



# BUDGET

1990-91

SPEECH OF  
HONOURABLE  
**THIRU M. KARUNANIDHI**  
*CHIEF MINISTER*

**Panguni 3, Thiruvalluvar Aandu 2021**  
**17th March 1990**

*Speech of Hon'ble Thiru M. Karunanidhi, Chief Minister  
of Tamil Nadu, presenting the Budget for 1990-91  
to the Legislative Assembly on 17th March 1990.*

Honourable Mr. Speaker Sir,

“Freedom we need if our travails are to end.  
The thought that all are equal must reign supreme.  
All must be active in many vocations.  
We must learn that there is no god  
other than the starving masses.  
Education must most widely spread.  
In the arts, there must be a renaissance.  
There must be truth in speech.  
The heart must never grow faint.  
The fire of knowledge must smoke out  
the weak who, like the toad within the stone,  
have not reached out to the world beyond”.

In these words which Arignar Anna, the Gandhi of the South, has given us, the medicine of humanism has been mixed in the honey of Tamil poetry. I bow towards his place of final rest and place the Revised Estimates for 1989-90 and the Budget Estimates for 1990-91 before this House for the approval of Honourable Members.

2. We are working, tirelessly and enthusiastically, to find solutions to the current social and economic problems of Tamil Nadu and to tackle its long term needs. We have brought forward various programmes, plans and laws for the purpose. We shall protect, with dedication and commitment, the majesty of this Government in the face of all obstacles and keep the lamp aflame amidst all surrounding storms.

3. There have been significant changes in the political history of India in the last year. Consequent on elections to Parliament and, following that, the elections to several State assemblies, the situation of one-party rule that obtained for many years in the Centre and in most States has yielded to one of several parties forming governments by themselves or in coalition.

4. In this environment, given the country's ethnic, linguistic and cultural diversities, only wholesome federalism with autonomy to the States can provide the appropriate approach to safeguard the unity of India, strengthen the nation, and improve the well-being of the masses. Recalling that this policy of ours was brought before this very Assembly in the Resolution on State Autonomy in 1974 by our own Government, and was adopted by it, I am greatly encouraged that today there is growing support to the demand for genuine federalism all over the country.

5. The new National Front Government at the Centre has demonstrated its support to genuine federalism by deciding to establish an Inter-State Council under Article 263 of the Constitution. We trust that this Council will be endowed with adequate powers and will begin to function soon and will promote the philosophy and practice of genuine federalism.

6. The report of the Ninth Finance Commission, constituted by the previous Government at the Centre, and the decisions thereon of the Union Government have been recently placed before Parliament. The recommendations of the Ninth Finance Commission have caused us great disappointment. In particular, the share to States in Union Excise duties continues to be limited to 45 per cent. Moreover, the share to all States, including Tamil Nadu, has been reduced from 40 per cent to 37.575 per cent with the balance of 7.425 per cent being made available only to a few deficit States. Furthermore, a large component of plan revenue grants to the States has been distributed, in a manner that significantly benefits only a few States, by the Finance Commission itself outside the Gadgil formula which has been followed by the Planning Commission over the last several years.

7. Even before the Report of the Ninth Finance Commission was released, I had written to the Prime Minister that its recommendations will cause serious

damage to Centre-State fiscal relations and that they should be re-examined. In that letter I have suggested that the overall share for all States in Union Excise duties may be increased from 45 per cent to 50 per cent and that of this 42.5 per cent may be given to all States with the balance of 7.5 per cent being made available to the deficit States. I have reiterated this demand once again by writing to the Prime Minister and the Finance Minister after the release of the Report of the Ninth Finance Commission.

### **Financial Position**

8. Despite repeated representations, the Union Government has not extended any special assistance during the current year to meet the opening deficit of Rs. 91.36 crores at the beginning of 1989-90. However, without being discouraged, we took a number of measures as a result of which it was possible to improve resources to some extent, take up a number of new welfare schemes, provide benefits to employees, and step up the outlay on the Annual Plan.

9. Various welfare schemes included in the Election Manifesto have been implemented at a total cost of Rs. 133.40 crores in the current year. The plan expenditure in the current year of Rs. 1377 crores will be Rs. 81 crores higher than the outlay in 1988-89. Parity with Central scales of pay for

11 lakh State Government employees and improved pensionary benefits has involved a total additional cost of Rs. 430 crores. It became necessary to assume a burden of Rs. 400 crores on account of the subsidy on rice distributed through the public distribution system, the nutritious meals scheme and the free rice distribution scheme. In order to reduce this loss, at least to some extent, it became unavoidable to make certain adjustments to the issue price of rice in the public distribution system with effect from 1st March 1990. This price is low when compared to the price of rice in the neighbouring states.

10. A relieving feature—like an oasis in the desert—is that, while I had announced that our measures to plug loopholes in the previously existing excise administration were expected to yield an additional revenue of Rs. 100 crores in the current year, I am now in a position to inform the House that the additional yield will be Rs. 134 crores.

11. Having regard to heart-rending liquor tragedies, which have continued in the last many years, and to the support being given—like the fence itself grazing the crop—to anti-social forces from unexpected quarters and taking into account the position in India as a whole, this Government has recently decided to produce low-priced liquor in the public sector. This is expected to yield an additional revenue of Rs. 180 crores in the coming year.

12. Despite all these measures, our financial position at the end of the coming year will be less than satisfactory. It is in this background that I would request Honourable Members to consider this Budget and to offer their constructive suggestions.

### **Annual Plan**

13. The Plan Outlay for the current year was fixed at Rs. 1360 crores. The actual expenditure will however exceed this figure and will be not less than Rs. 1377 crores.

14. The plan outlay during the Seventh Five Year Plan period will be Rs. 6225 crores as compared to the originally approved outlay of Rs. 5750 crores. The Union Planning Commission has not so far finalised the Eighth Plan allocations for the States. In the meanwhile, they have approved an outlay of Rs. 1450 crores for the Annual Plan of Tamil Nadu in 1990-91. Since the coming year is the first year of the next Five-Year Plan, the plan outlay does not include development expenditures on plan schemes that will be completed by the end of the current year. These expenditures, which will get shifted to the non-plan account, amount to a total outlay of Rs. 150 crores. Accordingly, on a like-for-like comparison, there is an increase in outlay on plan-related schemes from Rs. 1377 crores in the current year to Rs. 1600 crores in the coming year adding the committed expenditure of Rs. 150 crores to the annual plan outlay of Rs. 1450 crores.

15. The State Planning Commission consisting of eminent experts is actively engaged in formulating the Eighth Five-Year Plan for Tamil Nadu in its final form. On the basis of current prospects of available resources we expect to provide for a total plan outlay in the range of Rs. 8500 to 9000 crores in 1990-95 which is the Eighth Plan period. In order to achieve this target, it is very necessary to strengthen our resource base and to regulate expenditures according to strict priorities.

#### New Welfare Schemes

16. We introduced a number of Welfare Schemes during the current year in fulfilment of the promises made in the Election Manifesto as a result of which large numbers of people have benefited.

17. In the first eleven months of the financial year *i.e.* upto the end of February 1990—

\* Rs. 38.12 crores have been spent on the free distribution of five kilograms of rice on five occasions to 83 lakh poor families.

\* Rs. 42.25 crores have been spent for the free distribution of a saree and a dhoti to 83 lakh poor families.

\* Old age pensions and pensions for the physically handicapped, widows and destitute women have been increased from Rs. 35 per month to Rs. 50



per month and ceilings on the number of pensioners have been removed. The additional expenditure on this account is Rs. 9.14 crores and 4.64 lakh persons have been benefited.

\* 11338 girls from poor families have been benefited under the outstanding scheme for providing a marriage grant of Rs. 5000. The expenditure on this account is Rs. 5.59 crores.

\* 97472 pregnant women have been benefited from the grant of Rs. 200 each under the Maternity Assistance Scheme at a total cost of Rs. 1.95 crores.

