

Interim Budget Highlights 2021-2022

'The minister is one who can make an excellent choice of means, time, manner of execution and the difficult undertaking'

(Kural 631)

- ❖ This Government, with the blessings of Hon'ble Puratchi Thalaivi Amma and led by the very capable Hon'ble Chief Minister Thiru Edappadi K. Palaniswami, has not just completed its full term, but it has realised Hon'ble Puratchi Thalaivi Amma's vision of making Tamil Nadu the numero uno State in the country.
- ❖ This Government led by the Hon'ble Chief Minister Thiru Edappadi K. Palaniswami has won recognition both within India and internationally. We were recognised by the Government of India for having secured the first place in the Good Governance Index in the first year that it was computed in 2019. India Today magazine in the 'State of the States' survey has ranked Tamil Nadu the overall Best Performing State for the third consecutive year in November, 2020.

COVID-19 Pandemic and the Response

- ❖ This Budget carries the imprint of the unprecedented challenges posed by and the huge overall impact of the COVID-19 pandemic on our State.
- ❖ Tamil Nadu is being hailed as a model State in tackling COVID-19.
- ❖ The Hon'ble Prime Minister highlighted the 100 per cent RT-PCR based testing strategy and the use of e-Sanjeevani by Tamil Nadu as models to be emulated by other States.

- ❖ On the whole, the Government has incurred a total expenditure of Rs.13,352.85 crore on the COVID-19 pandemic response.
- ❖ To place Tamil Nadu back on the expected growth trajectory and to limit longer term fiscal deterioration, the Government constituted a High Level Committee of economists and experts chaired by Dr. C.Rangarajan, former Governor of the Reserve Bank of India to advise on the medium term policy response.
- ❖ The Committee made 413 recommendations and observations. The State Government has promptly acted on many of the recommendations and observations of the Committee and so far 273 of them have been implemented.
- ❖ This Government acted promptly on the recommendation of the High Level Committee chaired by Dr.C.Rangarajan of incurring capital expenditure of at least Rs.10,000 crore additionally in 2020-21. Additional sanctions, over and above the provisions made in the Budget Estimates 2020-21, were granted for capital works – irrigation, construction of buildings, roads and highways, housing, water supply and sanitation - amounting to Rs.20,013 crore.
- ❖ Tamil Nadu is expected to register a positive growth rate of 2.02 per cent at 2011-12 constant prices in 2020-21. This is against an All India negative growth rate of 7.7 per cent in 2020-21. The strongest performance is of the primary sector at 5.23 per cent, with the livestock and fisheries sectors registering even stronger growth.

15th Finance Commission and Centre-State Fiscal Relations

- ❖ In the Final Report, a reduced revenue deficit grant of Rs.2,204 crore has been recommended and that too only for the first year, 2021-22.

- ❖ The total amount of local body grants recommended for Tamil Nadu for the year 2021-22 has come down to Rs.3,979 crore from Rs.5,344 crore in 2020-21.
- ❖ The total amount of grants for Urban Local Bodies in Tamil Nadu has declined significantly from the amounts recommended by the 14th Finance Commission i.e. from Rs.8,232.31 crore for the period 2016-20 against Rs.7,187 crore in 2021-26.
- ❖ The proportion of untied grants to local bodies recommended by the 15th Finance Commission has also been reduced to only 40 per cent of the total grants as against 90 per cent for Rural Local Bodies and 80 per cent for Urban Local Bodies in the previous Commission.
- ❖ 15th Finance Commission has recommended certain Sector specific and State specific grants. Rs.4,784 crore as performance based incentives and grants to Tamil Nadu for specific sectors including Health, School Education, Higher Education, Agriculture and Rural Infrastructure, Governance and Administrative reforms including Judiciary and Statistics have been recommended.
- ❖ A total amount of Rs.2,200 crore has been recommended by the Commission for Tamil Nadu as State specific grants for five schemes.
- ❖ The 15th Finance Commission - Report points out that the cesses and surcharges as a percentage of gross tax revenue of the Centre grew from 10.4 per cent in 2011-12 to 20.2 per cent in the Revised Estimates 2019-20.
- ❖ The Government of India increased the share of cesses and surcharges substantially and reduced the basic duty component in the levy of Union Excise Duties on petrol and diesel in May, 2020.

