

**COMMEN CHANDY**

CHIEF MINISTER



GOVERNMENT OF KERALA

Secretariat,  
Thiruvananthapuram-695 001

**D.O. No. 124/VIP/CM/2014, dated, 03/07/2014**

The State of Kerala is the biggest producer of natural rubber in the country. India is the fifth largest producer of natural rubber and Kerala accounts for 72% in area and 88% in production of natural rubber in the country. Rubber is cultivated both in the estates and in small holdings. In Kerala, 87% of natural rubber is produced in small holdings and the average size of the holding is about 0.48 hectares. A significant number of farmers in Kerala depend on the income from the sale of natural rubber for their livelihood. The short-term implication of low rubber prices and bulk import are seriously affecting livelihood of small and marginal growers. The long term implication will be switchover from rubber to other crops or enterprises. This has to be viewed against the strategic significance of rubber as a crucial industrial raw material.

Natural Rubber (NR) sector is facing a crisis situation due to steep fall in prices. RSS 4 grade price, which averaged Rs 190.03 in 2010-11, Rs 208.05 in 2011-12, Rs 176.82 per kg. in 2012-13 and Rs. 166.02 in 2013-14. Kerala accounts for 88% of the total production of rubber in the country and fall in the price of natural rubber prices is a severe blow for the small growers of the State, who are around 10 lakh. The price of natural rubber, after touching a high of Rs. 223 per kg. for RSS-4 Grade during January, 2011, declined steadily and now the price has come to Rs. 143.41 in May, 2014.

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In order to overcome the above difficulties, I would request you to kindly take the following steps immediately:

- Suspend issue of Advance Licence for importing Natural Rubber into India with provision to supply NR to importers at estimated international prices at c.i.f level.
- The import duty of block rubber shall be revised from the present "20% or Rs 30 per kg., whichever is lower" to 25% without any upper ceiling.
- Support viable rubber procurement initiatives of State Governments.
- Under the 12<sup>th</sup> Plan, rate of assistance for replanting of rubber is Rs 25,000 per ha in traditional rubber growing regions of Kerala and Tamil Nadu and Rs 35,000 per ha in non-traditional regions. The low rate of financial assistance (for instance 8% of development cost in traditional regions) is not sufficient to motivate growers to take up replanting. It would be appropriate to launch a Special Drive Rubber Replanting Programme with enhanced rates of financial assistance for planting in 2014-15. As around 44% of the development cost of rubber plantations occurs during the first year of planting, the special assistance can be limited to the first year as reimbursement of planting materials and transportation grant.

I shall be grateful if you could consider the above remedial measures favourably to help the small and marginal rubber growers in Kerala.

Yours sincerely,

**OOMMEN CHANDY**

Smt. Nirmala Sitharaman,  
Minister of State for Commerce & Industry  
[Independent charge],  
Government of India,  
Udyog Bhawan,  
New Delhi-110 011.

**D.O. No. 105/VIP/CM/2014, dated, 04/06/2014**

Government of Kerala is establishing a Technology Innovation Zone, known as Startup Village, which is a multi-technology incubator and business accelerator ecosystem development project. Being developed in 13.2 acres of land at Kalamassery, Kochi, at an estimated cost of Rs. 150 Crore, the Innovation Zone targets to incubate around 1000 start-ups in various sectors at any given time. Biotechnology and Telecom incubators are already operational; Nanotechnology, microelectronics, gaming & animation, etc are also being brought under its fold. Out of a total built-up area of 3 lakh sq. ft, construction of around 1.25 lakh sq. ft is nearing completion.

The State Government had submitted Detailed Project Reports to the Department of Science & Technology (DST) and the Planning Commission, Government of India. It was proposed that the capital expenditure of Rs. 150 Crore may be shared equally by the State and Central governments. In a meeting held at the Planning Commission on 20<sup>th</sup> February 2014, it was decided 'in-principle' to provide funding assistance of Rs. 75 Crore through the Technology Development Board (TDB) under DST for executing the project in 3 years, starting 2013-14. However, the formal sanction has not been received, probably due to the announcement of elections.

The DST had informed the State Government that the matter was being taken up with the Ministry of Finance. The Government of Kerala has already provided Rs. 25 Crore in the current year's budget, out of its share of Rs. 75 Crore.

Under the above circumstances, I would request you to kindly accord a formal sanction of Rs. 75 Crore for the project, of which at least Rs. 25 Crore may be provided in the upcoming Union budget for the year 2014-15.

