

**Speech of Prof. K. Anbazhagan, Minister for Finance,  
Government of Tamil Nadu, presenting the Budget for  
2009-2010 to the Legislative Assembly on 17<sup>th</sup>  
February, 2009.**

**Hon'ble Speaker Sir,**

Our beloved people of Tamil Nadu - having experienced and felt the impact of the schemes conceived and achievements aimed at uplifting and opening the eyes of the poor and downtrodden common men, working classes, farmers and middle classes, during the four previous rules of the Dravida Munnetra Kazhagam, which has been performing its democratic duties both in the treasury and opposition benches in the Assembly for the past fifty years with the vow that its heart, word and soul are fully devoted to people's problems - having thought and analysed about who is best equipped to rule for their development, wellbeing, improvement and creation of an egalitarian society and following the Kural,

**“இதனை இதனால் இவன் முடிக்கும் என்றாய்ந்து  
அதனை அவன்கண் விடல்”**

*“After having considered, “this man can accomplish this, by these means”,*

*let leave with him the discharge of that duty.”*

gave the mandate to rule for the fifth time to present ruling party and the Hon'ble Members and our countrymen know the resultant achievements of this Government in the previous years. This Budget, being the fourth one during the fifth tenure of the

Kalaighnar as Chief Minister, is placed for the approval of this House as a compendium of the new welfare schemes announced recently in the Governor's Address and the other new initiatives to enliven the poor, common man, farmers and the working class.

2. While thanking our Hon'ble Chief Minister Kalaighnar who has been toiling in social work each and every day without rest and loss of zest; for spending his time and energy in the preparation of this Budget, giving it a full shape and thus reducing a major portion of my burden, in spite of having been hospitalized for surgery for severe back pain; I express my wish that he should recover soon and join us in our endeavour.

3. With a view to securing social justice, by taking up the struggle for implementation of the recommendations of Mandal Commission, by adopting a resolution for the same in the legislative assembly and by succeeding in it through late Prime Minister V.P.Singh, by providing 20 percent reservation to Most Backward classes (including Denotified Communities) and 3.5 percent reservation to Minority Muslims in education and employment, this Government has paved way for the students belonging to these classes to acquire knowledge in colleges and universities and progress in life.

4. In view of the present harmonious functioning of State and Union Governments, Government of India is implementing many new major projects in Tamil Nadu. While expressing our gratitude to the Union Government for the same, in consonance with this Government's first and foremost policy of autonomy for the states, this Government will continue to lend its

voice for the cause of State Government in getting their due rights in full measure.

5. While this Government is continuously lending its voice for the rights and welfare of Srilankan Tamils, we thank the Union Government for fulfilling the expectation of this Government that India's determined and powerful voice should join the calls given by all other nations for cessation of the present hostilities against Tamils and early restoration of peace, by espousing this view in the address of the Hon'ble President of India and request the Union Government to take necessary measures vigorously to effect cessation of hostilities and arrive at a fair settlement. **As announced in the Governor's address, with a view to improving the basic amenities in the refugee camps where Srilankan Tamils are staying, a provision of Rs. five crores is made in this Budget.**

6. As announced in Governor's Address, with a view to enabling poor and downtrodden to receive free specialist treatment up to rupees one lakh for 51 life threatening diseases, orders have been issued and tender has been invited to select the Insurance company to implement this scheme. **Families belonging to members of Agricultural Labour Welfare Board, Unorganized Labourers Welfare Board, Fishermen Welfare Board and all other welfare boards will be benefited from this scheme. Moreover, all families having annual income of less than Rs.24,000 can also be benefited under this scheme. This scheme benefiting over one crore families will be launched by the Hon'ble Chief Minister in June this year. This scheme will be named as 'Chief Minister Kalaignar's**

**Insurance Scheme for Life Saving Treatments'. A provision of Rs.200 crores is made in this Budget for this scheme.**

### **Agriculture and Co-operation**

7. With a view to rejuvenating the agriculture sector, this Government has waived the cooperative loans of farmers on the very podium on 13.5.2006, the day this Government assumed charge and the cooperative institutions have been compensated to the tune of Rs.4,493 crores so far. Following this, the Union Government has also waived the agriculture loans of small and marginal farmers in our country. Due to these actions, farmers of our state are fully liberated from the burden of debt and are now availing fresh crop loans. A sum of Rs.1,250 crores has been disbursed as crop loan during 2006-2007, Rs.1,360 crores in 2007-2008 and Rs.1,325 crores this year so far. **Fresh crop loans to the tune of Rs.2,000 crores will be disbursed during 2009-2010.**

8. This Government, conscious of the fact that it is the sweat and toil of the farmers which contributes to the core of a nation's prosperity and hence concerned with their welfare, has ensured easy availability of co-operative crop loans being their most essential need. In addition, this Government has reduced the interest on crop loans from 9 percent to 7 percent in the year 2006-2007, further reduced it to 5 percent in year 2007-2008 and has further reduced it to 4 percent in the last Budget, thereby, enabling poor farmers to avail crop loan at low interest rates. **As yet another example of the care and concern of this Government towards the farmers of the State who toil for the prosperity of the nation, for the first time in our country, this**

**Government has decided not to charge interest on co-operative crop loans hereafter to all farmers who repay their crop loans on time from the ensuing financial year. The Government will pay that interest to the co-operative institutions. For this purpose, a provision of Rs.140 crores has been made in this Budget.**

9. As announced in the previous Budget, 10,000 self help groups of farmers, availing loan from primary agricultural cooperative banks, have been formed and each group has been provided with a revolving fund of Rs.10,000. **In the coming financial year, the number of such groups will be increased to 20,000. Revolving fund will be provided to these new groups as well.**

10. Agricultural productivity has increased as this Government has encouraged our farmers to adopt new technologies like System of Rice Intensification and Precision Farming and consequently the income of farmers adopting these new technologies has also gone up. In order to encourage farmers to use these techniques Agriclincs are being set up in all 385 blocks so that all necessary services could be provided to the farmers at a single place. **With a view to encouraging farmers to cultivate more remunerative horticultural crops, National Horticulture Mission will be implemented at an outlay of Rs.200 crores in the coming financial year.** A sum of Rs.30 crores has been provided as State share for this scheme.

11. In order to ensure supply of fertilizers to the farmers without any shortage, financial assistance of Rs.70 crores has been provided to the Tamil Nadu Co-operative Marketing

Federation. Keeping the welfare of farmers in mind, this Government has provided an incentive of Rs.120 and Rs.100 per quintal for fine and common varieties of paddy, respectively, over and above the Minimum Support Price and incentive fixed by the Union Government. Thus, the procurement price for common and fine varieties of paddy has been enhanced to Rs.1,000 and Rs.1,050 per quintal respectively. A sum of Rs.200 crores has been allocated in this Budget for providing the incentive given by the State Government. Moreover, the State Advised Price for sugarcane has been increased thereby ensuring that farmers get Rs.1,220 per tonne.

12. Due to the damage caused by the recent floods of North East Monsoon, paddy and other crops cultivated in 14.25 lakh acres were affected. A sum of Rs.388 crores has been disbursed as compensation to 10.4 lakh affected farmers. **The land revenue will be waived for this fasli year in these 12 flood affected districts.**

13. This Government is providing 50 percent of the insurance premium as subsidy to the farmers from the year 2006-2007 to protect them from the crop loss suffered on account of natural calamities. Due to this, the number of farmers availing crop insurance has gone up from about one lakh to 8.5 lakhs in the last three years. **Subsidy will be provided to 25 lakh farmers to insure their crops in the coming year under this scheme. A sum of Rs.40 crores has been provided for this purpose. In addition, a sum of Rs.200 crores has been provided as State's share in this Budget for providing compensation for crop loss.**

14. As a result of the keen and enthusiastic efforts taken by this Government in the past three years, food production in our State has increased considerably. It is evident from the fact that as against the food production of 61 lakh tonnes in 2005-2006, 84 lakh tonnes were produced in 2007-2008. During the current financial year 2008-2009, even though the State was affected very severely by floods, our food production is expected to be about 91 lakh tonnes.

15. Tamil Nadu Agricultural Labourers Welfare Board, established by this Government for the welfare of farmers and agricultural labourers in the year 2000 and subsequently abolished, was revived again and various benefits are being provided to the farmers and agricultural labourers. 170 lakh members have been registered under this scheme so far and various benefits like assistance for education, marriage, and pension are being provided to them. A sum of Rs.152 crores has been provided for this scheme in this Budget.

16. The great scheme of providing free power to all farmers, introduced by this Government, will be continued in the coming years as well. A provision of Rs.279 crores has been made in this Budget as State Government's subsidy to Tamil Nadu Electricity Board for this scheme.

### **Animal Husbandry**

17. After assuming charge, this Government has appointed 492 veterinary assistant surgeons and 743 animal husbandry assistants. Livestock Protection Scheme has been revived and 149 lakh cattle have been treated in 12,037

veterinary camps held so far. **5,500 veterinary camps benefiting 68 lakh cattle will be conducted in coming financial year as well.**

18. With a view to increasing milk production, this Government announced a new scheme for providing crossbred milch animals to the women self help groups in the last Budget. **In the coming financial year, 5,000 crossbred milch animals along with other support measures will be provided to the women self help groups through the Tamil Nadu Co-operative Milk Producers Federation in 100 villages in the State which are suitable for milk production.**

### **Irrigation and Flood Control**

19. This Government will continue to take all necessary legal measures with determination, on the basis of respect for national integration, to fully protect the rights of our state, regarding all disputes in sharing river waters affecting the livelihood of farmers of our State such as, sharing of Cauvery river waters, opposition to raising the water level in Mullai Periyar Dam, Neyyar river waters and attempts to construct check dam across Palar.

20. The World Bank Aided Irrigated Agriculture Modernization and Water-Bodies Restoration and Management (IAMWARM) project is being implemented at a cost of Rs.2,547 crores with the objectives of improving the water resources in our state and introducing modern agricultural practices, thereby enhancing the agricultural productivity and income of farmers in our state. This project will benefit about 16 lakh acres of



agricultural land. Works have been taken up in 25 sub basins. **During 2009-2010, works will be undertaken in 38 more sub basins. A sum of Rs.533 crores has been allocated for this project in the Budget for the year 2009-2010.**

21. This Government, with the assistance from NABARD, is implementing canal improvement works in the important irrigated regions of the State. A sum of Rs.50 crores for improving the Grand Anicut Canal and its structures and another sum of Rs.4 crores for rehabilitating Kalingarayan Canal have been provided in this Budget.

