract institutional finance for funding the programmes of KSRTC on the basis of a memorandum of understanding.

Inland Water Transport

The passenger services run by the Inland Water Transport through the inland canals by the Water Transport Department are also on loss.

As the scope for achieving any breakthroughs is limited, there is need for phasing out the passenger services run by this department. The Policy should be to encourage private agencies, which if found necessary can be supplemented by Kerala Shipping and Inland Navigation Corporation. The functions of the State Water Transport Department will be to provide terminal facilities for running the passenger services. Allocation made in the plan is by way of capital contribution to KSINC.

SCIENCE, TECHNOLOGY AND ENVIRONMENT

Scientific Research

The achievements of the State in scientific research have not adequately percolated to the user agencies. To remove this lacuna, the science and technology programmes will be conceived as an integral part of the developmental activities of the State. Apart from ensuring fuller use of the existing capacity, linkages will be established between different sectors like educational institutions, industries, Government Departments and Planning and decision making bodies. The existing facilities in the institutions will be consolidated. Support for basic research will be increased and more stress will be laid on studies relating to natural resources. The programmes which would help in employment and income generation will be given emphasis. Due consideration will be given to environmental programmes also.

The State has been supporting a number of institutions in order to help them to achieve the status of self supporting institutions. In the Eighth Plan, assistance will be given to these institutions only on project basis. In the case of other institutions, the State's assistance will be limited to 25 percent of their total expenses.

With the above objectives in view, an outlay of Rs. 2923 lakhs is provided for 1992-97 for implementing science, technology and environment programmes in the State.

GENERAL ECONOMIC SERVICES

Secretariat Economic Services

Economic Planning for the state would have to be more scientific, objective and rational instead of being incremental. The role of the state as an investor should be confined to areas of strategic importance for welfare considerations. In other areas, the function of the state has to be limited to providing the needed support (financial/institutional/administrative) so as to stimulate investment by the private sector and public agencies to the extent needed to accomplish the plan targets. Such an investment perspective warrants that the investible resources made available by the public financial institutions and private sector have to be dovetailed into the state plan while arriving at the aggregate plan outlay. This calls for a periodic assessment of the availability, accessibility and flow of investible resources to the economy and its utilisation in the context of the investment potential in different sectors of the state economy.

Emphasis has to be given to the inter-sectoral linkages and sectoral productivities while arriving at the sectoral distribution of plan size. The short and medium term implications of selected strategies have to be evaluated while formulating the plans. Equally important is the efficient use of investible resources and ensuring reasonable returns from such investments, an aspect of utmost relevance but hitherto neglected. This implies that many of the schemes have to be formulated as bankable projects and that concurrent evaluation should be an integral part of such schemes with beneficiary participation. Necessary administrative and institutional mechanism have to be ensured to incorporate corrective measures during the course of their implementation if found necessary.

This warrants strengthening of the Planning Machinery in the areas of resource assessment and resource use, concurrent evaluation of plan schemes and monitoring of the economy in general. It is also necessary to undertake specific surveys and studies to be used as inputs in planning and policy formulations.

Surveys and Statistics

The Department of Economics and Statistics will be further strengthened in the Eighth Plan period by expanding the computer facilities available in the department as well as by making use of the computing facilities available in other agencies such as National Informatic Centre located in the State and district headquarters. Provision is also provided for taking up adhoc surveys during the plan period. In order to bring down the time lag in the publication of survey results the processing of survey schedules may be entrusted to other public agencies such as IHRDE, LBS, IMG etc. under the direction of the department.

Tourism

The programmes for tourism during the Eighth Plan have been drawn up in full recognition of its economic benefits, by way of employment and income generation. These programmes envisage channelling of substantial institutional finance. During the plan emphasis will be more on private initiatives.

The Kerala Tourism Development Corporation and the Tourism Resorts (Kerala) Ltd. (TRKL) are supposed to act as facilitators for attracting private investment in the field of tourism. The TRKL will also act as a Tourism Financing Agency. Self employment ventures in tourism and publicity will be given priority in the Eighth Plan. Completion of the existing projects will be aimed at rather than going in for new ones.

With these objectives in view an outlay of Rs. 29.22 crores and Rs. 4.69 crores is proposed for 'Tourism' in the Eighth Plan and Annual Plan 1992-93 respectively. With this investment together with that from private agencies it is expected to generate 14,470 thousand mandays employment temporarily and permanent employment to 32,465 persons during the Eighth Plan period.

SOCIAL SERVICES

Education

School Education

According to 1991 Census provisional figures the state has a literary rate of 91% while the All India rate is 52.11%. The state has unique record of near achieving the constitutional requirement of universalisation of elementary education in the age group 5-14. The school education system has a good infrastructure which consists of 6812 Lower Primary Schools, 2892 Upper Primary Schools and 2430 High Schools. In addition there are 2213 Lower Primary Sections in U.P. Schools and 1929 Upper Primary Sections in High Schools in the State. During the VIII plan greater stress is made for the improvement of quality and provision of more facilities in schools. A higher outlay of Rs. 20 crores is earmarked to complete the construction works in schools from the priority list of 1343 works prepared. More involvement of Parent/Teachers Associations, and Public are expected in construction of school buildings.

Vocational Higher Secondary education is introduced now in 186 schools and the target is to extend the programme to 70 more schools during VIII Plan. This will cover about 25000 students which is about 10% of the annual out turn in SSLC. The government have already introduced higher secondary courses in 86 schools. The target is to extend plus two system of education in 425 schools during the VIII plan including those already started in a phased manner to cover about 1.25 lakh students. A provision of Rs. 10 crores is earmarked for 1992-97.

Higher Education (Degree & Post-graduate)

There are 172 Arts and Science Colleges in the state with a student strength of about 3.23 lakhs. Of the total enrolment girls constitute 52%. In the context of introduction of 'Plus two' classes in higher Secondary Schools a decision will be taken on the future of the 'pre degree' classes and courses. During the VII plan, due to budgetary constraints, new courses could not be introduced in the higher education sector. During the VIII plan without sacrificing the quality of education, it is proposed to introduce courses in emerging disciplines, at the university level and in well established colleges. With this objective, for the Kerala, Kozhikode and Mahatma Gandhi Universities together the provision is increased from Rs. 8 crores in the VII plan to Rs. 17 crores in the VIII Plan. Another important area of priority is provision of buildings and facilities. It is proposed to take up construction work with the participation of local bodies. Parent-Teachers Association and Alumni of the colleges. Under quality improvement programme the library and laboratory facilities and teachers training are to be developed to a larger extent for which a higher provision is provided.