- ❖ In the Union Budget for 2021-22, the agricultural infrastructure development cess has been levied by further reducing the basic excise duty on petrol and diesel.
- ❖ The levy of surcharge on personal income tax first introduced in 2013-14 has been further expanded and increased in the period since and has become a big revenue earner for the Centre, with no share for the States in the increased revenue. In the Union Budget for 2021-22, the basic customs duty on a number of commodities including gold, silver, alcoholic beverages, crude edible oil, coal, lignite and peat, apples, varieties of pulses and specialized fertilizers has been reduced and substituted by the agricultural infrastructure development cess.
- ❖ Government of India urged to merge all cesses and surcharges with the basic rate of taxes and ensure that States receive their legitimate share of revenue.

Tamil Development

- ❖ In addition to Harvard University and Houston University, the Government will provide assistance for the establishment of a Tamil Chair at Toronto University in Canada.

Revenue Administration

- ❖ At present, 33.60 lakh beneficiaries are receiving pensions under 8 social security schemes. The total budgetary allocation for these schemes has increased from Rs.1,083.78 crore in 2010-11 to Rs.4,316.43 crore in the Interim Budget Estimates 2021-22.
- ❖ During the period from 1st April, 2011 till date, a total number of 25,32,732 free house site pattas have been issued exceeding the target each year.

- ❖ Hon'ble Puratchi Thalaivi Amma Comprehensive Accident cum Life Insurance Scheme with full State Government funding has been launched in association with the Life Insurance Corporation and United India Insurance Company. 55.67 lakh Below Poverty Line (BPL) families in Tamil Nadu, will be eligible for insurance coverage of Rs.2 lakh in case of natural death of the breadwinner, and Rs.4 lakh in case of accidental death and upto Rs.2 lakh in case of permanent incapacitation of the breadwinner.

Disaster Management

- ❖ Considerable expenditure on the COVID-19 relief measures has also been met from the State Disaster Response Fund (SDRF). A total amount of Rs.11,943.85 crore has been spent from the SDRF in 2020-21 so far.
- ❖ The high level of expenditure from the SDRF underscores the fact that the size of the State Disaster Risk Management Fund (SDRMF) for Tamil Nadu recommended by the 15th Finance Commission at Rs.1,360 crore with a Government of India share of Rs.1,020 crore in 2020-21 and 2021-22, is hopelessly inadequate.

Police

- ❖ The annual budgetary allocation for the Police Department has been stepped up from Rs.3,513.15 crore in 2011-12 to Rs.9,567.93 crore in the Interim Budget Estimates 2021-22.

Road Safety

- ❖ The continued focus on road safety has considerably brought down the number of fatal road accidents in Tamil Nadu from 17,218 in 2016 to 8,060 in 2020.

Administration of Justice

- ❖ It is a matter of pride that in the India Justice Reports, 2019 and 2020, Tamil Nadu ranks first in the Judiciary pillar.
- ❖ In the Interim Budget Estimates 2021-22, a total sum of Rs.1,437.82 crore has been provided for Administration of Justice, which includes a sum of Rs.289.78 crore for the construction of new court buildings.

Agriculture

- ❖ A total amount of Rs.1,715 crore is being paid to 15.25 lakh farmers across the State by direct credit to their bank accounts.
- ❖ To provide further relief to farmers, The Hon'ble Chief Minister announced the waiver of all crop loans owed to Primary Agricultural Co-operative Credit Societies. A total amount of Rs.12,110.74 crore owed by 16,43,347 farmers has been waived.
- ❖ A provision of Rs.5,000 crore has been made in the Interim Budget Estimates 2021-22 for the crop loan waiver scheme.
- ❖ The Government of Tamil Nadu took on the additional burden of premium subsidy and adopted a new co-insurance model on a 80 : 20 proportionate sharing basis to ensure that the farmers have adequate risk coverage in the current year. The provision for the scheme has been stepped up from Rs.747.15 crore in Budget Estimates 2020-21, to Rs.812.09 crore, in the Revised Estimates 2020-21 and further to Rs.1,738.81 crore in the Interim Budget Estimates for 2021-22.
- ❖ Since 2011-12, a total area of 19.26 lakh acres has been covered under micro irrigation with a total outlay of Rs.4,060.12 crore.

- ❖ To honour the services of renowned farmer leaders, the 'Thiru C.Narayanasamy Naidu Paddy Productivity Award' is given from this year onwards
- ❖ The Nel Jayaraman Centre for Traditional Rice varieties is being established at Needamangalam at a cost of Rs.47.87 lakh.

