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# BUDGET

1991-92

SPEECH OF  
HONOURABLE

**THIRU V. R. NEDUNCHEZHIAN**

MINISTER FOR FINANCE

Aavani 19, Thiruvalluvar Era 2022  
4th September 1991

*Speech of Hon'ble Thiru V. R. Nedunchezhiyan, Minister for Finance, Government of Tamil Nadu, presenting the Budget for 1991-92 to the Legislative Assembly on 4th September 1991.*

Hon'ble Speaker Sir,

“ அஞ்சாமை ஈகை அறிவுக்கம் இந்நாற்கும்  
எஞ்சாமை வேந்தர்க் கியல்பு. ”

“ Courage, compassion, wisdom and zeal; these four are qualities a king adorn for evermore. ”

On behalf of this Government which steadfastly adheres to this advice of the universally honoured poet Thiruvalluvar to the Ruler, I rise to place before the House, the Revised Estimates for 1990-91 and the Budget Estimates for 1991-92.

2. Honourable Members of the House may recall that during the President's rule in the State, a Vote on Account was obtained in Parliament for incurring expenditure during the first six months of this financial year. Taking into account the estimates for the remaining six months, I seek the approval of the House for the Budget Estimates for the current year.

3. This Government has assumed office only recently under the leadership of Puratchi Thalaivi Selvi J. Jayalalitha, with a resounding victory unprecedented,

in the history of the Indian Republic. These elections demonstrate the unshakeable total faith of the people of Tamil Nadu in the A.I.A.D.M.K. and our leader, the Honourable Chief Minister.

4. In the short period which was available for the presentation of this Budget, this Government has taken up a detailed review of all existing programmes and formulated new programmes. It has been our effort to focus on programmes for the sustained development of the State, while at the same time safeguarding and promoting the welfare of the poor and the underprivileged.

5. Before I proceed further, I have to draw attention to the overall economic situation in the country. Members are aware of the deep economic crisis confronting the nation. Prices had gone up considerably and the potential for further spiralling price rise had been built up. The development process had suffered a set back as the Eighth Five-Year Plan which was to have been launched in 1990 had been delayed. The huge foreign debt and the balance of payments crisis had clearly lowered India's economic credibility in the world. While the instruments of macro economic management are largely with the Centre the States are equally concerned. It is for this reason that we have been insisting that while the powers required for the defence of the nation shall vest with the Union Government, the powers which are essential for the welfare of the people shall be with the States. We shall continue to extend our full support to

the Government at the Centre in the legitimate measures it takes to restore full health to the economy. Following the path of Perarignar Anna, as spelt out by Puratchi Thalaivar Dr. M. G. R., our aim shall be "neither dependence, nor independence, but interdependence". In consonance with this philosophy, we shall urge the Centre to convene a meeting of the National Development Council at the earliest, so that the States can be fully involved in the process of national reconstruction.

6. The recommendations of the Ninth Finance Commission as accepted and implemented by the Centre have not been satisfactory to Tamil Nadu. In the Seventh Plan period the share of all States in basic excise duties was 40 per cent and 5 per cent was reserved for deficit States making up a total of 45 per cent. The Ninth Finance Commission has reduced the share of all States from 40 per cent to 37.575 per cent. The provision for deficit States has become 7.425 per cent. The overall share continues to be 45 per cent. This reduction has led to a sluggish growth of the States' share of basic excise duties which forms one of the main sources of revenue of the States.

7. The Ninth Finance Commission's recommendations on plan revenue grant have been quite unsatisfactory to Tamil Nadu. Although Rs. 9,000 crores has been allocated as plan revenue grants for the period 1990-95, Tamil Nadu's Share is just Rs. 43.79 crores. It is now evident that the Ninth Finance Commission's projections of surpluses and deficits and its computations of the plan revenue

component have gone completely awry. This has become further aggravated by the price increase last year. We would therefore urge that the National Development Council should undertake a comprehensive review of the Ninth Finance Commission's recommendations as accepted by the Centre. We would in particular request enhancement of the State's share of basic excise duties from 45 per cent to 55 per cent. Within this enhanced share of 55 per cent, 7.5 per cent may be reserved for deficit States and the balance 47.5 per cent made available to all States. The plan revenue grants should be computed afresh or allocated under a more equitable new formula. We intend to take up these issues in the National Development Council which we hope will be convened at the earliest.

8. In October 1990, the previous Government at the Centre rushed through certain changes to the modified Gadgil formula which governs the flow of Central assistance to the States for their Plans. These changes have affected Tamil Nadu. The Honourable Chief Minister has taken this up with the Deputy Chairman of the Union Planning Commission. The whole issue needs to be considered afresh by the National Development Council. It is essential that Tamil Nadu, which has a per capita income at about the national average should be given special protection in the allocation of Central assistance.

9. Centre-State financial relations constitute an important part of the overall scheme of our federal polity. Members of the House are well aware that the Sarkaria Commission has made far reaching

recommendations on Centre-State financial relations. We would welcome the detailed consideration of these recommendations at the meeting of the National Development Council which we have requested. I would only like to highlight two issues which are quite urgent. Several meetings of Chief Ministers have been held by the Centre to consider the question of levy of consignment tax. At all these meetings the unanimous view has been that this tax should be levied. We would request the Centre to bring forward a bill for the levy of this tax at the earliest. The second issue relates to the raising of resources by State public sector undertakings and the Boards from the open market on par with Central public sector undertakings. It is unfortunate that State public sector undertakings have not been given the freedom to do so. In our view accelerated development is possible if State public sector undertakings can also be allowed to raise funds through bonds. I have taken up this matter with the Union Finance Minister and I hope it will merit early consideration.

### **Eighth Five-Year Plan**

10. The Eighth Five-Year Plan was originally scheduled to start from 1st April 1990. As a result of the serious economic crisis in the country and the price increase last year the Eighth Five-Year Plan could not even get started. The Union Planning Commission has now indicated that the Eighth Five-Year Plan will now commence from 1st April 1992 and cover the five years between 1992 and 1997. We have taken note of this change and entrusted the task of preparation of Tamil Nadu's Eighth Five-Year Plan to cover the period 1992-97 to the reconstituted State

Planning Commission consisting of eminent experts. On the basis of current projections of resources we expect to provide for a total plan outlay in the range of Rs. 9,000 crores to Rs. 9,500 crores in the Eighth Five-Year Plan period 1992-97. This is of course a preliminary estimate and we have to examine in detail the resources base in order to achieve a higher plan outlay.

### **Financial Position**

11. Honourable Members are aware of the serious financial crisis confronting the State. It is my duty to place before the House the extremely difficult financial position that this Government had to face when it assumed office. The financial year 1990-91 ended with a very serious deficit. The Budget Estimates 1991-92 as presented in the Parliament had already indicated a deficit arising in the year. Since then several new commitments have arisen. Dearness allowance instalments to Government employees have more than doubled. The subsidy on the supply of rice in the public distribution system has increased substantially. The agricultural and rural debt relief scheme announced last year has meant that the State Government has to repay in 3 annual instalments 50 per cent of the cost of the scheme.

12. This Government has ordered immediately on assuming the reins of office, the closure of all cheap liquor shops, thus fulfilling the assurance given to the people to wipe out the woes of many a mother and brighten lakhs of homes in Tamil Nadu. Although this has meant a further loss of revenue in 1991-92 of Rs. 322 crores, we have undertaken this measure true to our firm commitment to the people in our election manifesto.

13. The financial position of the Tamil Nadu Electricity Board and the Bus Transport Corporations, had deteriorated seriously. Likewise the financial position of the Tamil Nadu Co-operative Milk Federation and several other public sector undertakings had also worsened considerably. The operations of all these undertakings had also been affected.

14. This situation has to be corrected. We have to take steps to ensure that the Plan performance does not suffer because of the extremely serious financial resources crisis we have had to assume. It is in this background that I would request Honourable Members to consider this Budget and offer their valuable suggestions.

#### **Annual Plan**

15. We have decided to give the highest priority to planned development. Tamil Nadu had a per capita plan outlay less than the national average in 1990-91. Although confronted with an unprecedented resources crisis we have decided to budget for a plan outlay of Rs. 1,600.49 crores in 1991-92. This is to ensure that the development efforts in the State are accelerated. We have taken steps to provide for the plans and programmes outlined in our election manifesto. It is our intention to take all steps necessary to secure the all round development of the State. I shall now proceed to spell out the plans and programmes of this Government.

#### **Police**

16. Our efforts to develop the State will bear no fruit unless law and order is maintained. This is a prerequisite for planned development. Members of the House are aware of the activities of foreign militants and extremists which have been disrupting the lives of our people by



creating undesirable law and order situations. The Honourable Chief Minister has taken firm and resolute steps to restore law and order and ensure peace and tranquility so that the people can live without any fear. We shall take steps to modernise the Police force and improve their morale so that they give their best for the maintenance of law and order in the State. We have provided a total outlay of Rs. 241.53 crores for the Police this year as against Rs. 188.68 crores in 1990-91. We have provided Rs. 10 crores for the modernisation of the Police force. The Honourable Chief Minister has written to the Prime Minister for financial assistance to implement a modernisation plan costing Rs. 80.45 crores.

### **Agriculture**

17. Agriculture and allied activities which constitute the primary sector account for 21 per cent of the State Domestic product. The total food grains production last year was 75.44 lakh metric tonnes which was short of the target of 80.50 lakh metric tonnes. Rice production was 57.00 lakh metric tonnes as against the target of 60.00 lakh metric tonnes. We shall launch new programmes to ensure accelerated growth in agriculture.

18. As indicated in our election manifesto, a new programme to bring under cultivation permanent fallow and waste lands is being taken up in the current year. Under this programme which will be taken up in 8 districts of Dharmapuri, Madurai, Dindigul-Anna, Ramanathapuram, Kamarajar, Pasumpon Muthuramalinga Thevar, Tirunelveli-Kattabomman and Chidambaranar, 25,000 acres of such waste lands will be brought under cultivation in a period of one year with an outlay of Rs. 1.50 crores. A provision of Rs. 75 lakhs has been made for this new programme this year.

19. We have reorganised the agricultural extension services. Our intention is that the extension team is broad based and is trained to function as a multi disciplinary team providing a wider range of services to farmers. Strengthening of State seed farms will be taken up with a total outlay of Rs. 1.81 crores to provide quality seeds to farmers. The bacterial culture production unit at Cuddalore will be strengthened so as to step up the production from 10 lakh packets per annum to 15 lakh packets.

20. The integrated programme for Rice Development will be expanded to cover three more districts, namely, Ramanathapuram, Pasumpon Muthuramalinga Thevar and Periyar in addition to ten districts already covered. The outlay on this programme in 1991-92 will be Rs. 5.33 crores.

21. We have decided to give special attention to dry land Agriculture. A major new programme, the National Watershed Development Programme for Rainfed Areas with assistance from the Centre is being launched to cover 84 blocks in 14 districts. This project at a cost of Rs. 35.61 crores will be completed in 5 years and will cover about 2,20,000 acres. During the current year about 50,000 acres will be covered with an outlay of Rs. 2.09 crores.