Technical Education

The technical education infrastructure in the state consists of 8 engineering colleges, 30 polytechnics, 47 technical schools. During 1991-92 a new engineering college at Kottayam has been started and it has to be fully established during the VIII Plan for which Rs. 700 lakhs is proposed. A greater stress is made in the plan for fully establishing the already started colleges and technical institutions in the state. Necessary provision is made to introduce selected courses in emerging areas of technology to keep pace with the demand for technical man power. Also training for employment is envisaged in a massive way through the established institutes like Institute of Human Resources Development in Electronics and other technical institutions in the state. Starting of self financing institutions in technical education in private and co-operative sector will be given permission as there is increasing demand for engineering and professional education. In the VIII plan modernisation of workshops faculty development and library facilities are proposed to be strengthened as a thrust area in improving the quality of training and education.

The technical education programme to improve the quality of polytechnic education and introduce courses in emerging areas of technology is under implementation with World Bank assistance at an estimated project cost of Rs. 46 crores. The requirement of Rs. 36 crores during VIII plan is fully provided. The scheme of modernisation of engineering college Thiruvananthapuram is posed for Japanese assistance for which Rs. 950 lakhs is provided under this scheme.

The outlay provided for technical education during VIII plan is Rs. 94 crores and for 1992-93 Rs. 20 crores.

Health

The general health standards achieved in the state almost compare favourably with those achieved by even some of the developed countries. The efforts made during the planned development era and the high literacy and clean health habits of the people played a key role in the attainment of the health standards. The development can be seen from the following indicators.

Year	Birth rate		Death rate		Infant Mortality rate	
	Kerala	India	Kerala	India	Kerala	India
1951-60	38.9	41.7	16.9	22.8	120	146
1970	32.3	36.8	9.2	15.7	61	129
1980	26.8	33.7	7.0	12.6	42	114
1985	22.9	32.9	6.4	12.5	33	97
1986	22.4	32.6	6.7	11.1	27	96
1987	21.0	32.2	6.0	10.9	26	95
1988	19.9	31.3	6.0	10.9	24	94
1989	20.3	30.5	6.0	10.2	21	93

There are 1190 allopathic medical institutions in the State with a bed strength of 36057. Of this 1190 institutions, 117 with a bed strength of 21697 are in the urban areas and 1073 institutions with a bed strength of 14360 are in the rural areas. In the Private sector there are over 50,000 beds and about 12,000 medical institutions in the state. Besides there are 633 ayurvedic hospitals and dispensaries and 301 Homoeopathic hospitals and dispensaries under Government sector. Thus there is a sound net work of allopathy, ayurvedic and homoeopathy institutions in the state.

The emphasis during the VIII plan is consolidation and strengthening of the already created infrastructure and to rectify the regional imbalance in health facilities. The primary health centres established during the VII plan are to be strengthened with necessary equipment, beds and building facilities.

About 5000 beds are proposed to be provided in 500 PHCs and 2000 beds in district and taluk hospitals. There is greater stress made in the development of supporting services like laboratories, blood banks and other facilities.

In medical education and research overriding priority is given for quality improvement. Taking into account the requirement of medical colleges in the state a higher provision of Rs. 46 crores is earmarked during the VII Plan. Further it is proposed to increase the intake of nursing para medical students to keep pace with the demand for nursing and in related areas.

In the development of medical services, education and training wider public participation is envisaged including the starting of institutions on a completely self-financing basis.

Water Supply and Sanitation

At present about 70% of the urban population is provided with protected water supply. As regards rural water supply 1196 problem villages are partially covered and 15 are fully covered. The status of coverage is about 37% of the rural population. The total expenditure under water supply and sewerage schemes during VII plan amounted to Rs. 169 crores.

The Fifth Five Year Plan schemes have drawn up to achieve the following objectives by 2000 A.D.

(i) To provide the basic minimum need of water supply to 100 percent of the population both urban and rural.

(ii) To cover 75 percent of the towns including class I cities with sewerage treatment facilities and

(iii) To provide sanitary facilities to 50 percent of the rural population. For the attainment of the above objectives an investment of about Rs. 1200 crores is required. An investment of about Rs. 650 crores is expected during the VIII plan. Of this the state sector plan will be about Rs. 410 crores and the remaining is to be mobilised from agencies like HUDCO and LIC. The thrust during the VIII plan is to complete the ongoing schemes and to take up new schemes on a priority basis. Among the 30 major ongoing schemes 20 are proposed to be completed during the VIII plan. On completion, these schemes would benefit a population about 40 lakhs.

Out of the state plan provision of Rs. 410 crores, Rs. 308 crores is earmarked for externally aided projects. The water supply and sewerage components of the Kerala Urban Development Project is to fully meet the requirements of the three city regions of the state viz., Thiruvananthapuram, Kochi and Kozhikode. A large percentage of investment is proposed for providing water supply to Scheduled Caste and Scheduled Tribe settlements in the state.

Housing

Magnitude of the problem in Kerala

According to the tentative figures computed on the basis of Census data, there were 52.1 lakh residential buildings and 54 lakhs households in Kerala during 1991. This shows that if all the households were to be provided with a house, the number of new houses required during 1990-91 would be 1.90 lakhs. Besides it is estimated that there are more than 6 lakhs huts in the state which are not fit for human dwelling. In addition to this substandard huts, 5 to 6% of the existing houses required to be demolished and reconstructed due to obsolescence. The number of such houses come to 3 lakhs. Thus the existing demand for houses at the beginning of 1991 would be about 11 lakhs.

Numerical shortage during 1991	1.90 lakhs
No. of sub standard huts which are not fit for human dwelling	6.00 lakhs
No. required to be demolished and reconstructed	3.00 lakhs
	<hr/> <hr/>
	10.90 lakhs

According to the National Housing Policy formulated during 1988, the broad objective should be to provide a minimum level of basic services and amenities including shelter to all, especially to the economically weaker sections of the society by 2000 A.D. It is estimated that during the period between 1991 to 2000 A.D. some 9 lakh new houses will have to be constructed for accommodating the new families as a result of the increase in population. The existing shortage is added to this, the total requirement of the new houses comes to about 20 lakhs during 2000 A.D. In other words nearly 2 lakhs new houses are to be constructed every year, if the housing problem is to be solved completely by the year 2000 A.D.

Although 2 lakh new houses are to be constructed every year, a substantial number among them will be constructed by private individuals without any direct financial assistance from the government. In some cases what the government should do is to create a congenial atmosphere so as to enable them to get adequate institutional finance commensurate with their repaying capacity. But the condition is totally different in the case of economically weaker sections. In fact the problem, is quite acute in the case of Scheduled Castes and Scheduled Tribes, fishermen, slum dwellers, casual workers and dwellers in poramboke lands. Therefore any strategy on housing enunciated by the government should take into account the requirements of the various categories of the people who are in need of a house. At the same time it should also ensure that the scarce resources at its disposal is used most efficiently. While doing so the over/riding concern should be shown for meeting the housing requirements of the large number of homeless and those living in extremely poor shelter and unhealthy neighbourhoods, whether in poor rural areas or urban slums.

