

**Speech of Thiru O. Panneerselvam, Hon'ble Minister for Finance, Government of Tamil Nadu, presenting the Budget for the year 2013-2014 to the Legislative Assembly on 21<sup>st</sup> March, 2013.**

**Hon'ble Speaker Sir,**

“தூங்காமை கல்வி துணிவுடமை இம்மூன்றும்  
நீங்கா நிலனாள் பவர்க்கு”

(குறள் 383)

*A sleepless promptitude, knowledge, decision strong  
These three for aye to rulers of the land belong. (Kural 383)*

In the words of the immortal poet Thiruvalluvar, diligence, learning and courage are the essential qualities of a good ruler. Apart from having these three qualities elucidated by the divine poet, our Hon'ble Chief Minister **Puratchi Thalaivi J Jayalithaa** is also the epitome of fearless determination, perseverance, timely action, generosity and profound wisdom. She has dedicated her life to the welfare of the people of Tamil Nadu and is working tirelessly for the development of the State. I rise to present to this august House the Budget Estimates for the year 2013-2014, with the blessings of our Hon'ble Chief Minister who is governing the State by considering the lives of our people as her own life and the welfare of our State as her only goal. This Government has taken over the mantle of the State administration for the third time under the dynamic leadership of the Hon'ble Chief Minister, with the promise to ensure “material progress with distributive justice”. It is my proud privilege to present

the third Budget of this Government, laying down the roadmap in fulfilment of that promise. I express my deepest gratitude to our Hon'ble Chief Minister for bestowing on me this opportunity.

2. Twenty two years after the constitution of the Cauvery Water Disputes Tribunal, the relentless efforts of our dauntless and sagacious Hon'ble Chief Minister have forced the Government of India to notify the final order of the Tribunal. The directions of the Hon'ble Supreme Court brought to an end the perfidious saga of denial of justice to Tamil Nadu by the Central Government by delaying the notification of the final order for six long years from 2007. This magnificent victory for the efforts taken by the Hon'ble Chief Minister in reasserting Tamil Nadu's rights in the Cauvery water dispute will go down in history as a glorious chapter, which will be cherished forever by generations to come.

*Fighting the Drought - Relief Measures and the Way Ahead*

3. The delayed and deficient monsoon and the non-release of Cauvery water by Karnataka have created a drought situation in the State. This resulted in substantial reduction in the area coverage and production of all major crops, particularly in the Cauvery Delta Area. Taking serious note of the low rainfall situation in the State, the Hon'ble Chief Minister declared all the districts of the State, except Chennai, as drought affected and ordered the waiver of land revenue. This has enabled the State to increase the eligibility for employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) up to 150 days

per annum per family and gave much needed relief to agricultural labour affected by the drought.

4. As part of the special relief package in the Cauvery Delta Area, the Hon'ble Chief Minister announced Rs.15,000 per acre as crop loss compensation and special compensation including advance against insurance payments to those farmers who had suffered more than 50% crop loss. As a special gesture, the Hon'ble Chief Minister ordered that the Government would bear the farmers' entire share of insurance premium in the Cauvery Delta Area this year. The total financial commitment to the State exchequer on account of the cash compensation package is Rs.541 crores. I wish to inform this august House that the cash relief has been disbursed directly into the bank accounts of over three lakh drought affected farmers in record time.

5. The Hon'ble Chief Minister has also announced that works worth Rs.1,517 crores under various schemes will be taken up in the Cauvery Delta Area, including the creation of 15,000 farm ponds under MGNREGS at a cost of Rs.181 crores. In order to manage the cattle feed and fodder shortage, Rs.17.85 crores has been sanctioned. A sum of Rs.37.25 crores has been sanctioned to augment drinking water supply. **Since the drought has affected the whole State, the Government is finalising a relief package for non delta districts also and this will be shortly announced by the Hon'ble Chief Minister.** A drought memorandum is being submitted to the Central Government.

## **THE ECONOMIC SCENARIO**

6. This Budget has been prepared against the backdrop of the gloomy national economic scenario, manifested in the form of poor economic growth and waning investor confidence. Revival of the country's economy is contingent upon better macroeconomic management and effective fiscal measures by the Union Government. It is regrettable that the recent Union Budget reveals absolutely no commitment on the part of the Union Government towards achieving the twin objectives of reversing the economic downtrend and of controlling inflation.

7. The State Government is already feeling the pinch of the economic slowdown as seen in a lower growth in Gross State Domestic Product (GSDP). The GSDP growth rate, according to the Advance Estimates for 2012-2013, is only 4.61% at constant prices. The severe drought and crop failure has hit us badly in the primary sector, which has ultimately affected service sector growth as well. The general economic slowdown in the national economy and shortage of power has hampered growth in the manufacturing sector.

8. However, undeterred by these adverse factors, this Government is committed to playing its destined role in steering the State's economy back to the path of accelerated inclusive growth. This Budget has been formulated as a part of this bold endeavour. Let me now detail the approach adopted in this Budget;

- i. Continued thrust on primary sector and infusion of more investment in storage and marketing infrastructure.
- ii. Speedy implementation of infrastructure projects and investing more funds in new projects for power, roads connectivity, etc.
- iii. Additional incentives to encourage balanced industrial growth in backward and most backward areas, particularly in Southern Tamil Nadu.
- iv. Special package for Micro, Small and Medium Enterprises (MSME) to boost employment generation and to revitalise industrial growth.
- v. Increased flow of funds to build quality urban infrastructure.
- vi. Infusion of more capital in urban housing to benefit Economically Weaker Sections (EWS) and the Lower Income Group (LIG).
- vii. Improvement of welfare schemes by ensuring better service delivery through better governance.
- viii. Thrust on poverty reduction and skill building for productive and high value jobs.
- ix. Strengthening the social security net to protect the destitute and the poor.
- x. Stepping up expenditure in social sectors like education, health and nutrition.

These strategies would be implemented along-side prudent fiscal management, without adding to the tax burden of the common man and by strict adherence to the Tamil Nadu Fiscal Responsibility Act, 2003.

## **ANNUAL PLAN**

9. The Twelfth Five Year Plan of the State seeks to make Tamil Nadu the *Numero Uno* State in all indicators of the Human Development Index. The core focus of the Twelfth Plan is on accelerated, sustainable and inclusive growth. The size of the total State Plan allocation during the Twelfth Plan period is pegged at Rs.2.11 lakh crores. The outcome of the entire planning process will be the eradication of poverty, creation of more and better job opportunities and overall improvement in the quality of life.

**10. The State will exceed the Annual Plan target of Rs.28,000 crores during 2012-2013 and the allocation has been increased to Rs.37,000 crores for 2013-2014. The plan allocation for the primary sector has been increased by 20.12%.**

## **LAW AND ORDER**

11. Over the last two years, the State has faced some serious issues like tension along the State borders due to the Mullai Periyar dam issue, protests against the Koodankulam Nuclear Power Plant, angst among farmers in the Cauvery Delta owing to the water shortage etc. However, both the wings of the Police machinery i.e. Law Enforcement

and Intelligence, effectively managed the situation and ensured the maintenance of peace and public order in the State.

12. The Anti-Land Grabbing Special Cells, constituted by this Government, have registered 1,673 cases and restored 2,734 acres of land, including more than 10.7 lakh sq. ft. area of house sites, worth Rs.1,137.66 crores, to the rightful owners. This Government did not allow any communal flare-up and kept the anti-social elements at bay. Under the effective protection of our brave and vigilant Police Force, the State continues to enjoy a peaceful and congenial environment, where people can live without fear and the economy can flourish.

13. This Government has substantially increased the strength of the Police Force, making the ratio of Police personnel per lakh of population in Tamil Nadu one of the best in the country. During 2012-2013, the Tamil Nadu Uniformed Services Recruitment Board (TNUSRB) has recruited 12,152 Police Constables, 377 Jail Warders and 791 Firemen. **The TNUSRB will further recruit 17,138 Police Constables, 1,091 Sub-Inspectors, 1,005 Firemen and 292 Jail Warders during 2013-2014.**

14. This Government has adequately equipped the Police Force to effectively deal with law and order. During 2012-2013, the Government has sanctioned Rs.27.07 crores for the construction of buildings for 60 Police Stations out of the 169 that are functioning in rented premises. **Rs.50 crores has been earmarked in the Budget Estimates**

**2013-2014 for the construction of buildings for the remaining 109 Police Stations. This will ensure that all the Police Stations in Tamil Nadu will hereafter function only from their own buildings.** The overall allocation for the Police Department has been increased from Rs.4,096.7 crores in 2012-2013 to Rs.4,706.17 crores in the Budget Estimates 2013-2014.

15. The bravery and commitment of our firemen have saved 3,796 lives and Rs.338 crores worth of property in 2012. This Government has enhanced the allocation for the Fire and Rescue Services Department from Rs.186.72 crores in 2012-2013 to Rs.208.48 crores in the Budget Estimates 2013-2014. Similarly, Rs.179.67 crores has been provided for the Prison Department.

16. In the past two years, a sum of Rs.162.13 crores had been sanctioned for improving the infrastructure required by the judiciary, for works like the construction of court buildings, residential quarters etc. It has been proposed to sanction Rs.148.49 crores more under the 13th Finance Commission grant for improving justice delivery during the period 2012-2013 to 2014-2015. In the Budget Estimates 2013-2014, a sum of Rs.695.28 crores has been provided for the Judiciary.

## **GOVERNANCE**

### *E-governance Initiatives*

17. As announced in the Governor's Address by the Governor of Tamil Nadu, the State will create the State Residents Data Hub (SRDH), as a unified data repository to service all departments. A pilot project will be implemented in Pudukottai District for disbursing scheme benefits such as social security pensions, marriage assistances, scholarships, public distribution system benefits, students tracking system, the Hon'ble Chief Minister's Comprehensive Health Insurance Scheme, free distribution of dhothis and sarees etc., in an Aadhaar enabled platform using SRDH. Thereafter, it will be upscaled to the entire State.

18. When this Government took over the reins of governance, the State administration was paralysed by the large scale vacancies in many departments. This Government took expeditious steps to fill up the vacancies. So far, 1,61,142 vacancies across various departments have been filled up. In co-operative societies and banks, 9,914 employees have been newly appointed. Similarly, in Public Sector Undertakings, 22,452 personnel have been newly appointed. All told, this Government has appointed 1,93,508 employees since May 2011, greatly relieving the stress on governance.

## **REVENUE ADMINISTRATION**

19. Efficient revenue administration ensures better maintenance of law and order, land administration and an efficient grievance redressal system. In the last two years, nine new taluks and one revenue sub-division were formed. The fast track patta transfer system introduced by this Government has helped to dispose of over 26 lakh cases so far. Thus, the overall pendency level has been brought down from 1,46,067 cases at the beginning of the scheme, to less than 33,000 cases now. During 2012-2013, up to February, 1.2 lakh house site pattas were distributed. **During 2013-2014, we will distribute 2 lakh house site pattas.**

## **POVERTY ALLEVIATION**

20. Systematic efforts are being made to eradicate poverty in both rural and urban areas. Apart from implementing wage employment and other welfare programmes, direct intervention for poverty reduction through social mobilisation and economic development is being done through the Pudu Vazhvu Project, a World Bank funded scheme. The Tamil Nadu State Rural Livelihood Mission (TNSRLM) is also being implemented in 60 blocks from 2012-2013 adopting the strategies of Pudu Vazhvu Project to eradicate rural poverty. This scheme is being implemented in phases in order to cover the entire State in due course. **In 2013-2014, 110 additional blocks will be covered.** A sum of Rs.350 crores has been provided for the Pudu Vazhvu Project and Rs.100 crores has been provided for

the Tamil Nadu State Rural Livelihood Mission during 2013-2014 as the State's share.

