



B U D G E T

2009 - 2010

SPEECH OF

THE MINISTER FOR FINANCE

Thiru K. ANBAZHAGAN

**Maasi 5, Thiruvalluvar Aandu 2040
17th February, 2009**

**Speech of Prof. K. Anbazhagan, Minister for Finance,
Government of Tamil Nadu, presenting the Budget for
2009-2010 to the Legislative Assembly on 17th
February, 2009.**

Hon'ble Speaker Sir,

Our beloved people of Tamil Nadu - having experienced and felt the impact of the schemes conceived and achievements aimed at uplifting and opening the eyes of the poor and downtrodden common men, working classes, farmers and middle classes, during the four previous rules of the Dravida Munnetra Kazhagam, which has been performing its democratic duties both in the treasury and opposition benches in the Assembly for the past fifty years with the vow that its heart, word and soul are fully devoted to people's problems - having thought and analysed about who is best equipped to rule for their development, wellbeing, improvement and creation of an egalitarian society and following the Kural,

“இதனை இதனால் இவன் முடிக்கும் என்றாய்ந்து

அதனை அவன்கண் விடல்”

“After having considered, “this man can accomplish this, by these means”,

let leave with him the discharge of that duty.”

gave the mandate to rule for the fifth time to present ruling party and the Hon'ble Members and our countrymen know the resultant achievements of this Government in the previous years. This Budget, being the fourth one during the fifth tenure of the

Kalaignar as Chief Minister, is placed for the approval of this House as a compendium of the new welfare schemes announced recently in the Governor's Address and the other new initiatives to enliven the poor, common man, farmers and the working class.

2. While thanking our Hon'ble Chief Minister Kalaignar who has been toiling in social work each and every day without rest and loss of zest; for spending his time and energy in the preparation of this Budget, giving it a full shape and thus reducing a major portion of my burden, in spite of having been hospitalized for surgery for severe back pain; I express my wish that he should recover soon and join us in our endeavour.

3. With a view to securing social justice, by taking up the struggle for implementation of the recommendations of Mandal Commission, by adopting a resolution for the same in the legislative assembly and by succeeding in it through late Prime Minister V.P.Singh, by providing 20 percent reservation to Most Backward classes (including Denotified Communities) and 3.5 percent reservation to Minority Muslims in education and employment, this Government has paved way for the students belonging to these classes to acquire knowledge in colleges and universities and progress in life.

4. In view of the present harmonious functioning of State and Union Governments, Government of India is implementing many new major projects in Tamil Nadu. While expressing our gratitude to the Union Government for the same, in consonance with this Government's first and foremost policy of autonomy for the states, this Government will continue to lend its

voice for the cause of State Government in getting their due rights in full measure.

5. While this Government is continuously lending its voice for the rights and welfare of Srilankan Tamils, we thank the Union Government for fulfilling the expectation of this Government that India's determined and powerful voice should join the calls given by all other nations for cessation of the present hostilities against Tamils and early restoration of peace, by espousing this view in the address of the Hon'ble President of India and request the Union Government to take necessary measures vigorously to effect cessation of hostilities and arrive at a fair settlement. **As announced in the Governor's address, with a view to improving the basic amenities in the refugee camps where Srilankan Tamils are staying, a provision of Rs. five crores is made in this Budget.**

6. As announced in Governor's Address, with a view to enabling poor and downtrodden to receive free specialist treatment up to rupees one lakh for 51 life threatening diseases, orders have been issued and tender has been invited to select the Insurance company to implement this scheme. **Families belonging to members of Agricultural Labour Welfare Board, Unorganized Labourers Welfare Board, Fishermen Welfare Board and all other welfare boards will be benefited from this scheme. Moreover, all families having annual income of less than Rs.24,000 can also be benefited under this scheme. This scheme benefiting over one crore families will be launched by the Hon'ble Chief Minister in June this year. This scheme will be named as 'Chief Minister Kalaingar's**

Insurance Scheme for Life Saving Treatments'. A provision of Rs.200 crores is made in this Budget for this scheme.

Agriculture and Co-operation

7. With a view to rejuvenating the agriculture sector, this Government has waived the cooperative loans of farmers on the very podium on 13.5.2006, the day this Government assumed charge and the cooperative institutions have been compensated to the tune of Rs.4,493 crores so far. Following this, the Union Government has also waived the agriculture loans of small and marginal farmers in our country. Due to these actions, farmers of our state are fully liberated from the burden of debt and are now availing fresh crop loans. A sum of Rs.1,250 crores has been disbursed as crop loan during 2006-2007, Rs.1,360 crores in 2007-2008 and Rs.1,325 crores this year so far. **Fresh crop loans to the tune of Rs.2,000 crores will be disbursed during 2009-2010.**