**22. A Committee of experts headed by Thiru Mohanakrishnan, Chairman of Cauvery technical cell will be constituted to examine and submit a detailed report regarding implementation of Athikadavu-Avinasi canal project, a long standing request of the people from Coimbatore and Erode districts. Further, with the financial assistance from NABARD, a dam at an estimated cost of about Rs.7 crores will be constructed across Nallathangal Oodai at Kothayam village near Ottanchatram in Dindigul district.**

23. This Government announced last year a major scheme for conserving the unutilized surplus water of rivers and rivulets by means of check dams in the water stressed areas of the State so as to utilize the same for agriculture and drinking water purposes throughout the year. Under this scheme, works for construction of 48,500 check dams and ponds at an estimated cost of Rs.550 crores are being executed through various

departments. A sum of Rs.100 crores has been provided for this purpose in this Budget.

24. As announced in the Budget Speech of 2006-2007, sanction has been accorded and works are being undertaken for flood mitigation scheme in Madurai at an estimated cost of Rs.12 crores. Similarly, permanent flood protection works against floods in Cauvery and Coleroon rivers in Karur, Trichy, Ariyalur and Perambalur districts have been taken up at a cost of Rs.211 crores. A sum of Rs.155 crores has been allocated for these works in this Budget. **With a view to preventing flooding of Chennai City, a major project at an estimated cost of Rs.1,448 crores has been approved under Jawaharlal Nehru National Urban Renewal Mission. The works under this project will commence in the ensuing financial year.**

25. Based on the resolution of National Development Council for providing financial assistance under Accelerated Irrigation Benefits Programme for linking intra-state rivers in the first phase under National Programme for Interlinking of Rivers, this Government has accorded sanction for construction of Kattalai Barrage across Cauvery under the Cauvery-Gundar interlinking project for taking the surplus flood water to water deficit districts and for interlinking project of Tamirabarani-Karumeniyar-Nambiar so as to divert the surplus flood water of Tamirabarani river to the dry areas of Thoothukudi and Tirunelveli districts. Preliminary works for these projects have commenced recently. In the coming financial year, a sum of Rs.200 crores has been allocated for these two projects. We urge the

Union Government to provide the necessary financial assistance for these projects early.

26. With a view to highlighting the importance accorded by this Government to agricultural sector and farmers, a separate Appendix (No.22) has been added to the Appendices to the Budget Memorandum. I am happy to inform that a total sum of Rs.5,236 crores has been provided for the agricultural development under Agriculture, Animal Husbandry, Dairying and Fisheries, Co-operation, Public Works and Revenue Departments.

### **Public Distribution System**

27. By providing essential commodities at low prices under Public distribution system, this Government has lessened the burden of inflation to a large extent. Accordingly, with a view to removing hunger of the poor, this Government has created a record by providing rice at one rupee a kilogram, which is the lowest in the country and essential food items like toor dhal, urad dhal, palm oil and wheat flour under the Special Public Distribution System and ten cooking condiments at Rs.50 under the scheme of 'Condiments at affordable prices'. For these pioneering measures of this Government a provision of Rs.2,800 crores is made in this Budget as food subsidy. In addition to issuing family cards to all eligible persons, with a view to ensuring that the commodities are supplied at correct weight in fair price shops, this Government has provided electronic weighing machines to all fair price shops in the State at a cost of Rs.12 crores.

## **Law and Order**

28. This Government is working vigilantly to ensure law and order and communal harmony in the State. Due to effective action of the Police department attempts to fan extremism from neighbouring states into our State have been thwarted. This Government will take severe action against those who try to impair public tranquility and incite violence and challenge the integrity and sovereignty of the nation.

29. Recommendations of The Third Police Commission, constituted by this Government to promote the welfare of the Policemen have been examined. I am happy to announce that this Government has approved 278 recommendations out of 444 recommendations. Among these, delegation of power to the Director General of Police to fill up vacant posts of Constables and Sub-Inspectors and increasing the allowances of Policemen are worth mentioning. After this Government took charge, 11,334 Policemen and 741 Sub-Inspectors have been recruited for appointment. The total allocation for the Police department, which was Rs.1,346 crores in 2005-2006, will increase to Rs.2,855 crores in the coming year.

## **Judiciary**

30. Hon'ble Chief Minister Kalaignar had announced that necessary buildings for courts and quarters will be built in our state over a period of four years at a cost of Rs.300 crores. As per this, building works to the tune of Rs.138 crores have been sanctioned by the Government and are being executed. Besides this, sanction is being accorded for construction of

22 court buildings and quarters. In the past three years, this Government has ordered for creation of 101 new courts and with a view to expediting the disposal of the cases, as a pioneering effort in our country, Government has sanctioned the constitution of 56 evening courts. Totally a sum of Rs.378 crores has been provided for the Judiciary in this Budget.

### **New Legislative Assembly Complex**

31. Pursuant to the announcement during the Golden Jubilee Celebration commemorating 50 years of service in the Legislature by the Hon'ble Chief Minister Kalaingar, a new Legislative Assembly complex adopting our traditional Dravidian style of architecture has been conceived and the works are fast progressing at Omanthoorar Government Estate. These works will be completed by April 2010. A provision of Rs.200 crores has been made in this Budget for this work.

### **School Education**

32. In the past three years, this Government has taken all efforts like awarding time scale of pay to all school teachers, filling up vacant posts of teacher, creating new posts of teacher wherever necessary and improving school infrastructure, to enhance the quality of education imparted in Government schools. **In the coming academic year, 100 middle schools will be upgraded as high schools and 100 high schools will be upgraded as higher secondary schools.** Several states have started adopting the Activity Based Learning, implemented in our state.

33. Tamil Nadu is implementing Sarva Siksha Abhiyan (SSA) in an exemplary manner. During the past three years Rs.2,338 crores have been allocated for this scheme. 336 new primary schools have been started and 1,577 primary schools have been upgraded as middle schools. Primary school dropout percentage has decreased to 1.23% in 2007-2008 from 12% in 2001-2002. Middle school dropout percentage has decreased to 1.90% in 2007-2008 from 13% in 2001-2002. In addition to building 15,788 classrooms in the first two years of this regime, 9,085 classrooms are being constructed during 2008-2009. This scheme will be implemented at a cost Rs.820 crores in the coming financial year and a sum of Rs.328 crores is provided in this Budget as State's share. **The infrastructure of high schools will be improved at an outlay of Rs.800 crores under the new national scheme for secondary education of the Union Government.** A provision of Rs.200 crores has been made as State's share for this scheme. As an outcome of the efforts taken by this Government to improve the quality of education, the report that the school children in our state rank first in term of competencies in language, mathematics and reading and comprehension in the entire country in the recently conducted national level survey is gratifying.

34. This Government is implementing works to improve the infrastructure of the government and local body schools in the State. Under the panchayat union schools renovation programme implemented by Rural Development department, from the year 2007-2008 works to the tune of Rs.188 crores in 14,546 schools have been completed so far. **In the coming financial year also improvement works will be taken up in 5,000 schools at a**

**cost of Rs.85 crores.** In addition to this, buildings for 421 government high and higher secondary schools are being constructed with the assistance of NABARD. A sum of Rs.250 crores is allocated for these works in the coming financial year.

35. After this Government assumed charge, all government high schools and higher secondary schools have been provided with computers in the last three years. As announced in the last Budget, 2,200 middle schools have been provided with computers under the scheme of providing computers in a period of three years to all government and local body middle schools. **A sum of Rs.50 crores has been allocated for providing computers to 2,500 middle schools in the coming financial year.**

36. This Government has abolished the public examination fees of about eleven lakh 10th and 12th standard Tamil medium students belonging to government and aided schools, special fees paid by about 50 lakh students studying from 6th to 12th standard and special fees paid by students of government industrial training institutes. **Through these measures, it has been ensured that complete free education is imparted in government and aided schools.**

37. **By conducting refraction test to all students studying in middle, high and higher secondary schools in our state, a new scheme for providing free spectacles to those with defective vision will be implemented at a cost of Rs.5 crores, under National Rural Health Mission, in the coming financial year.**

38. In the coming financial year, a sum of Rs.58 crores has been allocated for the scheme for providing uniforms free of cost to the poor students studying in government and aided schools and Rs.70 crores has been allocated for the scheme for providing free text books. In this Budget, a sum of Rs.300 crores has been provided as grants to state transport undertakings for implementing the scheme for providing free and concessional bus passes to students and a sum of Rs.112 crores has been provided for the scheme for providing free bi-cycles to the students studying in 11th standard. Overall, the total allocation for the school education department which was Rs.4,110 crores in 2005-2006 has been increased to Rs.9,147 crores in the year 2009-2010.

39. With the objective of enabling the general public and poor students to have access to read all books, this Government had announced that **a modern state library of international standard** would be established in Chennai. Works for establishing this library at an estimated cost of Rs.166 crores for which foundation stone was laid by the Hon'ble Chief Minister on 16.8.2008 are progressing fast. **These works will be completed by May 2010.**

### **Higher Education**

40. Considering the need for space requirements of the students 1,142 class rooms are being built at a cost of Rs.65 crores in government arts and science colleges. For these works, a sum of Rs.27 crores has been allocated in this Budget. **In educationally backward districts lacking adequate facilities for higher education, new government arts and science**



**colleges will be established, with the financial assistance of Union Government in the coming years.**

41. With a view to enabling students from poor families pursue higher education without any impediment, this Government after assuming charge, has abolished tuition fees to all undergraduate students of government and aided arts and science colleges and has also converted all the self-financing courses in the governments colleges to general courses. In addition, by abolishing the common entrance examination, which was an unnecessary burden to the students, this Government has enabled larger number of students from rural and poor families to get professional education.

42. Besides establishing three new Anna Universities at Trichy, Coimbatore and Tirunelveli, six new engineering colleges have been started in backward places of the State like Tindivanam, Villupuram, Panruti, Thirukkuvilai, Ramanathapuram and Ariyalur. **In the coming financial year, new engineering colleges will be started through Anna Universities in the districts of Tiruvannamalai, Thanjavur, Dindigul, Thoothukudi and Kanyakumari districts which do not have government engineering colleges.** In addition, the infrastructure facilities in the existing government engineering colleges and polytechnics will be improved under the second phase of the Technical Education Quality Improvement Project with the financial assistance of the World Bank. The provision for Higher education, which was Rs.745 crores in 2005-2006, has been enhanced to Rs.1,463 crores in the coming financial year.

## Health and Family Welfare

43. This Government which considers providing compassionate medical service to humanity as service to God, has appointed 4,156 Doctors and 5,183 nurses in the last three years. In addition, by appointing three nurses in all Primary Health Centres, this Government has made available 24 hours medical care to people living in rural areas. In addition, to this, 125 government hospitals have been upgraded as emergency care centres. Due to these measures, the number of deliveries in primary health centres has increased from 80,776 in 2006 to 2,41,078 in the year 2008.