The states VIII plan (1992-97) programmes on housing have been drawn up keeping, in view the ~~above~~ mentioned points. The massive 'Rajive One million Housing Scheme' was formulated with a view to bringing people belonging to all income groups who are in need of a house under its fold giving emphasis to the requirements of economically weaker sections. The programme envisages to construct 2 lakh houses every year by raising Rs. 1000 crores as institutional finance. The objective is to provide shelter to the poor and to improve the quality of life as well as to stimulate economic activity and create additional employment opportunities.

Urban Development

Kerala has an urban population of 7.8 million as per 1991 Census. For promoting balanced urban development in the State the Town Planning Department, Department of Municipal Administration, Kerala Urban Development Finance Corporation, Development Authorities, three city Corporations and 59 municipalities are involved. During the Seventh Plan the expenditure by the major urban bodies on various plan schemes amounted to about Rs. 60 crores including the state budgetary support of Rs. 22.23 crores.

The major objectives of urban development in the Eighth Five Year Plan 1992-97 are (i) improvement of small and medium towns, (ii) to cover about 2.5 lakh persons under environmental improvement of slums, (iii) to undertake non/remunerative and town improvement schemes, (iv) to implement schemes like land acquisition in major cities, land development and housing by availing institutional finance by the development authorities, (v) to generate more employment opportunities to the people living below poverty line in urban areas under Nehru Rozgar Yojana and (vi) to promote balanced urban development of the three major city regions viz., Thiruvananthapuram, Kochi and Kozhikode under the proposed Kerala Urban Development Project to be implemented at a cost of Rs. 426 crores.

During the Eighth Plan over and above the budgetary support, the institutional finance, will have a major role in financing the urban development programmes. The three major development authorities viz., Greater Cochin Development Authority, Calicut and Thiruvananthapuram, together have drawn up a programme for about Rs. 153 crores for the period 1992-97. Priority is given in the Eighth Plan for completion of spill over schemes under non/remunerative town improvement works, integrated development of small and medium towns and environmental improvement of urban slums. The spill over commitment is estimated as Rs. 480 lakhs and is fully provided in the plan. The Nehru Rozgar Yojana is proposed in a massive scale for which Rs. 9.5 crores is proposed under state sector. It is expected to generate about 20,000 person year continuing employment under micro enterprises. The total outlay under State plan is Rs. 104 crores during 1992-97 and Rs. 13.65 crores for 1992-93.

Labour and Employment

At present there are 28 Government Industrial Training Institutes with a seat strength of 11232 inclusive of 8 Industrial Training Institutes for Women. There are 284 Private Industrial Training Centres with a seat strength of about 30,000. These institutes impart training in 15 trades with one year duration and 14 trades in two year duration. In order to improve the quality of training and for introducing courses in emerging area, the skill Development Project with 50 percent central assistance is being implemented from 1988-89. The total project cost is Rs. 1792 lakhs. For the construction of five hostels for women industrial training institute Rs. 112.75 lakhs is provided.

In the Eighth Plan, emphasis is laid on the consolidation and modernisation of different trades in industrial training institutes. The facilities for apprenticeship training will be further strengthened. Priority is given for the civil works as several industrial training institutes are located in rented buildings and in temporary sheds.

During the Eighth Plan 10 town Employment Exchanges will be started in a phased manner at the rate of 2 units every year. The computerisation of employment exchanges with 50% central assistance is proposed as major scheme in the plan. The total outlay for 1992-97 is Rs. 1550 lakhs and for 1992-93 Rs. 521 lakhs.

Social Security and Welfare

Social Security and Welfare Programme constitute an integral part of the function of a modern democratic government. Under different social security schemes about 13.2 lakhs persons are given direct budgetary support.

The annual financial commitment under non-plan is about 65 crores on major social security schemes. The emphasis under plan is to improve the existing facilities of the old age and handicapped, orphanages and other institutions.

A higher provision is earmarked to the Kerala State Handicapped person's Welfare Corporation to make the already started units self supporting during the VIII plan. The major activity proposed by the Kerala State Women Development Corporation is to organise industrial co-operatives by women and training of women for self employment. The outlay for 1992-97 is Rs. 600 lakhs and Rs. 130 lakhs for 1992-93.

Nutrition

The stress in the VIII plan is to provide nutrition to the vulnerable sections of population at the pre-school level. A recent survey conducted by the National Institute of Nutrition reveals that in Kerala the percentage of children (1-5 years) according to nutritional grades ie., normal, mild, moderate and severe is 7.4, 35.7, 46.6 and 10.2 respectively. The objective is to combat malnutrition by providing 300 calories and 8.12 grams of protein per beneficiary in the age group 0-6 years and 500 calories and 25 grams of protein for pregnant women and nursing mothers for 300 days in a year. There are 87 Integrated Child Development Service (ICDS) projects in the State of which 63 are central sector projects and 24 are state sector projects. A total of about 11 lakhs beneficiaries are fed through a network of 11712 anganwadies. The objective is to have ICDS projects in all blocks by 2000 A.D. which will necessitate to start 64 projects. The target during 1992-97 is to start about 30 projects. By the end of VIII Plan there will be about 117 projects and 15 lakh beneficiaries approximately will be covered.

GENERAL SERVICES

Stationery and Printing

Stationery and Printing covers departments of stationery, Government Presses and Kerala Books and Publications Society (KBPS). For the Stationery Department and Government Presses the emphasis is on completing all the spill over construction works. The modernisation process of different Government presses will be initiated and completed in a phased manner after preparing a detailed project report taking into account the areas of modernisation and the retraining requirements of existing staff, especially in the context of the emerging technologies in the printing industry. The proposed outlays for these sectors are follows.

(Rs. lakhs)

	1992-97	1992-93
1	2	3
Stationery	41.00	41.00
Printing	164.00	64.00
Total	205.00	105.00

Public Works

Public Building Construction Programmes.

The outlay under Public Works is meant for the construction of public office buildings under general pool and for the construction of Legislature Complex. The total agreed outlay during the Seventh Plan was Rs. 3000.00 lakhs, against which there was an expenditure of Rs. 377.41 lakhs. From 1990-91 onwards, separate allocations have been provided for the construction of office buildings under general pool and for the construction of Legislature Complex.

Local level planning and decentralisation

The State Government has been attaching great importance to local level planning in order to ensure effective implementation and integration of Rural Development Programmes. It was with this end in view that planning units were set up in each of the districts in the State before the commencement of the Sixth Five Year Plan. The experiment in decentralisation first started with the implementation of Special Component Plan for Scheduled Castes and Tribal Sub Plan for Scheduled Tribes. This proved highly successful and the plan allocation made for these two sectors could be implemented in full which was not the case before. As stated earlier under 'rural development' local level planning and integrated rural development have to go together and steps will be taken for the same.

