

**Speech of Prof. K. Anbazhagan, Minister for Finance,
Government of Tamil Nadu, presenting the Budget for
2007-2008 to the Legislative Assembly on 23rd March,
2007.**

Hon'ble Speaker Sir,

It is said that a striding lion normally stops and pauses for a while, after looking around and behind, resumes its forward move. Like this characteristic look of a lion, recalling the achievements, plans, programmes and performance of this Government for the last one year and thereby streamlining its onward path and drawing inspirational determination from the immortal kural of Saint Thiruvalluvar

“ஊழையும் உப்பக்கங் காண்பர் உலைவின்றித்
தாழா துஞற்று பவர்”

*(Who strive with undismayed, unfaltering mind,
At length shall leave opposing fate behind.)*

this Government places the Budget Estimates for the year 2007-2008 before this august House.

2. This Government is a standing testimony to the ideological unity between DMK and its allies and it takes pride in promising to all sections of the people that it will nurture a society marked by religious harmony and will provide governance deeply committed to secular values, now and always.

3. In the continuing struggle for social justice through reservation, launched by the pioneers of the Dravidian Movement which has been going on over 80 years, although a few battles have been won, it needs to be pointed out with deep regret that even today this war for social justice has not completely been won. This DMK Government will make determined efforts to ensure that the future generations get all their due rights through social justice.

4. In the last 50 years, our nation's political, social and economic facets and the needs of the working classes have radically changed. This Government will urge the Union Government at every available opportunity about this Government's view regarding the need to amend the Constitution, given the need to ensure social justice which includes the hard won rights of people belonging to Backward Classes, Most Backward Classes, Scheduled Castes and Scheduled Tribes, minority rights and gender rights; to ensure that true and wholesome federalism prevails and in view of the need for transfer of more powers to the States by reviewing the division of powers between the States and the Union; and due to several other compelling reasons, having regard to the changing needs, while preserving the unity, integrity and sovereignty of the nation.

5. You are all aware of the fact that this Government, which has removed the debt burden of farmers, alleviated the hunger of the poor, protected the welfare of the working class, granted many an assistance to women, restored the benefits of Government employees and thus has marched on with the

various schemes benefiting all sections of the society as its foot prints in its winning path; has done not only what it had promised but has also implemented many a scheme which were not promised.

Agriculture and Co-operation

6. With a view to providing relief to the distressed farmers, on the very day of assuming office, this Government had issued a landmark order by waiving all co-operative farm loans to the tune of Rs.7,000 crores, owed by them as on 31.3.2006. As a result of this initiative, which has infused a new life into the agricultural sector in Tamil Nadu, co-operative loan waiver certificates have been issued to 22,39,487 farmers so far.

7. This Government had announced that the waived amount of co-operative loans would be reimbursed to the co-operative institutions in 5 instalments with 8 percent interest. For this purpose, a sum of Rs.1,435 crores had been provided in the financial year 2006-2007 and this has ensured the continued functioning of these institutions. **Similarly, a provision of Rs.1,628 crores has been made for co-operative institutions for the year 2007-2008.**

8. The various measures taken by this Government has provided a new lease of life to the co-operative movement in Tamil Nadu, thus resulting in the disbursal of new crop loans to the tune of Rs.1,153 crores in 2006-2007. **Crop loans to the tune of Rs.1,360 crores will be disbursed in the coming year 2007-2008.** This Government had already reduced the interest

rate on crop loans given by co-operative banks to farmers from 9% to 7%. **Fully realizing that the availability of crop loans to all farmers at low interest rates is vital for strengthening the agricultural sector and with a view to incentivising those farmers who repay their dues in time, the Government has decided to further reduce the interest rate on such co-operative crop loans from 7% to 5% in the coming financial year. In addition, with a view to increasing the investments in farm irrigation infrastructure, Rs.100 crores will be given as loans through Primary Co-operative Agriculture and Rural Development Banks.**

9. I wish to inform that the elections to co-operative bodies in the State, which had not been conducted in spite of being announced during 2001 will be conducted in the months of May-June, 2007.

10. As a special initiative to protect farmers from crop loss due to natural calamities like drought and floods, financial assistance will be provided to 10 lakh farmers for taking crop insurance. A provision of Rs.15 crores has been made for this purpose.

11. The stagnation in the agricultural sector has completely been removed and the year 2006-2007 has witnessed a record paddy cultivation in 54 lakh acres, resulting in a production of 78 lakh tonnes of paddy and procurement of 14 lakh tonnes of paddy. **With a view to modernizing paddy purchase centres and removing the problems arising while weighing**

paddy, the Government has decided to provide modern Electronic Weighing Machines to 1,100 Direct Purchase Centres of the Tamil Nadu Civil Supplies Corporation. The free power scheme for farmers, introduced by the DMK Government will continue.

12. This Government has re-established the Tamil Nadu Agricultural Labour Welfare Board, which was formed in year 2000 during the previous tenure of the DMK Government to promote the welfare of farmers and agricultural labourers and abolished subsequently. Through this Board, the Government is implementing the Tamil Nadu Agricultural Labourers and Farmers Social Security and Welfare Scheme with added benefits. Launched by the Hon'ble Chief Minister on 22.2.2007, this scheme is providing various welfare benefits like education assistance, marriage assistance, maternity assistance, pension, assistance for funeral expenses and compensation to poor agricultural labourers, farmers and their families. **Under this scheme, 1.15 crore beneficiary families have been identified and 57.30 lakh families have been provided with identity cards. An allocation of Rs.152 crores has been made for this scheme in the Budget Estimates 2007-2008.**

13. The first three phases of the scheme to reclaim wasteland and distribute them free of cost to poor agricultural families have been completed. Till date, 77,117 acres of wasteland have been reclaimed and have been distributed to 71,755 poor farmers under this scheme. This revolutionary scheme, which has opened a new chapter in the socio-economic

life of the landless poor, will be continued in the coming years also.

14. This Government is according priority to horticultural crops, which have the potential to yield high income to farmers. Under the National Horticulture Mission, mango, cashew, turmeric, medicinal and aromatic plants and flowers are being cultivated in 14 districts. During 2007-2008, this scheme will be implemented in 77,300 acres with an outlay of Rs.98 crores. **With a view to promoting judicious use of water, micro-irrigation techniques will be introduced with 50% subsidy in 1,30,100 acres at a cost of Rs.104 crores in 2007-2008 under the Micro-irrigation Scheme.** As micro- irrigation with fertigation can reduce requirement of water for sugarcane crop by 40 % and protect it from drought, this will be taken up in 74,100 acres with 50% subsidy to benefit sugarcane farmers.

15. **The Tamil Nadu Industrial Development Corporation (TIDCO) will establish a cashew processing unit in Panruti as a joint venture with an investment of Rs.17 crores to promote cashew export, thereby increasing the income of cashew growers.** With the co-promoter for this project having been identified, this modern cashew processing unit will commence operations in one year.

16. **Our farmers will be able to earn high income from agriculture only if they follow modern agricultural practices. Accordingly, the Government will introduce Precision Farming in all districts in 2007-2008 at an estimated cost of**

Rs.3 crores. Under this scheme, the Tamil Nadu Agricultural University will introduce these modern techniques to farmers through demonstration farms. Practice of Precision Farming by our farmers has the potential to enhance the productivity of sugarcane, cotton, vegetables and fruits up to two times. With a view to enabling the extension officers in the Agriculture Department to effectively disseminate the modern agricultural techniques among farmers, training will be imparted to them at a cost of Rs.123 lakhs. **Our leading farmers will be taken to countries like Australia and Israel to expose them to the modern agricultural techniques being practised there and will be enabled to follow them in our State.**

Animal Husbandry

17. Animal Husbandry helps to supplement the income of farmers. It is for this reason that the Government has been laying emphasis on development of animal husbandry, especially increasing milk production. With the objective of improving the facilities for milk procurement and processing, a provision of Rs.1 crore has been made as subsidy for purchase of bulk coolers and another sum of Rs.1 crore provided as subsidy for purchase of stainless steel cans by various Milk Producers Co-operative Societies.

Irrigation

18. If inter-state river water disputes have to be prevented from emerging as a threat to the unity, integrity and sovereignty of this country and harmony among the states, then it

is necessary to at least interlink the peninsular rivers. This Government shall endeavour to get this project taken up at the earliest by the Union Government, given the urgency of the purpose.

19. Though the long awaited final award of the Cauvery Water Disputes Tribunal, which has come after 16 years, has brought relief to the farmers to some extent, the needs of our State have not been fully met. The Government had convened an all-party meeting to discuss the favourable and unfavourable aspects of the Award and based on the decision taken in this meeting, this Government has decided to file an application seeking explanation before the Tribunal at an appropriate time as per law.

20. Even though this Government will continue to pursue the policy of maintaining harmonious relations with the neighbouring States, it will take all necessary action to fully protect the rights of the farmers of Tamil Nadu, in issues like raising the water level in Mullai Periyar dam and efforts to construct a check dam across Palar River, which affect their livelihood.

21. In view of the fact that Tamil Nadu is a water deficit state and with a view to improving the river basins in the State, the DMK Government had successfully implemented the Water Resources Consolidation Project. **The Irrigated Agriculture Modernisation and Water Bodies Restoration and Management project, which is envisaged as a follow on**

project, has already received approval for assistance from the World Bank. This project will be the first of its kind in India, in which all departments involved with usage of water like agriculture, horticulture, fisheries and animal husbandry apart from irrigation, will be brought under one project umbrella. **This project will be implemented in 63 sub-basins of the State in the next six years at an estimated cost of Rs.2,547 crores.**

22. Under this project, agricultural productivity will be increased by technical assistance, apart from improving the irrigation infrastructure and strengthening tanks and dams in the State. In addition, necessary training will be imparted about cultivation of high income generating commercial crops and post-harvest technology. In order to promote the judicious use of water, assistance will be provided for the introduction of drip-irrigation and creation of farm ponds. The Government will also implement schemes to increase the income of farmers through animal husbandry and pisci-culture.

23. **I am happy to announce that in 2007-2008, the first year of the Irrigated Agriculture Modernisation and Water Bodies Restoration and Management project, works will commence in twelve river sub-basins of the State namely, that of Varaha Nadi, Melvellar, South Vellar, Aazhiyar, Palar (Kovai), Pambaar, Kottakkarayar, Manimuttar (Sivagangai), Arjuna Nadhi, Poinyar, Koundinyanadhi and Cooum river. A sum of Rs.260 crores has been allocated for this project.**

24. Whenever this Government has been in power, it has always accorded top priority to the desilting of channels and rivulets besides rehabilitation of irrigation structures in the Cauvery Delta Districts. A sum of Rs.40 crores has been provided for this purpose.

25. Necessary rehabilitation work will be carried out to strengthen the embankment of the Wellington reservoir in the Thittakudi taluk of Cuddalore district at an estimated cost of Rs.20 crores. As a result of this work, it would be possible to store water up to this reservoir's original capacity of 2.58 tmc.

26. It has been requested that the project for diverting the surplus waters of Thamirabarani River, which now flow unutilised into the sea, to the dry areas of Radhapuram, Nanguneri, Thisaianvilai, Sathankulam and Thiruchendur, be executed at a cost of Rs.198 crores. **Keeping the interests of the people of southern districts in mind, the feasibility of the implementation of this project will be examined and necessary steps taken.**

Public Distribution System

27. We are providing rice under Public Distribution System at a price of only Rs.2/- per Kg, the lowest among all states in the Country. It is because of this reason that the price of rice in the open market in the last ten months has not risen and has been kept under check. **In the same manner, in order to control the price rise of other essential commodities used by**

public on a daily basis like pulses and cooking oil, and to protect the poor and middle income families, the Government, as an immediate and temporary measure, has decided to procure these commodities and distribute them through the fair price shops.

28. Having regard to the fact that the on-line trading of essential commodities has led to steep rise in their prices, the Union Government has ordered the temporary suspension of on-line trading of pulses. While welcoming this measure, this Government has urged the Union Government to take note of the rise in prices of other essential commodities and hence suspend on-line trading of all other essential commodities.