44. The pioneering scheme of 'Varumun Kappom Thittam' that enables diagnosis of disease at incipient stage and provision of appropriate treatment has been revived and is being implemented by this Government. Under this scheme, teams of medical experts have conducted 9,000 medical camps throughout the State. Through these medical camps about 91 lakh poor people have benefited. **4,500 medical camps will be conducted under this scheme throughout the coming financial year.**

45. Under the World Bank aided Tamil Nadu Health Systems Project, works to the tune of Rs.276 crores are in progress for constructing buildings for 35 government hospitals in the first phase and 224 hospitals in the second phase. Moreover equipments and ambulances necessary for these hospitals are being provided at a cost of Rs.140 crores. In addition to this, wherever necessary specialist doctors have been appointed additionally. A sum of Rs.279 crores has been allocated in this

Budget for this project. A new MRI equipment at a cost of Rs.5 crores will be installed at Kilpauk Medical College hospital, Chennai. A new Cath lab (Catheter laboratory) at a cost of Rs.4 crores will be installed in Government General Hospital, Chennai. Totally, a sum of Rs.53 crores has been provided for the purchase of hospital equipments to government hospitals in the state in the coming financial year.

46. Chennai central jail has been shifted to Puzhal and having regard to the difficulties faced by the outpatients and other patients on account of insufficient space, this Government has decided to utilize the erstwhile jail site for the expansion of Government General Hospital at Chennai. At this site, a big complex for outpatients of Government General Hospital will be constructed at a cost of Rs.70 crores. In addition to this, a mega blood bank at an estimated cost of Rs.400 crores with the financial assistance from Union Government will be constructed in the remaining space.

47. The Union Government has recently agreed to this Government's request for upgrading the Government Rajaji Hospital at Madurai as a multi-speciality hospital like the All India Institute of Medical Sciences at New Delhi, to benefit the people of southern districts. Under this, the present Rajaji Hospital will be upgraded and its speciality block will be constructed at Thoppur near Madurai. Towards these works costing Rs.150 crores, this Government will

**provide the required land and the State share of Rs.25 crores.**

**48. Number of patients in need of dialysis in Tamil Nadu is increasing due to diabetes and kidney problems. With a view to enabling poor people across the State to avail this treatment and making available this treatment at least in one government hospital in every district, dialysis units will be provided to government hospitals at a cost of Rs.5 crores.**

49. After this Government assumed charge, new government medical colleges have been sanctioned at Villupuram, Tiruvarur, Dharmapuri, Sivagangai and Perambalur. Works for providing necessary buildings and other facilities for these medical colleges and hospitals are under progress. For these works, a sum of Rs.307 crores is allocated in this Budget. For procurement of medicine for all Government hospitals a provision of Rs.224 crores is made in this Budget. The overall allocation for Health and Family welfare has been increased to Rs.3,391 crores in 2009-2010 as against a provision of Rs.1,487 crores in 2005-2006.

### **Industries**

50. As a successful outcome of the efforts of this Government to increase employment opportunities by encouraging entrepreneurs during the past three years, entrepreneurs have come forward to establish 29 new industries with an investment of Rs.37,595 crores with an employment potential of about two lakh persons. Of these new investments,

eight industries have already commenced production. Particularly in this short period itself, Tamil Nadu has emerged as a leading state in our country in important industries such as manufacturing of automobiles and electronic goods. Global majors in heavy vehicles production like Daimler-Hero, Ashok Leyland-Nissan, Caterpillar and in automobile parts like Delphi, Allison have come forward to establish industries in Tamil Nadu. In the same manner, leading companies like Dell Computers, Motorola, Samsung and Nokia-Siemens networks have established industries for production of electronic goods.

51. With a view to spur industrial development in southern districts, this Government is providing structured package of assistance that is being extended to investments above Rs.250 crores in other districts of the State to even the investments exceeding Rs.50 crores in these districts. As a result of these efforts, ATC Tires company is establishing tyre manufacturing unit at Gangaikondan in Tirunelveli district. In addition, leading companies like TVS Srichakra Tyres and Elgi Tread have come forward to establish industries in the same place and Caparo Engineering and Fenner India at Nillakottai in Dindigul district.

52. In addition to encouraging entrepreneurs to start industries, this Government will continue to improve the basic infrastructure facilities required for the development of these industries. **The approach roads to industrial estates in the State will be developed at a cost of Rs.10 crores. Dormitories having facilities to accommodate 1,000 workers each will be**

**constructed at Sriperumpudur and Tirupur which are having large number of industrial workers.**

**53. This Government will definitely take necessary steps to provide employment to at least one person from the families giving land to an extent of one acre and above for industrial parks to be established by SIPCOT, in the industries being established in that area. For this purpose, SIPCOT will establish skill development training centres in these industrial parks for skill enhancement of the youth belonging to such families.**

54. The Tamil Nadu Newsprint and Papers Limited, a well performing public sector undertaking has embarked upon an expansion at a cost of Rs.1,000 crores. On completion in June, 2010, the paper production capacity of this plant will go up from 2.55 lakh tonnes to 4 lakh tonnes per annum.

### **Micro, Small and Medium Enterprises**

55. With a view to encouraging micro, small and medium enterprises, for the first time in our country, this Government has come out with a separate policy for these industries. A provision of Rs.30 crores has been made in this Budget for providing capital subsidy to the micro, small and medium enterprises being established in industrially backward blocks in the State as per this policy. In addition, a sum of Rs.10 crores has been allocated for value added tax (VAT) refund concession.

## Information Technology

56. This Government is taking all efforts to make Tamil Nadu a leading state in our country in Information Technology and to enable the people living in all parts of the State to realize benefits of this growth. This Government has announced a new Information Technology Policy providing various concessions to IT companies. **The Information Technology Park being established at a cost of Rs.380 crores at Coimbatore will be completed by coming September.** Necessary steps are being taken to establish Information Technology Parks in Madurai, Trichy, Tirunelveli, Salem and Vellore. Due to these efforts, software export from our state has increased to 28,490 crores in 2007-2008 from 13,615 crores in 2005-2006.

57. By consolidating all basic information and statistics of various departments and providing the same together with all other services through Internet, a State Data Centre is being set up at a cost of Rs.56 crores. Tamil Nadu only holds the distinction of being the first state in the entire country to establish a State Wide Area Network. Under this Wide Area Network district, revenue divisional, taluk and block headquarters have been connected to the State capital.

58. Under the scheme for providing free colour televisions, one of the promises in the Election Manifesto of this Government, 1,04,42,500 colour television sets have been ordered to be procured in a transparent manner in four phases and are being distributed. **A sum of Rs.500 crores has been allocated in the coming financial year for distribution of**

**25 lakh colour televisions to the remaining families having no colour television.**

### **Development of Roads**

59. Bearing in mind that good quality road facilities are essential for day to day use of the public as well as for overall economic growth, this Government is implementing improvement works by allocating more funds for road development and maintenance in the last three years. During the period of 5 years from 2001 to 2006, road development works to the tune of Rs.4,328 crores and road maintenance works to the tune of Rs.1,534 crores were undertaken. In comparison, I would like to inform that during last three years alone, funds have been allocated to the tune of Rs.6,617 crores for road development works and to the tune of Rs.2,503 crores for road maintenance.

60. After this Government assumed charge, development of 45,943 Km of roads has been undertaken so far. 4,730 Km of roads have been widened as double lane roads. In addition to this, 551 minor and major bridges have been constructed at a cost of Rs.577 crores. **A sum of Rs.3,087 has crores been provided for the capital expenditure on road development and bridge works and a sum of Rs.880 crores has been provided for road maintenance works for the financial year 2009-2010. Utilizing these allocations, besides developing 12,500 Km of roads, about 1,000 Km of roads will be converted into double lane roads and 194 major and minor bridges will be completed.**



61. You are all aware that during the previous tenures of DMK Government, many major bridges like Anna Fly over at Chennai, two level bridge at Tirunelveli, three level bridge at Coimbatore and bridges across Cauvery at Kulithalai and Thirumanur were constructed. **Similarly, in the last three years, this Government has sanctioned a construction of many major railway overbridges at a cost of Rs.1,730 crores. A sum of Rs.400 crores has been provided for these works.**

62. Under Tamil Nadu Road Sector Project, road upgradation works, construction of bypass roads and enhanced road maintenance works are being undertaken in different parts of the State at a cost of Rs.2,442 crores, with the assistance from World Bank. **Upgradation works for the two major components of this project, namely, Arcot-Tiruvannamalai-Vridhachalam-Tiruvarur road and Nagapattinam-Ramanathapuram- Thoothukudi stretch of the East Coast Road will be completed in the coming financial year. The remaining stretch of the East Coast Road from Thoothukudi to Kanyakumari spanning 120 Km will be widened and upgraded as double lane road at an estimated cost of Rs.190 crores. This work will be taken up in the coming financial year.**

63. **Having regard to the development of suburban areas of Chennai City and increasing traffic congestion, this Government has decided to build Outer Ring Road connecting major national highways, namely, Chennai-Trichy highway, Chennai-Bengaluru highway and Chennai-Kolkata**

highway. In the first phase of this project, works for constructing the 30 Km long road between Vandalur-Nazarathpet-Nemilicheri will be taken up at a cost of Rs.858 crores in the coming financial year. A sum of Rs.100 crores has been allocated for this work in this Budget.

### **Electricity**

64. Considering the fact that there has been significant increase in the power requirement of the State and that it is likely to increase further in future, this Government is implementing projects for installing additional power generation capacity in our state. Works for establishing power stations of 600 MW capacity at Mettur and 1200 MW capacity in North Chennai are under progress. Works for establishing 1600 MW capacity power station at Udangudi in Thoothukudi district in joint venture with Bharat Heavy Electricals Ltd (BHEL) will commence soon. In the coming financial year, the power generation capacity of Tamil Nadu will increase to 11,533 MW on commissioning of Koodankulam Atomic Power Plant and expansion project of Neyveli Lignite Corporation.

65. The facility for online payment of electricity bill enabling the consumers in Chennai City to pay the bills through internet has commenced in this financial year. **In the coming financial year, steps will be taken to extend this facility to other parts of the State. 11,284 transformers and 45,911 km of electric lines will be newly laid at a cost of Rs.447 crores and about 5.5 lakh rural households will be electrified under Rajiv Gandhi rural electrification scheme.** A sum of Rs.1,251 crores has been allocated in the Budget towards free

connections to huts and places of worship and subsidized connections for homes and local bodies.

### **Transport**

66. After this Government assumed charge, in the last three years, 9,248 new buses have been purchased by State Transport Undertakings and put into use. A sum of Rs.729 crores has been provided as assistance for the Government to the State Transport Undertakings for purchasing these buses. **In the coming financial year, another 3,500 new buses will be purchased with the assistance of the State Government as well as the Union Government under the Jawaharlal Nehru National Urban Renewal Mission.** A sum of Rs.250 crores has been allocated in this Budget as financial assistance by the State Government for this purpose.