In order to bring about more broad-based decentralisation, District Councils were formed at the end of 1990-91 as envisaged in the District Administration Act. Since this was done in haste without proper administrative and organisational arrangements and preparations, plan implementation had slowed down last year and therefore most of the powers delegated to the councils were withdrawn so that development process did not suffer. The State Government is reviewing the whole position and it is expected that the role and functions of the District Councils would be so modified as to make them more vibrant and thereby enable them to play a useful role in the local development activities in future. The Constitutional amendments introducing provisions for a local government structure in the states are also expected to be passed this year when the picture of decentralised set up would become more clear.

The rationale of the whole approach has been to ensure that every rupee spent on the Plan goes for the intended purpose, avoiding wastage and augmenting productivity of investment. For schemes and programmes which could well be promoted in the private sector, the State Plan provision has been restricted only to margin money as in the case of housing, tourism, etc. Allocation in respect of sectors like industry have been made on the assumption that large scale institutional finances would be attracted for investment in the State through sustained effort. The details of the broad sectorwise allocation proposed in the Plan are indicated in table 1. Important physical targets envisaged in the plan are given in Table 2

Broad Sector-wise Allocations

(Rs. Crores)

Sector	Eighth Plan 1992-97 outlay	Per cent Percent
1. Agriculture & Allied Services	751.25	13.76
2. Rural Development	303.97	5.57
3. Special Area Programme	2.50	0.04
4. Irrigation & Flood Control	630.00	11.54
5. Energy	1300.00	23.81
6. Industry & Minerals	810.00	14.83
7. Transport & Communications	433.00	7.93
8. Science, Technology & Environment	29.23	0.54
9. General Economic Services	44.82	0.82
10. Social Services	1077.18	19.73
11. General Services	78.05	1.43
Total:	5460.00	100.00

CHAPTER III

SPECIAL COMPONENT PLAN AND TRIBAL SUB PLAN

Special Component Plan for Scheduled Caste and Tribal Sub Plan for Scheduled Tribes are intended exclusively for the benefit of 25.49 lakhs scheduled Castes and 2.61 lakh Scheduled Tribes in the State, constituting 10.02% and 1.03% respectively of the total population as per the 1981 Census. These communities are concentrated largely in the rural areas. The percentage of rural concentration is as high as 88 in the case of Scheduled Castes and 98 in the case of Scheduled Tribes. The social and cultural standards of the Scheduled castes in Kerala are much higher compared to other states of the country, as a majority of them live dispersed and intermingled with the general population. However, the Scheduled Tribes 77% of whom are concentrated in the four districts of Wayanad, Kannur, Idukki and Palakkad, live far away and are removed from the mainstream.

Another striking feature of the scheduled caste and scheduled tribe population is that their work participation rate is higher than that of the general population i.e. 42% for SCs. and 40% for STs. as against 35.5% for the general population. So also the dependence on agriculture sector of these people is very much higher than that of the general population i.e., 60% for Scheduled castes and 79% for Scheduled Tribes as against 41% for general population.

The Scheduled Castes and Scheduled Tribes in Kerala are placed in a better position with regard to literacy, enrolment in schools and colleges, appointments in the organised sector etc., compared to their counterparts in other parts of the country. Against the all India literacy rate of 21.38 and 16.00 for the SC and ST respectively, in Kerala it is 55.96 and 31.79 respectively, as per 1981 census. The enrolment ratio is almost at the same level as the general population. All these could be attributed to the major thrust given in the past plans for educational uplift. Till the end of the Fifth Five Year Plan, economic development as an effective instrument for bettering the Sixth Five Year Plan economic development as an effective instrument for bettering the lot of these weaker sections was recognised and accordingly Special Component Plan for Scheduled Caste and Tribal Sub-Plan for Scheduled Tribes were introduced during that period. Since then various measures are being undertaken for raising their living standards and ensuring them a sustainable income by implementing several income generating innovative schemes. Special component plans for Scheduled Castes and Tribal Sub Plan for Scheduled Tribes are being drawn up as part of the Annual Plans of the State. The resources for the SCP being drawn up as part of the Annual Plans of the State. The resources for the SCP and TSP are mainly from (i) different sectors of the State Plan (ii) Central outlays and in different sectors (iii) Kerala State Development Corporation for Sch. Castes/Sch. Tribes and (iv) assistance available from financial institutions. It is also stipulated that the percentage of the state plan outlay earmarked for SCP/TSP should be commensurate with the percentage of the Scheduled Castes/Scheduled Tribes population in the State.

As the system of earmarking outlays for schemes under SCP/TSP could not bring in the desired result, more effective change was introduced in 1983-84, by decentralising the SCP/TSP to the district level with provisions for accommodating locally relevant and need based programmes. Under the new set-up lumpsum sector-wise outlays are provided to the districts which would enable them to formulate and implement schemes with local participation. District level working groups are vested with the responsibility of formulation and implementation of schemes under SCP and TSP. The technical sanction for the schemes are being given by the respective departments while administrative sanction will be accorded by the District Collector. This system has contributed a great deal in raising the living standards of these people and has proved very effective in ensuring full utilisation of funds also.

Out of the Eighth Plan outlay of Rs. 5460 crores, the over-all outlays earmarked for Special Component Plan and Tribal Sub Plan are Rs. 481 crores and Rs. 84 crores accounting for 8.8% and 1.5% respectively. In the annual plan 1992-93 the corresponding figures are Rs. 88.75 crores and Rs. 15.69 crores showing a share of 9.72% and 1.72% respectively in the proposed State Plan outlay of Rs. 913 crores.

Over and above the SCP and TSP outlays, funds from special central assistance are also available from Government of India for taking up economic development programmes. This decentralised system permits more flexibility in taking up innovative income generating employment oriented schemes. It permits a more integrated development of each habitat. It could also therefore, ensure local participation on a wider scale.

For ensuring proper implementation of schemes and utilisation of funds, an effective system of monitoring was also introduced at the time of decentralisation. Accordingly, the Planning and Economic Affairs Department has been made the central agency for state level monitoring of SCP and SCA schemes, and the District Collectors for monitoring at the district level.

In the Eighth Five Year Plan 1992-97 and Annual Plan 1992-93 special emphasis has been given for implementing schemes which would directly benefit the target groups, and generate more employment. Steps have also been initiated to make certain specific projects, which were being funded for the last several years, self sustaining. Concerted efforts will be made to enable the maximum number of people to cross the poverty line during the plan period. Schemes for equipping the Scheduled Caste/Scheduled Tribe students to compete well with the general category have also been included.