\* 10517 bereaved poor households have been given a grant of Rs. 2000 for the resettlement of the family on the death of the bread-winner at a cost of Rs. 2.10 crores.

\* The Accident Relief Scheme which provides Rs. 10000 to families of victims of fatal accidents has benefited 235 families of the working class.

\* Under the scheme for assisting rickshaw pullers, auto-rickshaw drivers and taxi drivers to own their vehicles, 5287 persons have been sanctioned a total assistance of Rs. 11.26 crores. For this a capital subsidy of Rs. 88.40 lakhs and an interest subsidy of Rs. 18.30 lakhs have been given by the Government so far.

\* Under the scheme of providing free education to students belonging to Scheduled Castes, Scheduled Tribes, Most Backward Classes and Denotified Communities up to the graduate level, 26789 students have been assisted at a cost of Rs. 79.54 lakhs.

### **Agriculture**

18. The plan outlay on Agriculture and allied activities has been increased in the coming year to Rs. 160.29 crores from Rs. 145.98 crores in the current year.

19. Having regard to the fact that Tamil Nadu is not self-sufficient in producing rice, sustained improvement to the productivity of rice assumes the greatest importance. The Special Food Production Programme for intensive rice production will be implemented in nine districts namely, Chengai—Anna, North Arcot—Ambedkar, Thiruvannamalai—Sambuvarayar, South Arcot, Thanjavur, Tiruchirappalli, Pudukkottai, Madurai and Nellai—Kattabomman.

20. We propose to increase the supply of certified paddy seeds from the present level of 14 per cent of sown area to 20 per cent in the coming year and a provision of Rs. 8.28 crores has been included in the Budget for the purpose. In order to ensure that seeds and pesticides are easily available in the villages 100 new extension centres will be established in addition to the existing 783 centres with a provision of Rs. 35.23 lakhs.

21. We propose to take up an Integrated Agricultural Development Project at an estimated outlay of about Rs. 170 crores with assistance from the World Bank. The project will include reorganisation of agricultural extension services, improved facilities for seed production and fodder development, watershed management programmes and rural roads.

22. A dry land farming project will be taken up with assistance from DANIDA, at a cost of Rs. 6.25 crores to cover 44000 acres in Chidambaranar and Nellore—Kattabomman districts. In addition, provision has been made in the coming year to take up a new Integrated Dry Land Farming Programme throughout the State at a cost of Rs. 1.5 crores. Under this project, 75,000 acres will be covered in 300 locations to an extent of 250 acres each to upgrade dry farming.

23. The Government have given a number of benefits and concessions to farmers. The procurement price of paddy has been increased by Rs. 25 per quintal from Rs. 180 to Rs. 205. In addition, the production incentive of Rs. 35 per quintal has been continued. A price increase of Rs. 30 per tonne has been allowed for sugarcane growers. Sales tax has been completely removed on 3 hp and 5 hp pumpsets used by farmers involving a revenue loss of Rs. 4 crores.

24. Government has paid Rs. 67 crores as arrears to co-operatives on account of interest relief to farmers

in addition to debt relief to small farmers for an amount of Rs. 39 crores. The Government has thus assumed a total burden of Rs. 106 crores.

25. The electricity tariff has been reduced from Rs. 75 to Rs 50 per HP for pumpsets below 5 HP last October. This has benefited 9 lakh farmers. The annual loss to the Government is Rs. 10 crores.

26. The present tariff for  $7\frac{1}{2}$  HP and upto 10 HP pumpsets which is Rs. 75 per HP will be reduced to Rs. 50 per HP. The annual loss on this account will be Rs. 3 crores and about 1.5 lakh farmers will stand to benefit.

### Forests

27. Forests not only yield rain but also contribute to the State's resources through different types of plantations. In order to cherish and promote forest wealth, we have decided to establish a State Forestry and Wild Life Research Institute at Coimbatore. The Institute will be affiliated to the Tamil Nadu Agricultural University and will undertake research besides providing training to the personnel of the Forest department.

28. A provision of Rs. 16.13 crores has been made in the Budget for the second phase of the social forestry project which is being assisted by the Swedish International Development Agency. This project will cover an extent of 35000 acres under social forestry.

29. We have prepared a detailed project report for the reafforestation of denuded forest areas in the Nilgiris and Palani hills at a cost of Rs. 120 crores. We hope to secure the clearance of the Central Government for this initiative.

### **Cattle Wealth**

30. We have taken the pioneering step in the whole of Asia of establishing a separate University for Veterinary and Animal Sciences in Madras in the current year for improving Cattle Wealth in strength and vitality. A plan outlay of Rs. 3.91 crores has been made for the University in the coming year. Work is being expedited for developing the Namakkal Veterinary College.

31. The Budget provides Rs. 1.22 crores for the sheep development project which has been taken up at a total cost of Rs. 13.67 crores in Chengai—Anna, North Arcot—Ambedkar, Salem, Dharmapurj and South Arcot districts with assistance from the European Economic Community.

32. A cattle development project with special emphasis on fodder development is being taken up in Pudukkottai at a total cost of Rs. 4.4 crores. Ten new veterinary dispensaries will be established in the coming year.

33. We have taken up a major dairy project to cover 13 districts at a total cost of Rs. 68.19 crores with assistance from the National Dairy Development

**Board.** Under this project, new dairies will be established in Chengai—Anna, South Arcot and Tiruchirappalli districts and the capacity of existing dairies will be increased. At the end of the project period, the present capacity of 12.5 lakh litres per day will be significantly stepped up to 27.6 lakh litres.

### **Fisheries**

34. There are opportunities for developing brackish water prawn culture in 37000 acres in Tamil Nadu. In the coming year, prawn culture will be taken up in about 5000 acres. A fishing harbour will be constructed in Chinnamuttam at a cost of Rs. 6.84 crores. The landing jetty at Thondi will be commissioned from this month. A farm pond scheme is being taken up in the Cauvery delta in Thanjavur district.

35. In the current year, 3000 houses will be completed for families of fishermen and an additional 3000 houses will be completed for them in the coming year. These houses will be given free of cost to them.

### **Sericulture**

36. Under the World Bank assisted sericulture project, which is being implemented in ten districts, additional employment for 14000 persons has been created in the current year. A provision of Rs. 3.65 crores has been made for this project in the coming year.

## Rural Development

37. Honourable Members are well aware of the amendments to the Tamil Nadu Panchayats Act, 1958 that were recently enacted. These amendments provide for regular elections to panchayat unions and panchayats once in five years, entrustment of specific schemes to panchayat union councils and the establishment of an Expert Committee to recommend improvements to the finances of panchayat unions and panchayats. The Expert Committee has been appointed under the Chairmanship of Thiru A. R. Damodaran, former Member of the Legislative Council. The Committee will comprehensively study the resource base of panchayat unions and panchayats and make suitable recommendations for improving it.

38. Furthermore, under the amendments made to the Tamil Nadu Panchayats Act, 1958, Government have now decided that panchayat unions may periodically review the implementation of schemes such as those relating to agriculture and allied sectors, minor tank irrigation, literacy programmes, primary and secondary education, certain public health programmes, social welfare schemes, drinking water supply schemes and rural housing schemes. We trust that periodical interaction between the elected representatives of the people and concerned officials will lead to the effective implementation of such schemes.

39. There are provisions under various Budget heads to provide basic facilities in rural areas such as drinking water supply, roads, buildings for schools, health sub-centres and child welfare centres, upkeep of minor irrigation sources and the like. As recommended by the State Planning Commission we propose in the Eighth Plan to undertake detailed surveys in regard to the availability of existing facilities for meeting such basic needs so that gaps can be identified and measures undertaken to provide additional facilities at a total cost of Rs. 250 crores in a planned manner in the next five years. Rs. 50 crores will be provided for this new scheme in the coming year of which Rs. 25 crores will be allocated by Government and the balance met by panchayat unions according to their financial capacity. Panchayat Unions will have the direct responsibility to implement these schemes.