### **Municipal Administration**

67. Tamil Nadu is the most urbanized state in the country. Having regard to this fact, this Government is according high priority for the development of infrastructure in urban areas. Under the Jawaharlal Nehru National Urban Renewal Mission, which is being jointly implemented by the Union and State Governments and the local bodies, 223 projects to the tune of Rs.8,364 crores have been sanctioned so far and works are underway. In addition, under the World Bank aided Tamil Nadu Urban Development Project –III, 98 projects are being implemented at a cost of Rs.1,374 crores.

68. With a view to ensuring that local bodies are able to mobilize adequate financial resources for taking up necessary infrastructural development works in urban areas, financial assistance of Rs.345 crores from Japan International Cooperation Agency and Rs.500 crores from KfW, a German funding agency has been obtained and 11 projects to the tune of Rs.732 crores have been sanctioned. A sum of Rs.170 crores has been allocated in this Budget for this purpose.

69. As per the decision of this Government to implement underground sewerage schemes in all municipalities in the State, in the first phase, these works have been completed in six district headquarters and steps have been taken to implement this scheme in other district headquarters also. In the next phase, these works will be taken up in other important municipalities. **Underground sewerage schemes will be taken up during the next financial year in Karaikudi, Sattur, Mannargudi, Pollachi, Kodaikanal, Periyakulam, Palani, Keelakarai, Sivakasi and Melur municipalities at a cost of Rs.408 crores.**

70. Under the Anaithu Peruratchi Anna Marumalarchi Thittam works at an estimated cost of Rs.140 crores have been taken up in 280 Town panchayats so far. **In the coming financial year, works will be taken up in another 140 Town panchayats at a cost of Rs.70 crores.**

### **Metro Rail Project**

71. **On account of tireless efforts of this Government, project approval and financial sanction has been received for the Chennai Metro Rail Project from the**

Union Government as well as Japan International Co-operation Agency (JICA) within a very short period of time as compared to other Metro projects being implemented in India. This major project will be implemented solely through a public sector company, 'Chennai Metro Rail Limited'. Out of the total allocation of Rs.14,600 crores for this project, Rs.11,680 crores will be the share of the State Government and Rs.2,920 crores will be the share of the Union Government. Out of the State Government's share, Rs.8,646 crores will be received as loan from JICA and Rs.3,034 crores will be met from Tamil Nadu Government's funds. For this project, a provision of Rs.600 crores has been made as State Government's share in this Budget.

72. Tenders for the first work of the Metro Rail Project, namely the viaduct from Koyambedu to Ashok Nagar has been finalized. Nevertheless, as announced in the Governor's address, the investigation for linking Thiruvottiyur under this project is to be taken up shortly. Foundation stone for this project will be laid by the Hon'ble Chief Minister Kalaignar soon.

### **Drinking Water**

73. As announced in the last Budget, out of 10,255 rural habitations to be provided with protected drinking water supply in the year 2008-2009, drinking water supply has been provided to 6,092 habitations so far. Remaining works will be completed within this financial year. **In addition, protected drinking water supply will be provided to 8,000 rural habitations at a cost of Rs.700 crores in the coming financial year.** In the current

financial year, works for 30 combined water supply schemes and water supply improvement schemes for 45 towns will be completed. **Besides, 30 combined water supply schemes and drinking water improvement schemes for 50 towns will be undertaken in the coming financial year.**

74. Financial assistance for Hogenakkal Combined Water Supply Scheme estimated to cost Rs.1,330 crores has been obtained from Japan International Co-operation Agency. As announced earlier, this scheme will be commissioned within the stipulated time. A sum of Rs.200 crores has been allocated for this scheme in this Budget. **Works for the Ramanathapuram Combined Water Supply Scheme, envisaged for addressing the drinking water needs of dry areas of Ramanathapuram, Sivagangai and Pudukkottai districts at an estimated cost of Rs.616 crores, will be completed by April this year.** Totally, an unprecedented sum of Rs.1,064 crores has been allocated for water supply schemes.

## Housing

75. Under Indira Awas Yojana, the Union Government had enhanced the unit cost per house from Rs.25,000 to Rs.35,000 last year. In this, the share of Union Government is Rs.26,250. In addition to the State Government's share of Rs.8,750, the subsidy provided by the State Government for concrete roofing has also been enhanced from Rs.12,000 to Rs.20,000 by this Government. Thus, the share of the Union Government is Rs.26,250 and the share of the State Government is Rs.28,750 in the total cost of house constructed under this scheme. 70,000 houses are being constructed this year in rural

areas at a cost of Rs.55,000 per house. **With the objective of providing permanent houses to the larger number of poor people, in the coming financial year an unprecedented number of 1,35,000 concrete houses will be constructed in rural areas at a cost of Rs.742 crores. The share of Union Government in this great compassionate scheme is Rs.354 crores. A sum of Rs.390 crores has been allocated in this Budget as State Government's share.**

76. Under the Jawaharlal Nehru National Urban Renewal Mission, 1,05,373 concrete houses and multistoreyed tenements are being constructed. **In the coming financial year, under the Integrated Housing and Slum Development Programme 21,000 new houses will be additionally constructed in urban areas at a cost of Rs.441 crores.**

### **Rural Development**

77. This Government is committed to entrust additional responsibilities and provide necessary powers to the local bodies for enabling them to improve basic amenities and play their due role in development of the State. In this regard, all necessary actions have been taken as per the recommendations of a High Level Committee headed by Hon'ble Minister for Rural Development and Local Administration.

78. Under Anaithu Grama Anna Marumalarchi Thittam, a unique achievement of this Government, basic amenities and developmental works have been undertaken in 7,585 village panchayats at a cost of Rs.1,524 crores in the past three years. **A sum of Rs.509 crores has been allocated for this scheme in**

**the Budget 2009-2010. Under this scheme, basic infrastructure will be improved in 2,511 more village panchayats in the coming financial year.**

79. The roads in village panchayats, where the Anaithu Grama Anna Marumalarchi Thittam is implemented , are being improved with the financial assistance from NABARD. Under this, sanction has been accorded and works are underway for improvement of roads in 5,000 village panchayats at a cost of Rs.884 crores. **In the coming financial year, roads in 2500 more village panchayats will be improved at a cost of Rs.401 crores. A sum of Rs.350 crores has been allocated for these road improvement works in this Budget.**

80. The “Namakku naame thittam” which enables people to choose the development schemes required by them and get them executed through their contribution has been revived by this Government. 3,333 works have been taken up under this scheme so far. A provision of Rs.50 crores has been made as Government’s contribution in this Budget.

81. As announced by the Hon’ble Chief Minister Kalaingar that 95 Samathuvapurams with Thanthai Periyar’s statue will be established over a period of three years to spread his ideals of equality, 29 Samathuvapurams are being established. **In the coming financial year 29 more samathuvapurams will be established. A sum of Rs.75 crores has been allocated in this Budget for this purpose.**

82. Tamil Nadu is a frontline state in implementing the National Rural Employment Guarantee Scheme (NREGS), the



flagship scheme of United Progressive Alliance (UPA) Government under the leadership of Honourable Prime Minister Thiru Manmohan Singh and Tmt.Sonia Gandhi. Prompt disbursement of wages to the beneficiaries and ensuring minimum wages to all those working under the scheme have been acclaimed widely. It is a matter of great satisfaction to note that three districts of Tamil Nadu, namely Dindigul, Sivagangai and Cuddalore find place among 22 districts at the National level selected for best performance under this scheme. A sum of Rs.1,412 crores has been disbursed as wages so far under this scheme which has greatly benefited the downtrodden Adi dravidars and poor women in our society. **This scheme will be implemented in all the districts at an outlay of Rs.1,750 crores in the coming financial year.**

83. **As announced by this Government while accepting the recommendations of the Third State Finance Commission the devolution of funds to local bodies will be increased from the present 9 % to 9.5 % in the coming financial year. Due to this, local bodies will additionally receive Rs.187 crores in the coming financial year.** A sum of Rs.6,241 crores has been provided in the current financial year to local bodies in the form of devolution, assigned revenue and schematic assistance. In the coming financial year, this will be increased to Rs.6,928 crores. Hon'ble Members may note that including expenditure incurred by the Government for providing basic services relating to primary education, water supply and public health on behalf of the local bodies, the total amount incurred by the State Government as direct financial assistance to local bodies and towards expenditure incurred by the State

Government for the functions to be discharged by these bodies account for about 31% of the State's own tax revenue.

### **REVENUE ADMINISTRATION**

84. Under the existing system of land revenue collection, which has been in vogue for a long period, Local Cess, Local Cess Surcharge and Water Cess are being collected along with the land revenue. As this tax serves as proof of possession of farmers over their land holdings, hereafter only a nominal sum shall be levied as 'Land Revenue'.. By simplifying the present cumbersome system, land revenue of Rs.2 per acre of dry land as against an average levy of Rs.15 per acre at present and Rs.5 per acre of wet land as against an average levy of Rs.50 per acre at present, shall be levied from the coming fasli year. Farmers shall not be burdened with any other levy such as Local Cess and Local Cess Surcharge. About 50 lakh farmers will benefit from this measure.

85. As announced by this Government earlier, works are under progress for construction of buildings and quarters required for revenue department at a cost of Rs.45 crores. For these works, in the coming financial year, Rs.34 crores has been allocated. Totally, the allocation for revenue department has increased to Rs.2,416 crores in this Budget.

### **Welfare of women**

86. With a view to enabling pregnant women to have adequate nutrition, this Government is implementing

Dr.Muthulakshmi Reddy Memorial Maternity Assistance Scheme providing Rs.6,000 as maternity assistance to them. Having regard to the fact that pregnant women face difficulties in getting income certificate as per the earlier guidelines, this Government has ordered that they can get maternity assistance based on the recommendations of the village health nurse even without the income certificate. Under this scheme, so far 10 lakhs mothers have been benefited. **A sum of Rs.250 crores has been allocated for this scheme to benefit over 4 lakh mothers in the coming financial year.**

87. After this Government assumed charge, besides reviving Moovalur Ramamirtham Ammaiyar Memorial Marriage Assistance Scheme, the assistance amount has been doubled from Rs.10,000/- to Rs.20,000/- . About two lakh poor girls have been benefited from this scheme so far which has been lighting up the lives of poor girls. **A sum of Rs.150 crores has been allocated in this Budget to enable 75,000 poor girls to benefit under this scheme in the coming financial year.**

88. With a view to helping women belonging to poor and middle income families, this Government has launched a scheme for distributing free gas stove and connection to those who do not have the same. Free gas stoves and gas connections have been given to 10,84,866 families under the scheme so far. **A sum of Rs.140 crores has been allocated in this Budget to provide 6 lakh gas stoves and connections in the coming financial year.**

89. The Self Help Group movement started by this Government in the year 1989, has spread like a banyan tree and

grown into a mammoth movement in our State with 62 lakh members in 3,91,000 self help groups. Among these 2,74,000 groups are functioning in rural areas and 1,17,000 groups are functioning in urban areas. In order to encourage them, besides giving revolving funds to urban self help groups for the first time in our State, revolving fund is also being given to all eligible self help groups at a cost of Rs.150 crores. In this context, it has been brought to this Government's notice that many women belonging to poor families are yet to join and benefit from this movement. **In order to enable all women living below poverty line to join and benefit from the self help group movement, it has been estimated that one lakh more new self help groups need to be formed in our State. For this to happen in the next 2 years, 50,000 new self help groups will be formed in 2009-2010 and another 50,000 new self help groups will be formed in 2010-2011. After this is accomplished, Tamil Nadu will have the distinction of enrolling all women living below poverty line in Self help group movement.**

90. This Government has realized that self help groups that are members of Panchayat Level Federation (PLF) could easily avail bank loan and take up beneficial economic activities. Therefore, this Government has established PLFs and has been providing necessary assistance and skill upgradation training in the past three years. **With a view to encouraging these federations further, 1,000 best performing Panchayat Level Federations will be selected and Rs.one lakh each will be given to them as incentive. A sum of Rs.10 crores has been allocated for this purpose in this Budget.**

### **Welfare of Elderly and Destitutes**

91. Soon after assuming charge, this Government has increased monthly assistance given to elderly and destitutes from Rs.200 to Rs.400. Further, the Indira Gandhi National Old age Pension Scheme for all old aged persons living below poverty line is also being effectively implemented jointly with Union Government. Under these schemes 7,39,541 elders and 7,90,041 destitutes are getting benefited. Due to the benefits extended by this Government in the past three years, expenditure on pension to old aged persons and destitute will increase to Rs.911 crores in the year 2009-2010 as against Rs.303 crores in 2005-06.