Public Distribution System

- ❖ As the State is recovering from the adverse impact of COVID-19 and successive cyclones and unseasonal heavy rains, this year the Pongal Gift hamper was distributed along with cash assistance of Rs.2,500 per family at a total cost of Rs.5,604.84 crore.
- ❖ In the Revised Estimates 2020-21, the provision for food subsidy has been stepped up from Rs.6,500 crore to Rs.9,604.27 crore.

Animal Husbandry & Dairying

- ❖ Three new veterinary colleges at Theni, Thalaivasal and Udumalpet have been started in 2020-21.
- ❖ The Advanced Institute for Integrated Research on Livestock and Animal Sciences is being established on 1,102 acres of land at Thalaivasal in Salem District, at a total estimated cost of Rs.1,020 crore.
- ❖ Aavin is currently handling an average milk procurement of 36.79 lakh litres per day. The historic record highest milk procurement of 40.63 lakh litre per day was achieved on 19th July 2020.

Fisheries

- ❖ There has been a substantial upgradation of infrastructure including fishing harbours, fish landing centres and shore protection work, and a total amount of Rs.1,731.82 crore has been incurred for such capital work in the period since 2011-12. Sanctions have been accorded for taking up 43 new fishing harbours, fish landing centres and associated infrastructure at a total cost of Rs.1,374.64 crore.

Water Resources

- ❖ Tamil Nadu winning the first place in the National Water Award, 2019 instituted by the Ministry of Jal Shakti.
- ❖ The ERM works of the Grand Anicut Canal System at an estimated cost of Rs.2,639 crore with financial assistance anticipated from the Asian Infrastructure Investment Bank (AIIB) have been launched by the Hon'ble Prime Minister. The ERM works on the Cauvery sub-basin at a cost of Rs.3,384 crore have been approved under NABARD Infrastructure Development Assistance (NIDA) by NABARD, and inaugurated by the Hon'ble Chief Minister on 21st February, 2021. ERM of the Lower Bhavani Project system has been taken up at an estimated cost of Rs.933 crore with NIDA financing.
- ❖ The Athikadavu-Avinashi Flood Canal Scheme at a total estimated cost of Rs.1,652 crore, to benefit 24,468 acres of ayacut in Coimbatore, Tiruppur and Erode districts, is expected to be completed by December, 2021. The project for diversion of flood surplus water from Mettur Dam to dry tanks in the Sarabanga basin is under implementation at a cost of Rs.565 crore and will be completed shortly.
- ❖ The Tamiraparani, Karumeniyar and Nambiyar linking project will be completed by 31st March 2022, and will benefit 56,909 acres of land

in drought prone parts of Tirunelveli and Thoothukudi districts. The Government has accorded in principle approval for the Cauvery-South Vellar link at a total cost of Rs.6,941 crore. As the first phase, formation of flood carrier canals at a cost of Rs.331 crore has been taken up in Karur, Trichy and Pudukkottai districts, and the work has been inaugurated by the Hon'ble Chief Minister on 21st February, 2021.

- ❖ The capital outlay on major irrigation, medium irrigation and minor irrigation has been stepped up from Rs.4,882.45 crore in Budget Estimates 2020-21 to Rs.6,389.22 crore in Revised Estimates 2020-21. An allocation of Rs.6,453.17 crore has been provided in Interim Budget Estimates 2021-22.

Environment and Forests

- ❖ Tamil Nadu has achieved 15,900 hectare increase in tree cover over the 2017 to 2019 period as per the India State of the Forest Report, 2019 and achieved the second rank in tree diversity.
- ❖ The Government is fully committed to protect the Pallikaranai marsh land, which is one of the recognized wet lands in Tamil Nadu and plays a major role in absorbing flood waters and for recharging ground water.
- ❖ In the light of the recent flooding episodes in the southern suburbs of Chennai city, an integrated project in collaboration with the Public Works Department, Highways Department and the Greater Chennai Corporation, to clear and train water ways feeding into and out of Pallikaranai Marsh, and to restore the absorptive capacity of the marsh will be undertaken at a tentative cost of Rs.816.80 crore.