22. We are taking up with DANIDA the extension of the Comprehensive Watershed Development Programme (CWDP) to cover 3 more districts, i.e., Ramanathapuram, Pasumpon Muthuramalinga Thevar and Kamarajar districts. This new project will cover 45,000 acres with

an outlay of Rs. 10.50 crores in a period of 4 years. This will be a major effort to bring about sustainable agricultural development in lands that have been degraded.

23. Productivity in agriculture has to be improved. We will launch in the current year a major training programme for women in agriculture with assistance from DANIDA. This project to be implemented over 8 years with an outlay of Rs. 18 crores will train 9,000 women each year in improved agriculture. Simultaneously the 12 Farmers' Training Centres will be strengthened and new programmes introduced to train farmers in modern farm practices.

24. We have decided to launch a new Integrated Oil Seeds Development Programme in the current year with an outlay of Rs. 50 lakhs in the districts of Dharmapuri, North Arcot—Ambedkar, Thiruvannamalai-Sambuvarayar, South Arcot, Salem, Chengalpattu—M.G.R. and Ramanathapuram. Under this programme quality oil seeds will be provided to farmers besides sprinkler and drip irrigation facilities to step up irrigated oil seeds production.

25. It is important to encourage the economic use of water in irrigation. Past programmes of drip and sprinkler irrigation have not worked well. We have decided to launch a modified programme for popularising drip and sprinkler irrigation with an outlay of Rs. 40 lakhs.

26. We shall expand the programme for integrated development of horticulture. Credit arrangements will be strengthened. We shall examine comprehensively

strengthening of the marketing of such horticultural produce with specific reference to the processing arrangements.

27. Members are aware of the situation caused by the announcement by the previous Government at the Centre of a scheme of agricultural and rural debt relief. Unfortunately this scheme was announced without proper arrangements. The State Governments have been asked to repay 50 per cent of the cost of the scheme in respect of co-operative banks in three annual instalments. The total cost of the scheme was Rs. 289.43 crores. Of this so far only Rs. 191.29 crores has been given by the Centre. The balance still due is Rs. 98.14 $\frac{1}{2}$ crores. This Government has to repay Rs. 37.22 crores in 1991-92 to NABARD. We have taken up this issue with the Centre and suggested that the Centre should meet the full cost of the scheme or at least postpone the repayment. We have therefore not provided for this repayment. It is our intention to work out proper arrangements to provide relief to farmers who are faced with crop failure. We shall take up a comprehensive review of existing crop insurance schemes. We shall also examine the operations of existing Relief Funds. We shall take up with NABARD a systematic long term arrangement to provide relief to farmers who are in genuine difficulties.

### **Irrigation**

28. Tamil Nadu has almost fully utilized its surface waters. We have taken up with the Centre the formation of a peninsular rivers water grid linking the

Mahanadhi and the Vaigai as a first stage in the long range plan of linking all rivers in the country. We shall urge the Centre to include this as a national project in the Eighth Five-Year Plan.

29. Members are aware of the situation arising out of the stand taken by Karnataka in the Cauvery dispute. We shall continue to press for a judicial settlement.

30. Thanks to a good South-West monsoon the storage position in the main reservoirs is good giving the assurance to farmers of a successful crop. With the massive exploitation of ground water and the falling water levels, Honourable Members will agree that a stage has been reached when a comprehensive legislation for effective water management in Tamil Nadu has to be framed. We shall seek a consensus in this effort to conserve our scarce water resources.

31. We have formulated a massive new project for the modernisation of our tanks. This will cover 2,500 tanks at a cost of Rs. 200 crores. We shall be approaching the Centre for obtaining external aid for this project.

32. The Sethiathope irrigation management project at a cost of Rs. 6.69 crores to benefit 48,665 acres is being taken up this year under the National Water Management Project. We shall also be taking up the Marudhanadhi

Sub Project to benefit 6,580 acres, at a cost of about Rs. 1 crore. We are examining extension of this project to the Krishnagiri Reservoir, Tirukoilur anaicut system, Tholudur regulator system and Aliyar reservoir system.

33. The ongoing European Economic Community (EEC) assisted project for modernisation of tanks Phase-II will be continued in 1991-92 with an outlay of Rs. 15 crores. When completed this project will benefit 61,000 acres at a total cost of Rs. 55 crores.

34. With assistance from the World Bank a dam safety project costing Rs. 41.85 crores will be taken up in a period of 5 years. This will cover the safety requirements of Periyar, Kodaganar, Pechiparai, Manimuthar, Sathanur, Vidur, Uppar, Ponnar and Gomuki dams.

35. The Malattar Anaicut Project in Kamudhi taluk in Ramanathapuram district will be taken up this year.

36. Work on the link canal between the pick up anaicut and Peranai regulator under the Periyar-Vaigai Project will be expedited. This project costing Rs. 25 crores will be completed by April 1993.

37. New special minor irrigation projects at a cost of Rs. 2 crores will be taken up this year. A new scheme to provide investments to improve the functioning of irrigation systems will be launched.

38. The maintenance of irrigation sources and the distribution systems is not satisfactory. More resources are needed to ensure their proper maintenance. In a situation of scarce water resources proper charges have to be levied for the use of water. The co-operation of farmers has to be enlisted in taking up kudimaramath works. We shall examine all these issues in detail and make proper arrangements for the maintenance of all irrigation sources.

### Forests

39. Besides conserving and improving the existing forest wealth we shall take up new programmes to expand the area under forests. We shall strengthen the forest protection work particularly to arrest the smuggling of sandalwood. Modern arms and equipment as also communication equipment will be provided at a cost of Rs. 40 lakhs. We shall expand the scheme of supply of firewood by opening 3 new depots in the current year in addition to the existing 4 depots to control illicit felling for fuelwood.

40. The Tamil Nadu Tea Plantation Corporation will take up a massive new project with an outlay of Rs. 60 crores over 8 years to cover 7,500 acres with tea. The Tamil Nadu Forest Plantation Corporation (TAF CORN) will implement a new project to cover 75,000 acres with improved varieties of pulpwood. This project will be implemented over a period of 6 years with an outlay of Rs. 85 crores. Under the Tamil Nadu Agricultural Development Programme afforestation will be taken up over

**45,000 acres at a cost of Rs. 48 crores in a period of 7 years.** Aerial seeding of degraded forest areas to cover 45,000 acres will be taken up at a cost of Rs. 117 lakhs. These new projects will greatly strengthen the drive to expand the area under forests in the State. The Forest Research Institute at Vandalur will be strengthened to support these major initiatives.

41. The Social Forestry Project Phase-II implemented with assistance from the Swedish International Development Agency (SIDA) will be continued in the current year with an outlay of Rs. 19.55 crores and will cover 41,500 acres. Special afforestation programmes will be continued under the Western Ghat Development Programme and the Hill Area Development Programme to cover about 9,500 acres at a cost of Rs. 4.45 crores. The programme of incentives to farmers to grow trees in their own lands will be expanded.

### **Animal Husbandry**

42. We shall give special attention to the upgradation of livestock and better veterinary health services. At present out of a total of 3,063 veterinary dispensaries and sub-centres only 1,936 centres have been provided with frozen semen artificial insemination services. **The entire balance of 1,127 centres will be provided with these services at a cost of Rs. 1.57 crores this year.** The production facilities for frozen semen at Eachenkottai and Hosur will be expanded at a cost of Rs. 7.05 crores. A proper supply system of frozen semen through frozen semen banks at districts headquarters will be established.



43. Twenty new veterinary dispensaries will be started in the current year. 10 existing dispensaries will be upgraded as hospitals. We shall pay special attention to the supply of medicines to the dispensaries and hospitals.

44. Under the Operation Flood-III Project which is under implementation with assistance from NDDB at a total cost of Rs. 78.48 crores, a new dairy with a capacity of 4 lakh litres per day will be established at Sholinganallur near Madras. Dairies at Vellore, Salem, Krishnagiri, Coimbatore, Madurai and Ambattur will be expanded. 2 new chilling centres will be established and 14 existing centres will be expanded. By the end of 1994 the total capacity to handle milk will be expanded to 28.41 lakh litres per day from the present level of 15.87 lakh litres per day. This will benefit 18 lakh farmers. We have already ensured that farmers get a higher price for milk in the lean season. A new dairy at a cost of Rs. 4.90 crores with assistance from NCDC will be established at Srivilliputhur in Kamarajar district.

45. The sheep development project in the five districts of Salem, Dharmapuri, South Arcot, Chengalpattu-M.G.R. and North Arcot-Ambedkar districts will be continued. The DANIDA assisted Intensive Livestock Development Project in Pudukkottai will also be continued.

### Fisheries

46. We shall launch a new Integrated Marine Fisheries Development Project in the co-operative sector with assistance from the National Co-operative Development Corporation (NCDC) at a cost of Rs. 11 crores in the

five districts of Chengalpattu-M. G. R., Thanjavur, Ramanathapuram, Chidambaranar and Kanyakumari districts. Under this scheme catamarans, out-board motors and fishing equipments will be given to 6,050 fishermen. A new scheme to encourage private farmers to grow fish seeds will be implemented this year.

47. We have taken up a comprehensive review of the progress of brackish water prawn farming in the State. There has been no progress in the past two years and the lands allotted are lying unutilized. We have decided to encourage large houses to take up prawn farming in a big way in the State. In addition we shall also establish an aquaculture estate with necessary infrastructure through the Tamil Nadu Fisheries Development Corporation to enable small farmers to take up prawn farming.

48. Free houses for 2,000 fishermen will be given to fishermen in the current year at a cost of Rs. 3.2 crores. 10 model fishing villages will be established in the current year. The amount paid to the family of a fisherman who dies at sea will be enhanced from Rs. 15,000 to Rs. 21,000.

49. We will take up with the Government of India the restoration of Katchatheevu for the benefit of our fishermen. We shall also take up a feasibility study to establish an Oceanarium at Madras.

### Rural Development

50. As promised in our election manifesto we shall launch the Special Self Sufficiency Programme in the current year. Taking into account existing resources

and adding additional resources we shall make available an outlay of Rs. 1 crore for each Panchayat Union over the next one year ending September 1992.

51. This Special Self Sufficiency Programme will consist of the following components to provide basic facilities in rural areas :

- \* Rural Water Supply
- \* Rural Roads
- \* Street Lighting
- \* Primary School Buildings
- \* Renovation of irrigation tanks
- \* Construction of Nutritious Meal Centres
- \* Provision of TV sets.

Priority will be given to the provision of water supply, roads and street lights.

52. We have provided for a total amount of Rs. 192 crores in the Budget for this programme including Rs. 60 crores from the Jawahar Velai Vaippu Thittam. A similar amount of Rs. 192 crores will be provided in the next financial year, i.e., 1992-93. We are confident that this programme will provide basic services in a planned manner in all rural areas.

53. We have stepped up the provision for maintenance of local roads in Panchayat Unions from Rs. 5.32 crores to Rs. 9 crores. We have increased the provision for the maintenance of hand pumps and power pumps from Rs. 0.75 crores to Rs. 3 crores this year. We intend to ensure that all basic facilities are maintained properly and are kept functioning.

## Rural Industries Sub-Plan

54. About 66 per cent of our population continue to live in villages. We have to take effective action to improve their incomes. While the growth in agriculture and allied activities will determine our ability to bring prosperity to rural areas, it is also necessary to concentrate on the non-farm sector in these areas. This will be with particular emphasis on rural industries.