92. **National Centre for Geriatrics Research, having facilities for providing necessary special treatment to elderly and undertaking research regarding old age ailments, will be established at Kalaingar Karunanidhi Nagar at a cost of Rs.112 crores with the assistance from the Union Government.**

### **Welfare of the Disabled**

93. This Government has enacted an Act and established a separate welfare board thereby facilitating continuous flow of various benefits to the disabled. The monthly assistance for disabled has been increased from Rs.200 to Rs.400 and the monthly assistance for severely disabled has been increased from Rs.200 to Rs.500, benefiting 10,000 disabled. Besides this monthly assistance of Rs.500 is being given to those affected by Muscular Dystrophy. **In the coming**

**financial year motor fitted sewing machines will be given free of cost to enable disabled persons get self employment.** For providing various benefits to the disabled, a sum of Rs.75 crores has been allocated in this Budget.

### **Welfare of Mentally Challenged persons**

94. By removing restriction as to number of beneficiaries and income limit for providing assistance to the mentally challenged persons who are not even able to take care of themselves, about 20,000 mentally challenged persons from our state are getting Rs.500 as monthly assistance. Financial assistance is being given to Non-Governmental Organizations for providing early intervention training and imparting basic education to them through special schools.

### **Welfare of Transgenders**

95. With a view to alleviating the sufferings of the transgendered, this Government has established a separate welfare board and is providing various benefits such as family cards and employment training. Besides this, assistance is being provided to them to start a business either individually or by forming a self help group. **Group houses will be constructed for the transgendered without housing at an estimated cost of Rs.one crore in the coming financial year.**

### **Welfare of Weavers**

96. In order to provide additional employment opportunities to handloom weavers, scheme for the distribution of dhotis and sarees to poor people on the eve of the Pongal festival

will be continued in the coming year also. A sum of Rs.256 crores has been allocated in this Budget for this purpose. In addition to establishing a separate welfare board for handloom weavers, pension for elderly weavers has been increased from Rs.200 to Rs.400.

97. The scheme of this Government for providing free power supply to handloom and power loom weavers will continue without any impediment. In addition to this, interest subsidy to weavers co-operative societies has been revived and interest rate has been reduced from 12% to 8%. A sum of Rs.90 crores has been allocated for these schemes.

### **Welfare of Fishermen**

98. This Government has special concern for the welfare of fishermen. This Government is implementing the scheme for providing financial assistance to the fisherman families who have gone missing while fishing and the scheme of providing assistance to fisherman families during the period of ban on fishing in the sea. A sum of Rs.42 crores is allocated in this Budget for these schemes and for providing relief during monsoon periods.

99. 37,947 bicycles and 1,20,306 life saving jackets have been provided to Tsunami affected fishermen. In addition to this, a sum of Rs.30 crores has been provided for improvement works of fishing harbours and fish landing centres. **Besides, a new fishing harbour will be established at Thengaipatnam in Kanyakumari district at a cost of Rs.40 crores.**

### **Welfare of Handicraft Workers**

100. This Government is providing various benefits to handicraft workers by establishing a separate welfare board for them. **With a view to providing good quality raw materials to them at fair prices to make handicrafts, a raw materials bank will be established at Swamimalai.**

### **Welfare of Small Traders**

101. This Government has issued credit cards and organized small traders into Self help groups and enabled them to avail loan from co-operative banks. **This Government will establish a separate welfare board for small traders like hawkers, those selling goods either on pavements or by carrying them in baskets or in carts and petty shopkeepers.**

### **Welfare of Journalists**

102. This Government has enhanced the pension of retired journalists and the family pension of their families. In addition, by providing Rs.one crore, this Government has ensured that journalists suffering from severe ailments get financial assistance for treatment from journalists welfare fund. The working journalists have been allotted house sites at Chennai, Vellore, Trichy, Dindigul and Salem at concessional rates. In addition, their other requests will be examined and necessary assistance granted.



### **Welfare of Unorganized Labourers**

103. By reviving the welfare boards established by this Government during 1996-2001, which were abolished subsequently, 39 lakh members have been registered and welfare benefits are being provided to them. Unorganised labourers have received assistance to the tune of Rs.105 crores so far through these boards, functioning under Labour Welfare department. A sum of Rs.30 crores has been allocated in this Budget as the financial assistance of the Government for this purpose.

### **Welfare of Palm Workers**

104. This Government has provided financial assistance to palm artisans for purchasing tools and has established a separate welfare board for them. A Neera chilling plant will be provided to Neera Sales Centre at Sayalgudi in Ramanathapuram district In the coming financial year.

### **Adi Dravidar and Tribal Welfare**

105. The quality of life and the socio-economic condition of Adi-dravidar and Tribal youth will improve only if they receive education and skill upgradation training and get proper employment. Having regard to this aspect, by allocating Rs.25 crores annually during the past two years as State Governments special financial assistance, skill upgradation training programmes, special coaching to succeed in various national level competitive exams are imparted to these youth. A sum of

Rs.25 crores has been allocated for this scheme in the coming financial year 2009-2010 also.

106. By enhancing the income ceiling for availing State Government education scholarship from Rs.50,000 to Rs.1 lakh, a sum of Rs.177 crores have been disbursed as scholarship to three lakh Adi-draavidar and tribal students in the current year. **Own buildings will be constructed for 25 hostels which are functioning in private buildings at a cost of Rs.12.5 crores.**

107. A scheme for providing basic amenities to the Adi-draavidar habitations is being implemented at a cost of Rs.111 crores with the financial assistance from NABARD. A sum of Rs.61 crores has been allocated for this purpose in this Budget.

### **Welfare of Sanitary Workers**

108. Having regard to the fact that special concessions are required for the development of Arundhatiars who are most backward among the Adi-draavidars, on the recommendation of an one man commission headed by Justice M.S.Janarthanam constituted to examine the need for separate reservation, this Government has decided to implement 3 percent reservation for Arundhatiars within the overall reservation for Adi-draavidars. **A Bill for this purpose will be introduced during this Budget session itself.**

109. In addition to providing welfare benefits to those engaged in cleaning and sanitary work by establishing a separate welfare board for them, this Government is implementing a rehabilitation scheme at a cost of Rs.22 crores for helping those

engaged in manual scavenging earlier, to take up alternative employment. **In order to eliminate the need for these workers to work inside sewer lines, desilting machines at a cost of Rs.6.3 crores will be purchased for Chennai Corporation and 9 other Municipalities.**

110. Schemes are being implemented for the development of Adi-draavidar and Tribal communities through separate allocations in the divisible plan schemes of State Government under Scheduled Caste Sub-plan. I am happy to announce that the allocation under Scheduled Caste Sub-plan has been increased to Rs.2,615 crores in the financial year 2009-2010 as against that of Rs.567 crores in the year 2005-2006.

### **Welfare of Backward Classes, Most Backward classes and Denotified Communities**

111. This Government has enhanced ceiling on the annual income of parents from Rs.50,000 to Rs.1 lakh, for enabling the students of Backward, Most backward and Denotified Communities to avail scholarships. A sum of Rs.82 crores has been allocated in this Budget for the purpose of scholarship to these students. Moreover, last year this Government has increased the monthly food allowance for School students and college students staying in the hostels to Rs.450 and Rs.550 respectively. 66,652 students have benefited on account of this measure. **With a view to helping these students belonging to poor families, own buildings will be constructed for 25 hostels which are functioning in private buildings at a cost of Rs.12.5 crores.**

112. This Government is implementing the scheme for imparting skill development training to youth of Backward, Most backward and Denotified communities to enable them to get proper employment. **Under this scheme, 10,000 more youth will be trained in the coming financial year. A sum of Rs.10 crores is allocated for this purpose in this Budget.** Overall, a sum of Rs.435 crores has been allocated to Backward, Most backward and denotified communities department in ensuing financial year.

### **Minorities Welfare**

113. In addition to providing 3.5 percentage reservation in employment to the Muslim minorities who are socio-economically and educationally backward, in order to pay special attention to minorities development, this Government has created a separate Directorate for Minorities. Training has been imparted to youth numbering 8,000 under the scheme of skill upgradation training that enables youth from minority communities get employment. **In the coming financial year, loans to the tune of Rs.30 crores will be disbursed to 10,000 persons belonging to minority communities through Tamil Nadu Minorities Economic Development Corporation. In addition, a separate welfare board for Ulemas and other employees will be established for the welfare of Ulemas and other employees serving in mosques, darghas and madarasas in the State.**

### **Welfare of Children**

114. This Government is providing eggs and banana for those who do not eat eggs, thrice a week for 73 lakh children in

Tamil Nadu who take noon meal under the nutritious meal scheme. With a view to protecting employees cooking food and the children from smoke, under the scheme of modernization of kitchens, gas stove and pressure cooker are being provided to 1,850 nutritious meal centres and 5,940 child centres at a cost of Rs.805 lakhs, during the past three years. **In the coming financial year, these items will be provided to 350 nutritious meal centres and 2,000 child centres at a cost of Rs.224 lakhs.** Overall, a sum of Rs.830 crores has been allocated for Noon meal scheme.