29. This Government has taken a number of measures to prevent the illegal diversion of rice sold under the Public Distribution System to the open market. Action is being taken to eliminate bogus ration cards, issue new ration cards to eligible families and ensure smooth functioning of the Public Distribution System. An allocation of Rs.1,950 crores has been made towards food subsidy, including the provision for supplying rice at Rs.2/- a Kg, for 2007-2008.

30. In order to ensure the correct weight of essential commodities distributed in all fair price shops by means of modern electronic weighing machines, 23,601 Co-operative Fair price Shops which do not have such machines will be provided with them. An allocation of Rs.11.5 crores has been made for this purpose.

Law and Order

31. This Government, has been vigilant in the maintenance of law and order, curbing the rise of extremism and maintaining a strict vigil to prevent the infiltration of militant organizations in the coastal areas, in particular. This Government has constituted the Third Police Commission to equip the Police Force to meet the new challenges and to care for the welfare of Policemen. Under the Modernisation of Police Scheme, schemes at a cost of Rs.68 crores are under implementation in 2006-2007. This Government has accorded sanction for the construction of additional building for DGP's Office at a cost of Rs.20 crores and office building for Commissioner of Police, Chennai at a cost of Rs.21 crores. In addition, a new building for the District Police Office at Tiruvarur will be constructed at a cost of Rs.3 crores. A total sum of Rs.2,136 crores has been allocated for the Police Department for the financial year 2007-2008.

32. The Government will implement appropriate schemes in the coming financial year to improve the basic amenities in prisons and facilities needed by women prisoners, in particular. A sum of Rs.96 crores is provided for the Prisons Department.

33. A scheme intended to improve the infrastructure of Tamil Nadu Fire and Rescue Services Department at a cost of Rs.204 crores has been prepared and sent to Government of India for financial assistance. A sum of Rs.124 crores is provided for this Department.

Courts

34. With a view to realising the policy of this Government that Tamil should also be used as a Court language in all proceedings of the Madras High Court, a unanimous resolution to this effect has been passed by the Legislative Assembly and after obtaining the recommendation of His Excellency the Governor, sent to the Union Government to get the consent of the President of India. The Hon'ble High Court had also accepted this proposal in-principle. The Union Government had pointed out certain difficulties in this regard, which were unacceptable and in response, our Hon'ble Chief Minister Kalaignar substantiated and advanced appropriate arguments in support of this resolution. In deference to these arguments and the feelings of the Tamil people, the Union Government has assured us paving way for Tamil becoming a Court language in our High Court for which we shall be grateful for ever.

35. As per the recent announcement of the Hon'ble Chief Minister, the Government has decided to construct necessary court buildings and adequate residential quarters for judicial officers at a total cost of Rs.300 crores. These works will be executed in a phased manner in the coming four years. **In the first phase, construction of court buildings and residential quarters at an estimated cost of Rs.125 crores will be taken up in the next financial year. In addition, 50 Fast Track Courts and new courts based on need will be constituted.** A sum of Rs.270 crores has been provided for the Judiciary in 2007-2008.

Road Safety

36. With a view to preventing the traffic accidents arising due to the increased traffic and the deaths caused by these accidents , a comprehensive Road Traffic Safety Policy will be formulated and implemented. Based on this policy, the Government will take up various activities like road improvements, promotion of safe driving, speed regulations, strict enforcement of traffic rules and provision of emergency medical assistance to those who suffer injuries in traffic accidents. The following important measures will be implemented for the reduction of traffic accidents:

- Road safety works will be taken up under the Tamil Nadu Road Sector Project at an estimated cost of Rs.49 crores. Under this, accident prone areas (black spots) will be identified and accident prevention works will be taken up.
- Traffic and road safety works will be taken up in Chennai city under the Tamil Nadu Urban Development Project-III at an estimated cost of Rs.14 crores.
- The Road Safety Fund will be utilised to put up signages and conduct awareness campaigns on road safety at a cost of Rs.6 crores.
- Action is being taken to ensure that motorists are severely punished for drunken driving and their driving licences are either suspended or cancelled.
- Considering the fact that head injury is a major cause for deaths in road accidents, it has been decided to make

wearing of helmets compulsory in all Municipal Corporation areas from 1st June and in all the other areas of the State from 1st July, 2007.

School Education

37. A sum of Rs.54 crores has been provided for the free textbooks scheme for students in the coming financial year. Apart from this, Rs.58 crores has been allocated for the scheme for giving free uniform to students and Rs.102 crores has been earmarked for the scheme for providing free bicycles to plus one students. State Transport Undertakings have been provided a subsidy of Rs.300 crores to implement the scheme for providing free as well as concessional bus passes to students. **The previous Government had increased the quarterly tax payable by private contract carriages used as conveyance by school and college students by several times to Rs.150 per seat. Accepting the representations for lowering this tax burden, the Government has decided to reduce the quarterly rate of this tax to Rs.50 for vehicles transporting school students and to Rs.100 for vehicles transporting college students, with the condition that the benefit of this reduction must be passed on to the students.**

38. A sum of Rs.375 crores has been provided as the State's share under the Sarva Shiksha Abhiyan Scheme. All vacant teacher posts in Government schools are being filled in time scale of pay. 12,464 class rooms required for primary and middle schools are being constructed at a cost of Rs.332 crores.

In addition, a sum of Rs.150 crores has been provided in the next financial year for constructing the required number of classrooms and laboratories for high schools and higher secondary schools with financial assistance from NABARD. **In the coming academic year, 100 middle schools will be upgraded as high schools and 80 high schools upgraded as higher secondary schools.**

39. Students will be able to pursue higher levels of education effectively only if the quality of education imparted in primary schools is improved. **In view of the fact that Activity Based Learning helps children to grasp lessons easily, it has been decided to introduce Activity Based Learning from classes I to IV in all primary and middle schools.**

40. This Government, since assuming office, has filled 24,642 posts of teachers and action is under way to fill another 8,837 posts of teachers. With a view to ensuring quality of education, 7,979 new posts of teacher have been created and all vacant posts of teacher are being filled up in time scale of pay through employment exchanges. In addition, teachers teaching in classes I to VIII are being given training for 20 days every year under Sarva Shiksha Abhiyan.

41. **Schools with a low percentage of pass in educationally backward districts of Dharmapuri, Viluppuram, Erode, Perambalur, Salem, Vellore, Tiruvannamalai and Cuddalore will be identified and special coaching**

will be given to the students of these schools at a cost of Rs.123 lakhs.

42. It was only during the DMK rule in 1999-2000 that computer education was first introduced in Government higher secondary schools. **In the coming academic year, computer laboratories will be established in all 1,880 Government higher secondary schools at a cost of Rs.118 crores. Further, in order to improve the fluency of students in spoken English, English language laboratories will be established at a cost of Rs.130 lakhs.**

43. **In order to encourage education through Tamil medium, students studying in Tamil Medium in classes X and XII will be exempted from payment of fees for the Public Examination.** A provision of Rs.7,057 crores has been made for School Education department.

Libraries

44. **Current science books, new publications, Historical works as well as reference books still remain beyond the reach of common man and poor students and therefore, to ensure their easy accessibility, the Government has decided to establish a modern State Library of international standard at Chennai.** This library will have all books and internet-based publications with modern infrastructure and will be a large model library. The total cost of this project will be Rs.100 crores, out of which the share of Local Library

Authority will be Rs.80 crores and that of the Government will be Rs.20 crores.

45. As announced by the Hon'ble Chief Minister, accepting the request of writers and publishers, the Government will provide land in Chennai for the publishers to establish a large "Book Park" to make all books available under one roof.

Higher Education

46. It was promised in the election manifesto that the Common Entrance Test to professional courses, which is an unnecessary additional burden on students, would be abolished with the intention of providing a level playing field to rural as well as poor students on par with students in urban areas and in fulfilment of this promise, the Government has accepted the recommendations of the committee of educationists set up for this purpose and accordingly has enacted an Act abolishing the Common Entrance Test. This Act has received the Presidential assent. Thus all obstacles in this regard have been removed. This Government is proud in having fulfilled another promise of the DMK that enables the rural students realise their dream .

47. This Government has converted all self financing courses started by the previous Government in Government Arts and Science Colleges during 2002-2003 as regular courses. **With the objective of enabling students from the lower strata of the society to pursue higher education, the Government has decided to grant exemption from payment of tuition fees**

to all students studying undergraduate courses in Government Arts and Science colleges thereby providing higher education free of cost in Government colleges.

48. Shift system had been introduced in 10 Government Arts and Science Colleges in 2006-2007. Students who could not afford to pay high fees in private self financing colleges have benefited from the shift system. **Considering the fact that all seats were filled in these Colleges, the Government has decided to introduce shift system in all Government Colleges in the coming academic year. As a result, the admission capacity in Government colleges will double from 30,000 to 60,000. Further, 500 additional classrooms will be constructed in Government Arts and Science Colleges at a cost of Rs. 25 crores.**

49. **With a view to ensuring that the local youth get the benefit of the employment opportunities generated by the Special Economic Zone to be established in Perambalur district, two new Government Industrial Training Institutes will be set up in that district and a new Government Industrial Training Institute will be started in Sivaganga district next year.**

50. **During the XIth Plan period, all Universities in the State will choose a department to be developed into a Centre of Excellence. An assistance of Rs.1 crore is provided in this Budget for Bharathiar University in Coimbatore in this regard to start with.**

51. As promised in the election manifesto, this Government has reduced the annual tuition fees, which was raised during the previous regime, from Rs.10,350 to Rs.6,350 in Government Engineering Colleges. Two new Anna Universities in Tiruchy and Coimbatore have been started. **With a view to further improving the quality of technical education in southern districts, a new technical university by the name Tirunelveli Anna University will be established.** The total allocation provided for Higher Education in the Budget for the year 2007-2008 is Rs.1,054 crores.

Health and Family Welfare

52. The 'Varumun Kappom' Scheme, introduced by the DMK Government, has been revived in order to facilitate early detection and cure of illnesses. This scheme envisages conduct of 9,000 medical camps by teams of medical experts all over the State over a period of two years and 884 medical camps have been conducted so far. This scheme, which has been widely welcomed by the public has so far benefited 11,33,471 persons.

53. In pursuance of this Government's policy that every district should have a medical college, sanction has been accorded last year to establish a new medical college at Villupuram and preliminary works for the same are underway. **Similarly, two new medical colleges will be established at Thiruvarur and Dharmapuri at a cost of Rs. 100 crores each.**

54. **The infrastructure facilities of Medical College Hospitals in the State will be improved at a cost of Rs.50**

crores. Additional buildings will be constructed for Institute of Child Health attached to Madras Medical College and Royapettah Government Hospital attached to Kilpauk Medical College at estimated costs of Rs.14 crores and Rs.10 crores respectively. In addition construction of hostel and other infrastructure improvement works will be taken up in Chengalpattu, Tirunelveli, Thanjavur, Trichy, Madurai, Kilpauk, Stanley Medical Colleges and Madras Dental College at a cost of Rs.21 crores. Hostels will be constructed for 5 Nursing Schools at Government General Hospital in Chennai, Stanley Medical College, Coimbatore Medical College, Government District Headquarters Hospitals at Ramanathapuram and Udthagamandalam, at a cost of Rs.one crore each, totalling Rs.5 crores.

55. With a view to transporting patients and pregnant women in rural areas in time for emergency medical care, orders have been issued to provide 24 hours ambulance service in all Blocks under the Tamil Nadu Health Systems project. Under this project, 187 Blocks have been so far provided with new ambulances. **Remaining 198 Blocks will be provided with new ambulances at a cost of Rs. 21 crores.**

56. Dr. Muthulakshmi Reddy Memorial Maternity Assistance Scheme, introduced by Chief Minister Kalaingar providing pregnant women with Rs.6,000 each, has become a pioneering scheme for the entire nation playing a vital role in promoting women and child welfare. Under this Scheme, 2,36,823 pregnant women have benefited so far. **In the next**

financial year, this scheme targets to benefit 2 lakh pregnant women and a sum of Rs.120 crores has been provided for this scheme in the Budget 2007-2008.