With warm regards,

Yours sincerely,

sd/-

**OOMMEN CHANDY**

Shri. Narendra Modi,  
Hon'ble Prime Minister of India,  
South Block, Raisina Hill,  
New Delhi-110 011.

Copy to :

Dr. Jitendra Singh,  
Minister of State for Science & Technology, Earth Sciences,  
[Independent Charge],  
Government of India,  
New Delhi.

**OOMMEN CHANDY**  
CHIEF MINISTER



GOVERNMENT OF KERALA

Secretariat,  
Thiruvananthapuram-695 001

D.O. No. 102/VIP/CM/2014, dated, 30/05/2014

*Dear Narendran Madhiji,*

At the outset I wish to convey my heartiest congratulations and assure the State's support and co-operation for the integrated growth, development and welfare of all sections of citizens under your leadership.

I also wish to bring to your kind notice the financial crisis being faced by Fertilizers and Chemicals Travancore Limited [FACT], the largest Central Public Sector Undertaking in the State of Kerala. FACT is the leading manufacturer of complex fertilizers and the only manufacturer of Ammonium Sulphate in South India, whose contributions in industrialization and agriculture are significant.

FACT is facing a severe financial crisis with the threat that operations may come to standstill soon. The company is not in a position to meet even its statutory requirements including the payment of salaries and wages of employees. Its closure will have a deleterious impact on agriculture and the industrial economy of Kerala.

The financial relief package approved by the Board for Restructuring of Public Sector Enterprises [BRPSE] and the various Ministries of the Government of India include:

- (a) Infusion of funds (Rs. 550 crores).
  - (i) An interest free loan of Rs. 300 crores repayable in 10 years after a moratorium of 2 years.
  - (ii) Grant of Rs. 250 crores to pay suppliers and LIC (gratuity).
- (b) Waiver of Government of India loans and interest of Rs. 441.90 crores (Write off of loan of Rs. 282.73 crores and outstanding interest of Rs. 159.17 crores as on 31/03/2013).
- (c) Other proposals :

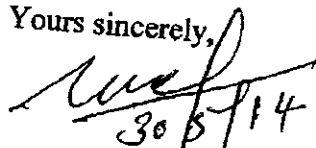
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- (i) Additional compensation for use of naphtha from June, 2013 to October, 2013 (when switch over to LNG took place).
  - (ii) Additional compensation for use of LNG or allocation of domestic gas at APM price.

It is understood that this proposal is awaiting the approval of the Cabinet Committee on Economic Affairs.

Government of Kerala has already taken an in-principle decision to give suitable tax concessions to FACT in accordance with the Revival Scheme formulated by Government of India.

I request your kind intervention for priority approval by the Cabinet Committee on Economic Affairs for the rehabilitation package of the Board for Restructuring of Public Sector Enterprises, already cleared by various Ministries of the Government of India.

Yours sincerely,

  
30/5/14  
OOMMEN CHANDY

Shri. Narendra Modi,  
Hon'ble Prime Minister of India,  
South Block, Raisina Hill,  
New Delhi - 110 001.

**OOMMEN CHANDY**

CHIEF MINISTER



GOVERNMENT OF KERALA

Secretariat,  
Thiruvananthapuram-695 001

D.O. No. 7467/D2/2014/Trans., dated, 30/05/2014

*Dear Narendra Modi,*

First of all let me convey congratulations and best wishes of the people and the Government of Kerala to the new Central Government.

I take this opportunity to present to you the enclosed list of the railway development needs of the State, which need to be implemented urgently.

Please bestow your personal attention favourably on all the requests therein, especially the critical projects like the Railway Coach Factory at Palakkad, Wagon Manufacturing Factory at Alappuzha, suburban rail service between Thiruvananthapuram and Kayamkulam/Harippad, new Railway Zone with Headquarters in Kerala, periodic overhauling and coach repair and maintenance centres in Kerala, completion of the doubling, electrification and gauge conversion works, construction of new lines including the Angamali - Sabari new line, the Nanjagud - Nilambur new line and the Kannur - Mattannur line to provide rail connectivity for the Kannur International Airport now under construction and sufficient budget provisions in the financial year 2014-15, for their realization.

With warm regards,

Yours sincerely,

*[Signature]*  
30/5/14  
**OOMMEN CHANDY**

Shri. Narendra Modi,  
Hon'ble Prime Minister of India,  
South Block, Raisina Hill,  
New Delhi - 110 001.