115. With a view to enabling more number of beneficiaries avail benefit under the Integrated Child Development Scheme (ICDS) which aims at providing nutritious food to children, pregnant women and adolescent girls, this Government has established 1,539 new child centres and 3,168 mini-centres. 73 lakh children are being benefited under the scheme for providing eggs to the children who take food in schools and child centres. A sum of Rs.176 crores is allocated in this Budget for this scheme.

### **Tamil Development**

116. The success of the tireless efforts of the Hon'ble Chief Minister Kalaignar in ensuring students studying in all schools in Tamil Nadu learn Tamil language, making the Union Government declare Tamil language as a classical language and establishing Central Institute for research in Classical Tamil at Chennai, is a matter of satisfaction and happiness to all of us. This Government will leave no stone unturned for making Tamil one of the official languages of the Union Government and a

language of transaction in all proceedings of the Madras High Court.

117. With a view to ensuring that the views and thoughts of great Tamil Savants who dedicated their lives to the Tamil language, benefits not only the present but future generations also, the Tamil Nadu Government is implementing the scheme of nationalization of books of Tamil scholars. The books of 95 Tamil scholars have been nationalized by the State Government so far. Out of these, the works of 87 scholars have been nationalized by the DMK Government. After assuming charge by this Government in 2006 the works of 65 Tamil scholars including that of Parithimar Kalaignar, Pulavar Kuzhanthai, Muthamizh Kavalan K.A.P.Viswantham, Ilakkuvanar, Prof.Vellaivaranar, Dr.R.P.Sethupillai and Va. Suba. Manickam have been nationalised and solatium of Rs.4.86 crores have been given to their legal heirs. **In continuation of this, this year books of 28 Tamil scholars namely Kuzhanthi Kavignar Ala.Valliappa, Kaviarasu Kannadhasan, Prof.Viayapuri Pillai, Pandithamani M.Kathiresan Chettiar, M.Raghavaiyengar, Pammal Sambandanar, A.Chidambaranathan Chettiar, M.S.Poornalingam Pillai, T.M.Baskara Thondaiman, Palur Kannappa Mudaliar, Raya.Chockalinganar, Dr.M.Varadharajanar, Dr.S.Akathiyalingam, Pavalar N.R.Natchiappan, Puliyur Kesikan, Writer Chandilyan, Writer V.M.Kothainayaki, Chinna Annamalai, Poovai S.Arumugam, N.V.Kalaimani, Kavingnar Murugusundaram, Pulavar T.Kovendan, Writer Sundara Ramasamy, Tirukural Mani, A.K.Navaneetha Krishnan, Lakshmi, Vaduvor Duriasamy Iyengar, Jamathagni and J.R.Rangaraju will be nationalised**

**and solatium will be given to their legal heirs having regard to the number of books written by them, their social impact and their literary value.**

### **Tourism**

118. Several important tourist spots in Tamil Nadu are being improved during the last three years at a cost of Rs.67 crores. Improvement works have been undertaken in Madurai, Kanyakumari, Thanjavur, Tiruvarangam, Yelagiri, Rameswaram, Sappthavidangal, The Nilgiris, Kodaikanal, Kovai Kuttralam, Mudumalai, Anaimalai, Chettinadu, Puliyancholai and Vellore Fort. Besides, works at a cost of Rs.29 crores are being undertaken in Tharangampadi, Pazhaverkadu, Kolli hills, Mamallapuram, Courtallam, Thiruchendur and Hogenakkal. **In the coming financial year tourist spots like, Valparai, Grand Anicut, Yercaud, Tiruvanaikaval, Srivilliputhur, Sikkal, Velankanni and Nagore will be improved.** In addition, a provision of Rs.10 crores is allocated in this Budget for improving the roads leading to important tourist centres.

### **Forest and Environment**

119. With a view to improving the forest area in Tamil Nadu, the Tamil Nadu Afforestation Programme is being implemented at a cost of Rs.567 crores with the financial assistance from Japan Bank for International Co-operation. **Under this project, afforestation programmes at a cost of Rs.63 crores will be taken up in the coming financial year. Under this, 450 checkdams and 150 recharge pools will be formed.**

120. The scheme for growing trees in private lands, implemented by this Government during the last two years has received good response from the farmers of Tamil Nadu. **With a view to increasing the forest cover in the State, one crore saplings will be planted in the coming year under this scheme. A sum of Rs.10 crores is allocated in this Budget for this purpose.**

### **Hindu Religious and Charitable Endowments**

121. By upholding the principle of equality that qualified persons from all castes amongst Hindus can be Archakas, this Government has realized the dream of Thanthai Periyar. Six Archaka Training centres have been started and 207 students belonging to all castes have completed their one year training. This Government will take necessary steps to enable them work as Archakas in temples.

### **Sports and Youth Welfare**

122. All village panchayats have been provided with sports materials at a cost of Rs.5 crores, during the past two years. **With a view to enabling talented sports persons to get proper training, a new synthetic atheletic track will be set up at Tirunelveli at a cost of Rs.300 lakhs. Moreover, a swimming pool of international standard will be constructed in Coimbatore district at a cost of Rs.175 lakhs.**

### **Welfare of Government Employees & Pensioners**

123. Soon after assuming charge, in addition to filling up vacant posts in many departments, this Government has restored



many benefits of Government employees that were taken away during the previous regime. By increasing the quantum of medical assistance for Government employees a new medical insurance scheme has been implemented with a view to benefiting not only the Government employees but also those working in the public sector undertakings, statutory boards, universities and local bodies. While only about 2,000 Government employees received medical assistance worth Rs.18 crores on an average annually under the previous medical assistance scheme, 19,311 employees have received medical treatment worth Rs.70 crores in first eight months alone under the new medical insurance scheme implemented by this Government. A provision of Rs.66 crores has been made for this scheme in this Budget.

124. An official level committee, appointed by this Government to examine the modalities of implementing 6th pay commission recommendations for state Government employees, has met various employee associations, received their representations and is currently examining them. In the meantime, this Government has ordered payment of interim arrears to the tune of Rs.4,247 crores to Government employees, the scale and magnitude of which has no parallel in any other state. **On receipt of the final report of the committee, the Government will examine and issue necessary orders to implement the revised pay scales at the earliest.**

125. Under the scheme for medical treatment to pensioners, in addition to providing Rs.24 crores in the past three

years to make up the shortfall in view of the contribution received from them being insufficient, the ceiling on medical reimbursement has been increased from Rs.50,000 to Rs. one lakh by this Government. **Accepting the long standing demand for inclusion of the spouse of the pensioner also under this scheme for the purpose of providing medical reimbursement, medical expenses incurred by them also will be reimbursed.**

### **Annual Plan**

126. The Eleventh Five Year Plan is being implemented with an outlay of Rs.85,344 crores from the year 2007-2008. Plan schemes have been implemented at an outlay of Rs.14,000 crores in the first year 2007-2008 and are being implemented at an outlay of Rs.16,000 crores during the year 2008-2009. **This outlay has been further increased and in the coming financial year 2009-2010, plan schemes are proposed to be implemented at an outlay of Rs.17,500 crores.**

### **Taxes**

127. The electricity tariff and bus fares have not been increased in the last three years. Moreover, in the last three Budgets, this Government has only announced reduction and exemption of Value Added Tax on various commodities. Similarly, for everyone's benefit, it is proposed to announce tax reductions and exemptions in this Budget as well. Having regard to the requests made by the representatives of the trading and manufacturing community in the pre-budget meeting conducted by the Government on 4.2.2009 as is the custom with this Government, the following tax concessions are being announced

for the benefit of consumers, traders and manufacturers in respect of Value Added Tax.

- Last year, the important cooking ingredients such as mustard, aniseed and fenugreek were exempt from levy of tax, for dealers having total turnover up to a limit. Now, pepper and cumin seed which are in the same category will also be granted exemption with the same condition.
- Sale of pulses, grams, peas and peas dhal are conditionally exempt from levy of tax. However, when these goods are purchased for use in the production of goods like flour, purchase tax is levied on these goods. To avoid this, pulses, grams, peas and peas dhal will be exempt from levy of purchase tax with effect from 1.1.2007.
- At present 12.5% tax is levied on hand-made steel trunk box. These goods will be exempt from levy of tax.
- Handmade tin containers will be exempt from levy of tax.
- The tax levied at 12.5% on branded ghee will be reduced to 4%.
- The tax levied at 12.5% on branded pickles will be reduced to 4%.
- The tax levied at 12.5% on hand-made iron safe will be reduced to 4%.
- The tax levied at 12.5% on dried grapes (Kismis) will be reduced to 4%.
- The tax levied at 12.5% on bleach liquid will be reduced to 4%.

- The tax levied at 12.5% on paper pin, safety pin, gem clip, identity card clip, examination board clip, rubber band and stapler pin will be reduced to 4%.
- The tax levied at 12.5% on I.T. products, namely, i-pod, MP3 and MP4 players will be reduced to 4%.
- The tax levied at 2% on the sale of sago and starch through Salem SAGOSERVE will be reduced to 1%.
- To enable brick manufacturers to pay tax in a simple manner, tax will be levied on the basis of number of kilns, at the option of the dealers.
- Manufacturers and traders whose turnover was below the threshold limit of Rs.5 lakhs and 10 lakhs, respectively, during the period from 1.1.2007 to 31.3.2007 have represented that they also may be given the benefits under VAT Act. Accepting their request, the assessment for the above period will be made under Tamil Nadu Value Added Tax Act (TNVAT Act) treating the total turnover for the year 2006-2007, including the turnover under TNGST Act, from 1.4.2006 to 31.12.2006 as annual total turnover under TNVAT Act. This assessment will be made only on dealers who have collected VAT during the above period. Due to this, about 10,000 small manufacturers and traders will be benefited.
- Necessary amendments will be brought relating to the provisions of Tamil Nadu Value Added Tax Act, 2006 and its rules in order to further simplify and fine-tune the procedures. The details of such amendments will be

announced when the Demand for Grant of the Commercial Taxes Department is taken up.

The announcement of tax exemptions and reductions made now, will take effect from 1.4.2009. In the interest of the public, manufacturers and traders this Government announces these concessions even though these concessions will entail a loss of revenue of Rs.100 crores.

128. This Government had reduced the fee charged for outdoor shooting for the benefit of the film industry. In addition, with a view to rejuvenating the film industry by attracting more people to the Cinema halls, this Government had fully exempted the entertainment tax levied on Tamil films named in Tamil. **However, in spite of providing such concessions to this industry, in view of the fact that these benefits have not been passed on to the general public, this Government will constitute a committee to review these concessions.**

### **Overall Financial Position**

129. Hon'ble Speaker Sir, I will now present the details on the fiscal projections for the Budget Estimates for the year 2009-2010. The total revenue receipts of the Government for 2009-2010 are estimated at Rs.58,270.93 crores and the total revenue expenditure is estimated at Rs.59,295.28 crores. In addition, the total capital expenditure of the Government including net of loans and advances is projected at Rs.10,799.30 crores in the coming financial year.