57. 64 Head Quarters Hospitals have been upgraded into Comprehensive Emergency Obstetric and Newborn Care (CEmONC) Centres under the Tamil Nadu Health Systems Project. **In the coming year, another 32 hospitals will be upgraded. Specialist doctors like Paediatricians, Anaesthetists and Obstetricians will be made available in these Centres.** A sum of Rs.193 crores has been allocated for procurement of medicine for all the hospitals in the State. Totally, a sum of Rs.2,286 crores has been provided for Health and Family Welfare Department.

Industries

58. As this Government is known to be easily accessible to industrialists, many new industrial units are being established in the State. After this Government came to power, Memoranda of Understanding have been signed with eight major Industrial Houses, namely Motorola, Apollo Tyres, Tessolve, Dell Computers, Growth Link, Samsung, Mahindra-Renault-Nissan and Caparo, involving industrial investments to the tune of Rs.6,985 crores. It is expected that these projects would provide direct and indirect employment to about 96,000 persons. As the crowning glory of achievements of this Government's Industrial Policy, a Memorandum of Understanding (MoU) was signed on 26.2.2007 between the Government of Tamil Nadu and a

consortium consisting of Mahindra and Mahindra of our country, Renault of France and Nissan of Japan for establishing jointly a large car manufacturing facility at Oragadam near Chennai with an investment of Rs.4,000 crores. After Ford and Hyundai, this is the largest car manufacturing facility being established in Tamil Nadu. With this, Tamil Nadu has regained the top position it had lost in automobile and automotive component manufacturing.

59. Two new shipyards are proposed to be established with an investment of Rs.3,700 crores in the private sector in Chennai Ennore Port area and Cuddalore district. This will provide employment to about 25,000 youth in these areas.

60. With a view to ensuring full utilisation of the graphite deposits in Sivaganga, steps will be taken to establish another graphite industrial unit using superior beneficiation technology of international standard by the Tamil Nadu Minerals Limited as a joint venture project with suitable co-promoter.

61. There are several areas in our State, where industries can be established without affecting agriculture, with potential to provide employment to thousands of persons. As opined by His Excellency the President of India, there is nothing wrong in establishing Special Economic Zones in such areas, after excluding the lands suitable for agriculture, without in any way affecting common people. Accordingly, with a view to promoting establishment of new

industries in the southern districts which have more of such lands a Special Economic Zone will be established in Virudhunagar district.

62. The Special Economic Zone at Nanguneri, conceived and established by the late Union Minister Murasoli Maran to promote the industrial development of the southern districts, has been revived. A new additional private co-promoter has been inducted and the process of acquiring additional land required for this SEZ is nearing completion.

Information Technology

63. As a result of the focused and determined efforts of the State Government, Tamil Nadu has emerged as a leading state in the manufacture of electronic products, telecommunication equipments and computers. The decision of major companies like Samsung, Motorola and Dell Computer to establish their manufacturing units in Tamil Nadu is a major accomplishment of the industrial policy of this Government. The recently announced Semi-conductor policy of the Union Government will facilitate the establishment of Fab facility for manufacture of high technology Integrated Circuit Chips in our country, especially in Tamil Nadu.

64. Having regard to the fact that the Software industry is providing employment to thousands of youth in our State, this Government has been supporting this industry. In furtherance of this Government's policy that Software companies must be set up not only in Chennai, but also in the other major cities of the

State, the Hon'ble Chief Minister laid the foundation stone for an Information Technology Park at Coimbatore on 24.2.2007. In addition, as stated by the Hon'ble Chief Minister in that function, land has already been placed at the disposal of ELCOT for establishing Information Technology Parks at Madurai, Trichy and Salem. Land has also been earmarked at Tirunelveli for setting up an Information Technology Park. Bids have been called for the establishment of a second Tidel Park at Taramani in Chennai.

65. Women graduates and engineers from all over Tamil Nadu are working in the various Software and Information Technology Enabled Service industries in Chennai. **With the objective of providing them safe accommodation with modern facilities, the Government has decided to construct a large Working Women's Hostel Complex, availing financial assistance under the Working Women's Hostel Scheme of Government of India.**

66. The first phase of the scheme for distribution of free colour televisions sets, which was promised in the election manifesto, has been successfully completed by distributing 30,000 colour televisions residing in Periyar Memorial Samuthuvapurams. In the second phase of the scheme, 25 lakh colour television sets have been procured at a cost of Rs.685 crores in a transparent manner, through international competitive bidding, with the approval of a committee comprising of representatives of political parties in the legislature, and these colour television sets are being distributed, free of cost, across the state. The implementation of this scheme will continue in the

coming years also and it will be ensured that there is no home without a colour television in Tamil Nadu. A provision of Rs.750 crores has been made for this scheme for 2007-2008.

Small Scale Industries

67. The scheme of granting capital subsidy for small scale industries established in industrially backward regions, implemented by the DMK Government and subsequently discontinued by the previous Government, has been revived. Rs.20 crores has been provided for 2007-2008 for providing capital subsidy to entrepreneurs who establish small scale industries in industrially backward blocks.

68. With a view to rejuvenating the tea estates in the Nilgiris district and modernising co-operative tea factories thereby enabling them to produce quality tea and enhancing the income of tea growers, this Government will implement a major scheme with an outlay of Rs.89 crores with financial assistance from the Tea Board of Government of India.

Development of Roads

69. With the objective of converting all single lane State Highways into double lane roads, road widening and improvement works in 1,518 kms of State Highways have been undertaken at a cost of Rs.410 crores during 2006-2007. Remaining 3,052 kms of State Highways will be converted into double lane roads in the coming years. A total provision of

Rs.2,698 crores has been made in the Budget 2007-2008, as the capital outlay on development of roads and bridges. In addition, a sum of Rs.829 crores has been allocated for proper maintenance of roads.

70. During 2001-2006, only 9 Railway Over Bridges (ROBs) were completed. **In contrast, in 2006-2007 alone, this Government has accorded administrative sanction for 25 ROBs at an estimated cost of Rs.410 crores. In 2007-2008, another 39 ROB works will be sanctioned and taken up for execution at a cost of Rs.500 crores.**

Electricity

71. In tune with the growth of Tamil Nadu economy, demand for power has been increasing. This Government has been taking various measures to set up new power projects to meet this demand. The announcement of the Union Government that four more nuclear reactors with a capacity of 4,000 MW will be set up in Koodankulam in Tirunelveli District, in addition to the 2,000 MW project for which construction is already underway, provides great fillip to the growth of major industries in southern districts while meeting the future energy needs of Tamil Nadu. The additional nuclear reactors will be established within the land already acquired without resorting to any additional land acquisition. **I am happy to inform that the Rs.26,000 crores of additional investment by Union Government for this purpose will be the largest investment by the Union Government in Tamil Nadu in the recent times.**

72. Tamil Nadu is the largest producer of wind energy in the Country. The total capacity of wind power in Tamil Nadu is estimated to be 3,400 MW by the end of March 2007.

Transport

73. 10,206 new buses were purchased by the State Transport Undertakings by the DMK Government during 1996-2001. However, during the tenure of the previous Government from 2001-2006, only 5,608 new buses were purchased. Reversing this trend, during the very first year of the DMK Government with Rs.100 crores of financial assistance by the Government, procurement orders have been given for 2,230 new buses and till now, 1,498 new buses have been brought into service. The remaining new buses will be received shortly. **In the coming financial year, 3,000 new buses will be purchased at a cost of Rs.350 crores. A sum of Rs.150 crores has been provided for this purpose in this Budget as financial assistance from the Government.** Having regard to the transport needs of people living in sub-urban areas, plying of buses has been extended up to 50 Kms in Chennai Metropolitan area and 35 Kms in other Municipal Corporations.

Airports

74. In recent times, there has been a rapid growth in air transport in our State. Therefore, the State Government has been considering the options of expansion of the existing Chennai Airport or a new Airport near Chennai. An appropriate decision will be taken soon. In addition, the expansion of Coimbatore,

Madurai, Trichy and Tuticorin Airports is very essential to handle the increasing air traffic in these airports. The Airport Authority of India has requested the State Government to provide the land required for expansion of these airports. Accepting this request, the Government will provide the land required for expansion of these airports to the Airport Authority of India.

Metro Rail Project

75. **As a permanent solution to the traffic congestion problem of Chennai city, this Government has decided to implement the Metro Rail Project at a cost of about Rs.9,000 crores. The project, comprising of two rail corridors, will have a total length of 49 Kms and will commence operations within 5 years.** The detailed project report for this project has been prepared by Delhi Metro Rail Corporation and submitted to Government recently. A provision of Rs.50 crores is made in this Budget to undertake the preliminary works for this special scheme.

Mass Rapid Transit System

76. The second phase of the Mass Rapid Transit System, extending from Luz Mylapore to Velachery, is nearing completion. **Realising that the full benefit of this project can be harnessed only if it is extended up to St. Thomas Mount, Tamil Nadu Government has conveyed to Union Government its concurrence to bear two-thirds of the cost of this project estimated at Rs.416 crores. An allocation of Rs.20 crores has**

been made in this Budget as the contribution of this Government to this project for the year 2007-2008.

Municipal Administration

77. This Government is paying special attention for improving the basic amenities in the rapidly growing urban areas. As a result of the efforts taken by this Government, schemes worth Rs.2,470 crores have been sanctioned under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), covering areas like drinking water, sewerage, solid waste management, housing for poor, slum improvement and roads. For Chennai city alone, sanction has been accorded for eight schemes at an estimated cost of Rs.1,060 crores. Seven schemes have been sanctioned for Madurai city at an estimated cost of Rs.284 crores. This includes the Second Vaigai Water Supply Improvement Project with an outlay of Rs.59 crores and Madurai City Solid Waste Management Project with an outlay of Rs.74 crores. Six projects have been sanctioned for Coimbatore involving a total cost of Rs.501 crores. This includes the Coimbatore Drinking Water Project at a cost of Rs.114 crores and Solid Waste Management Project at a cost of Rs.97 crores. In addition, financial assistance will be given as grants to urban local bodies for converting all the remaining earthen roads in municipal areas into black topped roads.

78. This Government recognises the importance of sewerage in environmental protection and public health. Therefore, the Government has decided to implement

underground sewerage schemes in all district headquarter towns in the first phase and in all municipalities in the next phase. The total provision for Municipal Administration and Water Supply Department in this Budget is Rs.2,661 crores.

Drinking Water Supply and Sewerage

79. A survey has been conducted in 2006-2007 on the drinking water availability in rural habitations of Tamil Nadu and it has been found that out of the 86,981 rural habitations in the State, the average daily per capita availability of drinking water is below 40 litres in 36,452 habitations. It will be ensured in the next four years that all such habitations are provided with adequate protected water supply. 7,000 rural habitations have been provided with protected water supply during the current year. **During 2007-2008, schemes will be undertaken to provide adequate protected water supply in 9,000 such habitations. A sum of Rs.411 crores has been provided for this purpose.**

80. **On 30.1.2007, the Hon'ble Chief Minister has laid the foundation stone for the Ramanathapuram Combined Water Supply Scheme, at an estimated cost of Rs.616 crores as a permanent solution to the drinking water problems of Ramanathapuram, Pudukkottai and Sivagangai districts.** The Hogenekal Water Supply Scheme, which is the only solution for the drinking water problem of Dharmapuri and Krishnagiri districts has been recommended by Government of India to Japan Bank for International Co-operation (JBIC) for financial assistance. A team of experts from JBIC had recently conducted preliminary

appraisal of the Project in these districts. Treating this project as a challenge, this Government will implement this project with determination.

81. During the current year, 60 combined water supply schemes have been executed at a total cost of Rs.363 crores benefiting 20 lakh persons. During 2007-2008, 50 combined water supply schemes will be executed at a cost of Rs.626 crores benefiting 36 lakh persons.