55. There are various agencies like the State Khadi and Village Industries Board, Commissionerate of Industries, Commissionerate of Rural Development, Commissionerate of Fisheries, Directorate of Sericulture, Directorate of Social Welfare, Directorate of Handlooms and Textiles which are involved in rural industrialisation. We have to ensure proper co-ordination and linkages. The marketing effort has also to be strengthened and credit has to be made available. This sector offers great potential for additional employment. The connected service sector can also provide substantial employment. Overall, in the rural areas rural industrialisation and services has the potential to provide substantial employment.

56. We shall take steps to launch a new sub-plan for rural industrialisation and services. This sub-plan will incorporate the activities of all departments. The goal is to provide gainful employment to one lakh persons. We shall entrust the responsibility of monitoring this sub-plan to the District Rural Development Agency headed by the Collector. We shall examine the possibility

of establishing better market linkages through the Khadi Board and the Co-operative Societies. Adequate funds will be provided for the infrastructure requirements in implementing this sub-plan. A Credit Plan for Rs. 621 crores has been drawn up to support the implementation of this sub-plan.

### Handlooms

57. Members of the House are aware of the inexorable process of technological innovation. We have taken note of the march of technology and decided to convert 75,000 old type of handlooms into powerlooms in a phased manner over the next 10 years with assistance from NABARD. Rs. 30 lakhs is provided for taking up the initial work on this major project in the current year.

58. Simultaneously we shall also launch a massive 5 year programme to modernise 50,000 handlooms at a cost of Rs. 42.30 crores. These improved looms will give better earnings to the weavers.

59. Members of the House will be glad to know that a record provision of Rs. 42 crores has been made this year for clearance of rebate claims of Co-optex and other co-operative societies.

60. Twelve Co-operative Spinning Mills will be modernised with assistance from IDBI at a total cost of Rs. 26.28 crores. We shall provide Rs. 7 crores as share capital for this purpose.

61. A scheme of providing integrated house-cum-worksheds for weavers will be taken up this year and 2,000 such houses will be built. The total cost of this project to be undertaken with assistance from HUDCO will be Rs. 5 crores. In the event of death of a weaver his family is given Rs. 10,000. We shall immediately enhance this amount to Rs. 15,000.

### Credit Plan

62. Government implements various programmes and schemes in different sectors. Proper linkages with the credit system to ensure full realisation of benefits is necessary. We have formulated a credit plan for 1991-92 of Rs. 2,139 crores. This plan will cover all activities in the priority sectors of Agriculture and allied activities, Industry and Services. We shall ensure proper co-ordination with all banks and credit institutions so that there is uninterrupted credit flow under various schemes. We have to create a new climate to ensure that the credit cycle is not interrupted. It shall be our effort to safeguard the free flow of credit to the priority sector.

### Power

63. Thanks to the extremely satisfactory hydel storage, we have already removed completely the energy cut except for a small demand cut. We are confident that this year will be free of any power cut.

64. It is necessary to ensure that this happy state of affairs continues over the long term. Tamil Nadu faces a huge gap in power availability of 4,293 MW by

the year 2000 A.D. and 1,707 MW by 1995. It is essential to plan the addition of new projects and undertake their implementation with speed. Projects on hand will add another 818 MW by 1995. This will still leave a large gap.

**65. Members of the House will be glad to know that the Centre has confirmed that work will commence on the expansion of the first mine cut and the addition of 420 MW at Neyveli at a cost of about Rs. 2,500 crores. We shall continue to urge the Centre to allocate the entire energy from this project to Tamil Nadu as lignite is the only abundantly available fuel in the State.**

**66. We have carefully reviewed the position and have approached the Centre for clearance of a joint sector lignite mining and power generation project at Jayamkondam lignite field. This 1,500 MW project costing Rs. 5,000 crores could meet the energy demand of the State over the next decade. We shall take all necessary steps in consultation with the Centre to make an early start to this project.**

**67. We have decided to establish a new Power Generation Corporation to take up all new generation projects. It will immediately take up a 300 MW power project based on Cauvery offshore gas. We shall also take up with the Asian Development Bank the establishment of a new 500 MW power plant at North Madras.**

**68. We shall request the Centre to expedite work on the Koodankulam Nuclear Power Project which will ultimately provide 2,000 MW by the year 2001 A.D.**

69. We shall actively encourage the development of all forms of non-conventional energy sources. The Tamil Nadu Energy Development Agency will be provided funds to promote the use of solar energy and wind energy.

70. We have just established a Power Finance and Infrastructure Development Corporation in the State to raise resources for new power projects.

71. Members of the House will be glad to know that we shall provide new connections to 40,000 pump-sets in the current year although there are great difficulties in raising resources. Likewise we shall provide free connections to 40,000 huts in the current year.

72. The total Plan outlay on power development in the current year will be Rs. 425.65 crores. To this if we add the outlay based on support from the Power Finance Corporation the total outlay on power development this year will be a record Rs. 577.79 crores.

73. Members of the House are aware of the free supply of electricity to all farmers. This involves a loss of revenue of Rs. 550 crores each year to the Tamil Nadu Electricity Board. We have provided compensation for this loss of revenue to the extent of Rs. 350 crores this year. Given the State's financial situation we may be able to actually give only Rs. 250 crores. This will tell upon the TNEB's ability to take up new projects. Lending institutions like the Power Finance Corporation and the Asian Development Bank have been stressing the need for some recoveries to be made from farmers.



They have also insisted that the supplies to farmers are metered. These are issues we have to discuss in detail with farmers groups to reach a consensus.

### **Industries**

74. This Government will strive to reinvigorate industrial development in Tamil Nadu and transform our State into the first among the industrially developed States of India. A proper environment for the rapid industrial development of the State has been created following the Chief Minister's free and frank discussions with industrialists on 6th July 1991.

75. Central investment in Tamil Nadu has declined. It has come down from 8 per cent of the total investment to 5 per cent. Tamil Nadu is not gifted with abundant natural resources. Central investment is therefore essential for the industrial development of the State. We shall urge the Centre to accord immediate clearance and implement the following projects :—

- \* National Aromatics Project (NAPCO) at a cost of Rs. 1,433 crores.
- \* The Southern Gas Grid to bring natural gas from Bombay High to Tamil Nadu.
- \* Cine Colour Positive Film Project of the Hindustan Photo Film Company Limited at a cost of Rs. 250 crores.
- \* Integrated Steel Plant at Salem.
- \* Modernisation of Madras Fertilizers Limited Plant at Manali at a cost of Rs. 314 crores.

76. A new industrial policy as also a new trade policy have been announced by the Centre. A foreign investment promotion board has been constituted by the Centre to enter into negotiations with foreign investors and give quick clearance for such investments. We will urge the Centre to ensure that a proper share of such investments are made in Tamil Nadu.

77. The Chief Minister has already announced a new policy package for the promotion of industries in the State. The special features are : Rs. 25 lakhs capital subsidy and 5 years Sales tax waiver or 10 years deferral for new industries with investment of Rs. 50 crores to Rs. 100 crores and Rs. 50 lakhs capital subsidy and 6 years Sales tax waiver or 12 years deferral for new industries with investment of more than Rs. 100 crores. The new policy package will give a boost to the establishment of several large new units in the State.

78. This Government's approach to rapid industrialisation of Tamil Nadu will be with specific reference to the following key aspects :

- \* A good incentive package
- \* Prompt provision of incentives
- \* Provision of adequate infrastructure
- \* Creation of an entrepreneur friendly environment
- \* Adoption of growth oriented tax structure to promote industry
- \* Identification of thrust areas for intensive development
- \* Promotion of export oriented industries
- \* Upgradation of technology

79. We are determined to ensure rapid industrial development. Tamil Nadu Industrial Development Corporation (TIDCO) has already initiated 9 projects involving a total investment of Rs. 600 crores this year. Tamil Nadu Industrial Investment Corporation (TIIC) is to expand its lending in the current year to Rs. 225 crores. State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) will extend loans to Industries to the extent of Rs. 70 crores. A blue print for accelerated development in certain thrust industries is under preparation. We shall give special emphasis to the development of necessary infrastructure.

80. The Centre has announced a new package for small scale industries. We have examined in detail the various problems affecting small scale industries. We shall immediately activate the State level committee constituted for reviewing cases of sickness among small scale industries and take effective steps for their revival. We have empowered this committee to take quick decisions. We shall also encourage the use of factoring services so that the problem of adequate credit faced by the small scale industries can be resolved. We shall give special emphasis to the upgradation of technology and shall consider suitable proposals to improve the absorption of modern technology in this sector.

### Roads

81. The condition of our roads has become poor due to inadequate maintenance. We have made a total provision of Rs. 102.25 crores in the current year as against Rs. 59.65 crores in 1989-90 and Rs. 70.07 crores

in 1990-91 for the maintenance of roads. A new "Special Repairs" programme with an outlay of Rs. 150 crores in 5 years will be launched to relay about 8,000 Kms. of poorly maintained stretches of roads. This Budget includes a provision of Rs. 20 crores for this programme.

82. A special project costing Rs. 45.28 crores to improve 800 Kms. of rural market roads connecting 19 market centres in the 5 districts of Chengalpattu-M.G.R., North Arcot-Ambedkar, South Arcot, Thanjavur and Tiruchirappalli will be taken up in the current year.

83. We are examining a detailed proposal to involve industries in the upgradation of roads in Thanjavur district. Under this scheme industrialists who invest in road development will be allowed to collect a small toll fee for a specified period. Based on the experience we shall expand this scheme to other districts. A comprehensive road development plan for sugar factory areas at a cost of Rs. 16.5 crores has been taken up.

84. Work on the East Coast Road from Madras to Cuddalore at a total cost of Rs. 53 crores has just commenced. We have urged the Centre to take up the development of the road from Madras to Kanyakumari as a National Highway considering its strategic importance and the fact that it is the only coastal link not yet converted as a National Highway.

85. We have also requested the Centre to take up the four laning of the National Highway between Hosur and Krishnagiri and the sector between Dindigul and Madurai.

## Environment

86. Sustainable development is our goal. We shall take all steps to safeguard the environment. We have accorded special emphasis to the prevention of water pollution.

87. The programme of establishing common effluent treatment plants for industries will be continued. Work on establishing such plants to treat tannery effluents at Vaniyambadi, Ambur, Peranambut, Ranipet, Dindigul and Tiruchirappalli will be expedited. We shall take up new plants at Pammal and Erode to treat tannery effluents and similar plants at Karur, Bhavani, Ayyampet, Tirupur and Erode to treat effluents from the dye industry at a cost of Rs. 18 crores.

88. Members of the House are aware of the pollution caused to the major water ways in Madras City namely the Adyar, the Cooum, the Buckingham Canal and the major drainage canals. 80 per cent of the pollution is caused by the flow of raw sewage into these waterways. When Metrowater completes its Rs. 6.50 crores sewerage rectification plan by December 1991 a major source of pollution would have been prevented. Thereafter these waterways have to be dredged. We have taken up with the Overseas Development Administration of the United Kingdom support for taking up the dredging operations.