### Irrigation

40. This Government has consistently given priority to irrigation projects keeping in mind the saying that there is "No world without water".

\* It is proposed to take up the Adavinainarkovil reservoir scheme in the coming year in Shencottai taluk at an estimated cost of Rs. 38 crores to benefit about 6000 acres.

\* The Nangangiar reservoir scheme in Palani taluk will be taken up at an estimated cost of Rs. 21 crores in the coming year to benefit about 6500 acres.



\* The Mordhana Project will be taken up in North Arcot–Ambedkar district at a cost of Rs. 19.5 crores to benefit 7000 acres.

\*The second phase of the Periyar–Vaigai Project will be continued for two more years taking up additional works at a cost of Rs. 25 crores to benefit 4000 more acres in Nilakkottai and Periyakulam taluks.

\* The Budget includes a provision of Rs. 7.3 crores for the second phase of the Tank Modernisation scheme which is being implemented with assistance from the European Economic Community.

\* We shall provide rupees one crore in the first phase for the construction of deep bore wells and for the modernisation of tanks in the Cauvery–Mettur project area in Thanjavur district.

\* A provision of Rs. 12 crores has been made for the National Water Management Project which is being implemented at a total cost of Rs. 52.7 crores to benefit about 3.75 lakh acres in the Sathanur–Kodayar, Tambaraparani, Cumbum valley and Amaravathy basins.

41. The Standing Irrigation and Water Resources Commission was constituted in the current year under the Chairmanship of Thiru R. Tirumalai. This Commission has taken up detailed studies of old and new irrigation systems and has submitted its recommendations for improving benefits from 10 major projects in the districts of Periyar, Nellai–Kattabomman, Chidambaranar and Kanyakumari.

## Power

42. Electricity is a vast source of energy that makes the world move and is based on diverse sources: thermal, hydel, nuclear, solar, wind and the waves of the ocean. This Government is keenly interested in deriving benefits from all these opportunities for power generation.

43. The plan outlay for the Power sector will be Rs. 455 crores in the coming year. Implementation is being expedited on 420 MW comprised in the first two units of the North Madras Thermal Project which was inaugurated on 1st July 1989 after overcoming the hurdles that had delayed it earlier. Negotiations will be concluded shortly with the Asian Development Bank for securing its assistance for the third unit of 210 MW. This major project will have an ultimate capacity of 2050 MW.

44. The Tuticorin Thermal Power Station which will have an additional generating capacity of 420 MW in 1991 has been allocated Rs. 135 crores for its expansion.

45. It is proposed to take up a combined cycle gas turbine project in Basin Bridge in the coming year with a capacity of 120 MW based on Japanese assistance. We have formulated schemes to secure an additional capacity of 300 MW from natural gas available in the Cauvery basin.

46. We have been urging the Centre to take up the Neyveli fourth mine-cut project utilising lignite reserves at Jayankondan in Tiruchirappalli district.

47. The plan outlay in the coming year in the Power sector includes a provision of Rs. 155 crores for transmission and distribution. This will enable new connections to 40000 pumpsets and 40000 huts in the coming year.

48. The North Madras Thermal Station has been linked to the Kalinga Coal Mines. The coal has to be brought by a Rail-cum-Sea route. The new Satellite Port towards the north of Madras at Ennore has become a necessity. The Madras Port Trust has prepared a detailed project for Rs. 288 crores for this port. We have urged the Centre to accord immediate sanction for this project.

### Industries

49. Our Government is firmly committed to the widespread industrialisation of Tamil Nadu. The Governor's address to the last session of the Assembly had outlined the important steps that have been taken to promote this objective.

50. Along with steps to promote industrial growth in the joint and private sectors we have undertaken appropriate measures to streamline and improve the functioning of public sector enterprises under the State Government.

51. The Tamil Nadu Mineral Development Corporation (TAMIN), which was suffering from poor returns and maladministration, has been set right and is expected to make a profit of Rs. 4 crores in the current year. It also has plans to set up a new granite tile plant at an investment of Rs. 4.35 crores.

52. The Tamil Nadu Newsprint and Papers Limited which had accumulated a loss of Rs. 49.95 crores, on account of running at a loss until the end of 1988-89, is expected to make a net profit of about Rs. 28 crores in the current year. This is a significant achievement.

53. We have urged the Centre to locate the VCP/VCR project and the Colour Cine Film Project of the Hindustan Photo Films in Tamil Nadu and to convert the rolling mill in the Salem Steel Plant into a fully integrated steel mill complex.

54. We have also made out a strong case for the Southern Gas Grid to enable the establishment of a variety of petro-chemical investments in the State.

55. We are pursuing Central clearance for an export-oriented Naphtha Cracker Unit at Manali at an estimated investment of Rs. 1800 crores. We have requested early clearance for the National Aromatics Project at Manali. This will involve a large investment of about Rs. 1356 crores. These major investments will lead to a number of downstream industrial units and generate significant additional employment and revenues to the State.

56. Full waiver of the sales tax dues for a period of five years up to a ceiling of the total capital investment will be extended to industries established in the three SIPCOT complexes at Cuddalore, Pudukkottai, Manamadurai and in a few most backward taluks among the 105 backward taluks already announced. Details of this scheme will be announced while moving the Demand for Industries.

### **Development of Small Scale Industries**

57. I have had detailed discussions with industrialists in the small scale sector in January. Having considered the suggestions received from them, I wish to announce certain decisions to benefit small scale industries.

58. Small scale units also have to obtain clearance from the Pollution Control Board from the environmental angle. It was represented that this results in delays besides burdening them with the surcharge due for the purpose. In order to remedy this, we have decided to exempt 60 small scale industries from pollution control in addition to the 40 industries which are already exempt.

59. It was represented that there is delay in implementing the sales tax deferral scheme which is intended to stimulate new small scale units. To remedy this difficulty, powers will henceforth be given to commercial tax officials at the district level to sanction sales tax deferral.

60. Permissions are required at present from several departments in order to start new small scale units. In order to eliminate the delay involved, we have decided that, hereafter, all necessary permissions will be made available within 30 days.

61. We have already issued orders that stamp duty will be completely exempted in respect of sale of plots to small scale units in industrial growth centres.

### Environment

62. This Government stands committed to take all necessary measures to protect the environment. People have been greatly affected by the long pending problem of effluents discharged by tanneries. We have been able to make a breakthrough towards solving this problem. **Common effluent treatment plants at a total cost of Rs. 15.76 crores will be established at Vaniyambadi, Ambur, Pernambut, Ranipet, Dindigul and Tiruchirappalli.** The Centre and this Government will each contribute Rs. 3.69 crores as grants for this scheme.

63. A grant-cum-loan scheme will be implemented with the assistance from Housing and Urban Development Corporation (HUDCO) to provide water seal latrines in place of dry latrines to benefit 1.07 lakh families in 21 municipalities at a total cost of Rs. 29 crores.

64. On the basis of the recommendations given by a team of British experts, on the removal of pollution in Cooum, Adyar and other waterways

in Madras City an integrated Scheme will be taken up to clean these waterways.

### Handlooms

65. An amount of Rs. 26.38 crores has been given as rebate in the current year to Co-optex and to primary weavers' co-operative societies. The usual rebate of 20 per cent has also been extended to 90 days in the current year and to meet this a provision of Rs. 27 crores has been made in the coming year. In order to benefit weavers, the rebate scheme will be streamlined. The scheme for the modernisation of handlooms will be taken up in the coming year at a cost of Rs. 1.5 crores.

66. The State Handloom Advisory Council has been constituted in the current year. There are 1.48 lakhs handloom weavers covered under the Handloom Weavers' savings and security scheme. At present, this scheme provides for an amount of Rs. 3000 by way of insurance cover to weavers and this amount will be increased to Rs. 10000 in the coming year at an additional annual cost of Rs. 30.45 lakhs.

