

Not a new budget, some changes for better result

K N Balagopal

Hon'ble Finance Minister, Government of Kerala and Chairman, Gulati Institute of Finance and Taxation, Thiruvananthapuram

The latest budget is an amended version of the budget presented by the former finance minister Dr.Thomas Issac. This seems to be an exemption to our convention. Conventionally, when a new government came into power, there would be a complete revamping of the earlier ad-hoc budget. However, we need not insisted such a revamping this time, since this government is a continuation of the immediate past government. So we thought of some minimum essential changes in the new budget.

Actually, the last budget was a detailed one, presenting lot of new ideas for the better future of Kerala. Health sector gets paramount importance in a state like Kerala, especially during a pandemic period. Our health sector is performing very well. Administering Covid vaccine to all our citizens is very much pertinent . We have to be prepared to counter the third wave of Covid pandemic. Hence the budget provided Rs 2800 crore for developing additional infrastructure in medical sector. Rs 1000 crore is earmarked for vaccination purpose alone and Rs 500 crore for mobilizing more medical equipment. In addition to that we need most modern facilities in hospitals, including ICUs, ventilators and ICUs for children. Facilities should be enhanced at least in two medical colleges where permanent facility for Covid treatment must be created. We have also provided fund for research in medical services sector.

For this purpose, the earlier budget had proposed to create 3000 additional posts in health sector. Funds were also earmarked for research initiatives in vaccine development. The government wants to provide medical facilities to the people in the lower strata of the economy and target to tide over the medical emergency pertaining to the pandemic. We are committed to provide free vaccine to all Keralites even though the union government fails to

distribute the required number of vaccines to our state. Of late the central government had agreed to provide free vaccine to all the citizens of the country.

If a person administers double doses of vaccines, he or she will not be in a serious condition even if he/she had an attack of the virus. So if the major chunk of population got vaccinated, then we can open our industries, shops and tourists centers. We can have a fresh beginning in the agriculture sector too. So the two paramount important factors are, ensuring the health of the people and revival of the economy.

In a situation like this government announced an additional Covid package of Rs 20,000 crore. Rs 8300 crore is set apart for extending loans with low rate of interest. Ensure food to all is a major commitment of the government. Plantation is one of the main sectors in agriculture scene of Kerala. 27 per cent of our land is utilized for plantation crops.

There should be a rethinking over plantation segment in the light of land reform activities in Kerala. Rs 2000 crore is provided in the budget for agriculture loans through the primary agriculture credit societies and Rs 1000 crore earmarked through other means of financing. Pineapple growers are facing a tough time as price realization is too low. Although floor price is fixed, they get lower prices for the crop. Same is the case with tapioca. Sectors like these should be examined thoroughly.

Rs 800 crore is set apart for industries. In addition to that MSME sector will be provided with additional funds. KFC will facilitate loans to the ailing tourism sector. Infrastructure development is the key element in developing tourism segment. Direct benefit transfer is already active in traditional sectors like coir, cashew nut and handloom. These sectors can provide direct employment to a lot of people. Reviving sectors like tourism, protection of coastal belt and reviving the economy are the major issues currently Kerala is facing. Measures have already been initiated addressing these frontal issues.

Inland water resources, which provides labour to people in abundance is in bad shape now. By providing Rs 500 crore, employment opportunity will be enhanced in this sector.

Debt burden of all Indian states is edging up to a critical position. Kerala's debt burden is low compared to other states, especially that of Gujrat and Maharashtra. Central aid to Kerala had dropped from 3.92 per cent to 2.45 per cent. As per the award of the 14th finance commission this again dropped to 1.92 per cent. Revenue deficit grant also dropped. This caused serious shortage in the overall revenue of the state. Issues relates to GST also irks the financial health of our state. According to the last budget our total revenue is Rs 1.28 lakh crore. If we had a

revenue to the tune of Rs 90,000 crore, few years back we would have been in number one position in the case of economic growth. In this circumstance we can not go ahead with plan that envisages drop in expenditure. As we know, this is an abnormal economic situation. We can travel to the future only by reviving our economy. For that we need support from our society and central government. Unlike a number of states, Kerala is not in critical position with regard to debt. We have financial crisis and we planned our finance and budget accordingly. We have not changed the main announcements in the last budget, but made some amendments. I hope that this will bring in better result in the development of the state.