82. Water supply improvement scheme works have been completed in 55 towns benefiting 15 lakh persons at a cost of Rs.161 crores during the current year. During the coming year, water supply improvement schemes will be executed in 60 more towns and brought into use at a cost of Rs.389 crores.

Chennai Metropolitan Area Development

83. City Corporations like Chennai, Madurai and Coimbatore have already been facing the pressure of population. The Government foresees this situation worsening further in a few years. People in these cities are already experiencing hardships due to traffic congestion. This current situation calls for an immediate planned response to ensure that these cities remain livable with pollution free and congestion free ambience, so that the future generations do not curse us. Keeping these aspects in mind, the Government will constitute a State Level City Corporations Traffic and Transportation Improvement Advisory Committee, with Sub Committees each for Chennai, Madurai and Coimbatore. This Committee will recommend traffic and

transportation solutions for these cities. This Committee will also plan for expanding the jurisdiction of these cities with the ultimate objective of making urban life pollution and congestion free. A provision of Rs.200 crores has been made in the first phase, for taking up various initiatives for achieving the above said objectives.

84. With a view to achieving a permanent solution to the drinking water problem in Chennai, works for setting up a desalination plant with a capacity of 100 million litres per day, have commenced on 25.2.2007. In addition, the Government proposes to set up another desalination plant with 100 million litres per day capacity with Central assistance and land has been identified for the same on Chennai-Mamallapuram road. The preparation of the detailed project report for the same is currently underway.

85. In the coming year, a scheme to improve the water supply infrastructure of Chennai city will be implemented at an estimated cost of Rs.337 crores by the Chennai Water Supply and Sewerage Board under the Jawaharlal Nehru National Urban Renewal Mission. This will ensure equitable distribution of drinking water in all parts of the city. In addition, a scheme to upgrade the solid waste management system in Chennai city will be implemented at a cost of Rs.255 crores.

86. A water supply and sewerage scheme intended to benefit the residential areas and software parks on the

Information Technology Expressway (Old Mamallapuram Road) will be executed at a project cost of Rs.42 crores and completed within one year.

87. With a view to developing the estuary of Adyar river and taking care to protect the flora and fauna of the area, a park with all modern amenities will be established at an estimated cost of Rs.100 crores. Detailed project report for the same is under preparation. As announced by the Hon'ble Chief Minister, beautification of Marina Beach, Secretariat area and Elliot's Beach in Chennai will be taken up by the Chennai Corporation at a cost of Rs.25 crores.

Slum Improvement

88. Availing the assistance of Rs.250 crores recommended by the 12th Finance Commission, 17,000 tenements with all infrastructural facilities will be constructed in slum areas by the Tamil Nadu Slum Clearance Board which was founded for the first time in the country by the DMK Government in 1971. The Tamil Nadu Slum Clearance Board will construct 13,000 tenements for the tsunami affected fishermen families living in urban slums at a cost of Rs.295 crores. In addition, 40,000 houses will be constructed in the slum areas of Chennai, Madurai and Coimbatore Corporations and other Municipalities and Town Panchayats.

Rural Development

89. With a view to ensuring all basic amenities to the rural population within just 5 years, this Government has launched the 'Anaithu Grama Anna Marumalarchi Thittam'. Under this major scheme, works for providing basic infrastructure will be taken up in all the 12,618 village panchayats of the State with an allocation of Rs.20 lakh for each village panchayat. The Hon'ble Chief Minister had inaugurated this scheme on 21.1.2007 and development works are underway in 2,540 villages in the current year. **In the coming financial year also, rural infrastructure development works will be taken up in 2,534 villages at a cost of Rs.507 crores.**

90. As a result of the efforts of this Government, the Centrally sponsored National Rural Employment Guarantee Programme (NREGP) is being effectively implemented in six districts of the State namely, Cuddalore, Dindigul, Nagapattinam, Sivagangai, Tiruvannamalai and Viluppuram. Minimum wage has been ensured for all the beneficiaries and the programme is operating successfully. The fact that, out of the 5 lakh families who have benefited under this programme incurring an expenditure of Rs.108 crores, 56% are Adi-draavidar families and 82% of the beneficiaries are women goes to prove that the objective of this scheme to provide succour to the poor has been fully achieved. Another positive impact of the scheme is the fact that the daily wage rate of agricultural labourers has risen in the districts where this programme is being implemented. I am happy to announce that, accepting the request of our Hon'ble Chief

Minister Kalaignar to extend this scheme to other districts also, the Government of India has agreed to extend this scheme to Tirunelveli, Thanjavur, Tiruvarur and Karur districts also. Totally, a sum of Rs.3,471 crores has been allocated for the Rural Development and Local Administration Department in this Budget.

Local Bodies

91. When the Panchayat Raj legislation, the dream of young Prime Minister, late Thiru Rajiv Gandhi, was enacted after a countrywide debate, it was the then DMK Government that had conducted elections to local bodies for the first time and thus ensured that these bodies, based on the principle of decentralization of power, had a permanent role in the State's polity. The Third State Finance Commission has made detailed recommendations about decentralization of powers and devolution of funds to these local bodies. This Government will devolve sufficient funds to the local bodies to ensure the smooth movement of the wheels of Local Self Government,

92. The State Government is providing financial support to local bodies under three main heads which are devolution from the state's own tax revenue, assigned revenues and assistance for the various schemes. **Having regard to the fact the transfers from the State Government constitute the lion's share of the finances of the Local Bodies, the Government has decided to increase the amount of devolution from 8% to 9% of the state's own tax revenue in the next financial year.**

This increase, coupled with the expected buoyancy in the state's revenues, would raise the share of local bodies from Rs.2,112 crores in 2006-2007 to Rs.2,734 crores to in 2007-2008. As a result of this single measure alone, local bodies will receive an additional Rs.622 crores. The percentage of devolution will be progressively increased to 10 % within the award period of the Third State Finance Commission. In addition, assigned revenues will increase from Rs.752 crores in 2006-2007 to Rs.919 crores in 2007-2008. Apart from this, Rs.1,292 crores will be provided to local bodies as assistance for various schemes in the next financial year.

93. A total sum of Rs.4,278 crores has been provided to local bodies in the form of devolution, assigned revenues and schematic assistance in 2006-2007. In the coming financial year, 2007-2008, the total fund transfer to the local bodies under the above heads will be Rs.4,945 crores. In addition, while functions like primary education, public health and rural water supply infrastructure which are discharged by local bodies in some States, the situation in our State is that the State Government has to shoulder these functions. The State Government will be incurring another Rs.4,224 crores for discharge of these functions. Therefore, Hon'ble Members may note that the total financial assistance to local bodies coupled with the Government's expenditure on certain functions which are supposed to be discharged by the local bodies, amounts to Rs.9,169 crores. This would constitute 30% of the State's own tax

revenue. The recommendations of the Third State Finance Commission on various aspects like decentralization of powers, devolution of funds, tax system, etc along with a report on the action taken by the Government on these recommendations will be placed before the Legislative Assembly in this session itself.

Revenue Administration

94. In the year 2000, the DMK Government had announced and implemented a revolutionary scheme for grant of house site pattas to poor people who were residing for more than ten years in houses constructed in Government poramboke lands. This Government has revived this scheme and ordered to issue house site pattas to eligible persons within six months. If necessary, this time limit will be extended and house site pattas granted.

95. **A new office complex will be constructed in Salem at an estimated cost of Rs.25 crores for the District Collector's Office and offices of various departments which are presently functioning in very old buildings. In addition, at an estimated cost of Rs.11.4 crores, office buildings will be constructed for eight new Taluks, namely, Gangavalli, Kunda, Veerakeralampudur, Pandalur, Kariyapatti, Ilappur, Vazhappadi and Thottiyam, where the Taluk offices are presently functioning in private buildings. Thus, we shall ensure that there is no Taluk Office without own building in Tamil Nadu.**

96. The process of delimitation of Parliamentary and Legislative Assembly constituencies is currently underway and therefore, the Government is not presently in a position to implement its announcement regarding the re-establishment of Ariyalur district. This district will be established and district administration will commence functioning immediately after the conclusion of the delimitation process. **Taking cognizance of the demands for creating new districts on the basis of Legislative Assembly constituencies, this Government accepts these demands in principle and accordingly new districts will be created after the completion of the delimitation process.**

Tsunami Reconstruction and Rehabilitation Projects

97. Although a sum of Rs.4,897 crores was available from the Central Government for Tsunami rehabilitation works under the Rajiv Gandhi Rehabilitation Package and externally aided projects, the previous Government merely undertook immediate relief and did not take up permanent reconstruction. This Government has taken cognizance of this situation and has expedited Tsunami reconstruction works. **In sharp contrast to the situation at the time of review by the Hon'ble Chief Minister on 24.6.2006 when only 8,406 houses had been completed, at present, as on 19.3.2007, 22,420 permanent houses have been constructed and works are underway to complete the remaining houses.** The Government has also decided to construct on its own the 3,000 houses which were

supposed to be constructed by NGOs but were not constructed by them. **In addition, in order to protect the poor coastal population including fishermen who are highly vulnerable to natural calamities like cyclone, flood and tsunami, the Government has decided to construct permanent houses for the people residing in the 52,000 huts which are within one km of the sea. The Government has ordered the construction of 22,000 houses with Central assistance and works are underway. The remaining 30,000 houses will be constructed with the approval of the World Bank.**

Welfare of Women

98. Honourable Members may recall that it was the DMK Government which had safeguarded rights of women by giving them equal right to property and 33% reservation in local bodies. This Government regrets to point out that the draft Bill to provide 33% reservation in Parliament and State Legislative Assemblies is still pending without enactment and this Government will continue to urge the Union Government to take expeditious steps to uphold the gender rights.

99. On 15th August, 2006, the Hon'ble Chief Minister had announced the scheme for providing free gas stoves and free LPG connection to houses with no gas connection, for the benefit of women in poor and middle income families. In the first phase of the scheme, out of a target of 3 lakh gas connections, 74,201 families have been given free gas stoves and gas connections so far. **In the coming financial year, the Government proposes**

to give 5 lakh free gas stoves and gas connections and for this purpose, a sum of Rs.100 crores has been provided in this Budget. This scheme will continue in the coming years also.

100. This Government has revived the Moovalur Ammaiyar Memorial Marriage Assistance Scheme by providing financial assistance for marriage without any distinction of caste or creed and has increased the quantum of assistance from Rs.10,000 to Rs.15,000. This Scheme has reduced the burden of marriage related expenditure for poor women and thus has been of great relief to them. In the current year, 46,000 women have benefited under the Scheme so far. This scheme will benefit 50,000 women in the coming financial year and a sum of Rs.75 crores has been provided for the same.

Women Self Help Groups

101. With a view to further strengthening the Self Help Group (SHG) movement launched by the DMK Government in 1989 in Dharmapuri District, this Government has increased the training allowance given to them. During the current financial year, 19,000 new SHGs have been formed so far. **During 2007-2008, 25,000 new SHGs will be formed benefiting 5 lakh women. This Government will continue to provide assistance for their capacity building and enabling them to take up income generating activities.**

Vaazhndhu Kattuvom

102. This Government is implementing the first phase of the World Bank aided 'Vaazhndhu Kattuvom' project in 15 Panchayat Unions in 15 districts with the objective of promoting the welfare of the most marginalized sections of the society like the poorest of the poor, poor women, disabled and destitutes. **Area of coverage of this project, implemented at a cost of Rs.717 crores, will be expanded to cover 2,432 Village Panchayats in 70 Panchayat Unions in the next financial year.**

Welfare of Elderly and Destitute Persons

103. This Government had doubled the quantum of monthly pension given to old aged persons, destitute widows and deserted wives from Rs.200 to Rs.400. A provision of Rs.625 crores has been made for this scheme which provides social security assistance to about 11 lakh poor and destitute persons.