89. We are examining a detailed project report for the prevention of pollution of the river Cauvery. Under the Global Environment Monitoring Scheme (GEM) the Tamil Nadu Pollution Control Board has

established four stations along the river Cauvery to monitor the river pollution. It has been estimated that the discharge of sewage from 35 towns on the banks of the river and effluents from 1,139 industries are posing a potential threat to the waters of the Cauvery. This project will involve an investment of Rs. 251 crores. As in the case of the Ganga, we shall urge the Centre to extend 100 per cent assistance for this project.

90. The Tamil Nadu Pollution Control Board will be monitoring air pollution by automobile emissions. Necessary regulations will be formulated for this purpose.

91. We have decided to cover the balance 41 municipalities under the integrated low cost sanitation programme which is assisted by HUDCO and the Government of India. Under this programme one lakh dry latrines will be converted into water seal latrines at a total cost of Rs. 55 crores. With this nearly 4 lakhs dry latrines in all the municipalities will be converted.

### Drinking Water Supply

92. It is our firm commitment to the people that adequate drinking water supply is provided throughout the State. A high power Committee headed by the Chief Minister will oversee the programmes to provide drinking water supply.

93. There are 2,483 habitations which still do not have a single source of water supply. These habitations will be provided water supply in the current year

at a cost of Rs. 10 crores. A separate programme to cover 1,007 Adi-Dravidar habitations which form part of larger habitations and do not have a single source of water supply will also be completed in the current year at a cost of Rs. 7 crores.

94. A detailed survey indicates that there are 10,118 habitations which are having poor water supply in summer. These are all in difficult areas and a new programme has to be worked out. In view of the high priority we have accorded to water supply, we have drawn up a new programme costing Rs. 400 crores to be implemented in a period of 5 years to provide water supply primarily to these rural areas. This project will be taken up with the World Bank for assistance.

95. We shall also concentrate on providing improved services with overhead tanks in large habitations with a population of more than 3,000. So far 97 such habitations have been covered. We shall ensure that the balance 667 such habitations are given assured water supply in the next three years.

96. We are implementing the Accelerated Rural Water Supply Scheme with 100 per cent assistance from the Government of India. The allocation for Tamil Nadu under this programme has been extremely low. We have requested the Centre for increased allocation. We shall be able to speed up rural water supply programmes if the Centre provides larger funds.

97. There are 2 Municipal townships and 4 Municipalities which do not have even a basic water supply scheme. Works are now in progress in 4 Municipalities namely Sirkali, Ponmalai, Kolachel and Padmanabapuram. Kathivakkam and Madhavaram Municipal townships will be covered along with the Madras City Supply Scheme. We shall now draw up a master plan for augmentation schemes to be taken up in phases.

98. There are totally 366 urban town panchayats. Of this 245 town panchayats have been provided with a basic water supply scheme. We have already taken up work in 73 urban town panchayats in the current year. The coverage of rural town panchayats is not satisfactory. Out of 266 rural town panchayats only 61 have so far been covered. Works are in progress in 91 rural town panchayats in the current year. We shall also include the provision of water supply to rural and urban town panchayats in the new project to be executed with assistance from the world Bank.

99. Members of the House will be vying with one another for new major water supply schemes in their respective constituencies. These schemes have now become very expensive. The Government undertakes execution of these schemes with assistance from LIC and HUDCO. The Government has to repay the loan whether or not the local bodies repay their loan instalments to the Government. This has created a very difficult situation with the repayments nearly matching the new borrowings with the result that it



is difficult to take up new schemes. This situation can be resolved only if proper steps are taken to collect appropriate charges for water by the concerned local bodies. I request the full co-operation of Members of the House in this issue as it will enable Government to improve the water supply position in urban areas.

100. The provision of water for Madras City on an assured basis is of vital importance. We have taken steps to ensure that the Krishna Water Supply Scheme is expedited. A provision of Rs. 45 crores for works within Andhra Pradesh and a separate provision of Rs. 26 crores for works within Tamil Nadu has been made in the current year. We shall continuously monitor the progress of the project so that by the end of 1993 water can be realised at Madras. We are pursuing with the World Bank early clearance for the Rs. 505 crores Madras City Distribution Project to ensure effective distribution of Krishna Waters.

101. We have decided to give a special thrust to the recycling of waste water in view of the chronic water shortage in the State. Metrowater has just completed a project to supply 5 mgd of secondary treated sewage water to Madras Refineries Limited (MRL) and Madras Fertilisers Limited (MFL) who in turn have established tertiary treatment facilities to utilize the treated water. We shall actively encourage many other such initiatives. We shall take steps to see how desalination plants can be established so as to provide adequate fresh water to areas having chronic water shortages. Both Metrowater and TWAD Board will take up such plants. We shall progressively go in for bigger plants.

## Housing

102. "A house for each family" will be the goal of this Government. Taking note of the backlog in creating housing and the new demand likely to be generated we have estimated that 10 lakh housing units will have to be provided in the next 5 years. We shall create conditions favourable for accelerating housing development in the private sector. This will be in addition to stepping up the performance of all existing Governmental agencies. We shall also give specific attention to a quick programme for improvements to the existing houses.

103. In the current year a total of 1.22 lakh houses will be built through various Governmental agencies. The programme is as below :

- \* 50,000 all weather-proof houses will be built for Adi-Dravidars.
- \* 2,000 houses will be built for fishermen.
- \* 2,000 houses will be built for handloom weavers.
- \* 30,000 houses will be built by rural housing co-operatives.
- \* 10,000 houses will be built through urban housing co-operatives.
- \* Tamil Nadu Housing Board will build 23,000 houses.
- \* Tamil Nadu Slum Clearance Board will build 5,000 houses.

104. In addition to this programme of housing by public agencies we shall take steps to enable additional units to be created in the private sector. These steps will include a large programme of developed sites, guided urban development and active promotion of credit for housing.

105. Under the house upgradation scheme we shall cover one lakh families in urban areas at a cost of Rs. 40 crores with support from HUDCO. We shall launch a new State House Upgradation Scheme for Rural Areas (SHUPRA). Under this scheme with a total outlay of Rs. 3 crores 10,000 houses in rural areas will be upgraded.

### Urban Development

106. Preliminary results from the 1991 Census reveal that nearly 34 per cent of the population of Tamil Nadu live in urban areas. Given the higher density in urban areas there has to be planned development of services. Urban local bodies have also to be strengthened to handle the increasing population density.

107. We have provided an enhanced amount of Rs. 15 crores for the Municipal Urban Development Fund. We shall enlarge the operations of this Fund and make it function in such a way that a large number of urban projects can be taken up. New projects worth Rs. 20 crores in Municipalities and Rs. 30 crores in Madras Corporation will be approved in the current year for assistance under this Fund.

108. The State Town and Country Planning Fund will be strengthened to take up new programmes in smaller towns. With support from the Centre an integrated programme of development of Thiruvethipuram, Virudhachalam, Paramakudi, Tirupathur (North-Arcot Ambedkar District), Rasipuram, Tindivanam, Punjai-puliampatti and Mamallapuram will be taken up in the current year. Under this programme involving an outlay of Rs. 1.2 crore for each town various facilities like bus stands, truck terminals, markets, roads, etc., will be provided.

109. We have just launched the expanded urban basic services programme for the poor. Under this programme, apart from basic facilities like water supply, roads, lighting, drainage, a package of social services such as health care, non-formal education will be extended so as to improve the quality of life of the urban poor. The funds given by the Centre will be utilised to ensure that this programme is implemented in 57 towns. An additional 42 towns will also be taken up in the current year. We shall also ensure that the Nehru Rozgar Yojana (NRY) is implemented properly.

### **Madras City Development**

110. It is our firm resolve to restore to Madras its role as the premier city of the South. We shall launch a massive five year Rs. 1,250 crores investment plan for

the development of Madras City. This plan, "Madras—Vision 2000" which will be launched shortly will consist of the following components : —

	<i>Outlay.</i> (Rupees in crores.)
* City Water distribution and Sewerage Programme and Environmental Improvement Programme.	600
* Improvement to Electricity distribution system.	225
* Improvements to Transportation systems.	200
* Civic services consisting of storm water drains, street lighting, solid waste management, etc.	135
* Slum improvement and Housing ..	75
* Formation of peripheral towns ..	15
Total ..	1,250

111. The Madras City Water Distribution and Sewerage Programme together with environmental improvement of the City is a major Project which will be finalised with assistance from the World Bank shortly. Under this project a plan for handling Krishna water and setting right the water distribution and sewerage systems of the city will be implemented.

112. With assistance from the Asian Development Bank a major project to improve the electricity distribution system in Madras City has been undertaken. Under this project strengthening of the distribution network including formation of indoor gas insulated sub-stations will be taken up.

113. A partly elevated exclusive bus way for Anna Salai at a cost of Rs. 100 crores, road and road overbridge projects in the city, and bus augmentation will all be taken up under improvements to transportation systems in Madras.

114. Major improvements to storm water drains, street lighting, solid waste management, etc., will be undertaken under the civic services component.

115. A new initiative will be to take up grid development in adjacent peripheral towns. A major sites and services scheme as well as slum improvement programme will also be taken up.

### Education

116. These budget estimates includes a total amount of Rs. 1,298.90 crores for education, including a plan outlay of Rs. 47.97 crores.

117. Our first priority is to ensure that all school going children in the age group 6 to 14 years complete Class VIII. The problem of drop outs has to be tackled. Some surveys indicate that the drop out rate upto Class V is about 20 per cent. We have decided to launch a

massive new State Non-formal Education Programme (SNEP) to tackle the problem of drop outs. This programme will cover all children in the age group 6 to 14 who do not attend school throughout the State. The existing scheme of unemployment relief will be modified and educated unemployed youth will be given work in this new programme of non-formal education. Each educated youth will teach 10 children in a year. At the rate of Rs. 100 per child taught the youth will be given a total amount of Rs. 1,000 per year as honorarium. The children will be given free books and other learning materials. This programme will cover 15 lakh children and will be undertaken at an annual cost of Rs. 20 crores. Hon'ble Members of the House will welcome this effort to provide employment and to ensure that primary education is available to every child in the State.

118. We have decided to launch a new talent search scheme for rural children. Under this scheme, a test will be held at the end of the VIII Standard for boys and girls in rural areas. The first 50 girls and 50 boys in each district will be selected irrespective of caste or religion. Each such child will be given an annual incentive allowance of Rs. 1,000 till the student completes Class XII. The income ceiling for this scheme will be an annual income of Rs. 12,000.

119. In order to improve the quality of education, 1,200 new Secondary Grade Teachers posts will be created this year. 145 new posts of B.Ed. Assistants, Tamil Pandits will also be created. Under the Special Self-Sufficiency Scheme 1,000 primary school buildings

will be constructed in the current year. We shall launch a new programme of construction of additional school buildings for High Schools with assistance from HUDCO at a total cost of Rs. 2.25 crores. Under this programme 100 additional High School buildings will be taken up in the current year. We have also provided funds for the supply of laboratory equipments to 39 Higher Secondary Schools. We shall give the highest priority to inservice teacher training. Each district will have one Institute (DIET) for training teachers.

120. We have prepared a comprehensive school education project to be implemented in a period of 7 years. We shall be sending this project to the Centre for obtaining assistance from the World Bank. This project will have a specific focus on vocational education, teacher training, improvement of teacher performance and provision of minimum facilities in schools.