21. The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) for poverty alleviation in urban areas will be implemented with an outlay of Rs.99.73 crores during 2013-2014. In order to make an effective dent in urban poverty levels, the Tamil Nadu Urban Livelihood Mission (TNULM) was launched with an allocation of Rs.200 crores during 2012-2013. The TNULM converges all the programmes that target urban poverty and uses its allocation as gap funding. In 2013-2014 also, Rs.200 crores has been allocated for the TNULM.

22. The socio-economic survey to identify the Below Poverty Line (BPL) families in rural and urban areas, which would form the basis for all future poverty eradication initiatives, is currently in progress. I am confident that these co-ordinated efforts, through the family based intervention approach, would greatly reduce urban and rural poverty, thus realising the Hon'ble Chief Minister's vision of making Tamil Nadu a poverty free State.

## **YOUTH WELFARE AND EMPLOYMENT**

23. About 25% of Tamil Nadu's population is in the age group of 20 to 34 years. This young and energetic generation is the future of our State. These youth should be motivated and trained to take up self-employment or get employed in the service or manufacturing sectors. It is our duty to empower the youth through skill development to

channelize their talents, to increase their productivity and to prepare them to take up high value jobs.

24. Our thrust on skill building will continue through the State Skill Development Mission under the aegis of the Tamil Nadu Skill Development Corporation. **The allocation of Rs.75 crores for State Skill Development Mission will be stepped up to Rs.100 crores in the coming financial year. Rs.8 crores has also been earmarked for continuing the modular skill training.**

25. In order to make the training programme commensurate with the skill requirements of industry, the State will also explore the possibility of conducting training programmes with industry participation. The State will also seek funding and technical assistance from International Institutions in order to equip our youth with skills of world standards, thus making them globally competitive.

26. Special efforts will continue for promoting self-employment opportunities for youth through the entrepreneurship development programme. **A sum of Rs.5 crores has been provided to the Entrepreneurship Development Institute for the training of youth in 2013-2014.**

## **INFRASTRUCTURE**

### *Aiming high- The Vision 2023, Volume II*

27. In order to achieve higher growth in the economy, this Government will give a thrust to several key

infrastructure projects by ensuring substantial capital infusion. Keeping a time horizon of two Five Year Plans in mind, the second volume of the Vision 2023 Document, with a shelf of key infrastructure projects, has been approved by the Tamil Nadu Infrastructure Development Board in its first meeting chaired by the Hon'ble Chief Minister. The Vision 2023 Document envisages a total investment of Rs.15 lakh crores during the next ten years. This includes Rs.1,27,250 crores in the agriculture and irrigation sector, Rs.2,59,000 crores for urban infrastructure, Rs.60,120 crores for the development of human capital and Rs.3,65,927 crores for the transport sector. It is projected that by 2023, 60% of the investment in infrastructure will come from the private sector. The Tamil Nadu Infrastructure Development Act, Rules and Regulations, along with the Tamil Nadu Transparency in Tenders (Public Private Partnership Procurement) Rules, which have all been put in place in the current year, provide a clear policy and procedural frame work for speedy infrastructure development in the State. **An allocation of Rs.2,000 crores for the Infrastructure Development Fund and Rs.200 crores for the Project Preparation Fund have been provided in the Budget Estimates 2013-2014.**

## **THE PRIMARY SECTOR**

### **AGRICULTURE**

28. The overall allocation for the primary sector has been increased to Rs.17,220.89 crores in the Budget Estimates 2013-2014. **The allocation for agriculture has been increased to Rs.5,189.15 crores during 2013-2014,**

**over the current year's allocation of Rs.4,829.93 crores, which is the highest ever allocation for the sector.**

29. During the past two years, this Government has laid a strong foundation for ushering the State into a second green revolution by enhancing agricultural productivity. This Government will continue to adopt strategies for increasing farmers income through the dissemination of better cultivation practices and front end technology; enhancement of farm productivity through mixed farming and integrated farming; adoption of water conservation measures like use of micro irrigation system; spread of farm mechanisation to small and marginal holdings; and integration of agricultural markets and promoting post-harvest management and processing.

*The National Agriculture Development Programme (NADP)*

30. Tamil Nadu got the approval for Rs.669 crores under the NADP during 2012-2013. This is the highest allocation ever received by the State. Rs.700 crores has been provided in the Budget Estimates 2013-2014 under this scheme. **In order to make extension services more effective, the highly successful initiative of conducting Uzhavar Peruvizha will be continued in 2013-2014 at a cost of Rs.46 crores under the NADP. To improve the productivity of crops, an additional area of 5 lakh acres of paddy cultivation would be brought under the System of Rice Intensification (SRI).** The System of Pulse Intensification and Sustainable Sugarcane Initiatives will be promoted in a big way. Dry land agricultural production

will be stabilised at a cost of Rs.24 crores under the NADP. A special thrust will be given for farm mechanisation.

*Timely, Adequate and Quality Inputs*

31. Timely availability of inputs like quality seeds and fertilisers is important to achieve higher productivity. An annual seed plan has been prepared to popularize High Yielding Varieties and to improve the seed replacement ratio. Rs.161.62 crores has been provided in the Budget Estimates 2013-2014 for production and distribution of quality seeds for various crops. In order to ensure timely availability of fertilisers in general and phosphatic fertilisers like DAP in particular, an amount of Rs.150 crores is provided as a revolving fund to the Tamil Nadu Co-operative Marketing Federation (TANFED).

*Horticulture- The Way Ahead*

32. The allocation for the National Horticulture Mission (NHM) will be Rs.140 crores in 2013-2014 and Rs.21 crores has been provided as the State's share in the Budget Estimates 2013-2014. **In the coming financial year, a special focus will be given to increasing the area under vegetable cultivation to 8.2 lakh acres from the existing 7.25 lakh acres.**

33. A special project to integrate markets handling perishable commodities with village production clusters will be implemented by dovetailing the NADP and the NHM funds. New and innovative technologies like precision farming, protected cultivation practices like shade net cultivation,

polyhouses etc. will be encouraged. As announced, the project to promote vegetable cultivation in peri-metro areas will be implemented at a cost of Rs.34 crores. This will reduce the gap between farm gate price and consumer price besides reducing wastage.

34. Liquid fertilisers are an essential pre-requisite for advancing precision farming technology with fertigation. **For procuring, storing and distribution of liquid fertilisers, and thereby ensuring their timely availability throughout the cropping cycle, the Government has provided a sum of Rs.50 crores as a revolving fund in the Budget Estimates 2013-2014.**

*Supporting Infrastructure in Agriculture*

35. The lack of adequate storage facilities, market information and access to markets, forces the farmers to resort to distress sale of their produce. **Infrastructure facilities would be upgraded in select agricultural markets and they will be functionally integrated at a cost of Rs.15 crores using the NADP funds. These markets would also be integrated with commodity exchanges like MCX and NCDEX.** Together, these initiatives would reduce wastage and improve sharing of market intelligence. Strengthening the post-harvest and processing facilities will stabilise prices of agricultural commodities, particularly of perishables. **Rs.20 crores has been allocated for promoting agro processing industries under the National Mission for Food Processing.** We will continue our efforts to augment the warehousing capacity.

Weather Risk Mitigation

36. In order to overcome the uncertainties of the weather, the strategy in agriculture should necessarily include risk identification, anticipation and mitigation. The Government has adopted a multi-pronged approach to deal with various risks like drought, flood, erratic and uneven rainfall etc. The Government will strive to attain 100% crop insurance coverage. During 2013-2014, Rs.42.95 crores has been allocated as the State Government's share for crop insurance schemes.

37. Water conservation and management through drip irrigation will be given a major thrust. **Funds under the National Mission on Micro Irrigation, National Food Security Mission, NHM and other schemes will be dovetailed with State funds for covering 1.30 lakh acres of cultivated land under micro irrigation at a total cost of Rs.520 crores during 2013-2014.** The existing ceiling of one acre for availing of the benefit under micro irrigation schemes for small and marginal farmers will be removed. **Farmers will be provided vouchers and given the full freedom to choose quality suppliers.** Subsidy will be released into the farmer's bank account and the amount will be disbursed to the supplier company only after satisfactory installation, as confirmed by the farmer's voucher and third party inspection report.

## **CO-OPERATION**

### *Timely and Adequate Credit Facilities*

38. The importance of timely credit availability in boosting agricultural production cannot be under-estimated. In the current financial year, Rs.3,720 crores has been disbursed as crop loans by the co-operatives up to February 2013. The Annual Credit Plan target for the disbursement of crop loans has been set at Rs.39,135 crores for the financial year 2013-2014. **The crop loan target under the Co-operative Sector will be stepped up from the present level of Rs.4,000 crores to Rs.4,500 crores in the coming financial year.**

39. Farmers who promptly repay loans are being extended interest-free crop loans through the co-operatives. A sum of Rs.160 crores is provided in the Budget Estimates 2013-2014 towards the interest subvention support for crop loan.

40. Over the last two years, godown infrastructure of the co-operatives was strengthened substantially. So far, 2,270 godowns have been taken up with 2.85 lakh MT capacity at a total cost of Rs.237.02 crores. This has ensured that most of the Primary Agricultural Co-operative Societies have been provided with at least 100 MT capacity godowns to extend produce-pledge loans to the farmers.

41. As already promised, elections to the co-operatives have been notified. Elections will be conducted

for 22,532 co-operative institutions in four phases and the process has already commenced. This will ensure the realisation of the goal of democratising the co-operative institutions

## **ANIMAL HUSBANDRY**

42. Animal Husbandry provides an opportunity to the farmers to earn sustainable income. This Government has given unprecedented importance to this sector. In the Budget Estimates 2013-2014, this Government has allocated Rs.1,082.64 crores for this sector, which is 240% higher than the 2010-2011 allocation.

### *The Second White Revolution*

43. The pioneering scheme of distributing free milch animals, sheep and goats is completing two successful years. So far, 24,000 milch cows and 10 lakh sheep and goats have been distributed across the State. Continuing the success story, **during 2013-2014, 12,000 milch cows and six lakh sheep and goats will be distributed to 1.5 lakh poor women. A sum of Rs.250 crores has been provided for this purpose.**

44. Since this Government assumed office, the Fodder Augmentation Scheme has successfully brought over 50,000 acres under green fodder cultivation. **The scheme would be continued in 2013-2014, with an enhanced allocation of Rs.25 crores and tree fodder will also be promoted.**

Encouraging Infrastructure

45. With a view to ushering in a second white revolution, this Government has sanctioned Rs.235 crores for strengthening veterinary infrastructure. In the last two years, construction, renovation and repairs to nearly 1,500 veterinary institutions have been taken up and 585 sub centres have been upgraded as veterinary dispensaries. Further, 303 Livestock Inspectors have been newly recruited. As announced, two new veterinary colleges have already been started in Tirunelveli and Orathanadu.

**46. During 2013-2014, another 100 veterinary sub-centres will be upgraded into veterinary dispensaries. This Government will take up construction of buildings for 450 veterinary dispensaries at a cost of Rs.115 crores during 2013-2014. A sum of Rs.25 crores has been provided for further renovation of existing veterinary dispensaries and hospitals during 2013-2014.**

Performance of Aavin

47. As a result of the efforts of the Government in the dairy sector, the milk procurement by the District Co-operative Milk Producers Unions has reached a high level of 27.14 lakh litres per day during the peak season. We will continue our efforts to upgrade the facilities in the Milk Unions as well as the Chennai Metro Dairies to create higher milk processing capacity. The Erode cattle feed plant will be

revived at a cost of Rs.14 crores in order to supply quality feed through the milk societies.

#### Poultry Development

48. The Institute of Poultry Production and Management is being established at Hosur at a cost of Rs.45.96 crores. Our efforts to popularise poultry in non-traditional areas have started yielding positive results. During 2013-2014, Rs.25 crores will be set apart to promote poultry in non-traditional areas.