Devolution of Funds to Local Bodies

- ❖ The grants to Rural Local Bodies based on the recommendations of the 15th Finance Commission will be Rs.2,666 crore in 2021-22 as against Rs.3,607 crore in 2020-21. The grants to Urban Local Bodies recommended by the 15th Finance Commission for 2021-22 are only Rs.1,313 crore as against Rs.1,737 crore in 2020-21.
- ❖ In the Interim Budget Estimates 2021-22, a sum of Rs.5,141.60 crore has been provided for devolution to urban local bodies and Rs.6,754.30 crore to rural local bodies.

Rural Development

- ❖ In 2020-21, 40 lakh household connections will be provided at a total cost of Rs.3,016.26 crore of which funding from Jal Jeevan Mission will be Rs.2,006.08 crore and Rs.1,010.18 crore will be converged from other schemes.
- ❖ Tamil Nadu has already achieved Open Defecation Free status and under the Swachh Bharat Mission (Gramin) Phase II, the goal is to ensure that this status is sustained and no households are left behind.
- ❖ In the period since 2011-12, a total amount of Rs.23,349 crore has been allocated for the improvement of 98,894 km of Village Panchayat and Panchayat Union Roads.
- ❖ As the unit cost approved by the Government of India of Rs.1.20 lakh was found to be inadequate, the State Government has approved additional funding of Rs.70,000 per house, over and above the Rs.50,000 already provided as roofing grant. The unit cost has been effectively increased to Rs.2.75 lakh per house including the converged scheme cost of Rs.35,000.

- ❖ In the Interim Budget Estimates 2021-22, a total amount of Rs.3,548 crore has been provided for the PMAY (Gramin) scheme.
- ❖ In the Interim Budget Estimates for 2021-22, Rs.22,218.58 crore has been provided for the Rural Development Sector.

Livelihood Schemes

- ❖ The target for credit linkage of SHGs in 2020-21 of Rs.14,000 crore has already been exceeded.
- ❖ The Tamil Nadu Rural Transformation Project assisted by the World Bank was very effectively leveraged in 2020-21 to deliver a COVID Assistance Package worth Rs.300 crore.
- ❖ The Government is formulating an Urban Wage Employment programme and the detailed guidelines are being finalised through discussions with stakeholders.

Municipal Administration

- ❖ In the Revised Estimates 2020-21, the provision for Smart Cities Mission has been stepped up to Rs.1,850 crore and for AMRUT Rs.1,450 crore. In the Interim Budget Estimates 2021-22, Rs.2,350 crore has been provided for Smart Cities Mission and Rs.1,450 crore for AMRUT.
- ❖ All Urban Local Bodies in Tamil Nadu have been declared Open Defecation Free by the Ministry of Housing and Urban Affairs.
- ❖ The World Bank assisted Tamil Nadu Sustainable Urban Development Project (TNSUDP) is being implemented at a total cost of Rs.3,831 crore from 2015.

- ❖ Out of the savings of USD 32 million under TNSUDP project, proposed to take up 2 additional sub projects including construction of Storm Water Drain missing links in the core city of Chennai and improvements to roads damaged due to laying of water supply and sewer lines in select urban local bodies.
- ❖ The Tamil Nadu Urban Flagship Investment Program (TNUFIP) with ADB assistance of USD 502 million spread over 3 phases to develop priority water supply, sewerage and drainage infrastructure along strategic industrial corridors is currently under implementation.
- ❖ The Integrated Storm Water Drain Network in the Kosasthalaiyar river basin assisted by the Asian Development Bank has been taken up for implementation in the current year at a total cost of Rs.3,220 crore.

Housing and Urban Development

- ❖ In the period from 2011 to 2020, 1.09 lakh multi storeyed tenements and 2.27 lakh individual houses at a total cost of Rs.12,248 crore have been completed under various programmes and handed over to the beneficiaries. 1.25 lakh tenements and houses are currently under construction.
- ❖ A sum of Rs.3,700 crore has been provided in the Interim Budget Estimates 2021-22 for the Pradhan Mantri Awaas Yojana-Urban (PMAY-U).
- ❖ During 2020-21 we have received a total amount of Rs.1,492.40 crore from the World Bank as financial support for the housing sector.

- ❖ The first phase of the Inclusive Resilient and Sustainable Housing for the Urban Poor with Asian Development Bank assistance is at an advanced stage of approval.

Chennai City Partnership

- ❖ The Chennai City Partnership has been formulated as a unique model of development co-operation after detailed discussions with the World Bank.
- ❖ Government of India's approval has been secured for the programme and loan negotiations with the World Bank will be held shortly.
- ❖ The programme will be implemented in 3 phases over 7 years. In the 1st phase, the programme will be implemented with an outlay of Rs.3,140 crore of which the World Bank funding assistance will be USD 300 million.