121. Our election manifesto clearly indicates that we shall give the highest importance to technical education. We shall launch a new project to improve 21 Government and 34 Government aided Polytechnics at a total cost of Rs. 76 crores. Under this project, which will be implemented with assistance from the World Bank, the capacity of these polytechnics will be expanded and the quality of programmes will be improved. The highest emphasis will be placed on making the training suitable for this age of modern technology.

122. The finances of our Universities are not satisfactory. We have decided to enhance the block grant made available to the Universities from Rs. 11.70 crores to



**Rs. 18.83 crores from the current year. A special provision of Rs. 50 lakhs for UGC assisted schemes in Universities has been made. It shall be our endeavour to ensure that our Universities contribute meaningfully to the progress of the State.**

**123. Hon'ble Members of the House will be glad to know that we shall be opening a new Government Women's College in Dharmapuri district. The basic facilities will be established in the current year and the college will function from the next academic year.**

**124. Initial reports of the latest 1991 census indicate that Tamil Nadu has a literacy level of 64 per cent, which is next only to that of Kerala. While this is some cause for satisfaction we shall make an all out effort to eradicate illiteracy in the State. As I have mentioned already, a State Non-formal Education Programme will cover children in the age group 6 to 14 years. In addition, with support from the Centre we shall launch this year a total literacy campaign for the age group 15 to 35 years. It is estimated that about 78 lakh persons in this age group are illiterate. In the first phase we shall take up this campaign in 7 districts in the current year. The entire campaign will be completed in 3 years. This programme which will be implemented under the direct supervision of Collectors will involve a total outlay of Rs. 46.80 crores.**

### **Tamil Development and Culture**

**125. We shall form a new Directorate of Culture and Traditional Arts. This will bring together all existing agencies under one umbrella. It will promote classical and traditional arts of music, dance, drama, etc.**

126. We shall take steps to promote the use of Tamil as official language at all levels. We have decided to encourage drafting in Tamil by awarding 5 prizes for the best drafts in each district every year. The selection will be done at the district level and the prizes will be awarded promptly. State awards will also be given for the best 3 drafts.

127. We are keen to promote student interest in the Tamil language. We shall extend assistance liberally to college Tamil Mandrams to enable them to take up activities for the promotion of Tamil language and culture.

128. The ancient Tamils were excellent sea farers. We understand reliably that evidence of the great sea trade between Tamil Nadu and the Roman Empire lies buried in the Bay of Bengal. We shall continue the project to locate this archaeological evidence in association with the National Institute of Oceanography.

### Health and Family Welfare

129. "Health for all" shall be the goal of this Government. The total outlay on Health and Medical Services in the current year will be Rs. 343.17 crores as against Rs. 294.68 crores in the previous year.

130. We shall add 76 Primary Health Centres in the current year by upgrading rural dispensaries. This will bring the total number of primary health centres to 1,505. With this, in Tamil Nadu, we would have

ensured a coverage of one primary health centre for every 30,000 population. The provision for drugs and medicines for each primary health centre has been increased from Rs. 30,000 to 40,000 per year. This will involve an additional cost of Rs. 1.5 crores.

131. Members of the House are aware of the difficulties in getting proper medical care at both the taluk and district levels. We have decided to launch two new programmes in the current year. At present there are 15 taluks without any Government hospital. We shall establish new hospitals in these 15 taluks in a period of three years. Some of the existing taluk hospitals are very poorly equipped. We have decided to increase the bed strength in all the taluk hospitals to a minimum of 32 beds. This will involve the creation of 222 additional beds. This programme of opening new taluk hospitals and creating additional beds in the existing hospitals will be launched at a cost of Rs. 4 crores. A special provision of Rs. 50.4 lakhs has been made to ensure that ambulances are available in all taluk hospitals. This ambulance service will be linked to the accident emergency scheme and proper service rendered.

132. The facilities in district hospitals will be improved. Under a new programme for which Rs. 50 lakhs has been provided in the current year modern medical equipment will be provided in all district headquarters hospitals in a period of 3 years. Another programme with an outlay of Rs. 11.22 crores will be launched to provide basic facilities

like steam laundry, gas kitchens, accident and emergency wards, etc., in a phased manner in all district headquarters hospitals. We are also taking up a phased programme of increasing the bed strength in all district headquarters hospitals to a minimum of 200 beds. In the first phase additional beds will be provided in Virudunagar and Tiruvannamalai Hospitals in the current year.

133. Although facilities may be provided in the rural areas, it is necessary that both doctors and other staff do provide efficient and reliable service in these areas. We shall take up a comprehensive review of the scheme of incentives for doctors to serve in rural areas. It is also necessary to improve the health delivery system below the primary health centre level. We shall integrate the health services and nutritious meal services so that at the village level there is one common point at which all the services are available, namely at the Nutritious Meal Centre.

134. We shall give the highest importance to the improvement of teaching medical institutions in the State. A provision of Rs. 3.5 crores has been made for new facilities in the Sri Ramachandra Medical College and Research Institute. A separate provision of Rs. 3.5 crores for the purchase of equipment for the medical college hospitals has been made.

135. This Government attaches the highest importance to the Family Welfare Programme. Although Tamil Nadu has achieved considerable success in population control, new methods and approaches have

to be tried, to ensure that the drop in population growth is sustained. Ongoing projects such as the India Population Project—V and the DANIDA supported Health Project in South Arcot and Salem will be continued.

### Nutrition

136. The Puratchi Thalaivar M.G.R. Nutritious Noon Meal Programme will be strengthened. The outlay for this programme will be Rs. 235.94 crores. We shall take steps to include in this programme the care of small children in the age group 6 months to 2 years. We shall utilise the assistance from the World Bank for strengthening this programme throughout the State. The noon meal centre will also become the centre of all health and nutrition activities in each village.

137. We have provided Rs. 5 crores under the Special Self Sufficiency Scheme for taking up the construction of suitable buildings for the noon meal centres. In addition we have provided Rs. 1 crore for urgent renovation of these buildings. We have also provided Rs. 1 crore for replacement of utensils in a phased manner. There is a substantial need for improving buildings and amenities in these noon meal centres. We have made a good beginning in enlisting the co-operation of well intentioned donors in undertaking this effort in 5 districts. We shall extend this programme of voluntary participation in improving the noon meal programme to all districts.

138. The pre-school nutritious noon meal centres have to be upgraded to function not only as nutrition centres but also as nursery schools. All existing workers in the programme will be given suitable training for this purpose. This will convert the centres into effective early learning centres.

139. We shall launch a new programme to cover pregnant and lactating mothers with proper health services which will be taken up in phases. Every such mother who is at nutritional risk will be given nutrition and health support for a period of 8 months, 4 months before delivery and 4 months thereafter. In addition a programme to identify high risk mothers and refer them for proper institutional care during delivery will also be taken up. I am sure, Members of the House will welcome this effort to provide better health and nutrition services to pregnant and lactating mothers.

### Employment

140. Tamil Nadu has one of the highest unemployment levels in the country. There are 32.44 lakhs educated unemployed in the registers of the employment exchanges. It is neither possible nor desirable for the Government to create more posts. It shall be our goal to stimulate economic activity in all sectors so that there is greater all round employment. The stagnation in the Agriculture sector has to be removed and accelerated growth ensured. We shall do so with particular reference

to improved productivity in dry lands, bringing wastelands under cultivation, efficient use of water and food processing. Good growth in agriculture and allied activities like fisheries, animal husbandry, etc., can result in increased employment and better incomes to nearly 66 per cent of our population living in rural areas. We shall give the highest importance to rapid industrialisation as the most effective means of gainful employment to our educated youth. In a growing economy the services sector has become very important. We shall examine in detail how the employment potential of this sector can be maximised.

141. While real growth is our goal, we have to at the same time ensure that those unemployed will get an opportunity to do some useful work. We shall launch the State Non-formal Education Programme (SNEP) under which 1.5 lakh educated unemployed will be given useful work. The Jawahar Vela Vaippu Thittam (JVVT) will provide work for about 7 lakh persons on an average for 100 days in the year. The Rural Industries sub plan which we shall launch will generate self employment for about one lakh persons. The Integrated Women's Development Programme will generate self employment for one lakh women. The special Plan for employment of Scheduled castes will cover 65,000 persons. We shall also be continuing the IRDP and the NRY schemes. A concerted effort will thus be made to provide additional employment opportunities while at the same time our emphasis will be on generating enough growth to provide adequate employment.

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

**142.** This Government will strive for the uplift of Scheduled Castes and Scheduled Tribes from poverty and secure for them equal status in society. We have decided to launch a new Ten Point Programme for the Welfare of Scheduled Castes and Scheduled Tribes. This programme to be implemented over a period of 5 years will substantially improve the quality of life of the Scheduled Castes and Scheduled Tribes in our State.

**143.** The new ten point programme will consist of

- \* 3.5 lakh families will be assisted with economic improvement programmes in the next 5 years. In 1991-92, 65,000 families will be covered.
- \* 10,000 wells will be sunk free of cost to irrigate lands belonging to Scheduled Castes/Scheduled Tribes. Under this programme, a well, free of cost will be provided to every Scheduled Caste/Scheduled Tribe family owning land which has to be irrigated.
- \* Under the Adi-Dravidar Entrepreneur Development Scheme 5,000 Scheduled Castes/Scheduled Tribes will be assisted to set up their own business. In the current year 1,000 Adi-Dravidars will be provided with assistance under this scheme.
- \* A new scheme for training and placement of unemployed ITI qualified Adi-Dravidar technicians in industries will be taken up. Under this scheme, 5,000 Adi-Dravidars will be assisted in the next 5 years. In the current year 1,000 Adi-Dravidars will be assisted.



- \* A house-site free of cost will be provided to every Scheduled Caste/Scheduled Tribe family within the next 5 years. About 4 lakh house-sites will be provided under this programme. In the current year 75,000 house-sites will be given.
- \* Under the massive programme of housing for Scheduled Castes/Scheduled Tribes 50,000 all weather proof houses will be built in the current year. The programme for the next 5 years is to build 3 lakh houses.
- \* All the balance 1,418 Adi-Dravidar habitations which do not even have a single source of water supply will be provided water supply in the current year. 1,007 other habitations which form part of a main habitation but do not have water supply will also be covered. In the next 3 years adequate water supply to all Adi-Dravidar habitations will be ensured.
- \* 1,063 Adi-Dravidar habitations still need link roads. 500 of these habitations will be provided with link roads in the current year and the balance will be completed in the coming year.
- \* Every Adi-Dravidar habitation will be provided with street lights. This will be taken up this year and completed in the coming year.
- \* 1.5 lakh Adi-Dravidar houses will be provided with one light per hut in the next 5 years. In the current year 30,000 such houses will be given electricity connection.

144. I am sure the Hon'ble Members of this House will welcome this time bound programme of provision of basic amenities and economic development schemes to secure the all round advancement of Adi-Dravidars.

### Welfare of Backward Classes

145. It was Puratchi Thalaivar Dr. M.G.R.'s Government which increased the reservation for backward classes to 50 per cent making it the highest percentage of reservation in India for backward classes. At the time when the recommendations of the Mandal Commission are implemented this Government will urge that 50 per cent reservation for backward classes should be implemented by the Centre as a policy and this reservation should apply to employment in all departments and in admissions to educational institutions.