### **FISHERIES**

#### Fishermen Welfare

49. In order to ameliorate the condition of the fisherfolk and to bring prosperity to their lives, the Government has taken many effective initiatives, such as providing relief assistance of Rs.4,000 per family during the lean fishing season, increasing the fishing ban relief amount from Rs.1,000 to Rs.2,000 and the provision of subsidised fuel. In the Budget Estimates 2013-2014, this Government has provided Rs.200 crores for the above welfare schemes.

**50. In order to promote deep sea fishing, the existing 25% subsidy will be enhanced to 50% to fishermen for procuring new tuna long-liners and a sum of Rs.30 crores will be set apart for this purpose. I hope this will slowly wean away our fishermen from unsustainable trawler fishing in shallow waters to sustainable deep sea fishing.**

### Infrastructure Development

51. In the last two years, this Government has taken up several infrastructure projects to strengthen the Fisheries sector. Works relating to 23 fish landing centres and 4 fishing harbours at a total cost of Rs.245 crores are in progress. Fishing harbours are being upgraded at Cuddalore, Pazhayar, Nagapattinam and Thoothukudi.

52. **During 2013-2014, a modernised fish landing centre will be developed in Mudasalodai in Cuddalore District at a cost of Rs.7.78 crores. Two fish processing parks will be established at Ramanathapuram and Thiruvallur districts in the coming financial year through Public Private Partnership. Further, works to stabilise bar mouths at Nagoor and Parangipettai will be taken up during 2013-2014 at a cost of Rs.10 crores each to enable the safe passage of boats across the shallow bar mouths.** A sum of Rs.467.44 crores has been provided in the Budget Estimates 2013-2014 for the Fisheries sector.

### **FOOD SECURITY**

#### A Model Universal Public Distribution System

53. This Government will continue to implement the Universal Public Distribution System (PDS) irrespective of the outcome of the Food Security Bill proposed by the Central Government. In order to ensure food availability to all and thereby, to eradicate hunger from the State, the Government

is providing free rice to all rice card holders from June 2011 onwards. This Government is also supplying tur dhal, urad dhal and palm oil at subsidised prices under the special Public Distribution System so as to insulate the poor from the increasing prices of essential commodities. **A sum of Rs.4,900 crores has been provided in the Budget Estimates 2013-2014 for food subsidy.**

54. Seven rice mills under the control of the Tamil Nadu Civil Supplies Corporation (TNCSC) have already been modernised at a cost of Rs.26.27 crores so as to ensure good quality rice in the PDS. **In 2013-2014, the TNCSC would modernise seven more rice mills at a cost of Rs.32.6 crores.** This is expected to improve the efficiency of the Modern Rice Mills (MRM) and the quality of rice hulled by these mills.

#### Price Control Measures

55. Inflationary trends in the prices of essential commodities are mainly due to the faulty macroeconomic policies and fuel pricing policies of the Union Government. Incessant increase in petrol and diesel prices has impacted the price of primary goods. This Government is taking the following measures to control prices of essential commodities.

- i. This Government is distributing tur dhal and urad dhal at Rs.30/kg and palm oil at Rs.25 per litre through PDS outlets. **This scheme will be further extended up to 31.3.2014.**

- ii. This Government has already constituted a Price Stabilisation Fund of Rs.50 crores for procuring and distributing essential commodities at cost price in emergent situations. **This Government will increase the size of this fund to Rs.100 crores.**
- iii. **This Government will also off-load one lakh MT of rice in the open market for sales at Rs.20 per kg through Amudham, the co-operatives and special outlets to control the price of rice.**
- iv. **To control vegetable prices, farm fresh consumer outlets will be opened in urban areas by the co-operatives and the Horticulture Department, linking farmers to consumers directly.**

## **IRRIGATION**

56. Tamil Nadu, being a lower riparian State, needs a comprehensive strategy for the conservation of both surface and ground water resources. Considering the importance of irrigation for the State's agriculture, a substantial allocation of Rs.3,314.50 crores has been made in the Budget Estimates 2013-2014.

57. Having got the final order of the Cauvery Water Disputes Tribunal notified, this Government is now taking immediate steps to have the Cauvery Management Board and the Cauvery Water Regulation Committee constituted. This Government has moved the Supreme Court in this regard on 18.3.2013 praying for a direction to the Central Government

to form the Cauvery Management Board and the Cauvery Water Regulation Committee without further delay. This will ensure that from this year onwards, Karnataka can be compelled to release the due share of Cauvery water to Tamil Nadu in time.

*Conserving Every Drop of Water*

58. As announced by the Hon'ble Chief Minister, rehabilitation works in 36,000 irrigation tanks and water bodies have already started. Out of these, 13,699 tanks fall under the control of the Public Works Department (PWD) and the remaining are under the control of the Panchayat Unions. Storage capacity of 5,894 PWD tanks has already been augmented under the Irrigated Agriculture Modernisation and Water Resource Management (IAMWARM) project and other schemes. The Minor Irrigation tanks under Panchayat Unions are being improved with MGNREGS funds. **Similarly, 176 works for the rehabilitation of traditional water bodies at a cost of Rs.50 crores will be taken up in 2013-2014.**

59. This Government has already proposed the Cauvery Delta Area Improvement Scheme costing Rs.1,560 crores to the Asian Development Bank to mitigate the impact of climate change. The project components include reconstruction of tail end regulators and improvement of drainage channels in the Cauvery Delta Area.

*Rehabilitation of Major Dams*

60. The project agreement for implementing the Dam Rehabilitation and Improvement Project (DRIP) has already

been signed with the World Bank. Out of the total project cost of Rs.745.49 crores, a sum of Rs.390 crores has been provided in the Budget Estimates 2013-2014 to take up dam rehabilitation works.

*Intra State River Linkage*

61. Even while the State has been urging the Central Government to take up major inter-state river linkage projects, our State has gone ahead with its own intra-state river linking schemes. The works for the Thamiraparani-Karumeniar-Nambiar link and the Cauvery-Gundar link with the Kattalai Barrage are in progress and Rs.156.44 crores has been allocated in the Budget 2013-2014 for these ambitious initiatives of the State Government. **We will initiate necessary action for the early commencement of the third intra state river linkage scheme; the Pennaiyar-Palar Link project.**

**ENVIRONMENT AND FORESTS**

62. Amidst rapid urbanisation and industrial growth, the State needs to take special efforts to protect its forests and the environment. The allocation for the Environment and Forest department has been increased to Rs.880.69 crores during 2013-2014, which is 15.89% higher than 2012-2013.

63. To increase the green cover of the State and to promote soil and moisture conservation in dry areas, 64 lakh tree saplings were planted during 2011-2012 commemorating the 64<sup>th</sup> birthday of our Hon'ble Chief Minister. During

2012-2013, this noble initiative has been implemented at a cost of Rs.43.55 crores. **We will continue this scheme in 2013-2014 also, by planting 65 lakh tree saplings.**

*Restoration of Chennai Rivers and Waterways*

64. The Cooum, Adyar and Kosasthalaiyar rivers, the Buckingham Canal along with other smaller canals for a total length of 214 kilometres (kms) and 42 water bodies in the Chennai Metropolitan Area are highly degraded at present due to severe pollution. The State is committed to the restoration of the ecological health of these waterways and water bodies. **The eco-restoration of these rivers and water bodies involves upstream treatment, desiltation, plugging of polluting outfalls, sewage treatment, scientific solid waste management, embankment protection and development of walkways and parks. As these works will be cost intensive, it is proposed to access external funding to implement a special project. This project will be implemented under the aegis of the Chennai Rivers Restoration Trust (CRRT).**

65. The Japanese International Co-operation Agency (JICA) aided Tamil Nadu Bio-diversity Conservation and Greening Project will be continued in 2013-2014 and Rs.50 crores has been allocated for this scheme. In 2012-2013, covering degraded forest areas across the State, the Government has undertaken a Water Conservation and Canopy Improvement Programme at a cost of Rs.50 crores under NABARD assistance. **During 2013-2014, this scheme**

**will be further expanded with an additional allocation of Rs.50 crores.**

*Environment Protection Fund*

**66. A sum of Rs.100 crores was allocated for the Environment Protection Fund (EPF) during 2012-2013, for laying roads using plastic waste. In 2013-2014, Rs.100 crores is again being provided to this fund.**

**INDUSTRIES**

67. Tamil Nadu has emerged as a manufacturing power house in the country. Apart from automobiles, chemicals, petro chemicals, food processing and electronics, the State has also emerged as a major player in newer horizons like software and bio-technology. The manufacturing sector of the State contributes 10% of the country's total manufacturing capacity.

**68. This Government will create a land bank of 25000 acres through SIPCOT to attract more industries to the State. A new ship building yard will be established in Thoothukudi by the Tamil Nadu Industrial Development Corporation (TIDCO) under Public-Private Partnership.**

69. In 2013-2014, the Government will give a push to the development of the Madurai-Thoothukudi Industrial Corridor. The project proposes to create four manufacturing regions, one agri-business region, two business investment regions, a special tourism zone, one rural tourism hub and one

knowledge hub. This will attract Rs.1,90,000 crores of industrial investment over a period of 10 years. **A special package of incentives for encouraging investments for the development of the industrially backward districts of southern Tamil Nadu will be announced soon.** This is expected to attract more investments facilitating economic development and creating more jobs in the southern region.

*The Tamil Nadu Investment Promotion Programme (TNIPP)*

**70. The Tamil Nadu Investment Promotion Programme with the assistance of JICA, will commence during 2013-2014. The TNIPP aims at easing some bottlenecks faced by the investors, mainly by policy changes and by correcting infrastructural inadequacies. This will facilitate the investment flow of around Rs.770 crores for investment in small and medium infrastructure projects over three years.**

**MICRO, SMALL AND MEDIUM ENTERPRISES**

71. Micro, Small and Medium Enterprises contribute immensely to the growth of the State economy through employment creation, increasing industrial production and exports. These enterprises are essential to provide ancillary linkages to the major industries and to stabilise growth in the manufacturing sector. **This Government has decided to offer a special package of support from 2013-2014, to stimulate and revitalise the Micro, Small and Medium Enterprises sector. This package will be unveiled soon.**

*The New Entrepreneur Cum Enterprise Development Scheme*

72. The New Entrepreneur cum Enterprise Development Scheme (NEEDS) is being implemented from 2012-2013. Under this scheme, the Government provides 25% capital subsidy on investments besides training and consultancy support. In the Budget Estimates 2013-2014, Rs.100 crores has been allocated for the NEED Scheme and 50% of this has been earmarked for women beneficiaries. Similarly, Rs.25 crores is allocated for the three percent Interest Subvention Programme to benefit MSME through the Tamil Nadu Industrial Investment Corporation (TIIC) and banks.

**INFORMATION TECHNOLOGY**

73. Tamil Nadu has good infrastructure and human resources for attracting IT investments. The IT parks developed by the State Government Undertakings in Chennai and tier-II cities namely Trichy, Coimbatore, Madurai, Tirunelveli, Hosur and Salem have created 18.5 lakh sq. ft. of office space. Efforts will be taken to invite companies for occupying the available space. **For promoting rural Business Process Outsourcing (BPO) centres, Rs.10 crores has been allocated in the Budget Estimates 2013-2014.**

## **HANDLOOM AND TEXTILES**

74. Under the scheme for Revival, Reform and Restructuring of the Handloom sector, Rs.97.83 crores, including the State's share of Rs.21.32 crores, was sanctioned during 2012-2013. This Government is also implementing the free saree and dhoti scheme to support the handloom and power loom weavers. **In 2013-2014, this Government will procure and distribute 1.72 crore dhoties and 1.73 crore sarees at a cost of Rs.362.80 crores.** Rs.78.45 crores has been provided in the Budget Estimates 2013-2014 as handloom rebate. Similarly, Rs.12 crores has been provided as rebate to the Khadi and Sarvodaya Societies.