130. Under the circumstances stated above, revenue deficit of the Government of Tamil Nadu is estimated to be

Rs.1,024.34 crores and the total fiscal deficit is estimated to be Rs.11,823.64 crores in the coming financial year. This situation of revenue deficit has arisen on account of declining trend in the growth of revenue receipts of the Government due to slowdown in country's economy, likely increase in salaries as per sixth pay commission recommendations and higher allocation for various welfare schemes. In spite of this, realising the fact that increasing the development expenditure of Government is the only way to protect the people belonging to the lowest strata of the society from getting affected due to the adverse impact of the difficult economic conditions prevailing in the country now and to continue to take the State on the path of development, this Government has ensured adequate allocation of funds for various schemes. The Hon'ble members may note that, even in this situation, the total fiscal deficit of the State is within the three percent of the Gross State Domestic Produce, as stipulated in the Tamil Nadu Fiscal Responsibility Act, 2003. Taking into account the net Public Account, the overall deficit will be Rs.6.36 crores. This deficit will be made good by economy in expenditure and better tax administration.

131. A plan of action for future has been indicated in the Medium Term Fiscal Plan given as annexure to the Budget Speech. I request that this may be taken as read as part of the Budget Speech. This Government will effectively adhere to the fiscal targets indicated in the Medium Term Fiscal Plan.

132. Dravida Munnetra Kazhagam - which was founded by Perarignar Anna, strengthened and has been in sustained and continuous existence since then – has assumed office on the

strength of the massive mandate given by the people of this State and has been formulating and implementing various schemes to bring prosperity and benefits, resulting in development of all sections of the society, especially the common man. The achievements of this Government during the last three years after coming to power for the fifth time, bearing testimony to this Government's endeavour to protect and nurture the treasures of language, art, tradition and culture of the ancient Tamil race, are abundant.

133. If one can recall the following list of accomplishments, it can be realized that, the thoughts and deeds of our Chief Minister Kalaignar constantly revolve around the downtrodden alone. Here are a few examples from the list of achievements:-

- 20 Kilograms of rice per month to 1.86 crore families at one rupee a kilogram.
- Rs.80 crores worth rice, dhal, jaggery etc., to 1.84 crore families as Pongal gift for celebrating Tamil festival of Pongal which has been declared as Tamil New Year.
- Waiver to the tune of Rs.7,000 crores of co-operative loan for 22,40,739 farm families.
- Opening of Uzhavar Sandhais numbering 117 with a facelift benefiting farmers and consumers.
- Financial assistance of Rs.104,97,44,000 to 3,74,357 families of unorganised labourers.
- Free colour television sets to 56,26,557 poor families at a cost of Rs.1,374,54,30,000 so far.

- Free gas stoves with connections to 11 lakh families at a cost of Rs.220 crores.
- 2,10,289 acres of land given free of cost to 1,75,159 poor landless agricultural labourers .
- Free house site pattas to 6,54,308 poor families.
- Eggs and bananas thrice a week to 73 lakh children and students.
- Waiver of special fees to over 50 lakh students studying in Tamil medium Government and aided schools and waiver of Government examination fees to students of 10<sup>th</sup> and 12<sup>th</sup> standards.
- Free bus passes to 24.82 lakh school children and concessional bus passes to 2.99 lakh college students.
- Rs.355.89 crores as marriage assistance for 2,14,189 poor girls.
- Rs.487.56 crores as financial assistance to 10,78,612 poor pregnant women.
- Free electricity to 1,42,369 handloom weavers, 1,05,182 power loom weavers and 2,39,511 farmers who obtained power connection under the self financing scheme.
- Assistance of Rs.176,15,30,604 to 3,53,488 educated unemployed youth.
- Employment to 3 lakh youth in Government and Government organizations.
- Financial assistance to 15,29,582 old aged persons and destitute widows at the rate of Rs.400 per month.



- Pay scales and pension to 2,12,981 noon meal workers.

134. During this three year period of administration by Kalaighnar, who gave the saying that, “Don’t forbid temple, forbid temple from turning into a tent of tyrants” to Tamil Nadu, 3072 temples have been renovated, repaired and restored by conducting Kudamuzhukku at a cost of Rs.65 crores. 2,790 works such as renovating old temple chariots, crafting new golden temple chariots and providing necessary facilities for the devotees have been carried out at a cost of Rs.257 crores. 46 ancient temples of historical importance are being renovated at an estimated cost of Rs.10 crores. Also justice has been done with the world famous Natarajar temple at Chidambaram coming into Government’s fold.

135. With a view to reminding the multiple facets of the ancient Tamil culture which came into existence along with the Moon, great Sun, Sky, Stars and the deep Sea and ensuring that the present and future generations remember and praise the scholars, political leaders, freedom fighters and literary figures right from Sangam poet Kaniyan Poongundranar, who before 2000 years had got measure of the world through his thoughts and reaching the pinnacle of humanity, declared that ‘Every place is our place and Everyone is our relative’ to Kumaran, the protector of the tri-colour – everlasting monuments have been established by this Government. Under this rule, the statues of Thyagi Arya alias Bashyam, Thyagi Sangaralinganar, Thyagi Shenbagaraman, Veeran Azhagumuthukon, S.S.Ramasamy Padayachiar, Thyagi Kakkan, Nadigar Thilagam Sivaji Ganesan – monuments and commemorative halls for Poolithevan,

Kattabomman, Sundaralingam, Viswanatha Das, Jeevanandham, Thillaiyadi Valliyammai, Mahakavi Bharathiyar, Annal Ambedkar, Mootharignar Rajaji, Namakkal Kavignar Ramalinganar, Udumalaiyar, Pattukkottaiyar – memorials for Maruthu Pandiyar, Pasumpon Thevar Thirumaganar, Thanthai Periyar, Perarignar Anna, Perunthalaivar Kamarajar, Periyavar Bakthavatsalam, Quid-e-Milleth, Makkal Thilagam M.G.R. (first memorial) – Omanthoorar Government Estate, Sir Pitti Thiyagarayar Auditorium and Kalaivanar Arangam – seven storeyed Silappathikaram memorial at Poompuhar, Valluvar Kottam at Chennai and the sky-high statue of the famous Saint Thiruvalluvar at Kanyakumari surrounded by seas - have been established, thus ensuring that Tamil Nadu will never forget them.

136. After Hon'ble Chief Minister Kalaignar gave his consent to the demand for installing the statue of the Kannada poet Sarvajna at Chennai, touched by this magnanimity, the Hon'ble Chief Minister of Karnataka has agreed to provide necessary cooperation to install the statue of Saint Thiruvalluvar at Bengaluru. Pursuant to this, I wish to inform with delight that the statues of Saint Thiruvalluvar and Poet Sarvajna will be installed shortly, thus fulfilling the dreams of Kannadigas living in Tamil Nadu and Tamils living in Karnataka. It is also the wish and objective of this Government that such cordial relationship between states should grow and prosper.

137. This Government which is working each and every day, with a view to realizing the dream of Puratchi Kavignar Bharathidasan –

“Crowds of Tamils like floods  
crowds of sterling heroes  
Though several forms  
Their heart beats as one.  
Malice cannot approach them  
When'll come the day  
when I watch in ecstasy  
At the world's bewilderment  
on watching this scene?”

has been carrying out great work with the support of the United Progressive Alliance Government and with the hope that the support of Tamil people will be always be available for achieving the prosperity of this state and every household, glory of the race and language, sustained religious harmony by adoring secularism and fulfillment of the unique thoughts of Anna and the exemplary endeavours of our Kalaignar.

138. I place the Budget for the year 2009-2010 before this house, conveying my heartfelt thanks to the Principal Secretary, Finance Thiru K. Gnanadesikan, IAS and other officials of all Government departments including Finance department who have worked tirelessly and co-operated to prepare this Budget.

**Vanakkam**

**K. Anbazhagan**

Minister for Finance

Chennai,  
17<sup>th</sup> February 2009  
Masi-5,  
Thiruvalluvar Aandu 2040

## **APPENDIX**

### **MEDIUM TERM FISCAL PLAN**

1. The State has enacted Tamil Nadu Fiscal Responsibility Act, 2003 which was subsequently amended to bring it in line with the requirements prescribed by the Twelfth Finance Commission. According to Section 3 (1) of this Act, the Government is required to place before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3 (2) of this Act requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like Revenue Deficit and Fiscal Deficit while clearly indicating the underlying assumptions made to arrive at those projections. In compliance of this Act, a Medium Term Fiscal Plan based on current fiscal trends and policy initiatives undertaken by the Government has been prepared with the projections for the period 2009 - 2012 and it is being placed before the Legislative Assembly. The Table which is appended sets out the Medium Term Fiscal Plan for the period 2009-2012.

#### ***Objectives***

2. The Fiscal Responsibility Act prescribes that Revenue Deficit must be fully eliminated by 2008-2009 and Fiscal Deficit as a percentage of Gross State Domestic Product (GSDP) must not exceed 3% and both should be maintained thereafter.

3. The Eleventh Five Year Plan for the period 2007-2012 aims at achieving an economic growth of 9% per annum. Tamil Nadu will implement the Eleventh Five Year Plan with a total outlay of Rs.85344 crores. The Medium Term Fiscal Plan has to include the resource requirements for fully funding this plan expenditure.

#### **Salient Features**

4. As a result of the proposed implementation of the Sixth Pay Commission recommendations, the increasing expenditure on the various existing and new welfare schemes implemented by this Government, and the slow down in revenue growth due to global slow down, the State will not be able to achieve the target of maintaining a revenue surplus but will still restrict its fiscal deficit to 3% of the States GSDP.
5. The Medium Term Fiscal Plan has also taken into the account the felt and likely impact of the economic slowdown. It recognises the fact that the when private investment is slowing down, governments need to step in by increasing public expenditure on infrastructure and social sectors which would in turn, protect the poor and boost demand in the economy and thus preserve the momentum of economic growth.
6. A revenue deficit of Rs.1024.14 crores is estimated for the year 2009-2010. This is only 1.7% of the overall revenue receipts for the year. Even this marginal deficit is expected to be transitory and the State is expected to again achieve revenue surplus in 2010-2011 and continue to be in

surplus position in 2011-2012 as well. However, in spite of the present heavy fiscal stress, the Fiscal Deficit in 2009-2010 as a percentage of GSDP will be 2.99% in the Budget Estimates 2009-2010 which is within the 3% limit fixed by the Act, and the Medium Term Fiscal Plan envisages that this ratio would be brought down to 2.73% during 2010-2011 and 2011-2012.