67. In the coming year, 2000 houses with provision for locating looms will be taken up for weavers at a cost of Rs. 5 crores with assistance from HUDCO. The Powerlooms Registration Fund will be activated with a provision of Rs. 25 lakhs for establishing two powerloom service centres.

68. There are at present 18 co-operative spinning mills in the State. In 1988-89, all excepting one of them were running at a loss. After this Government took office, all but two of them are working in the current year at a profit. However, it is necessary to tackle the problems resulting from their accumulated losses and to modernise them. We propose to take up a scheme for the comprehensive modernisation of 12 spinning mills at a total cost of Rs. 31 crores with assistance from the Industrial Development Bank of India.

#### Roads—Transport

69. People in our villages had to walk in the mud and slush of rural roads while envying the long and broad highways that linked the cities and towns. In order to give them also good facilities for transportation, this Government took up even in 1972, when it was in power, a scheme to provide good link roads to villages with a population of 1500 and above in the first phase. This scheme, which got slowed down in the last few years, will be completed in 1990-91. In continuation of this, we propose to cover all villages with a population of more than 1000 with link roads in the next stage and a provision of Rs. 10 crores has been made for this purpose in the coming year. Apart from this, a provision of Rs. 10 crores has been made for a new scheme to improve panchayat union roads.



70. A provision of Rs. 12.91 crores has been made for road works in municipal areas under the Tamil Nadu Urban Development Project.

71. The first phase of the East Coast road from Madras to Cuddalore is being taken up at a cost of Rs. 53 crores for which a provision of Rs. 5.2 crores has been made in the coming year.

72. A new scheme for constructing 100 small bridges in various locations is being taken up at a cost of Rs. 5 crores.

73. In Madras City, new road improvement works at a total cost of Rs. 27.71 crores will be implemented in order to ease traffic congestion. A detailed study has been taken up to tackle traffic problems in the City and to prevent their aggravation in the future.

74. I wish to underline that the total outlay on roads has been stepped up from Rs. 146 crores in the current year to Rs. 187 crores in the Budget for 1990-91. The provision for maintenance of existing roads has been increased from Rs. 62.65 crores in the current year to Rs. 80.27 crores in the coming year.

75. I had written to the Minister for Railways urging adequate financial allocations for the Mass Rapid Transit System in Madras and the Karur—Dindigul broad gauge railway line.

The Railway Budget indicates that the allocation for the M.R.T.S. has been stepped up from Rs. 9.80 crores in the current year to Rs. 14 crores in the coming year. The allocation for the Karur—Dindigul broad gauge railway line has also been stepped up from Rs. 4 crores to Rs. 13 crores. While increases in allocations have been made to an extent for these two schemes, in response to our request, we shall continue to press the Centre for their early completion.

76. Efforts are proposed to be taken soon to start a pleasure boat service (hover craft/SES ferry) along the coast from Madras to Cuddalore.

### Education

77. Education has been given the highest priority with a total provision of Rs. 1050 crores in the coming year. Although one hundred per cent enrolment has been achieved in our State in the 6—11 age group, there are still 439 habitations each with a population of more than 500 without access to a primary school within one kilometre. New single teacher primary schools will be started in all these habitations in the coming year. The enrolment ratio in the age group 11—14 years has reached about 80 per cent in our State but the number of teachers and facilities in higher elementary schools are not adequate. We have therefore provided for the appointment of an additional 1200 secondary grade

teachers in the coming year. These teachers will initially be appointed on a consolidated pay of Rs. 800 per month and will be appointed on regular scales of pay after a period of two years.

78. We are taking up a special drive to enrol and retain girl children in schools having regard to the fact that 1990 has been declared as the year of the girl child. The Budget includes a provision of Rs. 3 crores for maintenance and special repairs to primary school buildings. With the objective of upgrading teacher training, District Institutes of Education and Training will be established in the remaining 7 districts. A new Directorate will be set up to co-ordinate proper training for teachers and ensure effective supervision of training programmes.

79. A provision of Rs. 3.24 crores has been made for upgrading Industrial Training Institutes. Under this programme, three such Institutes will be established for women at Salem, Coimbatore and Tiruchirappalli and the facilities in other Industrial Training Institutes will be improved.

80. In 1989-90 this Government has implemented the University Grants Commission's scales of pay to benefit 16000 college teachers at a cost of Rs. 57.38 crores. The AICTE scales benefiting more than 4000 engineering college and polytechnic teachers have also been implemented at a cost of Rs. 19.45 crores.

81. I have great pleasure in announcing that a new University will be established in Tirunelveli with which colleges to the south of Madurai will be affiliated and that it will be named as the “ Manonmaniam Sundaranar University ” in memory of the great scholar who gave us the Tamil Thai Vazhthu beginning with “ நீராருங் கடலுடுத்த ”.

### Tamil Development and Culture

82. As indicated in the last Budget speech, the Tamil etymological dictionary project (“ Agara Mudali ”) which was initiated by the D.M.K. Government, but had been subsequently suspended, has been renewed and the work relating to the vowels has now been completed.

83. The scheme for bringing out the history of Tamil Nadu was also begun by this Government but had been discontinued later. This has also been revived in the current year and the volume on the later Pandyas and the Pallavas has gone to print.

84. Natrinai, Paripaadal and Kamba Ramayanam are being translated into English in verse form.

85. Efforts will be taken in the coming year, in collaboration with the National Oceanographic Institute at Goa, to take up a three year project for marine archaeology off the Poompuhar coast to learn more about the culture and history of the Tamils.

86. As pointed out in the Election Manifesto, although Tamil speaking persons are spread in many parts of the world they do not have adequate opportunities for learning Tamil. In order to fulfil their felt need, we propose to bring out, with the co-operation of experts in the language, text books in Tamil, elementary Tamil dictionaries and easy Tamil Grammars. We propose to strengthen our ancient language so that it is responsive to the growing needs of the social and technical sciences. We propose to bring out world classics in Tamil at inexpensive prices. We wish to use the Valluvar Kottam at Madras as a centre to propagate Tamil literature, arts, tradition and culture. In order to advise and help Government on all these matters, a Committee of Experts on Tamil will be set up.

87. I have very great pleasure in announcing that, in fulfilment of our longstanding dream, a commanding statue—133 feet high—symbolising the chapters of the Thirukkural will be put up for Valluvar, who gave a secular scripture to humanity, at Kanyakumari cape where the maiden sits in daily penance along the blue sea.

#### Centenary celebrations of Pavendar and Ambedkar.

88. “ இன்பத் தமிழ் எங்கள் உயிருக்கு நேர் என முரசு கொட்டி — பூட்டிய இருப்புக் கூட்டின் கதவு திறந்தது சிறுத்தையே வெளியில் வா என இளைய தலைமுறைக்கு அழைப்பு விடுத்து

—எழுச்சியுற்ற பெண்கள் இந்த நாட்டின் கண்கள் என மகளிர் மாண்புரைத்து — காண்ப தெல்லாம் தொழிலாளி செய்தான் அவன் காணத் தகுந்தது வறுமையா? எனப் பொங்கியெழுந்து — புதியதோர் உலகு செய்வோம் எனப் புரட்சிக்குரல் ஒலித்து ”

These are the clarion calls of Pavendhar Bharathidasan who strode amidst us like a lion. His Centenary coincides with this year. Similarly, this year is also the Centenary Year of Dr. Ambedkar-political genius, great scholar and one who spearheaded the movement to break the enslaving shackles of the suppressed and the depressed. Honourable Members will be pleased to know that our Government will fittingly celebrate the Centenary of these two savants so as to give practical shape to their ideas.

### Health

89. We have established a net work of 9946 centres throughout the State for rural health care with one primary health centre for a population of 30000 and one sub-centre for a population of 5000. Provisions have been included in the Budget to ensure that these health centres are fully staffed with doctors and other personnel and are provided basic facilities such as buildings and equipment.