## **HIGHWAYS**

75. The road network in Tamil Nadu is one of the longest in the country, with 4,974 km of National Highways, 10,764 km of State Highways and 46,279 km of Major and Other District Roads. Over the years, the vehicular traffic on these roads has increased manifold. **To cope with this increase in demand, the Government has enhanced the allocation for the Highways Department from Rs.5,615.71 crores in 2012-2013 to Rs.6,452.77 crores in 2013-2014.**

### *Ensuring Quality – Maintaining World Class Roads*

76. This Government is taking action to upgrade and strengthen the roads in a phased manner. **168 km of State Highways will be widened from intermediate lane to**

**double lane and 1,000 km of Major District Roads will be widened from single lane to intermediate lane during 2013-2014, under the Comprehensive Road Infrastructure Development Programme (CRIDP). Besides, 3,500 km of roads will also be further strengthened. An amount of Rs.2,032 crores has been allocated for the CRIDP in the Budget Estimates 2013-2014.**

77. In 2012-2013, this Government sanctioned 121 bridges at a cost of Rs.235 crores and rebuilding of 433.72 km of roads at a cost of Rs.211.60 crores with NABARD assistance. During 2013-2014, Rs.191.60 crores has been earmarked to undertake various road works and Rs.233 crores for bridge works with NABARD assistance. **The Performance Based Maintenance Contract (PBMC) model, being tried on pilot basis in Pollachi sub division, will be upscaled to other areas.**

78. Faster mobility demands more by-pass roads and city ring-roads. At present, construction of 28 by-pass roads and 3 ring roads at a cost of Rs.436.08 crores are in progress. **Work on four laning the East Coast Road from Chennai up to Mamallapuram will commence during 2013-2014.**

79. **Based on the recommendations of the Chennai City Traffic and Transportation Study (CTTS), four grade separators in Chennai City will be taken up for execution during 2013-2014 at a cost of Rs.271.68 crores. Similarly, work will be taken up for the construction of two flyovers at Kaalavasal and**

**Goripalayam in Madurai City, at a cost of Rs.130 crores during 2013-2014.**

Tamil Nadu Road Sector Project- Phase II

80. I am very happy to inform the House that, as announced in my previous Budget Speech, we have obtained the approval of the World Bank and the Government of India for the second phase of the Tamil Nadu Road Sector Project. This project would be the biggest externally aided project implemented by the State so far, at a total cost of Rs.8,580 crores and covering 1,678 km. The project will improve and develop road links having very high intensity traffic. These works will commence from 2013-2014.

The State Highways Development Authority

81. A new "Tamil Nadu State Highways Authority" will be established on the lines of the National Highways Authority of India and major State Highways will be entrusted to it so as to give more focused attention to their formation, quality maintenance and management, as per global standards.

**TRANSPORT**

82. Since its assumption of office, this Government has approved the procurement of 6,000 new buses at a cost of Rs.1,026 crores. Out of these, 2855 buses have already been put on road. This has drastically reduced the average age of the fleet. The kilometre per litre of fuel (KMPL) indicator has

also improved. As the accumulated losses of the State Transport Undertakings (STUs) are still very high, it is necessary to address this issue in a comprehensive way. **This Government has decided to constitute a High Level Expert Committee to suggest measures to improve the operational efficiency of various STUs.**

*Shouldering the Burden*

83. The unpleasant legacy of unbearable financial losses of STUs was reversed by this Government by an unavoidable fare revision. Unfortunately, the frequent hikes in diesel price and the unjust and regressive dual pricing policy of the Central Government on diesel have plunged the finances of STUs back into a crisis. This Government had provided Rs.200 crores during 2012-2013 to absorb the additional fuel costs of STUs without passing the burden to the common man. To compensate the STUs for these additional fuel costs, a sum of Rs.500 crores has been provided in the Budget Estimates 2013-2014.

*Integrated Urban Transport System*

84. Rapid urbanisation increases the need for a better, faster and more efficient transport system. Effective urban planning requires a combination of different modes of transport like buses, sub-urban trains, metro rail, mono rail and also new innovative systems like the Bus Rapid Transport System. **During 2013-2014, a study on the Multi Modal Transport Integration in Chennai City will be taken up**

**by this Government.** In the Budget Estimates, Rs.750 crores has been provided for Metro Rail.

## **ENERGY**

85. The Government is taking several steps to improve power supply in order to provide uninterrupted quality power to the consumers. NTPC-TANGEDCO Joint Venture Project Unit-I at Vallur has already been commissioned and the generation has been stabilised. The MTPS Stage-III (600 MW), NTPC-TANGEDCO Joint Venture Unit-II at Vallur and North Chennai Thermal Power Station Stage II, Unit-II have commenced trial production. North Chennai Thermal Power Station Stage-II, Unit-I (600 MW) will be commissioned in May 2013. The third unit (500 MW) of NTPC-TANGEDCO Joint Venture at Vallur will be commissioned in October, 2013. Two units of 500 MW each of NLC-TANGEDCO joint venture at Tuticorin are expected to be commissioned in December, 2013 and March, 2014 respectively. All these new projects are expected to give an additional generation of 3230 Mega Watt.

86. As already announced, works related to the newly launched power projects viz. Ennore extension for 660 MW, Ennore-SEZ for 2 x 660 MW and Udangudi for 2 x 660 MW at a total investment of Rs.21,000 crores will commence during 2013-2014. We will continue our efforts to launch new projects keeping in view future energy needs.

Renewable Energy- The New Horizon

87. Tamil Nadu has the highest installed renewable energy capacity in the country. 12.6% of the total electricity used by the State comes from wind alone. Tamil Nadu has also made pioneering efforts to establish bagasse based co-generation projects in co-operative sugar mills to generate 183 MW of power. These projects will be commissioned in 2013-2014. During the current financial year, the Government has sanctioned Rs.352 crores as short term loan to finance the co-generation plants in various sugar mills of the State.

88. In consonance with the Solar Energy Policy 2012, recently unveiled by the Hon'ble Chief Minister, the Tamil Nadu Generation and Distribution Company Ltd., (TANGEDCO) has invited bids to supply 1000 MW solar power through competitive bidding. About 226 MW has been tied up with the power generators under this bid. **Further, the existing Government buildings will be provided with solar installations at a cost of Rs.11.70 crores by earmarking Rs.5 lakhs out of the Member of Legislative Assembly Constituency Development Scheme (MLACDS) funds for each assembly constituency.**

The Financial Restructuring Plan

89. To ameliorate the adverse financial position of TANGEDCO, the Hon'ble Chief Minister has approved the Financial Restructuring Plan (FRP). **Under the FRP, 50% of Rs.12,211 crores of the short term liabilities of**

**TANGEDCO will be taken over by the State Government. Further, the cash loss will also be part-financed by the State from 2012-2013 onwards.**

90. When this Government assumed charge, TANGEDCO already had a debt of Rs.45,000 crores. Trapped in debt, the organization was left with few resources to take any initiative to augment its power sources. In order to rescue TANGEDCO from this severe financial crisis, this Government had given a total assistance of Rs.7,913.35 crores for the year 2011-2012. Rs.11,242 crores has been provided for TANGEDCO in the Revised Estimates 2012-2013. Besides, this Government has already provided guarantee to TANGEDCO to avail of loans from the Rural Electrification Corporation (REC) and the Power Finance Corporation (PFC) to the extent of Rs.10,000 crores. **During 2013-2014, the Government has allocated Rs.12,197 crores for TANGEDCO, which includes the enhanced power subsidy of Rs.5,197 crores.**

## **TOURISM**

91. A special tourism project, strengthening the infrastructure in selected tourism spots in the eastern tourism circuit and the southern tourism circuit, is being implemented with the financial support of the Asian Development Bank at a cost of Rs.450 crores from 2012-2013. **Under this project, infrastructure will be strengthened in select tourism centres at a cost of Rs.67.91 crores during 2013-2014. Further, State fund of Rs.10 crores will be used for publicity to popularise "Destination Tamil Nadu 2014"**

**during 2013-2014. Rs.153.95 crores has been provided for the Tourism sector in the Budget Estimates 2013-2014.**

92. **This Government will set up a world class oceanarium at Mamallapuram at a cost of Rs.250 crores through the Tamil Nadu Tourism Development Corporation under Public-Private-Partnership with the technical support of the Fisheries Department. A new Field Fossil Museum will be established at Ariyalur at a cost of Rs.2 crores.** These initiatives will further improve the tourism prospects in the State.

#### **TAMIL DEVELOPMENT**

93. This Government has allocated Rs.39.29 crores for the Tamil Development Department for the year 2013-2014. **A special grant of Rs.2 crores will be given to the Tamil University, Thanjavur, to improve the existing infrastructure.**

#### **HEALTH AND FAMILY WELFARE**

94. Tamil Nadu has maintained its lead in various health parameters and it has been commended at various fora for its extra-ordinary efforts in creating a vibrant public health care system with effective birth and death registration, immunization, basic maternity services and an excellent school health programme. Rs.6,511.76 crores has been allocated in the Budget Estimates 2013-2014 for the health sector.

95. The Dr. Muthulakshmi Reddy Memorial Maternity Assistance Scheme has greatly helped to increase ante-natal care registration and improve delivery levels in various Government health institutions. Tamil Nadu has registered 99.8% institutional deliveries, which is the highest in India. During 2012-2013, a total assistance of Rs.597.48 crores has been distributed to 6,23,795 beneficiaries under this scheme. For the year 2013-2014, a sum of Rs.720 crores has been allocated for this programme.

96. The Chief Minister's Comprehensive Health Insurance Scheme has benefited 2,84,228 persons to the extent of Rs.623.58 crores till now. For the coming year, an amount of Rs.750 crores has been provided in the Budget for this scheme.

97. The free pick up and drop back facilities made available through 108 ambulances and Government ambulances have benefited 6,40,000 persons including 1,59,899 ante-natal mothers and 15,365 sick neo-nates till now. Rs.77.59 crores has been allocated for this scheme in the Budget Estimates 2013-2014.

98. The National Rural Health Mission (NRHM), which focuses mainly on primary health care facilities, is being implemented from April 2005. It is targeted to cover each block with one 30 bedded upgraded PHC, with round the clock availability of doctors, operation theatre, blood storage centre, dental services etc. This Government has also started 135 urban PHCs during 2012-2013 to provide health care facilities

in urban areas. During 2013-2014, Rs.1,400 crores will be spent by the State Health Society to implement this scheme.

*Focus on Non-Communicable Diseases under TNHSP*

99. The World Bank assisted Tamil Nadu Health Systems Project (TNHSP) is being implemented in the State from January 2005. Under TNHSP, a major Non Communicable Disease (NCD) intervention programme for Screening and Treatment of Cervical Cancer and Breast Cancer, Prevention and Control Programme for Cardio Vascular Diseases and Diabetes has been taken up. In 125 hospitals, round the clock Comprehensive Emergency Obstetric and New born Care Services (CEMONC) have been established under this programme, besides establishing a web based Health Management Information System (HMIS) and Hospital Management System (HMS). Rs.117.93 crores has been allocated to implement TNHSP during 2013-2014.

100. Regional cancer centres have already been sanctioned to the Government Rajaji Hospital, Madurai and Coimbatore Medical College Hospital, Coimbatore. **The Government has now decided to establish two more regional cancer centres in Thanjavur and Tirunelveli Medical College Hospitals at a total cost of Rs.30 crores.** This Government will continue to strengthen health infrastructure at secondary and tertiary care levels. **The operation theatres of the district headquarters hospitals and medical college hospitals will be strengthened during 2013-2014 at a cost of Rs.20 crores.**

### AYUSH System of Medicine

101. The AYUSH (Ayurveda, Yoga, Unani, Siddha and Homoeopathy) system of medicine provides comprehensive health care support, both on the preventive and curative sides. Siddha health care is a unique gift of our Tamil ancestors to the world. This Government has taken all efforts to preserve this elixir of traditional wisdom for the present and future generations. **It is the desire of this Government to strengthen and popularise Indian systems of medicine for which special measures will be soon announced by the Hon'ble Chief Minister.** For the year 2013-2014, a sum of Rs.169.13 crores has been allocated for the Department of Indian Medicines.