7. The State is prudently managing its contingent liabilities. The outstanding guarantees for each year have to be restricted at a level below 100% of the Total Revenue Receipts in the preceding year or below 10% of the GSDP whichever is lower. The outstanding guarantee as on 31.3.2008 was 11.8% of Total Revenue Receipts and 1.9% of GSDP. The outstanding risk weighted guarantee for each year has also to be kept at a level below 75% of the Total Revenue Receipts in the preceding year or 7.5% of GSDP whichever is lower. The outstanding risk weighted guarantee as on 31.3.2008 stood at 3.7% of Total Revenue Receipts and 0.6% of GSDP. It is proposed to restrict the issue of new guarantees and it will be ensured that the new guarantees are given only to productive and viable projects.
8. While substantially increasing the outlay on capital expenditure, sufficient provisions have also been made for maintenance of public assets as per the Twelfth Finance Commission recommendations.

## **Future Prospects**

### **Revenue Receipts**

#### **Share in Central Taxes**

9. Share in Central Taxes for the State has been estimated at Rs.9096.21 crores during 2009-2010. The fall in indirect tax revenue of the Union Government due to the general economic conditions and the various tax concessions given by it to provide stimulus to the economy has led to an adverse impact on the State's share in Central Taxes. This estimate is based on the Budget Estimates of Government of India for the year 2009-2010. Budget Estimates for 2009-2010 assumes a 12.5% growth over this low receipts and the same growth is projected for 2010-2011 and 2011-2012.

#### **State's Own Tax Revenues**

10. The Tax-GSDP ratio of the State is 9.8% and is one of the highest in the country. State's Own Tax Revenue is estimated at Rs.38,578 crores for 2009-2010. For the future years, the overall growth in the State's Own Tax Revenue has been assumed at 12.5%. The salient features of the major components of the State's Own Tax Revenue are discussed below.
11. The receipts under Commercial Taxes is estimated at Rs.24514.33 crores in the Budget Estimates 2009-2010. This takes into consideration a growth of only 10.9% over the Revised Estimates 2008-2009. A growth rate of 12.5% has been projected for the future years.

12. State Excise Receipts has been estimated at Rs.6565.55 crores during 2009-2010. This is 15% higher than the Revised Estimates 2008-2009. For the future years, 13% growth rate has been assumed.
13. The slow down in the real estate sector has affected the revenue from Stamp Duty. The Revised Estimates for 2008-2009 is lower than the Budget Estimates by Rs.459.08 crores. The Budget Estimate for 2009-2010 is Rs.5,093.99 crores which is only Rs.205 crores more than the Budget Estimate for 2008-2009. In the future years, receipts under this head has been projected at a growth rate of 12%.
14. The receipts from Taxes on Vehicles has been projected at Rs.1994.4 crores for the next year. For the future years, growth of 12% has been assumed.

#### ***Non-Tax Revenue***

15. Non-Tax Revenue is estimated at Rs.3404.27 crores in the Budget Estimates 2009-2010. The State's Own Non Tax Revenue contributes only 5.8% of Total Revenue Receipts and there is not much potential to increase this component as most of the user charges has been collected and retained by various agencies who are providing these services. Also, with a view to benefiting students, this Government has waived tuition and examination fees. The interest receipts also will show a declining trend in the coming years in view of reduced lending by the Government to various Public Sector Undertakings and Statutory Boards. Taking all these factors into



consideration, Non-Tax Revenue has been projected to grow at only 5% in the future years.

### **Grants-in- Aid from the Union Government**

16. The projections have been made taking into account various grants recommended by the Twelfth Finance Commission for local bodies, State specific needs, Calamity Relief Fund and Maintenance and other transfers from Union Government like Compensation for loss on account of VAT. The grants accruing on account of Externally Aided projects sanctioned before 1.4.2005 have also been reflected in the projection for receipts under Grants in Aid. Totally, this Grants-in-Aid from the Government of India has been estimated at Rs.7,192.66 crores in the Budget Estimates 2009-2010.

### **Revenue Expenditure**

17. The revenue expenditure during 2009-2010 is estimated at Rs.59,295.28 crores which shows a growth of 7% over Revised Estimates 2008-2009. This is mainly on account of filling up of vacant posts in various departments, additional expenditure for the implementation of new schemes of the Government and on account of higher expenditure on salaries and pensions due to Sixth Pay Commission Recommendations.
18. Salary and pension as a percentage of State's Own Tax Revenue will be 79% and the same as a percentage of State's Total Revenue Receipts will be 52%.

19. The Government will continuously monitor the sustainability of the debt stock and Medium Term Fiscal Plan envisages to keep the ratio of interest rates to Total Revenue Receipts below 15% as recommended by the Twelfth Finance Commission.

### **Outcomes**

20. The State has achieved all the targets as per FRBM Act in 2007-2008 and expect to do it in 2008-2009 also. Although the State faces a marginal revenue deficit in 2009-2010, it will achieve the overall fiscal deficit and all other targets and it is expected that the all fiscal targets will be achieved in the future years also. The Fiscal Responsibility Act will be suitably amended, if necessary.
21. While containing the Fiscal Deficit at below 3% level, a record capital outlay of Rs.10,071.89 crores is provided in the Budget Estimates 2009-2010.
22. The scope of social safety net has been vastly enlarged and the total outlay of social safety net has been increased to Rs.15519.63 crores in 2009-2010.
23. Provisions for maintenance of existing assets have been provided for as per the Twelfth Finance Commission recommendations. The outlays on Education, Nutrition and Health have been increased significantly. These outlays would be ensured during the future years also.
24. The State will achieve all the targets set under this Revised Medium Term Fiscal Plan which is presented now.

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**Table - Medium Term Fiscal Plan**

Rupees Crores in current prices

Feb 2009	2007-2008 Projection	2007-2008 Accounts	2008-2009 Projection	2008-2009 Revised Estimates	2009-2010 Projection	2009-2010 Budget Estimates	2010-2011 Projection	2011-2012 Projection
<b>Revenue</b>	<b>42906.60</b>	<b>47147.20</b>	<b>49288.85</b>	<b>55102.93</b>	<b>57316.66</b>	<b>57951.60</b>	<b>63419.01</b>	<b>70437.95</b>
<b>State's Own Revenues</b>	<b>32925.76</b>	<b>32550.16</b>	<b>37494.75</b>	<b>39858.86</b>	<b>41377.15</b>	<b>41662.72</b>	<b>46639.21</b>	<b>51141.18</b>
Tax	30387.04	29619.10	34706.77	34521.50	38129.51	38578.00	43400.25	47740.27
Non- Tax	2538.72	2931.06	2787.98	5337.37	3247.64	3084.72	3238.96	3400.91
<b>Central Transfer</b>	<b>9980.84</b>	<b>14597.04</b>	<b>11794.10</b>	<b>15244.06</b>	<b>15939.51</b>	<b>16288.87</b>	<b>16779.80</b>	<b>19296.77</b>
Shared Taxes	6808.85	8065.27	8475.31	8509.28	10921.14	9096.21	10233.24	11768.22
Grants	3171.99	6531.77	3318.79	6734.78	5018.37	7192.66	6546.56	7528.55
<b>Non- Interest Expenditures</b>	<b>44146.77</b>	<b>44760.03</b>	<b>51502.11</b>	<b>58312.48</b>	<b>62047.64</b>	<b>63440.56</b>	<b>69056.76</b>	<b>77480.21</b>
Salaries (including GIA for education)	13762.93	12157.99	17655.15	17556.27	19741.26	20858.14	21623.95	24292.07
Pensions & Retirement Benefits	5947.56	6018.75	7114.76	7992.19	9137.34	9788.74	10107.62	11348.81
Non- Wage O & M	4621.37	4514.62	4717.10	4548.68	5005.60	4176.67	4510.80	4916.77
Other Revenue Expenditures	9.32	6.13	9.31	11.35	8.27	6.73	7.13	7.56
Subsidies and Transfers	13173.95	13831.46	13892.75	18948.13	17103.71	17810.98	20482.63	22838.13
Capital Outlay	6431.64	7462.23	8333.04	8900.14	10497.67	10071.89	11582.67	13320.07
Net Lending	200.00	768.85	-220.00	355.72	553.79	727.41	741.96	756.80
<b>Fiscal Indicators</b>								
Primary Surplus (+)/ deficit (-)	<b>-1240.17</b>	<b>2387.17</b>	<b>-2213.26</b>	<b>-3209.56</b>	<b>-4730.98</b>	<b>-5488.96</b>	<b>-5637.75</b>	<b>-7042.26</b>
Interest Payments	5999.33	6072.75	5800.89	6038.57	6255.35	6334.47	6651.19	6983.75
Interest Payments / Total Revenue Receipts	13.98%	12.88%	11.77%	10.96%	10.91%	10.93%	10.49%	9.91%
Revenue Surplus (+)/Deficit(-)	<b>-607.86</b>	<b>4545.49</b>	<b>98.89</b>	<b>7.73</b>	<b>65.12</b>	<b>-1024.14</b>	<b>35.68</b>	<b>50.87</b>
Revenue Surplus(+) / Deficit(-) Over TRR %	-1.42%	9.64%	0.20%	0.01%	0.11%	-1.77%	0.06%	0.07%
Revenue Surplus(+) / Deficit(-) Over Fiscal Surplus(+)/Deficit(-)	8.40%	-123.33%	-1.23%	-0.08%	-0.59%	8.66%	-0.29%	-0.36%
Fiscal Surplus (+) / Deficit(-) (Adjusted) #	<b>-7239.50</b>	<b>-3685.59</b>	<b>-8014.15</b>	<b>-9248.13</b>	<b>-10986.33</b>	<b>-11823.43</b>	<b>-12288.95</b>	<b>-14026.01</b>
Fiscal Surplus (+) / Deficit(-) (Adjusted) over GSDP%	-2.68%	-1.22%	-2.58%	-2.65%	-2.96%	-2.99%	-2.73%	-2.73%
<b>Gross State Domestic Product (GSDP)</b>	<b>270181</b>	<b>302096</b>	<b>310757</b>	<b>348921</b>	<b>370943</b>	<b>395153</b>	<b>450474</b>	<b>513540</b>
<b>Consolidated Accounts *</b>								
<b>Consolidated Revenue Surplus(+)/ Deficit (-)</b>	<b>-1378.27</b>	<b>1047.87</b>	<b>-2079.12</b>	<b>-3526.94</b>	<b>-2112.88</b>	<b>-4050.61</b>	<b>-2531.32</b>	<b>-1825.13</b>
<b>Consolidated Fiscal Surplus (+) / Deficit (-)</b>	<b>-9634.91</b>	<b>-7369.37</b>	<b>-10445.98</b>	<b>-13070.52</b>	<b>-13959.87</b>	<b>-15106.36</b>	<b>-15124.44</b>	<b>-16580.35</b>
Consolidated Fiscal Surplus (+) / Deficit (-) over GSDP	-3.57%	-2.44%	-3.36%	-3.75%	-3.76%	-3.82%	-3.36%	-3.23%

\* This includes financial performance of the Tamil Nadu Electricity Board along with the State Budget.

# These Estimates and Actuals will not tally with the Finance Accounts and the Annual Financial Statement as these are adjusted numbers.