Highways

- ❖ In 2020-21, widening, strengthening and upgradation of 3,167.28 km of roads, improving riding quality of 3,220.60 km of roads and construction of 706 bridges and culverts has been sanctioned at a total cost of Rs.5,300 crore.
- ❖ In the Revised Estimates 2020-21, the provision for CRIDP has been enhanced to Rs.6,023.11 crore.
- ❖ In 2020-21 the target for two years has been approved at one go and 1,430 Panchayat / Panchayat Union Roads of a total length of 3,063.66 km at a total cost of Rs.2,503.80 crore have been taken up. With this, the commitment made to upgrade Panchayat / Panchayat Union roads to ODR standards is being fulfilled within 4 years as against the originally promised 5 years.

- ❖ The Tamil Nadu Road Sector Project (TNRSP) Phase II at a total cost of Rs.5,171 crore is under implementation with assistance from the World Bank.
- ❖ The Chennai Kanyakumari Industrial Corridor project is being implemented at a total cost of Rs.6,448 crore with ADB assistance.
- ❖ The Chennai Peripheral Ring Road project with 5 sections for a total length of 133.87 km at a total cost of Rs.12,301 crore has been taken up for implementation.
- ❖ In the Revised Estimates 2020-21 Rs.16,316.47 crore has been provided and in the Interim Budget Estimates 2021-22, Rs.18,750.96 crore has been provided for the Highways Department.

Transport:

- ❖ The Government permitted the Transport Corporations to obtain loans based on government guarantee of Rs.3,739 crore to meet their ongoing commitments. In addition, Rs.2,914.44 crore has been released towards students' and other concessions subsidy and Rs.526.47 crore as short term loan and Rs.135.87 crore as diesel subsidy to enable the STUs to meet their salary, pension and operational commitments.
- ❖ Over the next few years, 12,000 buses will be procured, of which 2,000 would be electric buses. In the first instance, with KfW financial assistance, 2,200 BS VI buses and 500 electric buses at a cost of Rs.1,580 crore will be procured.

Chennai Metro Rail Project

- ❖ In the Budget Speech of the Union Finance Minister, a commitment has been made for counterpart funding for Phase II of the Chennai

Metro Rail Project. With this, the entire financing of the project is tied up.

- ❖ The DFR for establishing a Metro Rail in Coimbatore with 44 km in the first phase at a cost of Rs.6,683 crore has been prepared and is under examination.

Energy

- ❖ The aggregate installed power generation capacity of Tamil Nadu is 32,149 MW including renewable energy capacity of 16,167 MW.
- ❖ Hence, this Government has not only ensured that Tamil Nadu turned a power surplus State, but will remain so in the foreseeable future as well.
- ❖ The Government continues to provide financial support. TANGEDCO Rs.8,413.98 crore has been provided towards tariff subsidy in the Revised Estimates 2020-21. A sum of Rs.8,834.68 crore has been provided in the Interim Budget Estimates 2021-22 for subsidy payment.
- ❖ To fund the losses incurred by TANGEDCO, as per the UDAY commitments, a provision of Rs.7,217.40 crore has been made in the Interim Budget Estimates 2021-22.

School Education

- ❖ The largest allocation of Rs.34,181.73 crore has been made for School Education in the Budget Estimates for 2020-21.
- ❖ Computer Science which so far is being taught as a separate subject only in Classes 11 and 12, will now be introduced for Classes 6 to 10 in all Government High and Higher Secondary Schools.

Health and Family Welfare

- ❖ An allocation of Rs.144 crore has been made for Amma Mini Clinics in the Interim Budget Estimates 2021-22.
- ❖ With the sanction and construction of 11 new Government Medical Colleges at a total cost of Rs.3,995 crore, an additional 1,650 MBBS seats are expected to be available in 2021-22 academic year.
- ❖ The provision for Health and Family Welfare Department has been stepped up from Rs.15,863.37 crore in Budget Estimates 2020-21 to Rs.18,458.27 crore in the Revised Estimates 2020-21. The allocation has been further stepped up to Rs.19,420.54 crore in the Interim Budget Estimates 2021-22.