### **SCHOOL EDUCATION**

102. A sum of Rs.16,965.30 crores is provided in the Budget Estimates 2013-2014 for the School Education Department, which is the highest among all departments. Our State was among the first few States to notify the Right of Children to Free and Compulsory Education Rules, 2011. I am proud to inform the House that Tamil Nadu is one of the best States in terms of achieving the Right to Education indicators, particularly on gross enrolment and drop-out levels. From the year 2011, when this Government took the reins of administration, 51,757 teaching staff and 7,275 non-teaching staff have been recruited. **In order to contain drop-outs and to improve student retention ratio at the secondary school level, the Government is giving special cash incentives to students studying in the 10<sup>th</sup>, 11<sup>th</sup> and**

**12<sup>th</sup> standards and 24.76 lakh students will receive a cash benefit of Rs.381 crores during the year 2013-2014.**

103. Under the Sarva Shiksha Abhiyan (SSA), the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and with the financial support of NABARD, the Government will continue to provide the necessary infrastructure facilities to schools including additional class rooms, drinking water facilities, etc. During 2012-2013, this Government allocated Rs.1,684.20 crores under the above schemes. **For the year 2013-2014, Rs.700 crores is provided under SSA, Rs.366.57 crores under RMSA and Rs.293 crores under NABARD assistance.**

104. Additional toilets and drinking water facilities have to be provided to 2,733 schools because of upgradation and increased student strength. Funds will be dovetailed from rural development schemes, the Minimum Needs Programme (MNP), the National Rural Drinking Water Programme (NRDWP) etc., to provide these facilities and Rs.50 crores has been allocated under NABARD assistance to fill the gap. **This will ensure 100% coverage of all schools with safe drinking water supply and toilet facilities before the end of 2013-2014.**

*Enabling Learning Environment*

105. This Government is providing everything that is necessary for creating a better learning environment. The

following allocations have been made in the Budget Estimates 2013-2014.

- i. Rs.217.22 crores has been allocated for the supply of text books to 97.70 lakh students.
- ii. Rs.110.96 crores has been allocated for the supply of note books to 86.71 lakh students.
- iii. Rs.323.70 crores has been provided for free bus passes to cover 14.02 lakh students.
- iv. Rs.353.22 crores has been provided to supply 4 sets of uniform covering 53.53 lakh students.
- v. Rs.19.79 crores has been provided to supply school bags for 13 lakh students.
- vi. Rs.8.47 crores has been provided for supplying footwear to 6.1 lakh students.
- vii. Rs.6.65 crores has been provided for supplying geometry boxes, atlases, etc. to 9.67 lakh students.
- viii. Rs.200.98 crores will be provided for the supply of bicycles to 6.30 lakh students.
- ix. During 2013-2014, our Hon'ble Chief Minister ordered the supply of woollen sweaters to 10.30 lakh children in hilly areas at a cost of Rs.4.12 crores.
- x. Sanitary Napkins will continue to be supplied to 32.79 lakh girl children during 2013-2014 at a cost of Rs.54.63 crores.

All put together, these benefits to students will cost the State exchequer Rs.1,299.74 crores.

## **HIGHER EDUCATION**

106. This Government has opened 22 new Arts and Science colleges and one new Government Engineering college in the last two years. In addition, the opening of ten new Government polytechnic colleges and two new Government engineering colleges have also been announced. The Indian Institute of Information Technology will function from the academic year 2013-2014 in the campus of Bharathidasan Institute of Technology. The Hon'ble Chief Minister has already announced the starting of eight more Arts and Science Colleges, which will function from 2013-2014.

107. The enrolment of students in higher education went up from 6,09,915 in 2010-2011 to 6,51,807 in 2012-2013. Under the scheme to provide tuition fees to first generation graduates, a sum of Rs.518 crores has been disbursed during 2012-2013. The allocation under this scheme has been substantially enhanced to Rs.673 crores in 2013-2014.

## **EQUIPPING THE YOUTH FOR THE INFORMATION TECHNOLOGY ERA**

108. The scheme of free distribution of laptop computers to students will go a long way in building quality human resource in the State. By this scheme, our State is ensuring that the digital divide which characterises

a developing society is bridged. **A total number of 5.65 lakh laptop computers will be given to students during the academic year 2013-2014. An allocation of Rs.1,500 crores has been made in the Budget Estimates 2013-2014.**

## **SPORTS DEVELOPMENT**

109. The State Government considers promotion of sports to be an important tool for the overall development of the youth. During 2012-2013, this Government sanctioned Rs.40 crores for the improvement of the Nehru Stadium and for laying new athletics track in Chennai. The overall allocation for the Sports and Youth Welfare Department has been substantially increased from Rs.31.26 crores in 2010-2011 to Rs.112.50 crores in 2013-2014. The State is giving a special thrust to improve the sports infrastructure like hostels, athletics tracks, stadia etc. These initiatives would continue in the coming year also.

## **STATE FINANCE COMMISSION**

110. The Fourth State Finance Commission (FSFC) has already submitted its report to the State Government. This report and the action taken report on its recommendations will be placed in the Assembly during this session. As recommended by the FSFC, the Government will continue to devolve 10% of its own tax revenue to the local bodies. **However, though the FSFC had recommended the sharing of resources between rural and urban local bodies in the ratio of 56 : 44, this Government, having**

**regard for the special needs of rural local bodies, will continue to devolve funds in the existing ratio of 58 : 42.** Accordingly, the rural local bodies will get Rs.4,887.69 crores in 2013-2014. The Urban Local Bodies will also get Rs.3,539.36 crores through devolution grants. Altogether, local bodies will receive Rs.8,427.05 crores as devolutionary grant from the State Government during 2013-2014.

## **RURAL DEVELOPMENT**

### Clean Villages

111. It is the desire of our Hon'ble Chief Minister that all the villages in the State should be clean and tidy. This requires the establishment of a sustainable solid waste management system in all our villages. Our Hon'ble Chief Minister had started the 'Clean Village Campaign' during 2003. Regrettably, this scheme was not followed up by the previous Government. This Government has now relaunched the 'Clean Village Campaign' from 2011-2012. **All the villages will put up a proper solid waste management system with recycling and waste disposal facilities. The villages adjoining the urban areas can be part of the solid waste management projects implemented in the urban areas. A sum of Rs.150 crores will be earmarked within the devolution for putting up such facilities, including the cost of manpower for collecting and handling waste.** Rs.97.85 crores, available under the Nirmal Bharat Abhiyan, will also be used for the purpose of solid waste and waste water management during 2013-2014.

### Rural Housing

112. The Chief Minister's Solar Powered Green House Scheme is a unique initiative in the country. In the last two years, 1,20,000 houses, at an estimated cost of Rs.2,160 crores, have been taken up for construction. **In the coming financial year also, 60,000 solar powered green houses will be constructed. Under the Indira Awas Yojana, one lakh houses will be taken up during 2013-2014.**

### Village Infrastructure

113. Tamil Nadu is the only State focusing on the rural habitation as the unit of development and the Tamil Nadu Village Habitations Improvement Scheme (THAI) is a prime example epitomising this approach. In the last two years, 96,508 works were taken up at a cost of Rs.1,430 crores under this scheme. **A sum of Rs.750 crores has been allocated for the scheme during 2013-2014 to cover 15,115 habitations.**

### Member of Legislative Assembly Constituency Development Scheme (MLACDS)

114. Under the MLACD Scheme, 16,153 works have been undertaken during 2012-2013 at a cost of Rs.470 crores. In 2013-2014 also, Rs.470 crores has been allocated for this scheme.

### The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

115. The State stands first in the country in terms of work completion rate and overall expenditure under the

**MGNREGS. For the year 2013-2014, the allocation to the State stands at Rs.6,341.80 crores. With effect from 1.4.2013, the daily wage rate payable under this scheme will be raised from Rs.132 to Rs.148, which is Rs.16 higher than the current year.**

Road Connectivity to Rural Areas

116. Rural connectivity is essential to promote agricultural growth. An amount of Rs.200 crores has been sanctioned with NABARD assistance for road upgradation and bridges during 2012-2013. **During 2013-2014, this Government has proposed to take up improvement of 3095.77 km of roads at a cost of Rs.1,130.10 crores under the Prime Minister's Gram Sadak Yojana (PMGSY) Phase-VIII. Out of these, 45 bridges at a cost of Rs.78.18 crores and 2,031.22 km of works at a cost of Rs.772.97 crores will be taken up by rural local bodies and 1,064.55 km of works at a cost of Rs.278.95 crores will be executed by the Highways Department.**

**MUNICIPAL ADMINISTRATION AND WATER SUPPLY**

117. Rapid urbanization demands long term planning and vision. This Government is, therefore, according top priority to the fulfilment of the critical infrastructure needs of urban areas like roads, water supply, sewerage, storm water management and solid waste management.

*The State Mission Mode Projects*

118. In the last two years, this Government allocated Rs.1,000 crores under the Chennai Mega City Development Mission, and Rs.1,500 crores under the Integrated Urban Development Mission for taking up roads improvement, water supply schemes, underground sewerage schemes and other critical projects. **In the Budget Estimates 2013-2014 also, Rs.500 crores has been provided for Chennai Mega City Development and Rs.750 crores for the Urban Development Mission.** These allocations will strengthen the financial capacity of urban local bodies to take up more projects.

119. In order to leverage additional funds to take up more projects under these mission mode programmes, funding will henceforth be project based and grant would be restricted to a maximum of 75% of the project cost for Chennai Corporation and financially stronger local bodies and the balance of 25% shall be leveraged through local body contributions which may include loans from financial institutions. For the financially weaker urban local bodies, the grant component of the project will be 90% and the remaining 10% will be financed through own funds or loans or by dovetailing from Infrastructure Gap Filling Fund.

*Solid Waste Management and Sewage Management System*

120. Solid Waste Management in urban areas is a major challenge. This Government will continue to promote source segregation and recycling to limit the disposal of solid

waste through land fills. 'Waste to Energy' projects will be established wherever possible. A 'Waste to Energy' project at a cost of Rs.55 crores is under implementation in Tirunelveli Corporation. **As directed by our Hon'ble Chief Minister, a special Solid Waste Management Fund will be constituted with a sum of Rs.100 crores for financing projects in weak urban local bodies during 2013-2014.**

121. This Government is giving special priority to the implementation of proper waste water management in urban local bodies. Out of the 42 urban local bodies annexed to Chennai City, only two viz., Valasaravakkam and Alandur are have sewerage systems. In 13 erstwhile urban local bodies, sewerage works are in progress. In other areas, sewerage works will be taken up in the coming years. Similarly, in 22 Municipalities, sewerage works worth Rs.870.63 crores are under implementation by the Tamil Nadu Water Supply and Drainage (TWAD) Board. Special priority will be given to taking up tertiary treatment and recycling sewage water for industrial use, especially in and around Chennai. This Government has prepared a massive plan for establishing Under Ground Sewerage System (UGSS) for various Municipalities and Town Panchayats. It is proposed to take up these projects in a phased manner using the funds available under the State Mission Mode Programmes and JNNURM-II.

122. This Government has launched a scheme for eradicating open defecation in the urban areas from 2011-2012. An amount of Rs.19.83 crores was spent to improve 2,484 toilets, besides constructing 1,769 new toilets.