90. With World Bank assistance, we have been implementing a family welfare project in Madras City. This will be extended to cover all urban areas

in Tamil Nadu at a total cost of Rs. 60.71 crores to provide family welfare and health care to the urban slum population.

91. Honourable Members are aware of the Government's decision to establish a Centre of Excellence for medical research and education in the Tamil Nadu Arasu Medical Science and Research Institute (TAMARAI). A master plan for Rs. 115 crores has been prepared for this purpose and it will be implemented in phases.

92. The Committee under Dr. B. Ramamurthi for Medical Education and Health Facilities has given its report which contains many important recommendations. I wish to mention a few decisions which have been taken on this report. We have decided to create facilities for continuing medical education to practising doctors and to provide them facilities to acquaint themselves with advances in the medical field in foreign countries.

93. A separate Committee has been set up to examine the working of blood banks and steps have been taken in the meanwhile to improve their functioning.

94. A scheme for cataract operations is being implemented in four districts. Various schemes in the health sector will be implemented in an integrated fashion for slum dwellers in urban areas.

95. We have also accepted the recommendation that all medical and health programmes at the district level should be implemented in a co-ordinated and

effective manner under a single Joint Director. This will be implemented in the coming year. New schemes have been included in the coming year to upgrade the facilities in district head-quarters hospitals and in taluk hospitals on the basis of the recommendations of this committee.

96. A new scheme for accident and emergency services in the Madras City at a cost of Rs. 5.56 crores will be implemented based on the recommendations of the Dr. M. Natarajan Committee.

97. The students of the Mohan Kumaramangalam Medical College at Salem are presently allotted to different Medical Colleges in the State. Representations have been received to shift the college to Salem. Accepting this request, steps will be taken to admit the next batch of students at Salem from the coming academic year.

### Drinking Water Supply

98. The Government is actively involved in the provision of drinking water which is a basic need. In the beginning of 1989-90, there were 10323 habitations without drinking water facilities of which we have been able to cover 5905 habitations in the current year. The balance, 4418 habitations will be provided with drinking water facilities by the end of May 1990. A provision of Rs. 10 crores has been made for this purpose in the Budget.



99. I have reviewed in detail the progress in the Telugu Ganga Project with the Chief Minister of Andhra Pradesh. He has assured us that all steps will be taken to ensure that 12 tmc of water from this project is provided to Madras City early in 1993. In the current year, we have paid Rs. 45 crores to the Andhra Pradesh Government as our share and the Budget provides for a further sum of Rs. 45 crores to be paid in the coming year. We have also approached the World Bank, HUDCO and other funding agencies for a Rs. 505 crores project to distribute the water from the Telugu Ganga Project within Madras City.

100. In order to provide relief in the interim the Budget also provides for Rs. 30 crores to the Metro Water Board for tapping underground water in well fields in the north of the City.

101. Drinking water facilities for towns outside Madras City are being implemented through the Tamil Nadu Water Supply and Sanitation Project which is assisted by the World Bank. An official delegation under the Chief Secretary had recently been to the United States and has held discussions for restructuring the scheme. As a result, this scheme will be implemented at a total cost of Rs. 300 crores, It will provide water supply, as originally envisaged, to Madurai, Coimbatore and Salem and will cover in its modified form, six additional towns, namely, Pollachi, Manapparai, Sankaranainarkovil, Pudukkottai, Thiruvannamalai and Kanchipuram.

## Housing

**102.** The Tamil Nadu Housing Board has completed 18800 houses in the current year at a total cost of Rs. 97 crores. **The Board will be taking up 20800 houses at a cost of Rs. 117 crores in the coming year.**

**103.** We have provided for a major expansion in the activities of the Tamil Nadu Slum Clearance Board in the coming year. The Board constructs 1000 tenements in Madras City every year. In the coming year construction of 12000 multistoreyed tenements will be taken up for the benefit of slum dwellers. This will be taken up at a cost of Rs. 50 crores with assistance from HUDCO. The slum improvement programme will be continued in order to benefit 32000 families in the coming year.

**104.** The Central Government is providing assistance for a new "Shelter Upgradation Programme" which will finance improvements to houses at a cost of Rs. 4000 per family including a subsidy of Rs. 1000. One lakh houses will be covered in urban areas under this scheme in the coming year.

## Urban Development

**105.** In comparison with rural areas, cities may appear at first glance to be dazzling but it is easy to recognize that they too are beset by a thousand problems. In order to tackle various civic problems, the Tamil Nadu Urban Development Project is being implemented with assistance from the World Bank

with an outlay of Rs. 632.55 crores. It covers Madras and nine other towns namely, Salem, Tuticorin, Tirunelveli, Erode, Coimbatore, Tiruchirappalli, Madurai, Tiruppur and Vellore along with their urban agglomerations. It is proposed to spend Rs. 90.45 crores for this project in the coming year. Under this project, 20000 families will benefit from slum improvement and 11000 sites with services will be provided.

**106.** A major road over-bridge in Royapuram at a cost of Rs. 13.2 crores to ease the traffic congestion in North Madras will be taken up.

**107.** It is necessary to take up small and medium projects to upgrade the level of civic services in a number of municipalities in the State. This will be done through the Urban Infrastructure Development Corporation which will fund projects and programmes in municipalities. The Town and Country Planning Fund is being strengthened by converting Rs. 30 crores of long-term loans outstanding to the Government as an equity grant. This will enable the Fund to finance a variety of improvements in smaller municipalities and towns.

### Nutrition

**108.** The Nutritious Meals Scheme which benefits 85 lakh children has been strengthened with the provision of one egg every fortnight and the inclusion of Vitamin 'A' drops. An expenditure of Rs. 173 crores

was incurred on this scheme in the current year and a provision of Rs. 195 crores has been made for it in the coming year.

109. The Nutritious Meals Scheme covers only children above the age of 2. The Tamil Nadu Integrated Nutrition Project which is being implemented in separate centres in 10 districts covers children between the age of 6 months and 3 years. We propose to implement a new scheme which will integrate these two programmes and will provide nutrition supplements to children in the six months to 3 years age group and nutritious meals to children between 3 years and 6 years. This scheme will be implemented with assistance from the World Bank at an additional cost of Rs. 350 crores in the next five years.

### **Welfare of Scheduled Castes and Scheduled Tribes**

110. Our Government is making continued efforts to promote the social and educational advancement of Scheduled Castes and Scheduled Tribes by providing them with various facilities and incentives for education and employment.

111. The Budget contains a provision of Rs. 90.53 crores for the welfare of Scheduled Castes and Scheduled Tribes. Forty new hostels will be opened for students belonging to Scheduled Castes and Scheduled Tribes. The allocation for house-sites for Scheduled Castes has been increased to

Rs. 2.5 crores in the coming year and will enable the distribution of 40000 free house-sites to them.

112. 25 crores of Rupees has been provided for the special scheme to benefit Scheduled Castes and Scheduled Tribes with training, subsidies for small production units. This will benefit about one lakh persons.

113. 42000 concrete houses will be provided free in the current year to Adi-Dravidar households under the massive programme for this purpose. We plan to provide 47000 free houses at a cost of Rs. 56 crores in the coming year.

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

114. Honourable Members are well aware of the changes made by the Government in the reservation policy in order to provide a special reservation of 20 per cent in educational and employment opportunities for Most Backward Classes and Denotified Communities. I am happy to report that the new policy has yielded very good results. In the admissions made to medical colleges in 1989, 187 candidates belonging to Most Backward Classes and Denotified Communities were selected as compared to 68 candidates in the previous year. In engineering colleges, 685 candidates belonging to Most Backward Classes

and Denotified Communities were selected in 1989 as compared to only 354 in the previous year. The separate Directorate for the welfare of Most Backward Classes and Denotified Communities, which was established in the current year, is engaged in the formulation and implementation of a number of schemes for their benefit.