Welfare of Mentally Retarded Persons

104. **As announced by the Hon'ble Chief Minister in the recently held Conference of mentally retarded persons at Valluvarkottam and having regard to the fact that special attention is necessary for taking care of mentally retarded persons, the Government has decided to take necessary steps for provision of Special Education facilities with Hostels in all district headquarters. Further, financial assistance will be provided through the Welfare Board for**

the Disabled to capable NGOs who come forward with interest to take care of mentally retarded persons.

105. **With a view to ending the miserable situation where the severely mentally retarded persons, who are unable to take care of themselves, are left with no support, the Government has decided to provide all such persons with the same pension as for severely handicapped persons, without any ceiling as to their number or income. A sum of Rs.25 crores has been provided in this Budget for providing monthly assistance to them and for providing assistance to NGOs who come forward to take care of them.**

Welfare of the Disabled

106. **The Government is aware that the plight of completely blind persons is no less agonising than the plight of mentally retarded persons. Therefore, as in the case of mentally retarded persons all required facilities will be extended to blind persons also. Hostel facilities will be provided in Chennai and other district headquarters for blind students studying in colleges. In addition, Folding Sticks and Black Goggles will be provided to all remaining blind persons under the scheme of providing these aids.**

107. **The monthly assistance given to disabled persons has been increased from Rs.200 to Rs.400 in the current year and 71,000 disabled persons have benefited. Further, the monthly assistance given to severely disabled persons has been increased from Rs.200 to Rs.500 and this has benefited 10,000**

severely disabled persons. **The Government and NGOs have been providing orthopaedically handicapped persons in the State with tricycles. With the objective of providing tricycles to all remaining disabled persons, 6,000 tricycles will be distributed at a cost of Rs.180 lakhs. Severely disabled persons will be given motorized tricycles to facilitate their easy movement over long distances.**

108. In addition, this Government has established a separate welfare board for the disabled and has taken necessary measures for providing various welfare benefits to them. **In order to ensure the continuing governmental attention and assistance for the disabled in the future also, the Government will introduce a separate Bill for this purpose in this current session of the Legislative Assembly.**

Welfare of Weavers

109. **With a view to providing continuous employment to handloom weavers, the scheme for giving free dhotis and sarees to poor people during Pongal will continue in 2007-2008.** A provision of Rs.256 crores has been made for this scheme. In order to continue the scheme for providing free power to handloom and powerloom weavers, as announced by this Government in the previous calendar year, a provision of Rs.78 crores has been made in this Budget. This initiative would benefit 1,50,000 handloom and 80,000 powerloom weavers. **The monthly pension given to handloom weavers above 60 years of age will be doubled from Rs.200 to Rs.400 per month. The**

Government will bear the additional expenditure. This scheme will benefit about 13,000 handloom weavers currently receiving pension.

110. With a view to increasing the income of weavers, the Government is implementing a scheme to boost the sales of handloom cloth by introducing new designs in collaboration with the National Institute of Design at Ahmedabad. With a view to producing adequate quantity of silk yarn necessary for silk weaving within the state itself, an additional 10,000 acres of land will be brought under Mulberry cultivation in 2007-2008. Sericulture Development Project will be implemented at an estimated cost of Rs.15 crores with central assistance

111. **The Government will establish a permanent market fair (Haat) at Kanyakumari where the artisans of the State can directly sell their products to tourists.** The State will contribute its share of Rs.60 lakh for this project to supplement Rs.140 lakhs of central assistance for this scheme.

Welfare of Fishermen

112. The Hon'ble Chief Minister has written to the Hon'ble Prime Minister about the difficulties faced by the Tamil fishermen who are being increasingly subjected to attacks by the Sri Lankan Navy in the recent past. On 12.3.2007, an agitation was launched in Chennai spearheaded by the Ministers of this Government and a Memorandum was presented to the Sri Lankan Deputy High Commissioner. The Union Ministers and the Members of Parliament from this state had also represented to the Prime

Minister in New Delhi in this regard. In these circumstances, we urge the Union Government to intervene in this matter immediately and protect the fishermen of our state.

113. In the Governor's Address, this Government had announced the creation of a separate welfare board for fishermen. **All benefits given under the Landless Agricultural Labourers and Farmers Social Security and Welfare Scheme will be extended to fishermen also. A separate Bill for the same will be introduced during this session of the Legislative Assembly. Women who are engaged in activities like drying and sale of fish will also be covered under the above scheme. A sum of Rs.5 crores has been provided for this purpose.**

114. A provision of Rs.28 crores for providing assistance to fishermen in lean season when they are unable to go for fishing and another provision of Rs.12.48 crores for the scheme for providing assistance to fisherwomen have been made. In addition, the sales tax exemption on diesel which is sold to fishermen for their use will continue under the VAT system also.

Welfare of Unemployed Youth

115. With a view to providing succour to the educated unemployed youth who have been waiting after registering in employment exchanges, the Government is implementing the scheme of providing monthly assistance up to Rs.300 to the unemployed youth. Under this scheme which was inaugurated by the Hon'ble Chief Minister on 11.11.2006, in the first phase

2,06,766 youth and in the second phase, that commenced on 24.2.2007, an additional 1,03,629 youth i.e., so far 3,10,395 youth are deriving benefits. A sum of Rs.95 crores has been allocated for this scheme, in the coming financial year.

116. As a result of the continuing efforts of this Government, the industries and the service sectors in Tamil Nadu are growing at a rapid rate. If the youth from Tamil Nadu have to benefit from the increase in the employment opportunities generated by this growth, it is absolutely essential to impart skill training to them in jobs they would like to work. **Accordingly, not only providing monthly assistance to unemployed youth, but also with a view to make them employable by suitable training, 50,000 unemployed youth will be given skill development training through the Government Industrial Training Institutes at a cost of Rs.8 crores in the coming financial year.**

117. All employment exchanges in the State will be computerized in order to facilitate the expeditious filling up of vacancies in Government posts. **With a view to making good the shortage in the availability of trained manpower being faced by industries like ready made and hosiery garments having high employment potential, training centres will be established at a cost of Rs.2 crores in Hosur, Madurai, Tiruvannamalai, Tirunelveli and Dharmapuri.** In order to facilitate self-employment of unemployed youth, the Government has taken steps to issue permits to 10,000 autorickshaws.

118. In order to arrange suitable employment opportunities to unemployed youth, this Government had announced that 10,000 youth Self Help Groups (SHGs) would be formed. 8,600 youth SHGs have been formed so far and in association with industrial establishments, industrial training is being imparted to them.

Welfare of Unorganized Labourers

119. It was the DMK Government which had established various labour welfare boards for the welfare of unorganized labour who were till then neglected and were without even a modicum of social security. These welfare boards, which were abolished in the intervening period, have been reestablished by this Government and are implementing various social security and welfare schemes for unorganized labourers. During 2006-2007, 1,21,596 labourers have been given benefits worth Rs.29 crores through the various welfare boards so far. With a view to ensuring the distribution of welfare benefits to the thousands of unorganized labourers without any delay, all offices of the unorganized labour welfare board will be computerized.

Welfare of Adi Dravidar and Tribal Communities

120. Improving the standard of living of the Adi Dravidars and Tribal communities is one of the important objectives of this Government. For the first time in India, this Government had announced and implemented a Special State Assistance Scheme, on the lines of the Union Government's Special Central Assistance, with a provision of Rs.25 crores to provide assistance

for the economic development of Adi Dravidars and Tribals. To ensure the continued implementation of this scheme in the coming year also, a provision of Rs.25 crores has been made.

121. This Government has decided to formulate a new scheme to encourage meritorious students hailing from Adi-dravidar and Tribal Communities. Under this scheme, ten Adi dravidar and Tribal students of Government schools who have secured the highest marks in Class X in each district will be selected and their admission for Class XI will be arranged in the best schools of the State as per their choice so as to ensure quality education for them. The Government will bear their expenses by way of tuition fees and hostel fees. A sum of Rs.2 crores has been allocated for this scheme in the Budget.

122. During 2006-2007, the Government has been implementing schemes for the economic development of Adi Dravidars at an outlay of Rs.208 crores benefiting 1,97,400 persons. Under this scheme, financial assistance of Rs.25.49 crores has been provided to the SHGs benefiting 1,70,036 Adi Dravidars. 11,982 youth have been given job-oriented skill training at a cost of Rs.22.56 crores. With a view to ending the abhorrent practice of manual scavenging, the Government is implementing a rehabilitation scheme at a cost of Rs.58.4 crores for 11,691 persons who were engaged in this vocation. 3,199 persons have received financial assistance for alternative employment so far.

Welfare of Backward Classes, Most Backward Classes and Denotified Communities

123. As announced in the election manifesto, new buildings will be constructed for 50 Backward Classes, Most Backward Classes and Denotified Communities Hostels presently functioning in private buildings at an estimated cost of Rs.32.5 crores. As in the case of Adi Dravidar students, a similar scheme for enabling meritorious students to study in the best schools will be implemented for the students from Backward Classes, Most Backward Classes and Denotified Communities. Employment oriented training is being provided at a cost of Rs.10 crores benefiting 13,290 persons belonging to Backward Classes, Most Backward Classes and Denotified Communities since 2006-2007. Similarly, a sum of Rs.10 crores has been allocated for the employment oriented training scheme for the coming financial year also.

124. During the rule of the DMK Government in 1996-2001, a scheme for granting free house site pattas to poor families belonging to Backward Classes, Most Backward Classes and Denotified Communities was under implementation. This scheme which was abandoned in the intervening period, has been revived again by the present Government in 2006-07 and a sum of Rs.5 crores is allocated for this scheme in the Budget for the coming financial year. Special staff will be appointed to undertake land acquisition works for this scheme.

125. With a view to providing irrigation facilities to small and medium farmers belonging to Backward Classes, Most Backward Classes and Denotified Communities, the Government will launch a new grant cum loan scheme of financial assistance up to Rs.1 lakh, in the next financial year. This scheme comprising of a bank loan and a matching 50% grant by the State Government, subject to a maximum of Rs.50,000 per beneficiary, will be implemented through the Tamil Nadu Backward Classes Economic Development Corporation. Rs.25 crores has been allocated for this scheme.

Welfare of Minorities

126. This Government is determined to promote and safeguard the rights granted to the minorities under the Constitution of India. Taking into account, the economic and educational backwardness of the minorities, as pointed out in the Report of the Justice Rajindar Sachar Committee constituted by the Union Government, this Government will make all efforts to ensure due representation for them in all spheres. **Having regard to the fact that special attention of the Government is necessary for their socio-economic development, this Government has decided to form a new Directorate for Minorities Welfare.**

127. Further, with a view to equip minorities with necessary skills to secure employment in the Government and private sector as well as self-employment, the

Government will launch Skill Development Training Scheme for Minorities in 2007-2008. This scheme will be implemented at a cost of Rs.250 lakhs through the Tamil Nadu Minorities Economic Development Corporation. Under this scheme, 5,000 young men and women belonging to minority communities will be provided training in various vocations such as information technology enabled services and ready-made garment making. In the coming financial year, an amount of Rs.30 crores will be disbursed as loan assistance to 21,000 beneficiaries through the Tamil Nadu Minorities Economic Development Corporation.

Welfare of Sri Lankan Tamils

128. In addition to doubling the cash relief given to the Sri Lankan Tamil refugees in Tamil Nadu, this Government is also taking necessary action to improve the facilities in the refugee camps. Having regard to the situation where there is no protection to the life and property of Tamils living in Sri Lanka, as desired by the Union Government, this Government wishes for a peaceful political solution through negotiations to this long standing problem of several years.

Scheme for providing Eggs under Nutritious Meals Programme

129. With a view to ensuring adequate nutrition to all children, commencing from the birthday of Kamarajar, observed as Education Development Day, this Government is providing two eggs a week to children under the Nutritious Meals Programme.