During 2012-2013, this scheme was provided with an outlay of Rs.72.60 crores. **The scheme will be continued in 2013-2014 also with an outlay of Rs.72.60 crores.**

*Improvement of Town Panchayat Roads*

123. This Government had taken up the improvement of 470 km of roads in 292 Town Panchayats at a cost of Rs.101 crores during the current financial year. **During 2013-2014, 425.92 km of roads will be improved in 281 Town Panchayats at a cost of Rs.103 crores with NABARD assistance.**

**DRINKING WATER**

124. The Hon'ble Chief Minister has recently inaugurated the 100 MLD sea water reverse osmosis desalination plant at Nemmeli. Formation of a new reservoir near Kannankottai and Thervaikandigai villages to augment Chennai's existing water storage at a cost of Rs.330 crores is in progress. Works for increasing the storage capacity in Cholavaram, Porur, Nemam and Ayanambakkam tanks are also in progress and Rs.50 crores has been allocated in the Budget 2013-2014 for these works.

125. The efforts of this Government for the speedy implementation of the Hogenakkal Water Supply and Fluorosis Mitigation Project will ensure its completion soon. In the Budget Estimates 2013-2014, Rs.500 crores has been allocated for this project. Rs.212.54 crores has been allocated in the Budget Estimates for the major Combined Water Supply

Schemes in Madurai, Virudhunagar, Sivagangai, Nagapattinam, Vellore, Salem, Tiruppur and Coimbatore Districts.

126. During 2012-2013, this Government has taken up works to cover 7,000 rural habitations at a cost of Rs.781.10 crores. **During 2013-2014, this Government proposes to cover 6,000 partially covered rural habitations and 195 quality affected habitations using funds under the NRDWP, MNP and State funds to the extent of Rs.1190.72 crores.**

### **URBAN HOUSING**

127. During this financial year, the Tamil Nadu Housing Board (TNHB) will develop 5,922 housing units at a cost of Rs.1,530.45 crores. The Tamil Nadu Slum Clearance Board (TNSCB) will complete the on-going construction of 18,055 tenements during 2013-2014. Further, it will commence the construction of 12,845 new tenements at a cost of Rs.1,936.91 crores in 2013-2014. **In the next three years, the TNSCB and the TNHB will take up construction of 50,000 houses by dovetailing funds from various schemes to meet the housing needs of LIG and EWS. Slum redevelopment will also be part of this programme.**

### **ADI DRAVIDAR AND TRIBAL WELFARE**

128. Exemplifying its commitment to uplifting the Scheduled Castes, the Government has fixed Rs.7,042 crores

as the size of Scheduled Castes Sub Plan (SCSP) for the year 2013-2014. This is 15.29% higher than the allocation for 2012-2013. In order to revitalise the Tamil Nadu Adi-Dravidar Housing and Development Corporation (TAHDCO), Rs.13.26 crores has been provided as share capital assistance for the year 2013-2014. Rs.122.48 crores has also been provided to TAHDCO for implementing various economic development programmes under the Special Central Assistance (SCA). Rs.56.34 crores has been allotted for the distribution of free bicycles to the students belonging to the Scheduled Castes and Scheduled Tribes.

129. The initiative of the Government to extend post-matric scholarships to students belonging to Scheduled Castes and Scheduled Tribes studying in private institutions has been highly appreciated by the student community. For the year 2013-2014, Rs.420.34 crores has been allocated for post-matric scholarships. Another Rs. 59.53 crores is provided for pre-matric scholarship to the students belonging to the same category. The total allocation for scholarships to Scheduled Caste and Scheduled Tribes students has been enhanced to Rs.479.87 crores, 10.62% more than the previous year.

130. The Government is providing boarding and lodging facilities to 1.31 lakh Adi-Dravidar and Tribal students in 1,641 hostels in the State. During 2012-2013, new buildings were sanctioned for 44 hostels at a cost of Rs.35.04 crores with NABARD assistance. This Government

will continue its efforts to ensure that all hostels function in own buildings.

131. The size of the Tribal Sub Plan (TSP) has been increased from Rs.349.30 crores in 2012-2013 to Rs.489.48 crores in 2013-2014, which is 1.32% of the Annual Plan size. The components of the TSP include vital infrastructure facilities like drinking water, link roads to the villages, construction of houses, etc. Rs.25.72 crores has been provided for the development of the Particularly Vulnerable Tribal Groups.

*Special Project for Tribal Development*

132. In order to ensure the overall development of the tribal people in the State, the Hon'ble Chief Minister has launched a special project for Tribal development under which 5 new ITIs were sanctioned in tribal areas viz. Jamunamarudur, Kolli hills, Anaikatti, Pachaimalai and Kalrayan hills besides taking up various other works. **An amount of Rs.50 crores has again been provided in the Budget Estimates 2013-2014 for continuing this scheme.**

**WELFARE OF BACKWARD CLASSES, MOST BACKWARD CLASSES, DENOTIFIED COMMUNITIES AND MINORITIES**

133. By implementing 50% reservation provided for Backward Classes (BC), Most Backward Classes (MBC) and Denotified Communities (DNC), the Government has ensured equitable justice in the State. The allocation for the welfare of BC, MBC, DNC and Minorities has also been continuously

increased over the years and in the Budget Estimates 2013-2014, Rs.764.43 crores has been provided for this purpose.

134. Twenty eight new hostels were opened during 2012-2013. Construction of buildings for 84 hostels at a total cost of Rs.64.48 crores was also taken up during the current financial year. For another 56 hostels, buildings were sanctioned at a cost of Rs.50.01 crores with NABARD assistance. This Government will continue its efforts to open new hostels in needy places and construct new buildings so that all hostels function in own buildings.

135. This Government is providing scholarships for the educational progress of the students belonging to Backward Classes, Most Backward Classes, and Denotified Communities. Rs.173.98 crores has been allocated during 2013-2014, for the scholarships, including examination fees, tuition fees and special fees. This will benefit 5,06,630 poor students and enable them to continue their education. Rs.139.42 crores has been allocated for distribution of free bicycles to students belonging to BC, MBC, DNC and Minorities.

136. This Government is taking all necessary steps to safeguard the rights of Minorities. In order to ensure the educational progress of the students from minority communities, Rs.55.21 crores has been provided in the Budget Estimates 2013-2014 for the various scholarship schemes. The Wakf Institution Development Fund has been constituted and a sum of Rs.3 crores has been sanctioned as a grant to this fund. Rs.1 crore has been allocated in the Budget

Estimates 2013-2014 for providing financial assistance for pilgrimage by Christians to Jerusalem. During 2013-2014, an overall allocation of Rs.60.39 crores has been provided for Minorities Welfare.

## **WELFARE OF WOMEN AND CHILDREN**

137. This Government is firmly committed to the cause of women empowerment. The path breaking initiatives taken by this Government for this cause include substantial enhancement of financial assistance under the Dr. Muthulakshmi Reddy Memorial Maternity Assistance Scheme, various Marriage Assistance Schemes, the Pension Scheme for Widows and Destitute Women, the Girl Child Protection Programme, the Cradle Baby Scheme, the Special Incentive for Girl Students etc. It is pertinent to note here that all beneficiaries of the free distribution of milch cows, goats and sheep scheme are women. Rs.750 crores has been provided for the scheme of distributing a 4 gram gold coin for the Thirumangalyam along with enhanced marriage assistance in the Budget Estimates 2013-2014 under various marriage assistance schemes. Rs.105 crores has been allocated for the Girl Child Protection Scheme for the year 2013-2014. Rs.34.26 crores has been provided for special incentives for girl students.

138. The Tamil Nadu Corporation for Development of Women has formed 5.56 lakh self-help groups (SHG), with 85.69 lakh women as members. So far, 4.93 lakh SHGs were credit linked to the extent of Rs.18,200.94 crores. Under the scheme of financial inclusion, it has been planned to provide

Rs.6,000 crores of credit assistance to SHGs during the next financial year.

*Distribution of Mixie, Grinder and Fan*

139. The Hon'ble Chief Minister's flagship programme for distributing free mixies, grinders and fans has liberated women from the drudgery of household work. In the hilly areas, instead of fans, electrical stoves are being distributed. During 2011-2012, this Government distributed 25 lakh sets at a cost of Rs.1,361.62 crores. In the year 2012-2013, another 35 lakh units are under distribution at a cost of Rs.1,556 crores. **This Government is proposing to distribute another 35 lakh units in the year 2013-2014 for which an allocation of Rs.1,500 crores has been made in the Budget Estimates.**

*The Puratchi Thalaivar MGR Noon Meal Programme*

140. As announced by the Hon'ble Chief Minister, variety meals under the Noon Meal Programme and Integrated Child Development Services Scheme, will be provided in one block in each district on a pilot basis. For 2013-2014, the Government has allocated Rs.1,492.86 crores for the implementation of the Noon Meal Programme so as to benefit 53.53 lakh children. **Further, during 2013-2014, this Government will take up the construction of 14,130 kitchen-cum-stores in noon meal centres at a cost of Rs.359.70 crores.**

*The Integrated Child Development Services Scheme (ICDS)*

141. During 2012-2013, a pilot scheme was launched to supply colour dresses to Anganwadi children in 5 districts viz., Chennai, Vellore, Trichy, Dindigul and Theni. **In 2013-2014, it will be extended to five more districts viz., Villupuram, Ariyalur, Perambalur, Nagapattinam and Tirunelveli.** Rs.4.30 crores has been provided in this Budget for the supply of colour uniforms to Anganwadi children. Rs.1,320.52 crores has been allocated for the Integrated Child Development Services Scheme for 2013-2014.

**WELFARE OF THE ELDERLY, DESTITUTE AND THE MARGINALISED**

142. This Government has increased the financial assistance under social security pensions to Rs.1,000 per month. The number of beneficiaries covered under various schemes like Old Age Pension, Destitute Widow Pension etc. has gone up from 23.71 lakhs in 2010-2011 to 30.72 lakhs in 2012-2013. The total allocation for these schemes has been increased from Rs.1207.32 crores in 2010-2011 to Rs.3,461.75 crores in 2013-2014.

143. As promised by the Government, the disbursement of Social Security Pensions and other cash benefits through bank accounts has already started. So far, 6.24 lakh beneficiaries are being given pensions through their bank accounts and the coverage of all the remaining

beneficiaries in urban areas and in villages having a population of more than 2,000 is progressing very fast.

### **WELFARE OF THE DIFFERENTLY ABLED**

144. The Government of Tamil Nadu, by various inclusive policies and initiatives, is extending full support to differently abled persons. As ordered by the Hon'ble Chief Minister, a High Level Committee has been formed, with the Chief Secretary as the Chairperson, to ensure 3% reservation for differently abled persons in Government jobs. Rs.131.05 crores has been allocated in the Budget Estimates 2013-2014 for maintenance allowance to the severely disabled, the mentally challenged and muscular dystrophy affected persons. For the welfare of the differently abled, Rs.263 crores has been allocated in the Budget Estimates 2013-2014.

### **LABOUR WELFARE**

145. After this Government assumed office, Rs.178.86 crores has been disbursed to 7.16 lakh workers as welfare assistance through all the 17 unorganised workers welfare boards. **The initiative of electronic transfer of welfare assistance directly to the bank accounts of the members of welfare boards has been successfully implemented on pilot basis in six districts and will soon be extended to all the districts.**

### **WELFARE OF SRI LANKAN TAMIL REFUGEES**

146. This Government has already extended all welfare schemes to the Sri Lankan Tamils living in the various refugee

camps in the State and has also hiked the cash assistance given to them. **Further, from the coming financial year, the coverage under the Chief Minister's Comprehensive Health Insurance Scheme will be extended to the Sri Lankan Tamils living outside the refugee camps also.** Over all, a sum of Rs.109.91 crores has been allocated for the welfare of Sri Lankan Tamil refugees in the Budget Estimates 2013-2014.