**115.** We have significantly increased the total provision for the Welfare of Backward Classes, Most Backward Classes and Denotified Communities to Rs. 30.70 crores in the coming year. This is appreciably higher than Rs. 19.57 crores provided in 1989-90. 50 new hostels will be opened in the coming year. Due preference will be given in these hostels for students from Most Backward Classes and Denotified Communities. 40 new hostel buildings will be constructed at a total cost of Rs. 4 crores.

**116.** A provision of Rs. 1 crore is being made as the first step to acquire house sites for the benefit of Most Backward Classes and Denotified Communities.

#### **Protection of Minorities and their Welfare.**

**117.** With a view to safeguard the interest of religious and linguistic minorities, this Government has established a State Minorities Commission with Thiru Abdul Jabbar as Chairman and Prof. Marianallu as Vice-Chairman. Adi Dravidas converted to Christianity have been given all

concessions available to Backward Classes by this Government in 1975. Their request to be considered as Scheduled Castes has been recommended by the Government to the Centre.

**118.** With the introduction of direct flights from Madras for Haj Pilgrims, the need for transit facilities at Madras is being increasingly felt. A Haj Pilgrims Centre will be established at Madras for the convenience of these pilgrims.

### **Employment**

**119.** Among all the States in India, Tamil Nadu is in the forefront in the implementation of the Jawahar Velai Vaippu Thittam. In the current year 847 lakh mandays have been created at a cost of Rs. 186.49 crores under the Jawahar Velai Vaippu Thittam. Two lakh persons have been assisted through self employment opportunities under the Integrated Rural Development Programme.

**120.** In the last Budget speech, I had announced a new employment programme for educated youth in rural areas. Under this scheme, 25,000 Makkal Nala Paniyalargal with education up to the 10th standard have been selected and have commenced training. They consist of equal numbers of men and women. They will be given an honorarium of Rs. 200 per month and will be engaged in a variety of welfare activities in the villages.

121. Ten thousand Makkal Nala Paniyalargal who have passed the plus two stage, will be appointed in Corporations, Municipalities and Town Panchayats under a similar scheme in the coming year. They will be given an honorarium of Rs. 400 per month. Fifty per cent of them will be women.

### Women's Welfare

122. Our Government has taken several significant steps in the current year for the welfare and renaissance of women. These include the reservation of 30 per cent of employment opportunities under Government, local bodies and public sector undertakings, reservation of 30 per cent of seats for women in local bodies, the provision of equal property rights for female children under the Hindu Succession Act, 1956, free education up to graduate level for girls from poor and low-income families, the marriage grant of Rs. 5000, the maternity assistance scheme, the scheme for encouraging intercaste marriages and the scheme to encourage the remarriage of widows.

123. We have also taken up an integrated project for women's development by providing employment in agriculture, sericulture and small enterprises with assistance from the International Fund for Agricultural Development at a cost of Rs. 45.8 crores. Forty thousand women in Salem, Dharmapuri and South Arcot districts will be provided with employment



opportunities under this scheme in the next five years. Based on the experience in this project we shall extend it to more districts in future years.

124. At this juncture I am deeply grieved to refer to a horrible practice and to announce that Government will take stern action to put it down. We are celebrating 1990 as the year of the girl child. In Tamil Nadu, where we glorify the mother, there are reports that in certain districts female infants are put to death. I wish to inform the House that the Government will take stern and prompt measures to punish all those who are guilty of such offences as well as those who aid and abet them. Further, the Government will make arrangements for the safe upbringing of girl children.

### LABOUR WELFARE

125. It has been the endeavour of the Government to take all steps for the welfare of labour. Nine closed textile mills have been reopened in the last year. Proposals had been sent to the previous Government at the Centre to take over the management of six closed textile mills. The revival of four of these mills is under the consideration of the Bureau for Industrial and Financial Re-construction. It is our hope that for the balance two mills, the Centre will obtain detailed survey reports and take an early decision on our proposals. It will be our effort to expedite an early decision in these cases.

126. The Metal Box Company which was closed has been reopened. Negotiations have been held on reopening the Standard Motor Works, which has been beset with problems. These negotiations have been completed satisfactorily and the unit is to reopen on 1st June 1990.

127. The deep concern of this Government for the welfare of labour is reflected in the financial support of Rs. 63.91 lakhs extended to 16957 workers of the closed mills.

128. The minimum wages of unorganised labour in agriculture and allied sectors, Beedi Industry, Handlooms, and Private Nursing Homes have been notified in the current year. Detailed negotiations were held and harmonious industrial relations were established in the Cinema Industry keeping the interests of labour in mind.

### **Benefits to Employees**

129. As promised in the last Budget speech the Government has implemented the Central scales of pay for State Government employees. Several representations regarding the new scales of pay have been examined and final orders have been expeditiously issued. In the case of a number of categories of employees, these have led to further liberalisation.

**130.** Government employees have strongly represented that provision should be made for selection grade and special grade scales of pay. The scheme of selection grade and special grade was first introduced by this Government in 1970. Although these grades do not exist under the Central scales, we have sympathetically examined the representations of Government employees and have now decided to revive selection and special grades with a view to benefit employees at senior levels. This will involve an additional cost of Rs. 10 crores per annum and will be applicable to all categories of employees with scales of pay below scales with a starting pay of Rs. 2,500.

**131.** Teachers in service and retired teachers receiving pension, of aided schools have represented for a long time that they should also be given a medical allowance of Rs. 15 per month. We have decided to accept this representation and to extend the benefit to them with effect from 1st April 1990. This measure will benefit 1.25 lakhs teachers and teacher pensioners at a cost of Rs. 2.25 crores per annum.

### **Nationalization of Bus Transport**

**132.** The DMK Government, enacted in 1973 the Stage Carriages and Contract Carriages Acquisition Act to undertake the nationalisation of private bus transport district wise in phases. As a first step on Pongal day in 1973 private bus transport in the Nilgiris district was nationalised. This Bus Nationalisation Act was contested in writ petitions going up to the

Supreme Court. Ultimately on 31st October 1983, the Supreme Court upheld the Bus Nationalisation Act brought into force by the DMK Government. No action was taken following this judgement in the intervening years. Further, several changes were made to render toothless the Bus Nationalisation Act enacted by the DMK Government in 1973.

133. After the DMK Government assumed charge again, the State Cabinet in its meeting on 29th June 1989 decided that following the Supreme Court's judgement the Bus Nationalisation Act may once again be implemented, starting from a district with the smallest number of private buses and that the nationalisation process may be extended in phases to other districts in the ascending order of the number of buses. The entire process of nationalisation is to be completed in a period of ten years. An ordinance to carry out these decisions was sent to the Centre for prior approval on 28th July 1989. Since the requisite prior concurrence from the Centre has not yet been received, it has not been possible to have an ordinance promulgated. Hence in accordance with the Cabinet decision of 29th June 1989, it is proposed to bring forth necessary legislation in the current session of the Legislature.

#### **Administrative Reforms**

134. Bifurcation of districts and taluks to facilitate better administration is not possible in view of the ban until the completion of the ongoing census.

Even so, as an interim measure, we shall ensure that in certain districts two District Revenue Officers and Two Project Officers for the District Rural Development Agency are posted to ensure better administration.

135. As announced in the Governor's address a Bill on the lines of the Lok Pal Bill recently introduced in Parliament will be brought in this session of the House to provide for enquiry into allegations of misconduct against persons holding public office, including the Chief Minister and the Ministers.

### Land Reforms

136. This Government introduced and implemented a new law to fix the ceiling of land at 15 standard acres in 1971. Following this, 4051 acres of land in Vadapathimangalam area of Thanjavur District were taken over and given to the Tamil Nadu Sugarcane Farm Corporation. This Corporation was wound up subsequently as it did not function well. Thereafter, these cultivable lands were left waste. Subsequently in 1988 some efforts were made to distribute these lands at a market price of Rs. 10000 per acre with financial assistance from banks. This Government has now reduced the price to Rs. 3600 per acre. Title for 3651 acres, being the cultivable area out of the total extent, will be given to 4803 landless poor Adi Dravidars and Backward Classes belonging to this area in April.