CHAPTER IV

Employment Generation

Chronic unemployment of a large portion of the active labour force has been the most serious socio-economic problem of Kerala during the last four decades. Unemployment is a complex social and economic problem. Tackling this problem would demand a multipronged development approach covering all the sectors of the economy. Kerala is one of the most densely populated states in India with a density as high as 747 sq. km. as against the national average of 267 per sq.km. Though in the past five year plans a number of rural and industrial programmes were drawn up to provide gainful employment opportunities and also to promote self/employment ventures by imparting training and providing financial incentives, they have not been able to make any significant dent into the problem as the following data would show;

(lakhs)

Commencement year of the Five Year Plan	No. of registrants in Employment Exchange	Addition during the Plan
1	2	3
1. Fourth Plan (1969-70)	2.12	2.72
2. Fifth Plan (1974-75)	4.84	8.13
3. Sixth Plan (1980-81)	16.17	10.26
4. Seventh Plan (1985-86)	26.43	10.97
5. Eighth Plan (1992-93)	37.40	..

At the beginning of the Fourth Plan in 1969-70, the number of unemployed was only 2.12 lakhs. The increase that has taken place during the last twenty years has therefore, been phenomenal. Of the total number of unemployed over 60 per cent are educated persons i.e., those who are SSLC and above. The unemployed would constitute about 27 per cent of the State's labour force. In terms of total unemployed in the country, Kerala's share is about 10 per cent. This is quite a high proportion taking into account the fact that the State's population (290 lakhs as per 1991 census) is only 3.5 per cent of the Country's total population.

A survey on employment and unemployment in Kerala conducted by the Department of Economics and Statistics in 1987 had come to the conclusion that in addition to those who were totally unemployed, there were also another 15 lakhs persons underemployed, in a work force of 107.5 lakhs. Even though according to the survey nearly 84 per cent of the unemployed and underemployed were found to be in the rural sector, their incidence was high in the urban area 45.22 per cent as compared with 39.23 per cent in rural areas. The activity status of the population according to the survey, consisted of 64 lakhs as employed (60 per cent), 15 lakhs as underemployed (14 per cent) and 28 lakhs as unemployed (26 per cent), 15 lakhs is underemployed (14 percent) and 28 lakhs as unemployed (26 percent) out of a total labour force of 107 lakhs. It is also significant that Kerala's unemployment is mainly youth unemployment as young people in the age group of 15 to 34 constitute nearly 88 per cent of the unemployed. Though the State has achieved educational development, it has not helped to train young people to engage in gainful occupation within the State or migrate to other parts of India and abroad on a significant scale. The education policy has given undue importance to the promotion of general education to the neglect of the development of professional and technical education to the extent necessary.

The employment in the organised sector, both public and private, has been remaining stagnant around 11 lakhs. The number of placements through employment exchanges, on an average has only been of the order of about 15,000 per year. However, according to the survey done by the Department of Economics and Statistics, as many as 6.8 lakh Keralites have been working outside the State about 3 lakhs in Gulf countries, another 29000 in other foreign countries as an 3.5 lakhs in other parts of the country.

Demand for labour and labour absorption are largely determined by the nature and pattern of economic development. The basic development issue of Kerala has been low and declining growth rate. Among the three sectors, the growth rate of the agricultural sector has been stagnating since the 1970s. The growth rate of the manufacturing sector has been showing declining trend since the 1970s. The outlay sector which achieved a steady growth has been the service sector. If employment generation is to take place on a large scale, the agricultural and industrial sectors have to grow much faster and labour intensive schemes would have to be designed and implemented effectively.

Creation of sustainable employment opportunities is given major thrust in the development programmes included in the Eighth Plan.

Rupees One Thousand Crore Employment Generation Programme

An economic development plan should have an employment generation objective and component. Past experience shows that special and 'crash' employment programmes which are not part of a development plan, turn out to be mere expenditure programmes with out sustainable employment. It is against this background that the 'employment generation programme with an outlay of Rupees one thousand crores in five years' announced by the Government of Kerala in July 1991' (popularly known as the 'rupees Thousand Crore Employment Programme') has been formulated as part of the Eighth Plan with the objective of creating maximum employment opportunities. The Government announcement of the Employment Programme came while the Eighth Plan was being formulated and finalised and that made the integrated exercise possible, so that government investment along with private investment and institutional finance can make a significant impact on the employment situation.

This programme envisages to create an atmosphere favourable to private investment and for the promotion of self employenet ventures for generating additional employment opportunities on a large scale. Adequate investment from state plan would be made on these identified areas where there is scope for employment on a massive scale, so as to facilitate enhanced flow of needed bank credit to these areas. It is estimated that as a result of the implementation of the 'Employment Programme' about 9.3 lakh regular employment and 14 lakh standard person years of non continuing employment opportunities will be created during the plan period. This 1000 crores employment programme includes only the direct employment generation schemes and other major employment oriented production schemes.

The thrust areas identified for the Employment Programme consist of direct employment programmes for poverty alleviation, agriculture and agro-processing, livestock and fisheries development, sericulture, small scale industries, medium and large industries, micro-electronics and computers, tourism and housing for weaker sections.

The Employment Programme has been formulated with the target of providing about 9.3 lakh regular and stable employment thereby reducing the estimated open unemployment at the end of the Eighth Plan period to half. The programme also envisages creation of 14 lakh standard person years of gainful wage employment opportunities in order to bring down substantially the extent of underemployment.

The sectoral distribution of regular wage/salaried (continuing) employment and non-continuing employment is given in table 4.1 .

**Sectoral Distribution of Continuing Employment and
Non-Continuing Wage Employment**

(No)

	Continuing Employment	Non continuig Employment
1	2	3
1. Poverty Alleviation Programme	295800	572800
2. Agriculture and Allied	38000	127700
3. Sericulture	207100	43500
4. Industries	371700	229700
5. Tourism	14400	92800
6. Rajiv One Million Housing Scheme	..	345000
Grand Total	927000	1411500

It may be noted that the total employment generated in the economy during the Plan period will be much higher as the Rupees Thousand Crore Employment Generation Programme includes only direct employment generation schemes and other major employment oriented production schemes, the exception being State supported housing projects under the Rajiv One Million Housing Scheme. However, a large number of traditional construction oriented schemes such as land and water management, comand area development, irrigation and power development projects, construction of roads, bridges and buildings etc. are being executed as part of the Eighth Plan. Many of these schemes generate a large number of construction-oriented wage employment. Moreover, under the Employment Programme only the direct employment generated by the programme has been taken into account.