146. The total outlay for the welfare of backward classes has been stepped up to Rs. 41.35 crores from Rs. 30.70 crores in 1990-91. We shall concentrate on better educational facilities for backward classes and also carefully worked out economic improvement programmes. A special improvement plan for the 280 schools run by the department will be launched. We shall provide proper hostel buildings and complete in all 44 hostels buildings at a total cost of Rs. 3.95 crores in the current year. The special coaching institute to coach students belonging to backward classes for All India Services examinations will be established in a new campus and the facilities thoroughly upgraded.

147. The Tamil Nadu Backward Classes Economic Development Corporation will be provided an additional share capital of Rs. 1 crore this year to take up new economic improvement schemes. A new scheme for providing minor irrigation facilities for farms owned by Most Backward Classes will be launched. A provision of Rs. 2 crores has been made for this purpose. Under this scheme capital subsidy will be given by government to enable farmers to take up tube wells, filter point wells, open wells, etc.

### Women's Development

148. This Government stands totally committed to the improvement of the status of women in our society. This Government has already taken steps to ensure that only women teachers up to Standard V are recruited. A Cell will be established in the Directorate of Social Welfare to monitor the employment of women.

149. The status of women in our society will not be improved until they have access to education. Every effort will be made to ensure that girls are enrolled and retained in schools.

150. Economic self-sufficiency for women shall be our goal. At present there are small programmes for women in different sectors. We shall integrate all these and launch an Integrated Women's Development Programme (IWDP). This programme will have as its focus the all round development of women in rural areas. The goal is to provide sustained self-employment to 1 lakh women under this programme. We shall motivate groups

of women in rural areas to take up useful work which will give them better income. Our effort will be to allow these groups of women to mobilise themselves, obtain assistance and improve their lives. It will not be an easy programme to implement as the groups have to be formed and activities have to be determined. We shall not be in a rush merely to complete a target but to ensure that sustained progress is achieved by these groups of women. I have no doubt that Members of the House will welcome this programme.

**151.** A new programme for entrepreneurship development among women will be launched in the current year. Under this programme 800 women will be selected and given training to become entrepreneurs.

**152.** There is a large informal sector of small business where women are actively engaged such as pavement shops, flower and vegetable trade, household goods, etc. These women obtain credit for their business at very high interest rates. This reduces the net income available to these women. We have decided to launch a special programme of assisting such women in the informal small business sector. For this purpose a women's cell will be created in each Co-operative Central Bank and it will be ensured that at least 1 per cent of the total credit extended by these banks goes to these women. The Tamil Nadu Industrial Co-operative Bank (TAICO) will also be supported to undertake the financing of 170 women's industrial co-operatives and new women's co-operatives which will be established.

## Labour Welfare.

153. This Government will take all necessary steps to promote the welfare of labour. As already announced by the Hon'ble Chief Minister, to promote the employment of larger number of women workers, the Government will take steps to enable women workers to work beyond 7 p.m. subject to the managements making adequate arrangements for their transport and security.

154. We shall constitute a Special Cell in the Labour Department to oversee the conditions of work and the implementation of labour laws amidst women in the unorganised sector particularly in the beedi industry.

155. We believe in workers participation in management. We will take up with the Centre the early introduction of the bill to provide for this.

156. The Labour Welfare Board will establish 3 new complexes to provide for all round welfare of labour. These complexes will include adult education, creches, sports and recreation facilities, library, etc.

157. For the unorganised labour, we shall take steps to provide for adequate welfare facilities and proper protection. We shall enforce various laws to secure better employment conditions for them. It shall be our effort to enhance the minimum wages to provide improvement in the quality of their life. With this in mind, we shall be shortly revising the minimum wages of workers engaged in printing, match and fire works, plantation, oil mills, synthetic gem cutting, general

engineering and fabrication industry, tailoring, cinema theatres, woollen carpet and shawl weaving, automobile, handloom silk weaving, salt pans, coconut peeling and paper. Members of the House will also be glad to know that we shall very shortly take up the revision of minimum wages of agricultural labour.

158. The Hon'ble Chief Minister has already expressed concern over the employment of child labour in industry when they should have access to education and look forward to a happy life. Acute poverty often dictates the need for such practices. While seeking adequate powers to prohibit such practices we shall at the same time endeavour to educate all concerned so that there is a change in the attitude.

### Welfare Schemes for the Poor

159. While placing the highest emphasis on rapid growth in all sectors, we shall at the same time ensure that Special schemes for the welfare of the poor and under privileged are so organised that they reach those in need.

160. Puratchi Thalaivar Dr. M.G.R.'s Government ensured that all old age pensioners were given 1/2 Kg. of rice free per week plus a free meal or at their option 1 Kg. of free rice per week. This was discontinued by the previous Government. We shall reintroduce the supply of free rice to old age pensioners from 15th September 1991, the birthday of Perarignar Anna, at an annual cost of Rs. 8.27 crores. We shall continue to give all such pensioners a free dhoti or a saree on two occasions each year.

161. Puratchi Thalaivar Dr. M.G.R. introduced the Labour Insurance Scheme under which on death of the breadwinner in a family Rs. 5,000 was given. This was given up by the previous Government and a new scheme was introduced giving Rs. 3,000 as benefit. We shall modify this scheme and provide a benefit of Rs. 5,000, as was done earlier, in the event of death of the breadwinner. This will involve an additional cost of Rs. 5 crores per year.

162. We shall introduce a new monthly family pension scheme for handloom weavers. Under this scheme in the event of death of a handloom weaver who is a member in any co-operative society, his family will be provided a pension of Rs. 250 per month for a period of 10 years so that the children can establish themselves in life.

163. At present under the Accident Relief Scheme motor vehicle accidents are excluded as in such cases compensation can be claimed. A scheme introduced in 1978 provides for immediate relief to victims of motor accidents. We have decided to enhance the relief amounts as below under this scheme :

	Existing.	Proposed.
	RS.	RS.
Death .. .. .	1,000	3,000
Permanent disability .. .. .	800	1,500
Loss of one eye or Limb .. .. .	400	1,000
Minor injuries .. .. .	50	100

This will involve an additional cost of Rs. 1.5 crores which will be met from the Chief Minister's Accident Relief Fund to which 1 per cent of the Motor Vehicle tax receipts is transferred each year.

164. This Government will provide facilities for the aged in a phased manner. Under this scheme old age homes will be opened. Large old age homes are also planned. In the first phase 5 homes will be opened in the current year.

### **Benefits to Government Employees**

165. An official committee has been entrusted with the task of going into all remaining representations on anomalies following the implementation of the recommendations of the Fifth Pay Commission. We have increased the benefit under the Family Security Fund Scheme from Rs. 40,000 to Rs. 60,000 to all employees including those drawing consolidated pay.

166. We shall constitute a new Government Employees Health Fund. This fund will be utilized to provide assistance as grant upto Rs. 25,000 for major and rare surgeries for which treatment is not available in Government hospitals. A soft loan will also be extended in exceptional cases where the costs are higher. Each Government employee will contribute just Rs. 5 per annum for this fund. Government will make a matching contribution and a corpus of Rs. 1 crore will be formed.



167. We have increased the total provision for house building advances from Rs. 16.36 crores to Rs. 18.88 crores. Since the backlog of applications is high we have decided to make available an additional amount of Rs. 10 crores this year through an arrangement with financial institutions.

168. We have comprehensively reviewed the procedures which result in delays in settlement of pension and other retirement benefits. We shall introduce a pass-book system for self drawing officers to record details of long term advances to facilitate early settlement of pension. We shall empower heads of offices to settle gratuity claims dispensing with the requirement of sending last pay certificates to the Accountant-General. All these arrangements will greatly expedite the early settlement of retirement benefits.

### **Administrative Reforms**

169. It is our intention to reorient the administration to be goal oriented and effective. We shall also strive to make it fully responsive to people's needs.

170. We shall take up the bifurcation of large and unwieldy districts so as to provide more effective administration. We have taken steps to bifurcate the existing Thanjavur district and form a new district, the Quaid-E-Milleth district with Nagapattinam as its headquarters. Based on the resources position we shall progressively take up the bifurcation of all the remaining large districts.

171. We have reorganised the District Revenue Administration to bring the administration closer to the people. Each taluk will be constituted into three zones each under the charge of a Deputy Tahsildar who shall be empowered to take quick action on various aspects of administration like the issue of community certificates, patta transfers, etc.

172. A core group of Secretaries will be requested to present within a period of 3 months a specific action plan to overhaul office procedures and systems to facilitate better response to the public. This group will also review all grievance day procedures and suggest modifications.

173. Heads of Departments will be requested to closely supervise the quality of work of the field officers. There will be a new emphasis on the quality of work turned out by field officers when they take up tours. New schemes of encouragement for good performance will be initiated.

174. All schemes will be designed so that the beneficiaries can get the benefits without any harassment. This applies to all welfare schemes, the public distribution system, issue of certificates, etc., in short for every aspect where the common man has to approach the Government.

### **Budget Estimates**

175. In preparing this budget I have been confronted with a difficult task. This Government assumed office when the financial position was extremely difficult. The

total deficit for 1991-92 when we assumed office was Rs. 898 Crores. We had to keep our promise to the people to abolish country liquor. Our Hon'ble Chief Minister Puratchi Thalaivi Selvi J. Jayalalitha announced the decision to close the country liquor shops as the first decision of the new Government. This promise to the people has been kept despite the almost impossible financial situation as we firmly believe in doing good to the people and keeping our promises. The total deficit including the loss of revenue of Rs. 322 Crores on account of closure of country liquor shops had thus become Rs. 1,220 Crores in financing a Plan outlay of Rs. 1,600 crores for 1991-92. Hon'ble Members of this House will agree that special measures are required to tackle this extremely difficult situation if our development efforts are not to fail.

176. The Budget Estimates for 1990-91 indicated total revenue receipts of Rs. 4,397.46 crores and a total revenue expenditure of Rs. 4,814.09 crores resulting in a revenue deficit of Rs. 416.63 crores. Together with the opening deficit for 1990-91 and the transactions in Capital account and other accounts the overall deficit for the year 1990-91 was estimated at Rs. 510.10 crores. With the measures taken, this deficit was expected to be reduced to Rs. 268.10 crores.

177. The Revised Estimates for 1990-91 indicate total revenue receipts of Rs. 4,975.65 crores and revenue expenditure of Rs. 5,295.16 crores, leaving a revenue deficit of Rs. 319.51 crores. Taking note of the net effect of the Capital account and other accounts the overall deficit at the end of 1990-91 has been estimated at Rs. 207.94 crores.

178. According to the Budget Estimates for 1991-92 revenue receipts are estimated at Rs. 5,347.34 crores, and revenue expenditure at Rs. 6,249.83 crores, resulting in a revenue deficit of Rs. 902.49 crores. Taking into account the net effect of transactions in other accounts the overall deficit from transactions in 1991-92 is estimated at Rs. 577.41 crores. Along with the closing deficit of Rs. 207.94 crores according to the Revised Estimates 1990-91, the overall total deficit at the end of 1991-92 will be Rs. 785.35 crores. It may be noted that this deficit has arisen mainly due to factors which had occurred even before this Government had assumed office. In reducing the overall deficit to Rs. 785.35 crores we have taken into account Rs. 52 crores as improvements in collection of sales taxes and Rs. 37.22 crores as savings due to non-payment of debt relief scheme loan to NABARD.