68,14,601 children are getting nutritious meals under this programme. **Considering the fact that school going children require good protein for their mental and physical development and with a view to providing them with additional nutrition, three eggs a week will be provided under the Nutritious Meal Programme from the next Education Development Day onwards. The Government will incur an additional expenditure of Rs.53 crores for this scheme.** In the Budget 2007-2008, Rs.165 crores has been provided for providing three eggs a week and Rs.781 crores has been provided as the total allocation for the Puratchi Thalaivar M.G.R. Nutritious Meals Programme.

Tamil Development and Culture

130. Even though the Union Government has granted the status of Classical Language to Tamil, the Government would like to point out that we are still in a situation where our State is compelled to demand for the commensurate rights, privileges, powers and resources that should have been bestowed on us along with this status. In order to assuage the feelings of Tamil people, this Government would take concerted action to expedite and quicken the delayed response of the Ministry of Human Resources Development in complying with the requests made by the State Government and the Tamil Classical Language Committee.

131. The DMK, ever since its state conference at Tiruchi, in 1996, has been demanding that the regional languages should

find place as official languages of the Union and if there are unavoidable difficulties in doing so, to begin with, Tamil must be made one of the official languages of the Union. We shall urge that the Union Government should come forward to fulfil this longstanding demand.

132. Under the Tamil Etymological Dictionary Project commenced in 1974, 18 of the targeted 31 parts have been already published. Another seven parts have been finalized and will be published in 2006-2007. The work for completing the remaining six parts will be taken up in the coming years.

133. In consonance with this Government's tradition of acknowledging and appreciating the contribution of Tamil scholars to the Tamil Language, the Government has increased the monthly assistance provided to elderly Tamil Scholars from Rs.500/- to Rs.1,000 and the financial assistance provided to those who participated in the agitations for retention of Tamil speaking areas with our State from Rs.3,000/- to Rs.4,000/-.

134. After this Government assumed office, the works of 17 doyens of Tamil language including that of Parithimar Kalaingar alias Surya Narayana Sastriar, Pulavar Kulanthai, Silambuchelvar Ma.Po.Si., Pulavar Ghulam Khadhir Navalar, T.V. Sadasiva Pandarathar, Mayuram Vedhanayagam Pillai, Dr. C. Ilakkuvanar, Maha Vidhvan Dhandapani Desikar, Pulavar Ka. Govindan, T.P.Meenakshi Sundaranar, T.N.Kumarasamy, Ka.Su.Pillai, T.Ja.Ranganathan (T.Ja.Ra.), Narana Duraikannan, Dr.M.Rajamanickanar, Dr.V.Sp.Manickam and Sakthi

Vai.Govindan have been nationalized and solatium of Rs.1.29 crores has been given to their legal heirs. **The works of Singaravelar, Kirupananda Variar , Kunrakudi Adigalar, Ki.Aa.Pe.Viswananatham, Ki.Va.Jagannathan, Avvai Duraiswamy Pillai, A.Sa.Gnanasambandar, Tirukkural Munuswami, Uvamai Kavignar Suradha, Savi, Mavengo alias Va.Ko. Shanmugam, Deepam Na. Parthasarathy, S.S.Thennarasu, C.P.Chitrarasu, A.V.P.Asaithampi, T.K.Seenuvasan, Rama.Arangannal, Kavignar Vanidasan, Kavignar Karunandan, Jalakandapuram Pa.Kannan will also be nationalized and solatium will be given to their descendants having regard to the number of books written by them and their merit. This initiative will be continued. Apart from this, a new scheme will be introduced for grant of solatium to living Tamil scholars who are in indigent circumstances.**

135. With a view to enlighten foreign and Indian tourists who visit the Tiruvalluvar Statue in Kanyakumari, pamphlets expounding the greatness of Saint Tiruvalluvar and Tirukkural will be printed in English and regional languages and distributed to them.

Social Reforms

136. The department of Social Reforms has been revived with a view to promoting rationalism and social reforms like abolition of caste system, removal of superstitions, promotion of inter-caste marriages and religious harmony. A Committee

headed by Professor Nannan along with seven social activists will be constituted to make necessary recommendations to this department. The recommendations of the Committee will be implemented through the Social Reforms department.

137. Immediately after assuming power, this Government issued a landmark order upholding social justice, by which qualified Hindus belonging to all communities can become Archakas in Hindu Temples, thus removing the thorn in the heart of Thanthai Periyar and making his dream a reality. The Government had constituted a High Level Committee headed by Justice A.K.Rajan to make recommendations for implementing this order and the Government has accepted all its recommendations, and issued orders. **Based on these recommendations, in the first phase, the Government has decided to establish Archaka training institutions in Palani, Madurai, Tiruchendur and Tiruvannamalai for Saiva Agama and in Tiruchi and Chennai for Vaishnava Agama.**

Tourism

138. With a view to increasing the number of local tourists and promoting tourist centres, an amount of Rs. 27 crores has been allocated for 2007-2008. Prominent tourist centres like Yelagiri, Tiruvarangam, Marina Beach, Udthagamandalam and Mudumalai will be developed. **Detailed Project Report for introduction of Night Safari in Vandalur Zoo will be prepared and night Safari implemented accordingly. An Aquarium of**

international standard will be established in the beach in Chennai.

139. **With a view to displaying the craftsmanship of our sculptors to tourists in one location, a Sculpture Park will be established in Mamallapuram, which epitomises the sculptural expertise of Tamils. A Butterfly Park will be opened as part of Vandalur zoo where children and tourists can see different species of butterflies in a single place.**

Samuthuva Pongal

140. This year, people celebrated Pongal, the festival of Tamils, all over the State in a grand manner as 'Samuthuva Pongal' in response to the request of the Hon'ble Chief Minister Kalaingar. **In the coming years also, Pongal will be celebrated in a grand manner with people's participation as a State festival.** During this festival, performances of traditional and folk art forms of the State, which serve as symbols portraying Tamil Culture, will be organised in Chennai, district headquarters and other towns. Further, this Government will continue to support traditional art festivals jointly organized by the Tourism Department and the private organisations which have been approved by the Iyal, Isai Nataka Manram of Government of Tamil Nadu. **With a view to promoting these traditional folk art forms, a Centre for Tamil Culture and Folk Arts will be established.**

141. **The Government has decided to celebrate the Centenary of Pasumpon Muthuramalinga Thevar on**

30.10.2007 in a befitting manner. In commemoration of this occasion, the Government has decided to take up renovation of his Memorial in Pasumpon village without affecting its antiquity, construction of a 'Centenary Memorial Arch' and installation of an 'eternal flame' in his memory and provision of basic amenities to the public who visit the Memorial to pay their respects, at a cost of Rs.50 lakhs.

142. With a view to honouring the memory of the late socialist leader, Thiru P. Jeevanandam, his Centenary will be celebrated on 21.8.2007 by the Government in Chennai, Coimbatore and Nagercoil.

143. The Weekly "Oru Paisa Tamilar" started by Ayothidasa Pandithar on 19th June, 1907 is considered as one of his major contributions. This weekly occupies a significant place in the history of Tamil journalism and has played a pioneering role in uniting the oppressed Tamil people all over the world. In remembrance of its historic contribution, the Centenary of this weekly will be celebrated by the Government.

Forest Department

144. The second phase of the Tamil Nadu Afforestation Project (TAP), funded by Japan Bank for International Co-operation (JBIC), is being implemented at a cost of Rs.567 crores. During 2007-2008, 1,27,260 acres of degraded forest adjacent to the forest areas in 230 villages will be developed under this project, at a cost of Rs.115 crores.

145. The Government has decided to erect solar fencing for 181 km around agricultural lands adjacent to forest areas in order to prevent wild animals from entering and damaging the crops in these agricultural lands. A provision of Rs.290 lakhs is made for this purpose.

146. With a view to improving the forest cover of the state through afforestation, the Government will take necessary measures to promote planting of tree saplings in the wastelands of farmers. In addition, in order to abate the air pollution in urban areas, the Forest department will raise taller tree saplings and they will be distributed to health and educational institutions. In consonance with the saying that “if you care for trees, trees will care for you”, this Government will provide necessary support to transform tree planting into a mass movement with the participation of Non Governmental Organisations.

Sports Development and Youth Welfare

147. This Government will continue to encourage sportspersons who bring credit to the State through their outstanding performance in National and International Tournaments. **With a view to promoting the health and nurturing the sports talent of the youth in rural areas, the Government has decided to distribute sports gear of popular games like Cricket, Foot ball and Volley ball to all Village Panchayats in the State at a cost of Rs.5 crores.**

148. **With a view to improving the sports infrastructure across the State, new swimming pools will be constructed in**

district headquarter towns of Tiruvannamalai and Tiruvarur at a cost of Rs.132 lakhs. A sum of Rs.200 lakhs is allocated for improvement works in the Jawaharlal Nehru Indoor Stadium at Periamet in Chennai and Rs.50 lakhs allocated for the improvement works in the Indoor Stadium at Madurai. New sports hostels will be constructed in the district stadia at Tirunelveli and Erode at a cost of Rs.140 lakhs.

World of Arts

149. With a view to helping the Cinema Industry, this Government announced the reduction in fees for outdoor shooting and full exemption from payment of entertainment tax for Tamil movies named in Tamil as an incentive for interest and commitment to Tamil language. In addition, the Government has reduced the rates of admission to Cinema halls and have thus brought the public back to Cinema halls, providing a new lease of life to the Film industry thereby safeguarding the livelihood of thousands of workers employed in film industry.

150. The benefit of entertainment tax exemption for films named in Tamil will be available to the producers of movies, or the present copyright holders of old Tamil movies. This Government would continue to encourage and support the Film Industry and the world of arts by granting subsidy to low budget quality films and honouring Cinema and Television artists with awards.

151. This Government has accepted the request made by the Film Employees Federation of South India that land for house

sites may be allotted to them and the responsibility for identifying an appropriate land has been entrusted to them. As the task of identifying the land has been completed, the Government Orders will be issued shortly.

Welfare of Journalists

152. This Government, had increased the pension and family pension of journalists and had also modified the scheme to enable the families of journalists who die in harness to easily obtain the assistance given to them. **With a view to providing further benefits to them, a separate welfare fund for journalists will be established.**

Hindu Religious and Charitable Endowments Department

153. Ever since this Government has assumed office, renovation works have been undertaken and 'Kudamuzhukku' ceremonies have been performed in 690 temples. Many ancient temples in our State, which remind us of our rich heritage and excellence in sculpture, are not maintained properly and are in a dilapidated state. The grants received under the recommendations of the 12th Finance Commission will be utilized to undertake restoration activities in these ancient temples without impairing their antiquity. **These works will be taken up in 48 ancient temples which include Devaraja Swami Temple in Kanchipuram, Azhagiya Mannar Rajagopala Swami Temple in Palayamkottai, Maasilanathar and Varadharaja Perumal Temples in Tharangambadi, Kailasanathar Temple in**

Sembian Madevi in Nagapattinam district and Rajagopala Swami Temple in Thanjavur at a cost of Rs.10 crores.

154. This Government has established a separate Welfare Board for the welfare of village temple priests. Welfare benefits will be granted to them through this Welfare Board.

Welfare of Government Employees, Teachers and Pensioners

155. This Government, which is fully aware of the responsibility and duty of government employees in taking the welfare schemes of the Government to the people, has restored to them the benefits which were withdrawn by the previous Government. The following are the various steps taken by this Government after it assumed office for the welfare of government employees, teachers and pensioners:

- Services of 45,987 teachers who were working on contract basis on consolidated pay were regularized in time scale of pay, involving an additional expenditure of Rs.400 crores per annum.
- Orders have been issued to fill vacant posts in Government service in time scale of pay. With a view to benefiting those who were affected by the ban order on Government recruitment, this Government has relaxed the upper age limit for entering Government service by 5 years.