For many of the programmes, the indirect employment generated as a result of their implementation will be significant due to inter sectoral linkages and complementarities. Besides, there will also be the autonomous growth of employment in the economy. The aggregate employment generation during the Eighth Five Year Plan is estimated approximately as 52 lakh standard person years.

The gross plan investment under the Employment Programme is estimated at Rs. 1,595 crores consisting of the state plan componet of Rs. 1,000 crores, external aid of Rs. 150 crores and Central assistance of Rs. 4145 crores.

The share of investment outside the plan is estimated as Rs. 7852 crores involving Rs. 6,084 crores as institutional investment and Rs. 1,809 crores as promoter's contribution. Thus, the total investment of the Employment programme is estimated at Rs. 9,488 crores.

CHAPTER V
FINANCING THE PLAN

The expansion of the social services and welfare sectors, without corresponding growth of the commodity producing sectors, has hampered the widening of the State's resource base. In the absence of private investment in an adequate measures, the Government assumed the role of the major entrepreneur in the State. These investments could not make any significant contribution to the State's economy and most of them have generated large accumulated losses and debt liability, heavily eroding the already weak resource base of the State. Besides, the role assumed by the Government as the major employer, in the absence of sufficient alternative avenues of employment and various other policies followed in the past necessitating direct spending by the Government in a number of areas have all led to a large increase in government expenditures unmatched by the corresponding increase in receipts. The mechanisms for Centre - State financial transfers were not also adequate to look after the needs of a state which was fulfilling the Constitutional obligations regarding literacy, education and health standards ahead of other States.

The financial difficulties faced by the State Government are not so much due to low rate of growth in its revenues as to a faster growth in its revenue expenditure. While the revenue receipts grew by 13.68 per cent during the decade 1980-90, the revenue expenditure grew by 15.62 per cent during the same period. In the case of revenue receipts, the performance in collection from state's own taxes, expressed as a percentage of State income, has been good, but the state has been lagging behind in the area of non-tax revenue. Since 1982-83 there has been a steep decline of 65 per cent in the ratio of State's non tax revenue to its total revenue. Collections from non-tax sources in real terms have more or less declined over the years. The inevitable fall in forest revenues was not compensated by other sources.

The cumulative effect is that, in recent years, the State's current account balance (difference between the non-plan revenue receipts and revenue expenditure) started deteriorating and during the Seventh Plan a very large non-plan revenue deficit arose. The Sixth Five Year Plan (1980-85) closed with non-plan revenue account surplus of Rs.187 crores, but signs of what was in store were evident during that plan period itself when the actuals declined by about 43 percent compared to the original estimate for the plan. By the time the Seventh Five Year Plan (1985-90) was completed, the non-plan revenue account balance for the plan as a whole was a large negative figure of (-) Rs.1031 crores. The total revenue deficit of the State Government as a percentage of GDP increased from 1.15 per cent in 1985-86 to 2.46 per cent in 1989-90. While 1985-86, 5.13 per cent of the revenue expenditure was financed by revenue deficit, this percentage increased to 10.9 per cent in 1989-90 and according to the budget estimates it is likely to be 17.25 per cent in 1992-93. The basic reasons for this fiscal imbalance could be traced to the substantial hike in budgetary expenditures on social services, and other physical infrastructures like irrigation, transport and electricity, State public sector enterprises all of which yielded virtually no returns all these years. The revenue deficit which thus emerged has had to be financed by funds borrowed in the name of the plan (against all canons of sound financing), resulting in substantial reduction of the resource allocation for investment purposes.

While the State's per capita plan outlays were comparable with the all States average during the first and second Five Year Plans, the gap between the State's per capita plan outlay and the all States average widened since then. During the Seventh Plan while the per capita plan outlay of Kerala was Rs.727, the all States' average was Rs.1026, Kerala's outlay being lower by Rs.300. Thus both the level and pattern of plan allocations and the absence of compensating central or private investments have contributed to an inherent weakness of the economy; low growth rate, slow industrialisation and a weak resource base, leading in turn to a vicious cycle of financial inability, poor incomes and high unemployment.

The gross outlay projected for the State during the Eighth Five Year Plan around Rs.23,000 crores in all will be only less than 3 per cent of the overall outlay envisaged for the country (Rs.7,98,000 crores). It will be less than even the population share, even though the per capita income in the State is below the all India level. This is because, as a practical proposition, the same rate of growth of 5.6 per cent, as for the country as a whole, is assumed, during the plan period. The objective of Planning and development in the State should be to catch up with the all-India per-capita income at least by the turn of the century, that is, during the next eight years. It is obvious that the projected outlay is the minimum that should be ensured jointly by the Central and State Governments, if the State's economy is not to slide further down.

If appropriate sectoral policies and measures are adopted in accordance with the new economic policies announced by the Government of India and the Industrial Policy announced by the State Government, a climate favourable for investment could be created in the State and it should not be at all difficult to raise the resources needed for investment by the joint and private sectors, from internal savings, institutional finance and financed by NRIS and others. The central sector outlay projected in the plan proposals is extremely reasonable and takes into account the projects already sanctioned.

As regards the size of the State Plan, the Planning Commission suggested an increase over Rs.5460 crores, through a sharp reduction in non-plan revenue deficit, better returns from the public enterprises, especially the Transport Corporation and the Electricity Board and additional resources mobilisation. The Planning Commission also assumed an amount of Rs.1509 crores as State share of Small Savings loans during the plan period. In the light of the changes in tax exemption introduced by the Government of India and the creation of more attractive investment avenues like mutual funds, this is very unlikely and anything above Rs.1,000 crores would be hard to achieve.

The resource estimates indicated by the Planning Commission have been reviewed by the State Finance Department according to which findings total resources of Rs.5460 crores would require additional resource mobilisation effort of Rs.1841 crores including economy measures. The proposed scheme of financing of the Eighth Plan is as follows:

	(RS.crores)
1. Balance from the current revenues	(-) 2742.98
2. Contribution by State Enterprises	950.00
(i) KSEB	770.10
(of which ARM)	(962.46)
(ii) KSRTC	(-) 220.10
(of which ARM)	284.70
3. Share of Small Savings	976.81
4. State Provident Fund	1461.00
5. Miscellaneous Capital Receipts	(-) 5491.56
6. Additional Resource Mobilisation	1841.12
7. State's own total resources	1541.39
8. Market Borrowing	972.00
9. Negotiated loans	449.98
10. Net Central Assistance (Gadgil Formula)	1309.77*
11. Assistance for Externally Aided Projects	665.00
12. Plan Revenue Deficit Grant	521.86
13. Total Central Support	3918.61
14. Aggregate Resources	5460.00

To the extent that the State can raise more resources, the size of the State Plan can go up. The State's resource of Rs.1541.39 crores, for a plan of Rs.5460 crores, is obviously the minimum that has to be raised. But even that would call for a great effort and a basic change in the approach of one and all to resource mobilisation, expenditure control and pricing of utilities and services. The State Government is confident of raising its share of the resources with the cooperation of all sections of the Public.