### **PENSIONERS WELFARE**

147. As on 01-01-2013, there are 7,00,350 pensioners in the State and a sum of Rs.16,514.34 crores has been allocated for the prompt payment of pensionary benefits. In the coming financial year, this Government is proposing to launch a **separate Health Insurance Scheme in line with the Government servants Health Insurance Scheme to reduce the burden of health related expenses of the pensioners. Further, the assistance given to each bereaved family under the Tamil Nadu Government Pensioner's Family Security Fund Scheme will be enhanced from Rs.35,000 to Rs.50,000.**

### **WELFARE OF GOVERNMENT EMPLOYEES**

148. In the current financial year, the house building advance was enhanced from Rs.15 lakhs to Rs.25 lakhs. In the Budget Estimates 2013-2014, Rs.252.95 crores has been provided for this purpose. Under the Government Servants Health Insurance Scheme, 21,656 government employees have benefited by insurance claims of Rs.215.34 crores.

In 2013-2014, Rs.270 crores will be paid as insurance premium, including Rs.37.46 crores as the State Government's contribution.

### **WELFARE OF ADVOCATES**

149. This Government has enhanced the financial assistance to the legal heirs of deceased advocates from Rs.2.00 lakhs to Rs.5.25 lakhs. Further, the Government has also sanctioned a sum of Rs.4.00 crores per annum as a grant to the Tamil Nadu Advocates Welfare Fund and this has been included in the Budget Estimates 2013-2014.

## **PART B**

### **RESOURCES FOR FINANCING THE BUDGET**

150. I shall now turn to the resources that we have identified to finance the projected expenditure as per the Revised Estimates for 2012-2013 and the Budget Estimates for 2013-2014.

#### *Share in Central Taxes*

151. The Central Government has once again missed the target of budgeted tax receipts. As a result, the share of Tamil Nadu in central taxes has also been drastically reduced by over Rs.500 crores. Over the years, the proportion of the State's share in central taxes is also coming down in our overall revenue receipts. The proportion had been as high as 17% in 2007-2008 and has now been reduced to 14.7% in 2012-2013. This trend puts excessive stress on the State's own resources.

*The Grants-in-Aid from the Central Government*

152. The unhelpful attitude of the Centre towards the State, even in these difficult times, reminds me of the visionary words of Arignar Anna in his speech in the Rajya Sabha in 1962, and I quote,

"Southern India is discriminated in industrial development. No new iron plant; no new rail line; no petroleum refinery; no noteworthy industrial plant is allocated to South India. Instead of building iron plant, the Ministry of Heavy Industries is given to a South Indian. Is it political skill?"

153. Even after so many years, Anna's words resonate and are relevant to the current situation. In the Union Government, we have many Ministers from Tamil Nadu. But do we get any benefit?

154. The Finance Bill 2013, introduced along with the Union Budget for 2013-2014, contains an extremely retrogressive, anti-federal provision. Clause 7 of the Finance Bill 2013, seeks to make statutory levies of a State Government non-deductible from the income of State Public Sector Undertakings and thereby intends to boost the income of the Central Government at the cost of the legitimate tax and non-tax revenue of the State Governments. **This amounts to an indirect taxation of the income of State Governments and hence is violative of the spirit of Article 289 of the Constitution, which exempts the property and income of a State from Union taxation.** We call upon the Central Government to withdraw this

ill-conceived and misguided provision which has no place in a federal polity like ours.

155. The Union budget for 2013-2014 has given a severe blow to the State's financial planning by brutally cutting down plan expenditure by a substantial 20%, denying or delaying even our rightful dues. In short, the inefficiencies of the Central Government are eating into the plan allocations of the States and the burden of the artificial contraction of the fiscal deficit of the Central Government is cast upon the shoulders of the States. An already committed amount of Rs.395 crores, for example, which was spent by Tamil Nadu in flood control projects, is not being reimbursed by the Union Government for the past two years. Similarly, a significant amount is due to us under the Sarva Siksha Abhiyan and the JNNURM.

156. Hon'ble Speaker, Sir, let me assure the House that although this sudden reduction of grants has further added to the burden on the State's finances, our Government will not allow implementation of welfare schemes for the people of Tamil Nadu to falter and all the schemes will continue unabated.

#### State's Own Tax Revenue

157. The general slowdown in the economy has affected the tax growth in the State also. Investment sentiment, particularly in the manufacturing sector, has taken a beating. However, the Government is taking all efforts to revive the economy and I am sure that our sagacious policies

would ensure the achievement of the budgetary target for tax collection in 2012-2013.

158. The Tax-GDP ratio in our State is one of the best in the country. In 2011-2012, the ratio was 9.3, and as per the Revised Estimates for 2012-2013, the ratio will be 10.3. The favourable Tax-GDP ratio can be attributed to transparent tax administration and efficient tax collection. During 2013-2014 also, the State's finances would exhibit a favourable Tax-GSDP ratio.

159. In the face of high inflation and low growth, cosmetic gloss will not change things and the best strategy requires the State Government to exhibit fiscal prudence, incentivise investments and ensure transparent administration. Even at the slightest sign of possible duress, a visionary leader estimates the potential threat to the economy and pre-empts the crisis. Therefore, in spite of pressures for vital expenditure and serious resource constraints, the Hon'ble Chief Minister has decided that, against the backdrop of the slow growth of the Indian economy in general and its possible repercussions on the State's economy in particular, **no new tax will be imposed, nor will any existing tax rate be hiked in this Budget.**

160. For 2013-2014, the Government has pegged the overall target for the State's own taxes at Rs. 86,065.4 crores, with a projected growth rate of 17% over the Revised Estimates for 2012-2013. The estimates for Commercial Taxes, Excise Duty and Motor Vehicles taxes are Rs.56,025.24 crores, Rs.14,469.87 crores and Rs.4,881.15 crores,

respectively. We hope that in 2013-2014, the registration of documents will pick up and the revenue from the collection of Stamp duty and registration fees will be Rs.9,874.22 crores.

### Public Debt

161. The eligibility for Tamil Nadu to raise net public borrowing in 2012-2013 was Rs.20,716 crores. However, despite fiscal strain, true to its promise to control the State's debt burden, our Government has restricted the net public borrowing to Rs.15,675 crores in 2012-2013. The net borrowing is lower than the projected capital expenditure, showing that this entire borrowing is going to finance capital expenditure alone. The Debt to GSDP ratio has been contained at 18.98% as against the mandatory requirement of 24.5%. This Government proposes a net borrowing of Rs.21,142 crores to finance its capital works during 2013-2014 as against the approved limit of Rs.24,263 crores.

### **FISCAL INDICATORS**

162. Within the last two years, this Government has brought the State finances back on track. From a revenue deficit of Rs.2,728.69 crores in 2010-2011, this Government has presented two successful budgets with a revenue surplus. The Budget Estimates 2012-2013 had projected a revenue surplus of Rs.2,376 crores. However, owing to increased expenditure commitments, especially because of the efforts of this Government to revive the financial health of TANGEDCO and the substantial reduction in receipts from the Government of India, the revised estimate of revenue surplus is reduced to

Rs.451.52 crores. However, the fiscal deficit has been restricted to Rs.19,889.31 crores, which is only 2.88% of GSDP. Both these indicators are well within the targets specified in the Tamil Nadu Fiscal Responsibility Act, 2003, and the requirements of the 13<sup>th</sup> Finance Commission.

163. During 2013-2014, we are projecting a revenue surplus of Rs.664.06 crores and a fiscal deficit of Rs.22,938.57 crores. This fiscal deficit will be 2.84% of GSDP, which is within the stipulated norm of 3%.

164. The Medium Term Fiscal Plan is given as an annexure to the Budget Speech. I request that this may be taken as read, as part of the Budget Speech.

165. I have tried my best to give an inclusive, development-oriented Budget. This Budget contains several new initiatives and a substantial hike in allocations for existing schemes, despite a tough financial position. Let me also assure the Hon'ble Members that in the course of the debate and while discussing demand wise grants, more measures and programmes will be unveiled by the Hon'ble Chief Minister and the Hon'ble Ministers.

166. Hon'ble Speaker, Sir, these are testing times, and in testing times we need to be poised to take wise decisions. This Government is determined that the State should never falter from the growth path and is confident that the State will continue to march ahead towards our goal of making Tamil Nadu the *Numero Uno* State in the country. Let me end with some optimistic words from the Thirukkural:

*Say not 'Tis hard', in weak, desponding hour  
For Strenuous effort gives prevailing power (Kural 611)*

*அருமை யுடைத்தென்று அசாவாமை வேண்டும்*

*பெருமை முயற்சி தரும்*

*(குறள் 611)*

Honour comes to those who make strenuous efforts. Nothing is impossible!

167. The following words of Swami Vivekananda, who was an inspiration behind her entry into politics, have always been very close to the heart of our Hon'ble Chief Minister.

"Arise, awake;  
Stop not till the goal is reached"

True to these words, she has been tirelessly working round the clock, towards the objective of securing the welfare of the Tamils and ensuring prosperity of Tamil Nadu. After meticulously reviewing all departments, she has given the final shape to this Budget, by formulating new schemes intended solely at people's welfare. Her administrative acumen, clear vision, profound wisdom, vast experience and infinite intellect have helped in formulating this Budget. I wish to record my heartfelt gratitude to our Hon'ble Chief Minister for guiding me to successfully complete this task.

168. I also thank the Principal Secretary, Finance Department, Thiru K. Shanmugam, IAS, and his team of officials in the Finance Department who have worked tirelessly on the formulation and preparation of this Budget.

169. Hon'ble Speaker Sir, I commend the Budget Estimates for 2013-2014 for the approval of the House.

**Nanri  
Vanakkam**

**O.PANNEERSELVAM  
Minister for Finance**

**Chennai,  
21<sup>st</sup> March 2013  
Nandhana, Panguni - 8,  
Thiruvalluvar Aandu 2044**

## **APPENDIX**

### **MEDIUM TERM FISCAL PLAN**

According to Section 3 (1) of the Tamil Nadu Fiscal Responsibility Act, 2003, the Government is required to lay 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 with this Act, a Medium Term Fiscal Plan for the coming year and the period from 2013-2016 is hereby placed before the Legislative Assembly.

#### **Objectives**

The main objective of this MTFP is to strike a balance between the need for developmental expenditure and fiscal prudence. The Government has launched a large number of welfare schemes. Moreover a big boost has been given to capital expenditure. There is a need to adequately finance these schemes. At the same time, the Government is committed to achieve fiscal consolidation by complying with the roadmap set by the Thirteenth Finance Commission. The MTFP ensures that the following goals of fiscal prudence are complied in the period 2013-2016 and thereafter:

- a. Revenue surplus will be maintained.
- b. Fiscal deficit will be kept within 3% of GSDP

- c. Debt as a percentage of GSDP will be maintained well below the norms of 25% in 2013-2014 and below 25.2% in 2014-2015 fixed by the Thirteenth Finance Commission.

## **Future Prospects**

### **I. Revenue Receipts**

The total Revenue Receipts of the State Government are estimated as Rs.118,579.87 crores in 2013-2014. Its important components are discussed below.

#### **1. The State's Own Tax Revenue**

The State's Own Tax Revenue is Rs. 73,560.17 crores as per Revised Estimates 2012-2013. It is estimated to increase to Rs. 86,065.40 crores in Budget Estimates for 2013-2014. This would mean a growth of 17%. State's Own Tax Revenue - GSDP ratio for 2013-2014 will be 10.64 as per Budget Estimates for 2013-2014. A growth rate of 18% is assumed to 2014-2015. The salient features of the major components of the State's Own Tax Revenue are as below.