179. This deficit of Rs. 785.35 crores reflects the deficit in the State Government's account and does not include the uncovered deficit in Tamil Nadu Electricity Board and Transport Corporations which has been separately estimated at about Rs. 330 crores.

180. We have just taken measures to cover partially the deficit in the Tamil Nadu Electricity Board. We would also have to take some measures in respect of Transport Corporations. It will be our effort to ensure that the deficits in these Undertakings are bridged.

**181.** The major problem that has arisen is the tremendous growth in expenditure. It has to be our effort to reduce the extraordinary growth in expenditure. Although we have budgeted for Rs. 350 crores for payment as tariff compensation to the Tamil Nadu Electricity Board for free supply of electricity to farmers, we have decided to restrict this during the year to Rs. 250 crores. The burden on account of the food subsidy has gone up considerably. We have provided for Rs. 346 crores as the subsidy in the current year. We are examining the question of prescribing a suitable income limit as in Andhra and Karnataka for eligibility to purchase this heavily subsidised rice from the public distribution system.

**182.** We have to take steps to bring about economy in expenditure. We shall review all expenditure as part of the process of zero-base line budgeting. We shall also take measures to reduce effectively wasteful expenditure. With these measures to bring about economy in expenditure we hope to bring down the deficit to Rs. 645.35 crores.

**183.** The Hon'ble Chief Minister has had detailed discussions on the issue of additional financial assistance to Tamil Nadu with the Prime Minister, the Union Finance Minister and the Deputy Chairman of the Union Planning Commission in the month of July. She has recently again written to the Prime Minister and the Union Finance Minister for early clearance for a comprehensive package of financial assistance to Tamil Nadu. We

shall urge the Centre to extend a special package of financial assistance to tide over the extremely difficult situation. A duty is cast on the Centre to extend this assistance as the situation has arisen even before this Government assumed office.

184. Even as we continue to take up with the Centre the early clearance for a special package of financial assistance we cannot but take other measures to bridge partially this deficit.

185. It shall be our endeavour to give relief to the poor wherever possible. We shall also take special efforts to ensure that our taxation policies and resource mobilisation measures are geared to support growth in the economy.

### **Taxes**

186. Sales Tax constitutes the largest source of revenue to the Government. In our election manifesto, we have given the assurance that persons who pay their taxes sincerely will be respected and those who evade taxes will be punished. To do so, major reforms in the tax structure, systems and procedure are necessary. A high power Sales Taxes Reforms Committee with experts will be constituted to go into all relevant issues to simplify the tax system.

187. A system of deemed assessment was introduced last year. This has not worked well. We have decided to replace it by a new self assessment system. Under this system any trader with an annual turnover of less than Rs. 5 lakhs who has a clear record with no infringements and who does not use specified saleable forms can

make a self assessment return which will be accepted. A small percentage of these returns will be checked at random. This will benefit 80,000 traders and will free them from harassment. This will be a major step in simplifying the system relying on the traders to make their own self assessments.

188. The Traders Welfare Board will be reconstituted and will take up immediately welfare measures for the benefit of traders.

189. It is our intention in the long term to rationalise tax rates reducing the large number of rates, so that evasion is minimised. Our immediate concern has been to reduce prices by reducing tax on essential goods and also give tax reliefs to promote the location of new industries in the State.

- \* Dry leaves are taxable at 8 per cent. These leaves are stitched together by poor women who earn a living selling the stitched leaves. Full exemption from tax will be given on the sales of dry leaves.
- \* Barley is subject to tax at 1 per cent. All other cereals are exempt from tax. Henceforth, barley will also be fully exempt.
- \* Sales of Cycle Rickshaws without motors are subject to tax at 3 per cent. It is proposed to exempt cycle rickshaws without motors from tax. Bullock carts are taxable at 8 per cent. It is proposed to exempt them fully from tax.

\* We have decided to reduce the tax on turmeric, chillies, coriander, tamarind and soapnut from 6 per cent to 4 per cent.

\* There is considerable evasion of tax in articles made of gold. We have carefully examined the existing tax structure and have decided to reduce the rates comprehensively. The tax on gold bullion will be reduced from 2 per cent to 1 per cent. The tax on articles made of gold and silver will be reduced from 4 per cent to 2 per cent. The tax on gold covering jewellery will also be reduced from 8 per cent to 2 per cent. I have no doubt that women in particular will welcome these changes.

\* At present 8 per cent is charged on drugs and medicines and certain life saving drugs alone are charged at a concessional rate of 4 per cent. There is considerable confusion in interpreting which exactly are life saving drugs. We have decided to charge a uniform rate of 6 per cent on all drugs and medicines. At the same time, in order to give full relief to patients who have to use expensive drugs in life threatening situations we have decided to give total exemption to the following drugs :—

1. Cyclosporine
2. Bleomycin
3. Cytosine Arabinoside
4. Azathioprine
5. Nitroglycerine
6. Pentoxifyline.



- \* Stainless steel utensils are at present charged at 10 per cent. These vessels are popularly used by all households. We have decided to reduce the rate to 5 per cent.
- \* Paper envelopes are presently taxable at 8 per cent. It is proposed to reduce this to 5 per cent.
- \* In order to benefit farmers, Sales tax on fertilizers and pesticides will be reduced from 3.5 per cent to 3 per cent.
- \* The tax on trailer spares will be reduced from 15 per cent to 4 per cent. So also the tax on empty gunnies will be reduced from 8 per cent to 5 per cent.
- \* The rate of tax on three wheelers is at present 15 per cent while it is only 8 per cent on light commercial vehicles. As a measure of rationalisation we have decided to reduce the rate to 8 per cent.
- \* In order to give a boost to the automobile body building industry in the State the tax on fully built vehicles will be reduced from 15 per cent to 7 per cent.
- \* Zinc used for galvanised steel tubes is charged at 8 per cent. In order that industrial raw materials are subject to a lower tax, we have decided to reduce the rate to 5 per cent.
- \* Aluminium vessels when sold in inter-State trade are subject to 4 per cent tax with 'C' form and 10 per cent without 'C' form. To encourage manufacture of such vessels in Tamil Nadu, we have

decided that inter-State sales of Aluminium vessels with or without 'C' form will be charged at 4 per cent.

\* At present raw hides and skins are taxable at 2 per cent and dressed hides and skins separately at 2 per cent at different points. Following a decision of the High Court and based on representations from the tanners, we have decided to rationalise tax structure so that tax is levied at one point. The new rate on raw hides and skins will be 4 per cent at the point of last purchase in the State. The rate on dressed hides and skins will also be 4 per cent at the point of first sale in the State provided it has not suffered tax under TNGST as raw hides and skins.

These changes will involve a loss of revenue of Rs. 10 crores per annum.

190. The Sales tax on diesel in Tamil Nadu is 14 per cent while in Karnataka it is 18 per cent and in Kerala 20 per cent. We have decided to increase the rate to 16 per cent. This will be only about 10 paise per litre and will not at all be a burden.

191. Keeping in mind the tax rates on paper and paper board in neighbouring States the rate of tax is proposed to be increased from 4 per cent to 6 per cent. Simultaneously to bring down prices of newsprint which is liable to 10 per cent tax without 'C' form, all inter-state sales will hereafter be charged at 4 per cent with or without 'C' form.

192. Sales of steel scrap to steel re-rolling mills in Tamil Nadu is at present exempted from tax. It is proposed to levy tax at 2 per cent on such sales to steel rolling mills against the declaration form already prescribed.

193. The tax on soaps will be increased from 8 per cent to 10 per cent while simultaneously the tax on handmade soaps will be reduced from 6 per cent to 4 per cent.

194. Tamil Nadu is the second largest producer of rubber in India. In Tamil Nadu, the definition of turnover for purposes of sales tax assessment excludes the sale of rubber. The turnover as defined under the Tamil Nadu General Sales Tax Act excludes all agricultural produce other than tea. In Kerala, tea, coffee, rubber, cardamom and timber are included. Thus, in Kerala rubber is taxable. At present, natural rubber in all its forms is taxable at 5 per cent at the point of last purchase. It is, therefore, proposed to amend Section 2 (r) of the Tamil Nadu General Sales Tax Act to enable assessment of the sales of rubber under the Sales Tax Act. It is proposed to exempt all planters having less than 8 ordinary acres so that the tax is only on large planters.

195. We have decided to bring forth certain amendments to the Tamil Nadu General Sales Tax Act keeping in view certain changes which have occurred. As several commodities which are taxed under Section 3 (3) (i) of the Act now bear a reduced rate of tax, it is proposed to withdraw

the concessional rate of 3 per cent applied to the purchase of raw materials used in the manufacture of these goods. Under Section 3 (3) (iii) of this Act a concessional rate of 3 per cent is allowed on the purchase of materials which are used in the execution of works contract. Based on the ruling of the Supreme Court on this issue, it has now become necessary to charge the normal tax rate on the materials going into the works contract. It is, therefore, proposed to amend Section 3 (3) (iii) of the Act withdrawing the concessional rate of tax for such materials used in a works contract.

**196.** At present the surcharge is levied at different rates for different areas. The rate varies from 15 per cent in Madras City to 8 per cent in village and town Panchayat areas. It is proposed to levy an uniform rate of 15 per cent throughout the State as a measure of rationalisation. 20 per cent of the additional revenue will be assigned to the local bodies as a grant.

**197.** At present under a separate Act, an entry tax is levied on Motor Vehicles entering into Tamil Nadu. This tax was levied to prevent evasion of tax due to diversion of trade. The rate of entry tax is now linked to the rate of tax in the Tamil Nadu General Sales Tax Act. It is now proposed to change this and bring forward an amendment specifying the rate of tax in the Entry Tax Act itself. The exemption granted from payment of

additional sales tax for motor cars with a capacity up to 900 cc. will also be withdrawn.

198. The Tamil Nadu Electricity (Taxation on Consumption) Act, 1962 provides for the levy of the tax on the sale of electricity. In 1979 as a measure of rationalisation various levies under this Act were merged with the tariff charged by the Tamil Nadu Electricity Board. On a review it is found that such a tax is levied in most other States such as Maharashtra, Gujarat, etc. In view of the extremely difficult financial position of the Government we have decided to reintroduce the tax on a revised basis. The rate of tax will be 4 per cent on the sale price of energy for all consumers. Domestic connections including hut connections, agricultural consumers and self generators will be exempted. Fresh legislation to provide for the levy of tax on the revised basis will be introduced in the current session of the Legislature.

199. It is proposed to revise the duty on the manufacture of Indian-Made Foreign Spirit. The present excise duty of Rs. 60 per proof litre will be increased to Rs. 70 per proof litre. At present a sales tax of 20 per cent is levied at each stage except at the last stage in the transactions relating to sale of Indian-Made Foreign Spirit. It is now proposed to enhance the rate of sales tax to 25 per cent.

200. At present a tax on professions, trades and callings is levied and collected by local bodies subject to a ceiling on the tax of Rs. 250 per annum. By an

amendment to the Constitution the ceiling has been revised to Rs. 2,500 per annum. Many States like Gujarat, Maharashtra, Karnataka have introduced legislation to provide for the levy of this tax at enhanced rates. In many of these States the tax is levied and collected by the Government.