The two important lessons of past experience, both at the all-India level and at the State level are:

(1) Plan funds have to be used efficiently so as to reverse the earlier trend of plan outlays turning out, over the years, to be a burden on the non-plan side, due to poor or negative returns. In other words, 'efficiency of resource use' should be a paramount consideration and (2) the fiscal imbalance on the revenue account should be corrected and borrowed funds should not be diverted for current consumption.

(*) The Central assistance figures intimated by the Planning Commission is tentative pending receipt of the recommendations of the Rangarajan Committee appointed by the Planning Commission for adopting the performance indicators for determining interstate share of assistances.

On its part, the State Government has started taking measures and has constituted a Resources Commission to look into all aspects of resources including measures to improve tax and nontax revenue collections and returns from Public Enterprises and utilities, economies in expenditure and innovative methods of raising revenue measures for institutions, works and programmes. The State Government have initiated action on the Interim Report of the Commission. The recommendations of the Commission and their implementation are expected to go a long way to reduce the revenue deficit. These efforts have to be supported by assistance and accommodation from the Government of India during the period of transition. A fiscal structure adjustment programme has to be discussed and finalised between the Government of India and the State Government so that, over the Eighth Plan period, the current account is balanced and does not constitute a draft on the capital resources raised for the Plan. Such a mutually worked out adjustment programme alone could serve the Eighth Five Year Plan and lay the foundations of a healthy fiscal and resources structure for development.

Table 1

Outlay for the Eighth Five Year Plan (1992-97)

(Rs. Crores)

Sector	Eighth Plan 1992-97 Outlay	Percent
I. AGRICULTURE & ALLIED SERVICES		
1. Crop Husbandry	332.30	6.09
2. Soil and Water Conservation	18.00	0.33
3. Animal Husbandry	36.00	0.66
4. Dairy Development	20.00	0.37
5. Fisheries	105.00	1.92
6. Forestry and Wild Life	90.75	1.66
7. Food Storage and Warehousing	0.20	0.69
8. Agricultural Research & Education	33.00	0.60
9. Agricultural Financial Institutions	25.00	0.46
10. Co-operation	53.50	0.98
11. Other Agricultural Programmes		
(a) Marketing & Quality Control	37.50	0.00
Total: I	751.25	13.76
II. RURAL DEVELOPMENT		
1. L.R.D.P & Allied Programmes	67.65	1.24
2. I.R.E.P.
3. J.R.Y.	98.75	1.81
4. Land Reforms	3.62	0.07
5. Community Development & Panchayats	133.95	2.45
Total: II	303.97	5.57
III. SPECIAL AREA PROGRAMMES	2.50	0.04

IV. IRRIGATION AND FLOOD CONTROL

1. Major and Medium Irrigation	375.00	6.87
2. Minor Irrigation	130.00	2.38
3. Command Area Development	60.00	1.10
4. Flood Control (including Antisea Erosion)	65.00	1.19
Total IV	630.00	11.54

V. ENERGY

1. Power	1281.20	23.46
2. Non Conventional Source of Energy	18.80	0.34
Total V	1300.00	23.80

VI. INDUSTRY AND MINERALS

1. Village and Small Industries	304.00	5.57
2. Industries (Other than VSI)	500.00	9.16
3. Mining	6.00	0.11
Total VI	810.00	14.84

VII. TRANSPORT

1. Ports and Light houses	24.85	0.46
2. Shipping	0.00	0.00
3. Civil Aviation	0.00	0.00
4. Roads and Bridges	359.00	6.57
5. Road Transport	36.65	0.67
6. Inland Water Transport	12.50	0.23
7. Other Transport	0.00	0.00
Total VII	433.00	7.93

VIII. SCIENCE TECHNOLOGY AND ENVIRONMENT

29.23	7.93
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Table - 2
8th Five Year Plan - Physical Targets

Sl.No.	Item	Unit	1982-87 Target
1	2	3	4
Agriculture and Allied Services			
Production Targets			
1.	Rice	'000 T	1,400
2.	Pulses	"	60
3.	Oilseeds	"	375
4.	Coconut	Million nuts	5,000
5.	Fruits	'000 T	1,000
6.	Milk	'000 T	2,500
7.	Eggs	Million Nos.	2,600
8.	Meat	'000 T	164
9.	Fish	'000 T	750
Supplies and Services			
1.	High Yielding Variety coverage for rice	'000 ha.	400
2.	Distribution of seeds	'000 T	6.70
3.	Consumption of fertilizers	"	360
4.	Soil Conservation	'000 Ha.	170
5.	Artificial insemination	'000 No	2,400
6.	Milk to be handled	'000 T	350
7.	Production of fish seed - fry	Million l	30
8.	Production of fingerlings	"	12
9.	Forest plantation of quick growing species	Ha.	3,750
10.	Commercial plantation	Ha.	3,030
11.	Social forestry - Plantation	Ha.	19,810
12.	Seedlings distribution	Lakh No.	350
13.	Storage		
	State Warehousing Corporation	'000 T	803

Co-operation

		Rs. Crores	
1.	Dispensation of Agricultural Credit through Co-operative Sector		
	Short term	Rs. crores	450
	Medium term	"	140
	Long term	"	125
2.	Marketing of Agricultural produce through Co-operatives	"	300
3.	Storage		
	Co-operative Sector	'000 T	452
4.	Retail sale of consumer goods (Urban societies)	Rs. crores	220
	Rural Societies	"	100
5.	Retail sale of fertilizers	"	100

Rural Development

1.	IRDP	No. of families in lakh	2.80
2.	JRY	Lakh mandays	1,185

Irrigation and Flood Control

1.	Major and Medium Irrigation	'000 Ha.	148.00
2.	Minor Irrigation	"	69.25
3.	Command Area Development	"	88.99
4.	Flood Control Programme	Ha.	25.60
5.	Anti-Sea Erosion		
	(a) Original Sea Wall Construction	Km.	52.00
	(b) Reformation of Old Sea Wall	Km.	31.00

Power

1.	Installed Capacity	MW	755.00
2.	Electricity Generation (*)	Mu.	42,089
3.	Electricity Sold	Mu.	34,288
4.	Transmission Line 220 KV and above	CTKM	789
5.	Pumpsets Energised	Nos.	75,000