137. Our election manifesto promised the enactment of Benami Land Abolition Act to take over and distribute to landless agricultural labourers, the surplus lands from the benami land owners who had retained this surplus in contravention of the land ceiling legislation enacted during Perunthalaivar Kamaraj's Government and our Government. The Tamil Nadu Land Reforms (Land Ceiling) Act, 1961 which is the first legislation that prescribed a land ceiling of 30 standard acres came into force from 6th April 1960. It has come to the notice of the Government that many landlords who would have been attracted by the land ceiling had transferred their surplus lands to Trusts and individuals in the two years prior to legislation in anticipation of the Ceiling Act but in fact continue to enjoy these lands. In this situation, it is proposed to reopen all the benami transfers between 1st January 1958 to 6th April 1960 and declare them as invalid according to law. These lands will be taken over by the Government and redistributed to the landless poor. We have decided to bring legislation to this effect in the current session of the House.

### **Budget Estimates**

138. At the time of formulating the Budget for 1989-90, the overall deficit at the end of the year was estimated at Rs. 325.07 crores. On the basis of the Revised Estimates, which have been presented

now, revenue receipts are estimated at Rs. 4044.24 crores and revenue expenditure at Rs. 4562.80 crores, leaving a revenue deficit of Rs. 518.56 crores. Taking note of the net effect of the capital account and other accounts, the overall deficit at the end of the current year is estimated at Rs. 160.74 crores. Thus, on account of the efforts announced in the Budget Speech and other measures for resource mobilisation, the closing deficit for the current year will be reduced from Rs. 325.07 crores to Rs. 160.74 crores. This is the result of the efforts of this Government to mobilise additional resources, improve the collection of taxes and to bring about economy in expenditure.

139. According to the Budget Estimates for 1990-91, revenue receipts have been placed at Rs. 4397.46 crores and revenue expenditure at Rs. 4814.09 crores, resulting in a revenue deficit of Rs. 416.63 crores. Taking into account the net effect of other accounts, the overall deficit from transactions in 1990-91 is estimated at Rs. 349.36 crores. This, along with the closing deficit of Rs. 160.74 crores at the end of the current year, is estimated to result in an overall total deficit of Rs. 510.10 crores at the end of 1990-91. Following the recent decisions relating to Prohibition policy and excise duties, we expect an additional revenue of Rs. 180 crores. This will reduce the total deficit to Rs. 330.10 crores. We have to find measures to deal with this deficit which remains.

140. In my recent discussions with the Deputy Chairman of the Union Planning Commission, I had stressed the need for enhanced central assistance and a greater share of market borrowings to both the State Government and State Enterprises in the coming year. We hope that at least in the coming year, the Centre would introduce the consignment tax to improve the resources base of the States. Some buoyancy in the share of central taxes can also be anticipated. We shall ensure that tax collection is undertaken efficiently and wasteful expenditure is contained. While such efforts will help to contain the deficit, the large anticipated closing deficit in the coming year is a cause for concern. We cannot but take measures to bridge this deficit.

141. While undertaking measures to mobilise resources, it has always been our policy to ensure that we do not burden the poor and also provide relief to the extent possible. We have also decided to introduce reforms in the sales tax administration to benefit lakhs of traders.

### **Taxes**

142. In the sales tax structure in force in Tamil Nadu, 193 commodities are subject to single point sales tax while all other taxable commodities are subject to multi-point taxation of 5 per cent at each stage. Traders are in favour of single-point levies and, in recognition of this, our Government has also been shifting specific commodities from multi-point to single-point from time to time.



143. We have now decided to implement a fundamental reform to the sales tax structure. In future, all commodities will be subjected only to single-point taxation and multi-point levy system will be entirely abolished. In as much as tax is generally levied at present at two stages on commodities subjected to the multi-point levy, such commodities have to bear an overall tax burden of 10 per cent. In future, residuary commodities, i.e. commodities other than those which are subject to single-point levies or are tax-exempt, will bear only a single-point levy of 8 per cent. The exemption from multi-point levy that is now available for annual total turnover up to Rs. one lakh will be continued for such residuary items. These changes will reduce the tax burden for consumers as well as hardship to traders.

144. No concessions are at present available to manufacturers of goods subject to multi-point levies in respect of purchase of raw materials. As part of the transition to the single-point system for all commodities, concessional rate of tax will be provided in such cases.

145. In respect of certain specific commodities, which are now subject to multi-point levies, single-point rates are being modified as follows :

<i>Serial number.</i>	<i>Item.</i>	<i>Rate of Tax.</i> (PER. CENT)
1	Aluminium Utensils .. ..	4
2	Brass and Copper Utensils .. ..	5

<i>Serial number.</i>	<i>Item.</i>	<i>Rate of Tax.</i> (PER CENT)
3	Bakery products sold under brand name or not, which are not registered under the Trade and Merchandise Marks Act.	5
4	Articles of Gold and Silver including jewellery.	4
5	Foot Wear sold under brand name or not, which are not registered under the Trade and Merchandise Marks Act.	5
6	Cardamom	3

146. Tax concessions will be given for the following commodities :—

\* Sugar-cane which is directly consumed and 10 specific country drugs will be totally exempted from sales tax. The country drugs involved are :—

1. வாய் விளங்கம்  
Pipercubebalinn

2. பூழாங் கிழங்கு  
Kaempeearia — Galanga

3. நெருஞ்சி  
Tribulus — Terrestriuslinn

4. தாதரிப்பூ  
Woodfrodia — Fruiticosa Kura

அதிவிடயம்

Aconitum — Hterrophyllumwall

6. மாச்சக்காய்

Quercus Infectoria Oliv

7. மதனகாமப்பூ

Magnolia — Fuscata Andr

8. வெள்ளி லோத்திரம்

Somolocis Racemosa Roxb

9. நிலவாசை

Indigofera — Tinctoria Linn

10. சாரணவேர்

Boerhaavia Diffusa Linn

\* In the case of products which enter into essential consumption, namely, chillies, tamarind, pepper, jaggery, turmeric, coriander, jeera and soapnut, the sales tax rate will be reduced from 8 per cent to 6 per cent.

\* The present rate of tax of 8 per cent on tyres and tubes for animal drawn vehicles will be reduced to 4 per cent.

\* The present rate of tax of 9 per cent on tractor spare parts will be reduced to 4 per cent.

\* The present rate of tax of 8 per cent for hand-pumps will be reduced to 4 per cent.

\* The present rate of tax of 8 per cent on bricks will be reduced to 4 per cent and the present rate of tax of 5 per cent on ordinary tiles will be reduced to 4 per cent.

\* The rate of tax of 5 per cent on rubberised coil products will be reduced to 4 per cent.

147. At present copra bears a tax rate of 3 per cent while coconuts sold to oil millers are subject to a tax rate of 5 per cent. Both these items will bear a tax rate of 4 per cent in the future. The tax exemption for coconuts that are directly consumed will be continued.

148. We have decided to increase sales taxes to a limited extent in respect of a few commodities having regard to the tax rates prevalent in neighbouring States and with a view to raise resources without affecting the common man. These changes are as follows :

\* The purchase tax on petroleum products will be increased from 4 per cent at present to 5 per cent. This will not affect the consumers of these products in our State. There is no change in the sales tax applicable to petrol or diesel.

\* The rate of tax on wheat products, such as atta, rava, maida and sooji, will be increased from 2 per cent to 4 per cent. Wheat will continue to be exempted from sales tax.

\* The rate of tax on cotton waste, which is used primarily for making mattresses and on cotton yarn waste utilised usually for cleaning machinery, will be increased from 4 per cent to 6 per cent.

\* Raw hides and skins are subject, at present, to a tax rate of 2 per cent while dressed hides and skins bear a tax of only one per cent. This has led to certain difficulties and disputes. In order to rationalise the position, 2 per cent tax will be levied on both the categories of hides and skins.