- a) The receipts under Commercial Taxes are estimated at Rs. 56,025.24 crores in the Budget Estimates 2013-2014. This takes into consideration a growth of 17.62% over the Revised Estimates 2012-2013. The higher growth rate is projected on account of the impact of better tax administration during 2013-2014.
- b) State Excise Receipts have been estimated at Rs. 14,469.87 crores during 2013-2014. There is an increase of 16% over Revised Estimates 2012-2013

assumed on the basis of high growth rates in the past few years.

- c) The Government has decided to postpone the annual land guideline value revision to next year. In spite of this, receipts from Stamp Duty and Registration is expected to grow at a rate of 15.93% in 2013-2014. Hence, the receipts under this item is fixed as Rs. 9,874.22 crores in 2013-2014 as against Rs. 8,516.87 crores in 2012-2013.
- d) As a result of the changes in the rates and structure of motor vehicle tax during this financial year, this item is also expected to show a growth of 16%. Hence the receipts under this item is fixed as Rs. 4,881.15 crores in 2013-2014 as against Rs. 4,191.42 crores in 2012-2013.

## **2. Non-Tax Revenue**

Non-Tax Revenue is estimated at Rs. 6,765.09 crores in the Budget Estimates 2013-2014. Since there is very limited mining potential in our State and most of Government services are delivered free of cost or only at nominal rate, non-tax revenue is estimated only marginally higher than the Revised Estimates 2012-2013. A growth rate of 3% is assumed for 2014-2015 and 2015-2016.

## **3. Share in Central Taxes**

The Thirteenth Finance Commission reduced the share of Tamil Nadu in the devolvable net tax revenue of the Union Government from 5.374% to 5.047% in case of Service Tax and from 5.305% to 4.969% in case of other taxes. Share in

Central Taxes for the State has been estimated at Rs. 17,285.66 crores during 2013-2014 based on the projection given in the Union Budget. A growth rate of 15% is assumed for 2014-2015 and 2015-2016.

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

The Grants-in-Aid from the Government of India have been estimated at Rs. 8,463.71 crores in the Budget Estimates 2013-2014 by taking into account the various plan grants, non-plan grants and the grants recommended by the Thirteenth Finance Commission. A growth rate of 10% is assumed for 2014-2015 and 2015-2016.

## **II. Revenue Expenditure**

The revenue expenditure during 2013-2014 is estimated at Rs. 1,17,915.81 crores which shows a growth of 15% over Revised Estimates 2012-2013. The increase in the quantum of assistance under the existing schemes and the planned filling up of the vacancies are responsible for this increase. The salient features of the major components of the Revenue Expenditure are discussed below.

- 1) The allocation for salaries is Rs. 34,569.28 crores and for pension is Rs. 15,117.82 crores in 2013-2014. Together, salaries and pensions constitute 42% of the total Revenue Expenditure in this Budget. Periodic hikes in Dearness Allowance, increments, and additional commitments towards filling up of vacancies keep the expenditure high under the above categories. A growth rate of 15% is assumed for 2014-2015 and 2015-2016.

- 2) The allocation for Subsidies and Grants is Rs. 45,176.06 crores in the Budget Estimates for 2013-2014. The high allocation is necessary due to various welfare schemes announced by the Government like distribution of free rice under PDS, various social security pensions and marriage assistance schemes, maternity assistance scheme, provision of milch cows and goats and sheep etc. Commensurate with increased estimates of receipts under State's Own Tax Revenue there is an increase in devolution to Urban and Rural Local Bodies as per the State Finance Commission recommendations. Similarly, increased subsidy to Tamil Nadu Electricity Board has also added to the overall allocation under subsidies. A growth rate of 15% is assumed for 2014-2015, which will be stabilised by 2015-2016.
- 3) Non-Wage Operations and Maintenance Expenditure shows an increase of 15% in Budget Estimates 2013-2014 over Revised Estimates 2012-2013. This is mainly on account of scheme for free distribution of electric fans, mixies and grinders, free supply of uniforms to school students etc. A growth rate of 9% is assumed for 2014-2015 and 10% for 2015-2016.
- 4) Interest payments have been estimated as Rs. 13,031 crores in 2013-2014. The ratio of interest payments to Total Revenue Receipts will be 10.99 in 2013-2014. This is expected to be 10.99 and 11.09 during 2014-2015 and 2015-2016 respectively.

### **III. Capital Expenditure**

The State has proposed to give a major thrust to capital expenditure in 2013-2014. As a result, the allocation under capital expenditure has been increased from Rs. 19,165.42 crores in Revised Estimates 2012-2013 to Rs. 22505.14 crores in Budget Estimates 2013-2014. This represents a hike of 17.42%. This is expected to grow at 14% in 2014-2015 and 15% in 2015-2016. The expenditure on capital account, inclusive of loans and advances is estimated as Rs. 23602.63 crores in 2013-2014.

### **IV. Revenue Surplus and Fiscal deficit**

It is estimated that the revenue surplus for 2013-2014 will be Rs. 664.06 crores. The State will also continue to maintain revenue surplus in 2014-2015 and 2015-2016. Fiscal deficit for 2013-2014 is estimated as Rs. 22,938.57 crores. This would constitute 2.84 of the GSDP. In the forthcoming years, FD-GSDP ratio will be 2.78 in 2014-2015 and 2.71 in 2015-2016.

### **V. Public debt**

Although the borrowing entitlement of the State Government for the year 2013-2014 is Rs. 24,263 crores, the Government plans to restrict the borrowing. The net borrowings during 2013-2014 is estimated as Rs. 21,142.47 crores. The outstanding public debt including other liabilities like provident fund will be Rs. 1,55,129.62 crores as on 31.3.2014. This will constitute only 19.18 % of GSDP.

**VI. Guarantees**

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 31.3.2012 was 31.51% of Total Revenue Receipts and 3.80% 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 31.3.2012 stood at 7.41% of Total Revenue Receipts and 0.89% 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 projects.

**Band of variations**

Various components of expenditure have been fully accounted for in this MTFP. However, revenue receipts may vary due to downward trends in economic growth. If it is assumed that even if there is a 3 percentage point fall in growth rate of revenue receipts in 2013-2014, 2014-2015 and 2015-2016, the State will still maintain revenue surplus and fiscal deficit within 3% of GSDP by reducing uncommitted expenditure like subsidies, grants and capital expenditure.

**Conclusion**

The State has recovered in the last two years from the revenue deficit of 2010-2011. With prudent fiscal management, the State will achieve all the targets set by the Thirteenth Finance Commission during 2013-2014 and will also be able to maintain the same success in the future.

\* \* \* \* \*



**Table - Medium Term Fiscal Plan #**

(Rupees in Crores) [Current Prices]

March-2013	2011-2012 Projection	2011-2012 Accounts	2012-2013 Projection	2012-2013 Revised Estimates	2013-2014 Projection	2013-2014 Budget Estimates	2014-2015 Projection	2015-2016 Projection
<b>Revenue</b>	<b>72,770.26</b>	<b>85,202.14</b>	<b>98,793.94</b>	<b>101,777.39</b>	<b>114,551.28</b>	<b>118,579.87</b>	<b>137,713.82</b>	<b>157,069.22</b>
<b>State's Own Revenues</b>	<b>52,942.82</b>	<b>65,200.88</b>	<b>75,166.93</b>	<b>80,248.52</b>	<b>88,393.22</b>	<b>92,830.50</b>	<b>108,525.22</b>	<b>123,967.84</b>
Tax	49,311.60	59,517.31	70,548.70	73,560.17	82,179.63	86,065.40	101,557.18	116,790.75
Non-Tax	3,631.22	5,683.57	4,618.23	6,688.35	6,213.59	6,765.09	6,968.05	7,177.09
<b>Central Transfer</b>	<b>19,827.44</b>	<b>20,001.26</b>	<b>23,627.01</b>	<b>21,528.87</b>	<b>26,158.06</b>	<b>25,749.37</b>	<b>29,188.59</b>	<b>33,101.38</b>
Shared Taxes	11,961.94	12,714.95	15,077.74	14,519.69	17,287.34	17,285.66	19,878.51	22,860.29
Grants	7,865.50	7,286.31	8,549.27	7,009.18	8,870.72	8,463.71	9,310.08	10,241.09
<b>Non-Interest Expenditures</b>	<b>78,825.12</b>	<b>93,058.06</b>	<b>106,572.89</b>	<b>110,912.20</b>	<b>124,343.41</b>	<b>127,933.51</b>	<b>147,583.32</b>	<b>1,67,881.26</b>
Salaries (including GiA for education)	24,535.50	26,797.36	31,154.13	29,392.58	32,863.91	34,569.29	40,100.38	46,516.44
Pensions & Retirement Benefits	10,883.82	12,276.74	13,774.72	12,964.94	14,651.44	15,117.83	17,785.50	20,453.33
Non- Wage O & M	4,840.17	6,365.24	7,871.01	8,193.53	9,684.42	9,424.33	10,366.76	11,407.44
Subsidies and Transfers	23,824.76	28,973.56	34,506.46	39,976.86	41,619.27	45,176.06	52,404.23	58,692.74
Other Revenue Expenditures	7.57	6.99	7.34	43.46	39.88	43.37	45.54	48.27
<b>Capital Outlay</b>	<b>14,127.39</b>	<b>16,335.65</b>	<b>18,259.23</b>	<b>19,165.42</b>	<b>23,984.49</b>	<b>22,505.14</b>	<b>25,880.91</b>	<b>29,763.05</b>
<b>Net Lending</b>	<b>605.91</b>	<b>2302.52</b>	<b>1000.00</b>	<b>1175.41</b>	<b>1500.00</b>	<b>1097.49</b>	<b>1000.00</b>	<b>1,000.00</b>
<b>Fiscal Indicators</b>								
Primary Surplus (+)/ Deficit (-)	<b>-6,054.86</b>	<b>-7,855.92</b>	<b>-7,778.95</b>	<b>-9,134.81</b>	<b>-9,792.13</b>	<b>-9,353.64</b>	<b>-9,869.51</b>	<b>-10,812.04</b>
Interest Payments	<b>8,411.42</b>	<b>9,418.15</b>	<b>10,130.17</b>	<b>10,754.49</b>	<b>12,587.11</b>	<b>13,584.93</b>	<b>15,420.02</b>	<b>16,962.02</b>
Interest Payments / Total Revenue Receipts	11.56%	11.05%	10.25%	10.57%	10.99%	11.46%	11.20%	10.80%
Revenue Surplus(+)/ Deficit(-)	<b>267.01</b>	<b>1,364.10</b>	<b>1350.11</b>	<b>451.53</b>	<b>3105.26</b>	<b>664.06</b>	<b>1,591.39</b>	<b>2,988.99</b>
Revenue Surplus(+)/ Deficit(-) over TRR %	0.37%	1.60%	1.37%	0.44%	2.71%	0.56%	1.16%	1.90%
Revenue Surplus(+)/ Deficit(-) over Fiscal Surplus(+)/ Deficit(-)%	-1.85%	-7.90%	-8.00%	-2.27%	-14.00%	-2.89%	-6%	-11%
Fiscal Surplus (+) / Deficit(-)	<b>-14,466.29</b>	<b>-17,274.07</b>	<b>-17,909.12</b>	<b>-19,889.30</b>	<b>-22,379.23</b>	<b>-22,938.57</b>	<b>-25,289.52</b>	<b>-27,774.06</b>
Fiscal Surplus (+) / Deficit(-) over GSDP%	-2.96%	-2.97%	-2.74%	-2.88%	-2.88%	-2.84%	-2.78%	-2.71%
<b>Gross State Domestic Product (GSDP)</b>	<b>4,87,996.00</b>	<b>5,81,635.00</b>	<b>6,54,340.00</b>	<b>6,90,542.00</b>	<b>7,76,859.75</b>	<b>8,08,766.00</b>	<b>9,09,861.75</b>	<b>10,23,594.47</b>