- Orders have been issued to appoint on compassionate grounds the legal heirs of those employees, teachers and road Gang mazdoors who died in harness during the strike period or the period of suspension / dismissal.
- Benefits which had been granted to Government employees and teachers till 2000-2001 like Bonus and Special Ad-hoc Bonus, and the Pongal gift for pensioners, have been given again at a cost of Rs.250 crores.
- The service of the Government employees and teachers during the strike period has been ordered to be treated as duty with pay.
- The minimum service required for Government employees to be entitled to full pension has been reduced from 33 years to 30 years.
- The earlier method of determining pension based on 50% of pay last drawn or 50% of the average pay of last 10 months whichever is higher has been restored instead of calculation of pension based on 50% of average pay of last 10 months of service alone.
- The Government has ordered to pay the employees Rs.872 crores of arrears which were due following the implementation of recommendations of the Vth Central Pay Commission, in three equal annual instalments commencing from 2006-2007.

Apart from these, after examining the requests received from Government employees and pensioners, with a view to motivating them further, this Government will provide the following concessions.

- **The Government of India has increased the rate of Dearness Allowance payable to its employees, pensioners and family pensioners from 29 % to 35 %. Taking note of this, this Government has also decided to raise the Dearness Allowance payable to State Government employees, teachers, pensioners and family pensioners by 6 percentage points and the increased Dearness Allowance at 35 % will be payable from 1.1.2007. The arrears of the increased Dearness Allowance will be paid in cash. The Government will incur an estimated additional expenditure of Rs. 150 crores in the current year and Rs.600 crores in the coming financial year for this purpose.**
- **The Government has accepted the demand that the concessions to Government employees regarding method of calculation of pension and the minimum service required for full pension, which were restored by this Government, should also be extended to persons who retired between 1.4.2003 and 30.7.2006. Hence, their pension will be re-fixed with the minimum service for full pension being considered as 30 years and 50% of pay last drawn or 50% of the average pay of last 10 months, whichever is higher as the basic pension.**

- **The Festival Advance payable to Government employees and teachers, on festivals like Pongal, as specified by the Government, has been remaining unchanged as Rs.1,000. This Government has accepted the demand for increasing the quantum of Festival Advance and it will be doubled from Rs.1,000 to Rs.2,000 from the coming financial year.**
- **The entitlements of Government servants who are travelling on duty or by availing Leave Travel Concession (LTC) were restricted from 1.12.2001. This Government has decided to lift these restrictions and restore all entitlements to the position as existed before 1.12.2001.**

Introduction of e-tendering system

156. It was the DMK Government which had enacted the Tamil Nadu Transparency in Tender Act in 1998 to ensure open and fair procedures while undertaking construction and procurement of goods and services by the Government and Governmental organisations. The Hon'ble Chief Minister had recently announced that e-tendering will be introduced with a view to making the tendering process even more transparent and that under the e-tendering system, tenderers will be able to download the tender applications from the internet and can submit tender bids on-line without any hindrance. **e-tendering will be implemented in two phases and in its first phase, starting from 1.7.2007, tender forms for open tenders for a value exceeding Rs.10 lakhs can also be obtained through the**

internet and in the second phase, starting from 1.10.2007, bids can also be submitted on-line through the web sites of the concerned departments. In respect of the open tenders of value exceeding Rs.5 lakhs and up to Rs.10 lakhs, existing procedure will be continued.

High Level Monitoring Committee

157. Ever since this Government assumed office, in fulfilment of all promises in the election manifesto, this Government has been successfully implementing a number of welfare schemes with the sole objective of the welfare of the people of Tamil Nadu. **With a view to ensuring that the benefits of these schemes reach all eligible beneficiaries and to continuously monitor the implementation of these schemes, the Government has decided to constitute a State Level High Level Monitoring Committee headed by the Hon'ble Chief Minister comprising of the representatives of political parties in the Legislative Assembly on the lines of the Committee constituted to monitor the Free Colour Television Scheme. The Committee would monitor the implementation of the major welfare schemes of the Government, namely Public Distribution system, Free Gas Stove Scheme, Dr.Muthulakshmi Reddy Memorial Maternity Assistance Scheme, Moovalur Ramamirtham Ammaiyar Memorial Marriage Assistance Scheme, Scheme for assistance to Educated Unemployed Youth and Free Bi-cycle Scheme for +1 Students. In addition, the Committee will also**

advise the Government for making these schemes more effective.

Plan Programmes

158. 2007-2008 will be the first year of the Eleventh Five Year Plan. Approval of the Planning Commission has been obtained for a higher Annual Plan outlay of Rs.14,000 crores for 2007-2008 during the meeting held between the Hon'ble Chief Minister and Deputy Chairman of the Union Planning Commission on 5.2.2007.

159. Doubling the Tenth plan outlay of Rs.40,000 crores, the Eleventh Plan will be implemented with an outlay of Rs.80,000 crores. The Government will implement plan programmes with the objective of achieving an average annual growth rate of 9% in the State's economy during this Plan period.

Commercial Taxes

160. As announced in the last Budget, a separate legislation has been enacted and Value Added Tax (VAT) has been introduced in the State with effect from 1.1.2007. The VAT system and the various concessions available under it have been widely welcomed by the public and the business community.

161. In place of higher and multiple rates of tax under the Tamil Nadu General Sales Tax (TNGST) regime, only three rates of tax are prescribed under VAT. Additional Sales tax, resale tax and surcharge have also been abolished under VAT. Under

VAT, manufacturers and traders have the facility to get credit for the input tax paid. Further, the small traders who purchase goods and resell them within the State itself having a turnover of up to Rs.10 lakhs are exempted from registration and payment of tax and such traders whose turnover exceeds Rs.10 lakhs but does not exceed Rs.50 lakhs are given the option to pay tax at a compounded rate of half percent. Self assessment by dealers has been provided for with abolition of requirement for annual renewal of dealer registration. The VAT Act also provides for continuation of the various tax exemptions granted under TNGST Act including the exemptions for edible oil, pulses and gram and jaggery.

162. Having regard to the requests made by the representatives of the trading and manufacturing community in the pre-budget meeting conducted by the Government on 24.2.2007 and keeping in mind the interest of consumers, traders and manufacturers, the following tax concessions are announced. **In consonance with the policy of this Government not to tax goods used regularly by housewives, common people and farmers, it has been decided to remove Value Added Tax levied on the following goods:**

- Kerosene pressure stove
- Fertiliser mixture manufactured out of chemical fertilizer for which tax has been paid locally
- All seeds used for sowing purpose
- Packed drinking water sold in sealed refill cans and sachets

- Local sale and inter state sale of coconut other than copra
- Peas flour
- Fried peas
- Coconut shell powder
- Panchamirtham, Namakatti, Vibudhi and Prasadam sold by any dealer
- 38 specified traditional medicine
- Seashell, Sea weed, Agar Agar and Alginate
- Synthetic gems
- Thanjavur plates
- Cloth bag
- Instruments for drawing and dissection
- Graph and Exercise note books
- Mathematical learning instruments
- Wood covered lead pencils, writing pencils, erasers, ebonite pens, ebonite ball pens, writing ink including ink tablets
- Pillow covers, bed sheets and towels made from hand looms and power looms cloth other than those made of mill made cloth
- Camphor in all forms
- Cashew shell
- Tax exemption granted to all edible oils in the last budget will be extended to all refined oils.
- The turnover limit for exemption for edible oils including refined oil, oil cake and deoiled cake was fixed as

Rs.300 crores in 2000. This turnover limit will be increased as Rs.500 crores

- Tax exemption granted to pulses and grams in the last budget will be extended to Mochai, Karamani, Thatta Payaru, Kollu and Avarai.
- The turnover limit of Rs.300 crores for the exemption for pulses and grams fixed during 2000 will be increased to Rs.500 crores per item
- The rate of tax on wheat will be reduced from 4% to 2%
- Rate of tax on bottled mineral water purchased after paying tax and sold by non-star hotels and sweet stalls will be reduced from 12.5% to 2%.

Similarly, the rate of tax on the following commodities which are used by common people and now liable to tax at 12.5% will be reduced to 4%. They are -

- Chicory and unbranded Coffee powder other than instant coffee
- Masala Powder with brand name
- Tapioca chips, flour, tapioca waste
- Bajji flour
- Energy (Sathu mavu) flour
- Unbranded ghee
- Date syrup
- Interesterified vegetable oil (vanaspati)
- Unbranded bakery products including bun, rusk, biscuits and cakes
- Diagnostic kits, Diagnostic reagents, accessories, blood bags and disposables

- Wet grinders
- R.C.C.pipes (without input tax credit on purchase of cement)
- Jolleys, door and window frames made of R.C.C. (without input tax credit on purchase of cement)
- Unbranded steel furniture
- All plastic goods other than doors, windows, frames, profiles, automobile, industrial and sanitary items
- Kuthuvilakku, Agalvilakku, Pavai vilakku, Yanai vilakku, Karthikai vilakku, Kovilmani, Karpoora thattu, Dhoopakal
- Moulded idols
- Audio cassettes including pre recorded cassettes
- Accounts Books and Diaries
- School bags and unbranded travel bags
- Shields
- Barbed wire, wire rod and wire links
- Mop made of cotton yarn
- Used cars/ Motor vehicles on value addition without input tax credit
- Textile machinery and parts
- Fasteners including nails, bushes, washers and rivets
- Electroflux

The Government have also decided to levy tax at 4% on certain goods which are consumed or used by industries in manufacturing:-

- Superior Kerosene Oil (without input tax credit)
- Molasses purchased and used in manufacture of chemicals by chemical industries which were earlier

permitted to procure molasses at 20% tax. They are not eligible for input tax credit.

- Certain goods like industrial gases, textile machinery etc. are ultimately used or consumed as industrial inputs. It has been decided to list such goods to be taxable at 4% when sold either by the manufacturer or by trader as industrial input.
- Entry 67 of Part B in First Schedule to the TN VAT Act, 2006 provides for notifying 'industrial inputs'. Already 27 items have been notified under the entry. Instead of issuing notifications periodically and indefinitely, it has been decided to amend the relevant entry to make the definition of 'industrial input' read as follows:

'any goods falling under Part C of the First Schedule to the TN VAT Act including consumables, packing materials and labels but excluding plant and machinery, ethyl alcohol, absolute alcohol, methyl alcohol, rectified spirit, neutral spirit and cement for use in manufacture and assembling, packing or labeling in connection with such manufacture inside the State for manufacture of goods other than those falling under Second Schedule'

- **Traders who have a turnover up to Rs.50 lakhs and opted to pay tax under compounding system at half percent are now liable to pay tax even on the turnover relating to sale of those goods which are**

exempt from tax. With a view to ensuring that they need to pay tax only on the turnover relating to sale of taxable goods, necessary amendment will be made to the VAT Act.

- **Accepting representations made by traders, it has been decided to list the commodities taxable at 12.5% as Part C of First Schedule to the VAT Act.**

All the tax proposals announced herein shall be deemed to come in to effect from 1.1.2007.

REGISTRATION DEPARTMENT

163. In the Registration Department, there are about 27,000 registered documents pending determination of correct market value for a long time. The stamp duty due to Government from these documents, which is currently remaining blocked, is estimated at Rs.400 crores. **The Government will introduce a new scheme which will enable it to receive this blocked amount without any further delay and at the same time, will enable the parties also to avail stamp duty concession and get back the registered documents after payment of concessional stamp duty.**

164. **There are around 15,000 document writers and 15,000 assistants engaged in document writing associated with the various registration offices in the state. With a view to promoting their welfare, a separate 'Document Writers Welfare Fund' will be created.**

Overall Financial Position

165. Hon'ble Speaker Sir, I will now present the details on the fiscal projections for the Budget Estimates for the year 2007-2008. The total revenue receipts of the Government for 2007-2008 is estimated at Rs.44,532.28 crores and the total revenue expenditure is estimated at Rs.44,633.66 crores. This will result in a revenue deficit of Rs.101.38 crores.

166. The total capital expenditure of the Government, including loans and advances (net) in 2007-2008 is projected at Rs.7,699.18 crores. This, coupled with the revenue deficit, will result in a total fiscal deficit of Rs.7,800.56 crores. The projected fiscal deficit constitutes only 2.84% of the Gross State Domestic Product (GSDP). The Hon'ble Members may note that as per the Fiscal Responsibility Act, 2003, fiscal deficit should not exceed 3% of the Gross State Domestic Product and so the projected fiscal deficit is well within this limit. Taking into account the net Public Account, the overall deficit will be Rs.3.75 crores. This deficit will be made good by economy in expenditure and better tax administration.