Labour Welfare

- ❖ At present 26,67,355 workers are registered in Fire Workers and Match Workers Welfare Boards and from 2011 till date, Rs.2,219.70 crore has been disbursed as welfare assistance to 84,32,473 beneficiaries, including migrant workers,.
- ❖ Since March 2020, 1,20,309 registered construction workers employed in Chennai district have partaken food, free of cost, at Amma Unavagams.

Employment and Skill Training

- ❖ The Tamil Nadu Private Job Portal has been developed and launched which job seekers and private sector employers can access. As on date 1,12,194 job seekers and 3,360 employers have registered on this portal, and 18,147 job seekers have already secured placements.

Industries

- ❖ Developments in 2020-21 have reaffirmed Tamil Nadu as the most preferred investment destination in India. Of the 304 Memoranda of Understanding (MoUs) signed in the Global Investors Meet, 2019 (GIM), till date 81 projects have commenced commercial production and 191 projects are at various stages of implementation, accounting for a very high 89 per cent project implementation.

Micro, Small and Medium Enterprises

- ❖ The Government will infuse Rs.1,000 crore as fresh additional capital to TIIC to strengthen and expand its role as a term lending institution accepting the recommendations of the Dr. C.Rangarajan Committee. A provision of Rs.300 crore has been made in the Interim Budget Estimates 2021-22 for this.

Social Welfare

- ❖ Under the various marriage assistance schemes from the year 2011-12 to date, 12,50,705 beneficiaries have been provided with 6,099.08 Kg of gold worth Rs.1,791.05 crore and Rs.4,371.22 crore as financial assistance.
- ❖ Puratchi Thalaivar Dr. MGR Noon Meal Scheme continues to be implemented even through the lockdown period. At present, 40.09 lakh school children are benefitting under the programme through 43,246 Noon Meal Centres. In the Interim Budget Estimates for 2021-22, a sum of Rs.1,953.98 crore has been provided.
- ❖ In the Interim Budget Estimates for 2021-22, an amount of Rs.2,634 crore has been provided for ICDS.

Adi Dravidar and Tribal Welfare

- ❖ A total amount of Rs.13,967.58 crore has been provided for the Scheduled Caste Special Component Plan and Rs.1,276.24 crore for the Tribal Sub Plan in the Interim Budget Estimates 2021-22.
- ❖ Out of the total allocation of Rs.4,109.53 crore in the Budget Estimates 2020-21, Rs.3,457.56 crore, or 84.14 per cent, is earmarked for education and allied schemes.
- ❖ Under the Post Matric scholarship scheme, a sum of Rs.1,932.19 crore has been provided in the Interim Budget Estimates for 2021-22.

Welfare of Backward Classes, Most Backward Classes and Denotified Communities

- ❖ More than 7.40 lakh students belonging to Backward Classes, Most Backward Classes and De-notified Communities are receiving educational scholarships.
- ❖ Welfare Boards are functioning for the benefit of Denotified Communities and Narikuravars. In addition, the Tamil Nadu Vanniyakula Kshatriya Public Charitable Trusts and Endowments (Protection and Maintenance) Act 2018 has been enacted and a Board formed under the Act to protect the properties of trusts and endowments.

Minorities Welfare

- ❖ During 2020-21, Rs.110 crore is being disbursed as scholarships for the benefit of students belonging to minorities.
- ❖ This Government has recently established the Tamil Nadu Linguistic Minorities Social and Economic Development Corporation for the

welfare of linguistic minorities in Tamil Nadu with an authorised share capital of Rs.9 crore.

Welfare of Differently Abled

This Government launched a drive to fill vacancies identified for the differently abled. 1,510 differently abled persons have been recruited.

- ❖ In order to enable an integrated approach to the prevention and management of disabilities and to ensure greater inclusion, accessibility and opportunities for the differently abled, this Government has prepared a special project – RIGHTS – with a total outlay of Rs.1,700 crore. This project has been approved by the Screening Committee of the Department of Economic Affairs, Government of India and is currently under the consideration of the World Bank.

Welfare of Government Servants

- ❖ Thank all the Government employees who bore the brunt of the frontline responsibility for tackling the COVID-19 pandemic.
- ❖ The largest contribution to the Chief Minister's Public Relief Fund during this year was made by Government employees, as a group.

PART B

Resources for Financing the Budget

- ❖ In the aggregate, the State Own Tax Revenue is expected to be Rs.1,09,968.97 crore in the Revised Estimates 2020-21 which represents a drop of 17.64 per cent against Rs.1,33,530.30 crore anticipated as revenue in the Budget Estimates 2020-21.