\* Low priced country liquor, which is a new item, will bear a single point tax of 25 per cent.

\* The rate of tax on electronic teleprinters and its parts will be reduced from 15 per cent to 10 per cent. All other electronic items will bear a uniform tax rate of 4 per cent. Similarly, television sets will also bear a tax rate of 4 per cent.

**149.** In the last session of the Assembly several members expressed concern regarding the resource position of corporations, municipalities and town panchayats and pointed out that it was necessary and urgent to find ways and means to remedy the situation. With this objective in view, we propose to increase the surcharge on sales tax to a limited extent. The present surcharge of 10 per cent which is being levied within the limits of Madurai and Coimbatore Corporations and in special grade municipalities will be increased to 12 per cent. The surcharge of 8 per cent being levied in other municipalities, town panchayats and townships will be increased to 10 per cent. There will be no increase in the surcharge of 8 per cent that is applicable to panchayat areas.

Until now, Government have been appropriating the revenues from the surcharge collected in Corporation areas other than the Madras Corporation and from areas in municipalities, townships and town panchayats. Henceforth, 20 per cent of the surcharge collected in these locations will be given to them as grants on a population basis.

**150.** As far as the Madras Corporation is concerned, the present surcharge of 10 per cent will be increased to 15 per cent. At present, 32.5 per cent of the realisation from the surcharge is being given to the Madras Corporation. This share will be increased to 50 per cent. As a result of these changes, we have made it possible for the Madras Corporation to benefit from an additional amount of Rs. 12.5 crores in the coming year.

**151.** The additional sales tax is at present 2 per cent on taxable turnover exceeding Rs. one crore. There will be no change in this up to a taxable turnover of Rs. 5 crores. The rate of additional sales tax will be increased to 2.25 per cent for taxable turnover exceeding Rs. 5 crores up to Rs. 10 crores and to 2.5 per cent for taxable turnover exceeding Rs. 10 crores. I may point out that these increases will not affect consumers and will only apply to a few large assesseees.

**152.** As announced in our Election Manifesto, we have already established the Traders' Welfare Board. We propose to bring forward certain changes in order to provide relief to small traders

from the difficulties involved in sales tax procedures. For assesseees with a total turnover of Rs. 5 lakhs and below a deemed assessment procedure will be followed subject to certain conditions. Assesseees who come under this limit need not furnish detailed accounts and sales tax authorities will accept the estimates for tax due furnished by such assesseees without further examination. Only 5 to 10 per cent of the cases will be taken up for detailed examination on a random sample basis to ascertain the correct position. It has been estimated that 40,000 traders will be benefited by this measure. I trust that the trading community will welcome this new procedure and will give their wholehearted support to Government in implementing it.

153. Stamp duty is payable on transfers of property that take place in Tamil Nadu. In order to evade this, some persons register transactions relating to properties in Tamil Nadu in other States and pay the stamp duty in those States. In order to plug this, we propose to bring forward an amendment to the Indian Stamp Act in this session of the Assembly. Under this amendment, if property transactions in Tamil Nadu registered in other States, the copy of the document will have to be filed in Tamil Nadu also at which juncture they will be liable to pay the difference between the stamp duty leviable in Tamil Nadu and the stamp duty paid in the State in which it was registered. This will eliminate the opportunity for tax evasion that is now available.

154. In this Budget there has been a significant increase in the provisions for constructing new roads and bridges and for the maintenance of roads. In this background, it becomes both necessary and legitimate to enhance the taxes to a limited extent on road users such as goods vehicles and buses.

155. At present, motor vehicles taxes are being levied on goods vehicles according to two separate categories, namely vehicles used for hire or reward and other vehicles. According to the new Motor Vehicles Act, 1988 and the Tamil Nadu Motor Vehicles Rules, 1989, these two categories are being clubbed and reclassified on the basis of laden weight. In accordance with this change, the tax rates have also been restructured and increased to some extent. The details are as follows :

Serial number.	Category.	Present	Proposed
		rate of tax.	rate of tax.
(1)	(2)	(3)	(4)
		RS.	RS.
1	Goods carriages with weight laden not exceeding 3,000 Kgs. in weight laden.	450	No change
2	Goods carriages with weight laden exceeding 3,000 Kgs. but not exceeding 5,500 Kgs.	700	750



<i>Serial number.</i>	<i>Category.</i>	<i>Present rate of tax.</i>	<i>Proposed rate of tax.</i>
(1)	(2)	(3)	(4)
		RS.	RS.
3	Goods carriages with weight laden exceeding 5,500 Kgs. but not exceeding 9,000 Kgs.	1020 } 1,100 }	1150
4	Goods carriages with weight laden exceeding 9,000 Kgs. but not exceeding 12,000 Kgs.	1,300	1,490
5	Goods carriages with weight laden exceeding 12,000 Kgs. but not exceeding 13,000 Kgs.	1,400	1,590
6	Goods carriages with weight laden exceeding 13,000 Kgs. but not exceeding 15,000 Kgs.	1,600	1,840
7	Goods carriages with weight laden above 15,000 Kgs.	1,600 plus Rs. 50 for every 250 Kgs. or part thereof over and above 15000 kg.	1,840 plus Rs. 50 for every 250 Kg. or part thereof over and above 15000 kg.

156. As far as stage carriages are concerned, the tax per seat per quarter will be modified as follows :

Serial number.	Category.	Rate of tax per seat per quarter	
		Present.	Proposed.
(1)	(2)	(3)	(4)
		RS.	RS.
1	Stage Carriages plying in towns other than Madras.	200	230
2	Express Buses .. ..	220	250
		plus sur-charge 40	plus sur-charge 40
3	Other Mofussil Stage Carriages.	245	275
		plus sur-charge 35	plus sur-charge 35

157. In regard to contract carriages which are known as "omnibuses" the tax per seat per quarter will be increased from Rs. 500 to Rs. 2,000.

158. Private service vehicles now bear a tax of Rs. 150 per quarter per vehicle. This will be modified to Rs. 50 per seat per quarter. There will be no change in respect of vehicles owned by educational institutions.

159. The above changes in respect of taxes on motor vehicles will be implemented with effect from 1st April 1990.

160. I had pointed out earlier in my speech that the closing deficit at the end of 1990-91, according to the Budget Estimates, will be Rs. 510.10 crores. This does not take into account the expected additional revenue of Rs. 180 crores on account of the recent modifications in prohibition policy and a net yield of Rs. 62 crores which can be expected from the taxation measures introduced in this Budget. The resultant final net deficit at the end of 1990-91 to be covered will, therefore, be Rs. 268.10 crores. As I had pointed out earlier, this deficit will largely have to be covered through improvements in our share of Central taxes, additional Central assistance for the Plan, likely proceeds from the Consignment Tax and to the extent possible through better collection of taxes and economies of expenditure on our part. We will continue to press our legitimate claims with the Centre while, at the same time, taking suitable measures on our part to bridge this deficit.

161. In my opinion, the maxim that the contented mind is the best of all cures does not apply either to a popularly elected Government or to the people for which it is responsible—because many more projects and welfare schemes are needed for the benefit of our people. While finances may be inadequate for fulfilling these urgent

expectations, neither Government nor the people who have elected it can be made to accept contentment as a cure.

162. As I had said in my last Budget Speech, we derive inspiration from Thiruvalluvar's maxim that "even in penury those who are duty bound will not fail to carry out good works" and this Government will function in the firm resolve that service to the people is the same as service to god. I am grateful to Thiru N. Narayanan, Finance Secretary and other officials who have greatly helped me in preparing this Budget and I place the Budget Estimates for 1990-91 before the House for its approval.

*Vanakkam*

Madras,  
17th March 1990.  
Panguni 3,  
Thiruvalluvar Aandu 2021.

M. KARUNANIDHI,  
*Chief Minister.*

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