* Includes 1361.65 Mu from Central share

Industry and Minerals**Small Scale Industries**

1.	Registration of Small Scale Industrial Units	'000 Nos.	50.00
2.	Capital Investment by SSI Units	Rs. Crores	1,500.00
3.	Employment Generated by SSI Units	'000 Nos.	300.00
4.	Estimated Value of products	Rs. Crores	1,500.00
5.	Persons Trained under Entrepreneurship	Nos.	7,000.00
6.	Beneficiaries under Seed Capital Loan	Nos.	6,500.00
7.	Small Scale Industrial Units Promoted by Woman Entrepreneurs	Nos.	3,600.00
8.	Workers in the SSI units Promoted by Women Entrepreneurs	Nos.	18,000.00
9.	Small Scale Units Revived	Nos.	500.00
10.	Small Scale Industrial Units Assisted under State and Central Investment Subsidy Scheme	Nos.	3,000.00
11.	SC/ST Entrepreneurs Trained for starting SSI Units	Nos.	600.00
12.	SC Beneficiaries under Loan Scheme	Nos.	4,000.00
13.	SC Beneficiaries under Grant Scheme	Nos.	4,000.00
14.	ST Entrepreneurs Assisted under Grant Scheme	Nos.	300.00
15.	ST Beneficiaries Assisted under Loan Scheme	Nos.	500.00
16.	Grant to SC Co-operative Societies	Nos.	125.00
17.	Share to SC Co-operative Societies	Nos.	35.00
18.	Grant to ST Co-operative Societies	Nos.	45.00
19.	Share to ST Co-operative Societies	Nos.	25.00

Handloom Industry

(i)	Production	(in Million Metres)	60.00 (Target for the Terminal Year)
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Powerloom Industries

(i)	Production	(in Million Metres)	45.00 (Target for the Terminal Year)
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Handicrafts

1.	Value of Goods Produced	Rs. Crores	22,00
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Khadi and Village Industries**A. Within the Purview of Khadi and Village Industries**

i.	Production	Rs. Lakhs	10,000.00
ii.	Employment	No. '000 (cum)	244.00

B. Outside the Purview of Khadi and Village Industries

i.	Production	Rs. in lakhs	60.00
ii.	Employment	No. '000 (cum)	13.00

Coir Industry

1.	Production of Yarn	'000 tonnes	90.00
2.	Production of other Items	"	30.00
3.	Employment	'000 Nos. (cum)	160.00

Seri Culture

1.	Mulberry Cultivation	'000 acres	50.00
2.	Training of Sericulture farmers	'000 Nos.	75.00
3.	Production of Disease free Layings	Lakh Nos.	740.00
4.	Production of Cocoons	'000 Mt.	29.6
5.	Production of Raw Silk Yarn	MT	2,960.00

6.	Silk Worm Seed Production Centres (grainages and P2 Farms)	Nos.	12
7.	Silk Reeling Unit (10 basins (100 ends Filatures)	Nos.	10
8.	Employment Generation	'000 Persons	250

Transport

Ports and Light Houses

1.	Purchase of pipelines for dredging	Metres	1,000.00
2.	Neendakara and Beypore Cargo Harbour	Metres (wharf length)	150.00

Roads and Bridges

1.	SH - Development and Improvement	Length of Roads (Kms.)	460.00
2.	District Roads	"	1,570.00
3.	Village Roads (Including SCP& TSP)	"	1,286.00 (+52 works)

Tourism

1.	International Tourist Arrivals	Nos.	5,50,000.00
2.	Domestic Tourist Arrivals	Nos.	1,00,00,000.00
3.	Accommodation Available	No. of Rooms/ Beds	43,910.00

Social and Community Services

Education

Elementary Education

1.	Class I-IV (Age group 6-10) Total enrolment	%	100
2.	Classes V-VI (U.P) Age group (10-12) Total enrolment	No	20 lakhs

Secondary Education

Classes VIII-X Total Enrolment	No	15.75 lakhs
Enrolment in Vocational Courses	No	25,000

Health and Family Welfare

1.	Hospitals	No. (cum)	220
2.	Dispensaries	No. (cum)	61
3.	Beds	No.(cum)	43,300

Health Centres

(a)	Sub Centres	No. (cum)	6,650
(b)	Primary Health Centres	"	1,057
(c)	Subsidiary Health Centres	"	-
(d)	Community Health Centres	"	100

(Besides there were 527 Ayurvedic Dispensaries and 275 Homoeopathic Dispensaries as on 31.3.1991.)

Family Welfare

Family welfare Centre	No. (cum)	177
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Water Supply and Sanitation

Urban Water Supply

Population Covered	Lakhs (cum)	42.70
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Rural Water Supply

Population Covered	"	106.42
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Urban Sanitation

Drainage Schemes

1.	Population covered	"	5.95
2.	Household Latrines constructed		
	(a) Urban	Nos.	36,946
	(b) Rural	"	9,500

Housing

1.	Provision of House sites to Landless workers in Rural areas	Plots	15,000
2.	Housing Schemes	Houses	5,55,000

(KSDC for SC/ST, Kerala State Co-operative Housing Federation and Rajiv One Million Housing Schemes)

Urban Development

1.	Environmental Improvement of Urban Slums Persons Benefitted	Nos.	2,50,000
2.	Nehru Rozgar Yojana	"	20,000

Information and Publicity

(Community viewing sets - Colour T.V.sets including SCP & TSP)

Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes

I. Economic Development Schemes

1.	Intensive Habitat Development Programme	Habitats	1,000
2.	Financial Assistance for Self Employment	Nos.	680
3.	Job Oriented Training and Skill Development in Emerging Areas of Technology	No. of Persons	2,000

II Education

1.	Prematric Scholarship and Stipend	Nos.	2,00,000
2.	Special Incentive to Talented Students	"	2,800
3.	Financial Assistance for failed SC Students	"	10,000
4.	Boarding Grants	"	2,500
5.	Special incentives to SC Girls	"	50,000

III. Housing

1.	Construction of Houses	"	4,900
2.	Rehabilitation housing for landless/ houseless SCs	No. of families	6,700

IV. Other Expenditure

1.	Assistance for Marriage and Major Treatment for Poor SCs	Families	5,000
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Welfare of Scheduled Tribes

1.	Assistance to Public Sector and other undertakings	families	1,389
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Education

1.	Grants to Students studyin in Tutorials	Students	3,750
2.	Model residential schools at Naloonadu and Kattela	"	360
3.	Special Incentive to Brilliant Students	"	1,250

Welfare of Other Backward Classes

Education

1.	Pre-matric Students	Students	25,000
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Social Security and Welfare

1.	Kerala State Women's Development Corporation - Self Employment	Nos.	5,000
2.	After-Care and Follow up Services	Persons	2,000
3.	Special Component Plan	Community Kitchen	2,500
4.	Tribal Sub Plan	"	335
5.	Preparing Ex-Serviceman for Self Employment (PEXSEM)	Nos.	3,000

Nutrition

1.	Integrated Child Development Service	Beneficiary (000's)	1,300
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