- ❖ The share of Central taxes for Tamil Nadu which had been indicated in the Union Budget at Rs.32,849.34 crore in their Budget Estimates 2020-21, has been reduced to Rs.23,039.46 crore in the Revised Estimates 2020-21.
- ❖ The Government of India to merge cesses and surcharges with the basic rate of tax so that the States receive their legitimate share of the revenue.
- ❖ The aggregate revenue receipts in the Revised Estimates 2020-21 are estimated to be Rs.1,80,700.62 crore which represents a decline of 17.63 per cent from the Budget Estimates 2020-21.
- ❖ The COVID-19 pandemic has necessitated additional expenditure on the revenue account of Rs.12,917.85 crore primarily for health and relief related expenditure. The Government was also very conscious about ensuring that expenditure on ongoing welfare schemes is protected. Tamil Nadu is one of the few States in India that did not defer payment of any part of the salaries to the employees or of pension to pensioners during 2020-21. Due to the economy measures announced by the Government, approximately Rs.13,250 crore was saved. As a result, the aggregate revenue expenditure in the Revised Estimates 2020-21 is estimated at Rs.2,46,694.69 crore.
- ❖ The total revenue deficit in 2020-21 is estimated to be Rs.65,994.06 crore which is a large increase over the Rs.21,617.64 crore projected in the Budget Estimates 2020-21.
- ❖ Despite the difficulties faced in implementing projects during the COVID-19 pandemic period, capital expenditure is expected to increase to Rs.37,734.42 crore in the Revised Estimates 2020-21

which is Rs.12,102.84 crore higher than the capital expenditure of Rs.25,631.58 crore actually incurred in 2019-20.

- ❖ The COVID-19 pandemic has caused a sharp drop of revenue, but the expenditure levels had to be enhanced to protect people's welfare. Hence, it is completely unavoidable that the Government had to resort to borrowings resulting in a higher fiscal deficit.
- ❖ The fiscal deficit in the Revised Estimates 2020-21 is expected to widen to Rs.96,889.97 crore which is 4.99 per cent of the GSDP. This is within the limits recommended by the 15th Finance Commission and is in accordance with the amended Tamil Nadu Fiscal Responsibility Act, 2003.
- ❖ Coming to the Interim Budget Estimates for 2021-22, given that revenue receipts have dropped considerably in 2020-21, a rebound is expected in 2021-22.
- ❖ The total receipts on account of States Own Tax Revenue in the Interim Budget Estimates 2021-22 is estimated at Rs.1,35,641.78 crore.
- ❖ Tamil Nadu's share in devolution based on the recommendations of the 15th Finance Commission has decreased marginally in 2021-22 and the actual share of Tamil Nadu in Central Taxes is estimated to be Rs.27,148.31 crore.
- ❖ The total revenue receipts in the Interim Budget Estimates 2021-22 are estimated at Rs.2,18,991.96 crore.
- ❖ All ongoing salary, pension, interest and scheme related expenditure have been fully budgeted for in the Interim Budget Estimates 2021-22. Revenue expenditure has been projected on a realistic

basis for the year 2021-22 at an aggregate level of Rs.2,60,409.26 crore. On this basis, the overall revenue deficit for 2021-22 is estimated to be Rs.41,417.30 crore.

- ❖ Capital expenditure in 2021-22 is expected to increase by 14.41 per cent to Rs.43,170.61 crore.
- ❖ The elevated level of the fiscal deficit in the current financial year was unavoidable and this deficit has to be brought down gradually to ensure there is no adverse impact on the economy. Even the 15th Finance Commission has recommended that a higher fiscal deficit of 4 per cent of GSDP should be permitted to States in 2021-22. Accordingly the fiscal deficit in 2021-22 has been contained to Rs.84,202.39 crore which is 3.94 per cent of GSDP.
- ❖ The overall debt outstanding as on 31st March 2021 is estimated to be Rs.4,85,502.54 crore and as on 31st March 2022, it is estimated to be Rs.5,70,189.29 crore. The 15th Finance Commission has reset the Debt-GSDP norms recognising that increased borrowings will be required in 2020-21 and 2021-22 to sustain the levels of expenditure.
- ❖ The Debt-GSDP ratio of Tamil Nadu as on 31st March 2021 will be 24.98 per cent and as on 31st March 2022 will be 26.69 per cent of GSDP, which is well within the norms prescribed by the 15th Finance Commission.