**201.** It is our intention to improve the resources of local bodies. We have therefore decided to bring fresh legislation to provide for the levy of tax on professions, trades and callings on a revised basis adopting the new ceiling on the tax of Rs. 2,500 per annum. The tax will be levied at different rates, the maximum and minimum for each category being specified in the Act leaving it to the local bodies to choose the rates. As a measure of relief for the salaried classes it is proposed to increase the exemption limit for all salaried persons including Government employees to Rs. 1,500 per month. In view of the substantial enhancement of the exemption limit the present system of Government paying the profession tax for certain categories of its employees will be withdrawn.

**202.** The tax will be collected and retained by the respective local bodies. This will be a unique feature as in many other States like Maharashtra the tax is retained by the Government. All appeals will be considered by the Taxation Appeals Committee of the concerned local body. I am sure members will welcome this long overdue measure for strengthening the resources of local bodies.

203. According to Census data next only to Maharashtra and Gujarat, Tamil Nadu is the most urbanised State in the country. The trend towards urbanisation is getting further accelerated. It has become necessary for the State Government to allocate higher amounts for planned development of urban areas. There is the inevitable need to generate more resources to finance development schemes in urban areas. At present urban land tax is levied in the urban agglomerations of Madras, Madurai, Coimbatore, Tiruchirappalli, Salem and Tirunelveli. In these towns the levy on extended and included areas is on the basis of land value as on 1-7-1981 and in the other inner town on the value of land as on 1-7-1971. It is proposed to rationalise this and levy the tax uniformly on the land value as on 1-7-1981. While doing so it will be ensured that the revised tax is not more than 5 times the existing tax.

204. As many other urban agglomerations are developing rapidly it is proposed to extend the levy of urban land tax to all special grade and selection grade municipalities. The tax will be levied in the Special Grade Municipalities of Erode, Pollachi, Thanjavur, Tiruppur, Tuticorin, Vellore, Udhamandalam, Dindigul, Karur, Nagercoil, Kumbakonam and the Selection Grade Municipalities of Cuddalore, Pudukottai, Kancheepuram, Villupuram, Mayiladuthurai, Udumalpet, Palani, Karaikudi, Rajapalayam, Namakkal and the townships of Kodaikanal and Mettur. The land value will be as on 1-7-1981 and the rates of tax and other conditions will be similar to that in the towns where it is presently levied. Necessary amendments will be brought in the current session of the Legislature to provide for these changes.

205. In tune with the policy of Government to reduce the burden of taxation on the common man, it is proposed to exempt from Motor Vehicles Tax motor cycles of capacity of 50 cc and below which are the most widely used vehicles for personal transportation. On account of this concession more than 4.5 lakh persons will be benefitted and the Government will be losing an annual revenue of Rs. 7.45 crores. Taking note of the concessions extended to the common man, it is proposed to share the burden of loss of revenue with those who own vehicles of higher capacity. The present tax rate on two wheelers exceeding 50 cc but below 170 cc will be raised from Rs. 90 per annum to Rs. 150 per annum, and in the case of two wheelers exceeding 170 cc but below 300 cc the rate will be raised from Rs. 90 per annum to Rs. 200 per annum. In the case of vehicles with the capacity exceeding 300 cc the existing rate of Rs. 100 will be raised to Rs. 300. Life time tax on motor cycles, new as well as old, will also be accordingly revised.

206. It is proposed to make certain modifications in the taxation structure on motor vehicles. The present annual tax payable by owners of motor vehicles is as follows :

Weight.	Imported vehicles.	Owned by	
		Companies.	Others.
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
Less than 700 kgs.	900	600	300
More than 700 kgs. but less than 1,500 kgs.	1,050	700	350



Weight.	Imported vehicles.	Owned by	
		Companies.	Others.
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
More than 1,500 kgs. but less than 2,000 kgs.	1,200	800	400
More than 2,000 kgs. but less than 3,000 kgs.	1,350	900	450
More than 3,000 kgs.	1,500	1,000	500

The rates will be revised as follows :—

Weight.	Imported vehicles.	Owned by	
		Companies.	Others.
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
Less than 700 kgs.		No change.	
More than 700 kgs. but less than 1,500 kgs.	1,500	1,000	500
More than 1,500 kgs. but less than 2,000 kgs.	1,800	1,200	600
More than 2,000 kgs. but less than 3,000 kgs.	1,950	1,300	650
More than 3,000 kgs.	2,250	1,500	750

207. The rate of tax in case of motor vehicles for hire payable per quarter is also proposed to be revised. The tax for tourist motor cabs will be raised from Rs. 120 per quarter to Rs. 150 per quarter and for ordinary taxis from Rs. 90 to Rs. 120 per quarter. It is proposed to restructure the rate for maxi-cabs on the basis of the capacity from this year onwards. The tax payable will be Rs. 125 per seat per quarter.

208. The tax structure in case of goods carriages is proposed to be modified as follows :—

<i>Weight.</i>	<i>Existing rate per quarter.</i>	<i>Proposed rate per quarter.</i>
(1)	(2)	(3)
	Rs.	Rs.
Vehicles not exceeding 3,000 kgs.	450	520
Vehicles exceeding 3,000 kgs. but below 5,500 kgs.	750	845
Vehicles exceeding 5,500 kgs. but below 9,000 kgs.	1,150	1,290
Vehicles exceeding 9,000 kgs. but below 12,000 kgs.	1,490	1,690
Vehicles exceeding 12,000 kgs. but below 13,000 kgs.	1,500	1,840
Vehicles exceeding 13,000 kgs. but below 15,000 kgs.	1,840	2,090 plus 50 for every 250 kgs. or part thereof.
Vehicles exceeding 15,000 kgs. ...	1,840 plus 50 for every 250 kgs. or part thereof.	

209. Certain modifications will be made in the taxation of stage carriages. The existing tax on metropolitan services will be retained without any change. The

tax on motor services will be increased from Rs. 275 to Rs. 325 per seat per quarter. The tax on town services will be Rs. 260 as against Rs. 230 per seat per quarter. In case of express services the new rate will be Rs. 300 per seat per quarter as against the present level of Rs. 250. Existing surcharge rates will be retained.

210. These changes in the Motor Vehicles Taxes will come into effect from 1-10-1991. In case of non-transport vehicles the additional amount to be collected from persons who have paid annual taxes will be proportionate and be collected along with the tax for the year 1992-93 in the month of March 1992.

211. As a measure of relief to farmers and to prevent harassment in tax collection we have decided to totally do away with the levy of Agricultural Income-tax on crops like paddy, sugarcane, turmeric, betelvine, plantain, coconut, cholam, cumbu, groundnut, cotton, gingelly, etc., i.e., on all non-plantation crops. This will benefit more than 45,000 farmers.

212. We have also decided to bring forth some changes in the levy of agricultural income-tax on plantation crops. We have decided to raise the net income exemption limit from Rs. 10,000 to Rs. 22,000. At the same time as the levy will now be only on plantation crops we have decided to change the compounding system from standard acres to ordinary acres exempting tax upto 8 ordinary

acres and permit compounding upto a maximum of 50 ordinary acres from the present limit of 40 acres. The present complex system of slabs for compounding will also be rationalised. The new rates of compounding will be :—

<i>Slab.</i>	<i>Rate in Rs. per acre.</i>
Upto 8 acres	Exempt
8 acres to 12 acres	150
12 acres to 25 acres	200
25 acres to 40 acres	300
40 acres to 50 acres	500

This change is to facilitate smaller farmers to come over to the compounding system. We shall also introduce amendments to provide for self assessment and advance tax payment as in Kerala and Karnataka. Amendments to provide for these changes will be introduced in the current session of the Legislature.

213. I had pointed out earlier that the closing deficit for the year. 1991-92 would be Rs. 785.35 crores which would be reduced to Rs. 645.35 crores with certain decisions to curtail expenditure. With the measures I have just announced we may get a net additional yield

of about Rs. 70 crores. The resultant final deficit at the end of 1991-92 to be covered will therefore be Rs. 575.35 crores.

214. As I mentioned earlier we have made a request for a special package of financial assistance from the Centre. This package of assistance consists of increase in normal Central assistance for the Plan, increase in market borrowings, increase in assistance for externally aided projects, special support for the opening deficit in the form of small savings loan, compensation for the loss on account of prohibition, and special assistance for sea border area problem. Tamil Nadu has been given one of the lowest increases in Central assistance in 1991-92 when compared to 1990-91. The highest increase is 65 per cent whereas Tamil Nadu gets just 9.7 per cent over 1990-91. So also is the case of market borrowings. A special package of financial assistance has been extended in the past to other States to tackle the opening deficit situation. We demand such special assistance be extended to us also.

215. Our case for compensation for the loss on account of the implementation of prohibition policy is fully justified. The Government of India has had such a scheme of compensating States for the loss on account of prohibition from 1978 till 1990. Prohibition is a directive principle of the Constitution. The Hon'ble Chief Minister has written to the Prime Minister specifically drawing attention to this position.

She has requested 50 per cent compensation for the period 1987-88 to 1989-90 based on the earlier scheme. She has also stressed the need for the revival of the scheme and requested 100 per cent assistance to cover the loss in the current year.

216. Tamil Nadu has a sea border which has now become one of strategic importance and considerable expenditure has to be incurred on the improvements to the sea border areas. We have therefore stressed for the allocation of special funds for border area development. In our federal polity it is but proper that the Centre extends a generous helping hand when the State faces difficulties. We firmly believe in the integrity and the oneness of this great nation. This belief has to be anchored on a forward looking pattern of Centre—State financial relations. We sincerely hope that the Centre will take note of the position and extend adequate assistance.

217. I have now come to the end of this presentation. The massive mandate which the people of Tamil Nadu gave to the A.I.A.D.M.K. headed by our Leader the Hon'ble Chief Minister Puratchi Thalaivi Selvi J. Jayalalitha has also cast upon us a great responsibility. We are aware of the many tasks entrusted to us for the fulfilment of this mandate. The Hon'ble Members of the Assembly will appreciate that we have assumed office at an extremely

critical time, faced with a difficult financial situation. No other Government in the past had been faced with a kind of situation that is now confronting us. We have also assumed office only recently and it is difficult to incorporate all that we would like to do in the service of the people in a Budget. Nevertheless, we have done our best. We also know that the best is not enough. We would like to assure the Hon'ble Members of this Assembly and through them the people of our State that we will spare no effort to bring succour to the vast masses of people who are poor, down-trodden and handicapped in several ways. The tax efforts that have just now been announced will not be adequate for this purpose. But we have presented this Budget on the well-accepted principle that those who can afford, ought to pay a little so that their needy brethren may benefit. Our Hon'ble Chief Minister is the fount and source of all the inspiration for the ideas, policies and programmes that find their due place in this Budget. Under her dynamic leadership we hope to fulfil all our responsibilities with courage, compassion, wisdom and zeal.

218. I have great pleasure in conveying my heartfelt thanks to the Finance Secretary Thiru N. Narayanan and the officers and staff of the Finance Department as well as other departments who have given me all help and co-operation in preparing these Budget proposals in a perfect manner.

219. I earnestly request the House to kindly approve the Annual Financial Statement for the year, 1991-92.

*Vanakkam.*

Madras,  
4th September 1991.  
Aavani 19,  
Thiruvalluvar Era 2022.

V. R. NEDUNCHEZHIAN,  
*Minister for Finance.*