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

168. Be they, promises made in the election manifesto, Acts enacted in this House or plans and programmes sought to

be implemented against all odds, accepting as a word of caution of the wise counsel of Kural that -

எனைத்தி஢்ப மெய்தியக் கண்ணும்
வினைத்தி஢்பம் வேண்டாரை வேண்டா துலகு

*'The world cares not those who lack the will-power to act,
despite other strengths at their command'*

this Budget has listed with a great sense of responsibility, the deeds this Government has already performed and tasks it proposes to carry out. Assuring this House that this Government shall discharge its duties for ever, whatever may be the circumstances, only with a view to finding ways and means for attaining a life of prosperity for an ordinary member of an average middle income family and his dependents, in his capacity as a member of this society - be him, a farmer, a weaver, a labourer, a trader or a Government employee, I place the Budget Estimates for the year 2007-2008 before you and my beloved Tamil people, conveying my heart felt thanks to the Finance Secretary Thiru K.Gnanadesikan, I.A.S. and other officials of all Government departments including Finance department who have assisted in preparation of this Budget as an instrument to discharge our duties in a righteous manner.

Vanakkam

K. ANBAZHAGAN,
MINISTER FOR FINANCE

Chennai,
23rd March 2007
Panguni-9,
Thiruvalluvar Aandu 2038

APPENDIX

MEDIUM TERM FISCAL PLAN

1. The State has enacted Tamil Nadu Fiscal Responsibility Act, 2003 which was subsequently amended to bring it in line with the requirements prescribed by the Twelfth Finance Commission. According to Section 3 (1) of this Act, the Government is required to place before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3 (2) of this Act requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like Revenue Deficit and Fiscal Deficit while clearly indicating the underlying assumptions made to arrive at those projections. In compliance of this Act, a Medium Term Fiscal Plan based on current fiscal trends and policy initiatives undertaken by the Government has been prepared with the projections for the period 2007 - 2010 and it is being placed before the Legislative Assembly. The Table which is appended sets out the Medium Term Fiscal Plan for the period 2007-2010.

Objectives

2. The Eleventh Five Year Plan for the period 2007-2012 aims at achieving an economic growth of 9% per annum. During the Eleventh Plan period, agricultural sector is expected to grow at an annual rate of 4%.
3. 60% of the population of Tamil Nadu are still dependent on agriculture and allied activities. Having regard to this fact, the Government had ordered the waiver of all co-operative loans owed by farmers so that they could

start the agricultural operations afresh without carrying the burden of heavy debt. The financial commitments that arise out of the waiver of crop loans and the various welfare schemes announced and implemented by the Government have been taken into account in this Medium Term Fiscal Plan for the period 2007-2010.

4. The Act prescribes that the State contain the Revenue Deficit below 5% of the Total Revenue Receipts in 2007-2008 and eliminate Revenue Deficit by 2008-2009 and adhere to it thereafter. The Budget Estimates 2007-2008 show that the ratio of Revenue Deficit to Total Revenue Receipts is kept below the 5% level. The Medium Term Fiscal Plan envisages to eliminate Revenue Deficit by 2008-2009 and to maintain this position in 2009-2010 as well.
5. The Fiscal Deficit as a percentage of GSDP is estimated at 2.84% in the Budget Estimates 2007-2008 and the Medium Term Fiscal Plan envisages that this ratio would be further brought down to 2.58% during 2008-2009 and 2.42% during 2009-2010.
6. With the elimination of Revenue Deficit by 2008-2009, the entire Fiscal Deficit will be utilized for financing of capital expenditure and this indicates that the State will be able to generate enough revenues on its own to meet the current expenditure.
7. The State is prudently managing its contingent liabilities. The outstanding guarantees for each year have to be restricted at a level below 100% of the Total revenue

Receipts in the preceding year or below 10% of the GSDP whichever is lower. The outstanding guarantee as on 31.3.2006 was 18.63% of Total Revenue Receipts and 2.99% 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 31.3.2006 stood at 5.53% of Total Revenue Receipts and 0.89% of GSDP. It is proposed to control the issue of new guarantees and it will be ensured that the new guarantees are given only on productive and viable projects.

8. While substantially increasing the outlay on capital expenditure, sufficient provisions have also been made for maintenance of public assets as per the Twelfth Finance Commission recommendations.

Future Prospects

Revenue Receipts

Share in Central Taxes

9. Share in Central Taxes for the State has been estimated at Rs.7,567 crores as indicated in the Union Budget 2007-2008. The growth in the share in central taxes is projected at a growth rate of 6% for 2008-2009 and at a growth rate of 7.5% for the year 2009-2010.

State's Own Tax Revenues

10. Tamil Nadu continues to retain the highest Tax-GSDP ratio in the country. In the Budget Estimates 2007-2008, this

ratio is 11.3%. State's Own Tax Revenue is estimated at Rs.30,988 crores which is 10.5% higher than the Revised Budget Estimates 2006-2007. For the future years, the overall growth in the State's Own Tax Revenue has been assumed at 12%. The salient features of the major components of the State's Own Tax Revenue are discussed below.

11. The receipts under Commercial Taxes is estimated at Rs.21,599 crores in the Budget Estimates 2007-2008. This shows a growth of 8.6% over the Revised Budget Estimates 2006-2007. The loss in revenue due to the introduction of Value Added Tax in the State and compensation of 50% of this loss by the Government of India for the year 2007-2008 have been taken into consideration in this Medium Term Fiscal Plan. The Central Sales Tax (CST) has been assumed at a rate of 3% from 1.4.2007, 2% during 2008-2009 and 1% during 2009-2010.
12. State Excise Receipts has been estimated at Rs.4,370 crores during 2007-2008. This is 15% higher than the Revised Budget Estimates 2006-2007. For the future years, the same growth rate has been assumed.
13. Having regard to the increasing number of immovable property transactions, high buoyancy is assumed in stamp and registration fees. The receipts from stamp and registration fees is assumed at Rs.3,259 crores in the Budget Estimates 2007-2008 which reflects a growth of 20% over the Revised Budget Estimates 2006-2007. In

the future years, receipts under this head has been projected at a growth rate of 20%.

14. The receipts from Taxes on vehicles has been projected at Rs.1,410 crores for the next year, which is 10% higher the Revised Budget Estimates 2006-2007. For future years, growth of 12% has been assumed.

Non-Tax Revenue

15. It is estimated at Rs.2,845 crores in the Budget Estimates 2007-2008. The State's Own Non Tax Revenue contributes only 6.4% of Total Revenue Receipts and there is not much potential to increase this component as most of the user charges has been collected and retained by various agencies who are providing these services. The interest receipt also will show a declining trend in the coming years in view of reduced lending by the Government to various Public Sector Undertakings and Statutory Boards. Also, with a veiw to benefiting poor students, this Government has waived tution and examination fees. Taking all these factors into consideration, Non-Tax Revenue has been projected to grow at only 5% in the future years.

Grants-in- Aid from the Union Government

16. The projections have been made taking into account various grants recommended by the Twelfth Finance Commission and other transfers from Central Government under various Centrally Sponsored and Shared schemes. Grants accruing on account of Externally Aided projects sanctioned before 1.4.2005 have also been reflected in the

projection for receipts under Grants in Aid. Grant-in-Aid from the Government of India has been estimated at Rs.3,131 crores in the Budget Estimates 2007-2008 and for the future years a growth of 6% has been assumed.

Revenue Expenditure

17. The revenue expenditure during 2007-2008 is estimated at Rs.44,634 crores which shows a growth of 9.6% over Revised Budget Estimates 2006-2007. This is mainly on account of filling up of vacant posts in various departments and additional expenditure for the implementation of new schemes of the Government. For the future years, 11% growth has been assumed in the overall revenue expenditure.
18. Salary and pension as a percentage of State's Own Tax Revenue will be 69% and Medium Term Fiscal Plan envisages to maintain this percentage in the future years also.
19. The State will swap high cost loans to bring down the interest commitment. The Government will continuously monitor the sustainability of the debt stock and Medium Term Fiscal Plan envisages to keep the ratio of interest rates to Total Revenue Receipts below 15% as recommended by the Twelfth Finance Commission.

Outcomes

20. The State has achieved all the targets fixed under the Medium Term Fiscal Plan for the financial year 2005-2006 and it is expected that the same will be true for the financial year 2006-2007 also. While containing the Fiscal

Deficit at below 3% level, a record capital outlay of Rs.7,861 crores is provided in the Budget Estimates 2007-2008.

21. The scope of social safety net has been vastly enlarged and the total outlay of social safety net has increased from Rs.11,292 crores during 2006-2007 to Rs.13,179 crores in 2007-2008.
22. Provisions for maintenance of existing assets have been provided for as per the Twelfth Finance Commission recommendations. The outlays on Education, Nutrition and Health have been increased significantly. These outlays would be ensured during the future years also.
23. The State will achieve all the targets set under this Revised Medium Term Fiscal Plan which is presented now.

Table - Medium Term Fiscal Plan

March 2007	2005-2006 Projection	2005-2006 Accounts	2006-2007 Projection	2006-2007 Revised Estimates
Revenue	26608.79	33651.19	31695.17	40275.19
State's Own Revenues	20283.29	25617.97	24389.40	30761.21
Tax	18788.36	23326.02	22476.42	28046.09
Non- Tax	1494.93	2291.95	1912.98	2715.12
Central Transfer	6325.50	8033.22	7305.77	9513.98
Shared Taxes	4407.26	5012.74	5233.16	6390.00
Grants	1918.24	3020.47	2072.61	3123.98
Non- Interest Expenditures	27252.21	31346.52	32200.88	41415.03
Salaries (including GIA for education)	9611.40	8961.11	10356.72	12696.49
Pensions & Retirement Benefits	5213.42	4487.10	5313.20	5143.73
Non- Wage O & M	2912.58	4278.56	3746.30	4586.92
Other Revenue Expenditures	29.51	19.40	30.98	6.43
Subsidies and Transfers	5940.76	9398.40	8074.14	12613.85
Capital Outlay	3275.14	4054.55	4475.14	6387.69
Net Lending	269.40	147.39	204.40	-20.08
Fiscal Indicators				
Primary Surplus (+)/ deficit (-)	-643.42	2304.67	-505.71	-1139.84
Interest Payments	5797.66	4555.28	5571.12	5474.40
Total Revenue Receipts / Interest Payments	21.79	13.54%	17.58%	13.59%
Revenue Surplus (+)/Deficit(-)	-2896.54	1951.33	-1397.29	-246.62
Revenue Surplus(+) / Deficit(-) Over TRR %	-10.89%	5.80%	-4.41%	-0.61%
Revenue Surplus(+) / Deficit(-) Over Fiscal Surplus(+)/Deficit(-)	44.97%	-86.70%	22.99%	3.73%
Fiscal Surplus (+) / Deficit(-) (Adjusted)	-6441.08	-2250.61	-6076.83	-6614.24
Fiscal Surplus (+) / Deficit(-) (Adjusted) over GSDP%	-3.3%	-1.06%	-2.61%	-2.74%
Gross State Domestic Product (GSDP)	194550	211592	232785	241233
Consolidated Accounts *				
Consolidated Revenue Surplus(+) / Deficit (-)	-2273.92	622.34	-2223.30	-2244.71
Consolidated Fiscal Surplus (+) / Deficit (-)	-7090.95	-3971.65	-8202.84	-8857.60
Consolidated Fiscal Surplus (+) / Deficit (-) over GSDP	-3.64%	-1.88%	-3.52%	-3.67%

*** This includes financial performance of the Tamil Nadu Electricity Board along with the State Budget.
These Estimates and Actuals will not tally with the Finance Accounts and the Annual Financial Statement as t**