8. This Government, conscious of the fact that it is the sweat and toil of the farmers which contributes to the core of a nation's prosperity and hence concerned with their welfare, has ensured easy availability of co-operative crop loans being their most essential need. In addition, this Government has reduced the interest on crop loans from 9 percent to 7 percent in the year 2006-2007, further reduced it to 5 percent in year 2007-2008 and has further reduced it to 4 percent in the last Budget, thereby, enabling poor farmers to avail crop loan at low interest rates. **As yet another example of the care and concern of this Government towards the farmers of the State who toil for the prosperity of the nation, for the first time in our country, this**

years to make up the shortfall in view of the contribution received from them being insufficient, the ceiling on medical reimbursement has been increased from Rs.50,000 to Rs. one lakh by this Government. **Accepting the long standing demand for inclusion of the spouse of the pensioner also under this scheme for the purpose of providing medical reimbursement, medical expenses incurred by them also will be reimbursed.**

Annual Plan

126. The Eleventh Five Year Plan is being implemented with an outlay of Rs.85,344 crores from the year 2007-2008. Plan schemes have been implemented at an outlay of Rs.14,000 crores in the first year 2007-2008 and are being implemented at an outlay of Rs.16,000 crores during the year 2008-2009. **This outlay has been further increased and in the coming financial year 2009-2010, plan schemes are proposed to be implemented at an outlay of Rs.17,500 crores.**

Taxes

127. The electricity tariff and bus fares have not been increased in the last three years. Moreover, in the last three Budgets, this Government has only announced reduction and exemption of Value Added Tax on various commodities. Similarly, for everyone's benefit, it is proposed to announce tax reductions and exemptions in this Budget as well. Having regard to the requests made by the representatives of the trading and manufacturing community in the pre-budget meeting conducted by the Government on 4.2.2009 as is the custom with this Government, the following tax concessions are being announced

for the benefit of consumers, traders and manufacturers in respect of Value Added Tax.

- Last year, the important cooking ingredients such as mustard, aniseed and fenugreek were exempt from levy of tax, for dealers having total turnover up to a limit. Now, pepper and cumin seed which are in the same category will also be granted exemption with the same condition.
- Sale of pulses, grams, peas and peas dhal are conditionally exempt from levy of tax. However, when these goods are purchased for use in the production of goods like flour, purchase tax is levied on these goods. To avoid this, pulses, grams, peas and peas dhal will be exempt from levy of purchase tax with effect from 1.1.2007.
- At present 12.5% tax is levied on hand-made steel trunk box. These goods will be exempt from levy of tax.
- Handmade tin containers will be exempt from levy of tax.
- The tax levied at 12.5% on branded ghee will be reduced to 4%.
- The tax levied at 12.5% on branded pickles will be reduced to 4%.
- The tax levied at 12.5% on hand-made iron safe will be reduced to 4%.
- The tax levied at 12.5% on dried grapes (Kismis) will be reduced to 4%.
- The tax levied at 12.5% on bleach liquid will be reduced to 4%.

- The tax levied at 12.5% on paper pin, safety pin, gem clip, identity card clip, examination board clip, rubber band and stapler pin will be reduced to 4%.
- The tax levied at 12.5% on I.T. products, namely, i-pod, MP3 and MP4 players will be reduced to 4%.
- The tax levied at 2% on the sale of sago and starch through Salem SAGOSERVE will be reduced to 1%.
- To enable brick manufacturers to pay tax in a simple manner, tax will be levied on the basis of number of kilns, at the option of the dealers.
- Manufacturers and traders whose turnover was below the threshold limit of Rs.5 lakhs and 10 lakhs, respectively, during the period from 1.1.2007 to 31.3.2007 have represented that they also may be given the benefits under VAT Act. Accepting their request, the assessment for the above period will be made under Tamil Nadu Value Added Tax Act (TNVAT Act) treating the total turnover for the year 2006-2007, including the turnover under TNGST Act, from 1.4.2006 to 31.12.2006 as annual total turnover under TNVAT Act. This assessment will be made only on dealers who have collected VAT during the above period. Due to this, about 10,000 small manufacturers and traders will be benefited.
- Necessary amendments will be brought relating to the provisions of Tamil Nadu Value Added Tax Act, 2006 and its rules in order to further simplify and fine-tune the procedures. The details of such amendments will be

announced when the Demand for Grant of the Commercial Taxes Department is taken up.

The announcement of tax exemptions and reductions made now, will take effect from 1.4.2009. In the interest of the public, manufacturers and traders this Government announces these concessions even though these concessions will entail a loss of revenue of Rs.100 crores.

128. This Government had reduced the fee charged for outdoor shooting for the benefit of the film industry. In addition, with a view to rejuvenating the film industry by attracting more people to the Cinema halls, this Government had fully exempted the entertainment tax levied on Tamil films named in Tamil. **However, in spite of providing such concessions to this industry, in view of the fact that these benefits have not been passed on to the general public, this Government will constitute a committee to review these concessions.**

Overall Financial Position

129. Hon'ble Speaker Sir, I will now present the details on the fiscal projections for the Budget Estimates for the year 2009-2010. The total revenue receipts of the Government for 2009-2010 are estimated at Rs.58,270.93 crores and the total revenue expenditure is estimated at Rs.59,295.28 crores. In addition, the total capital expenditure of the Government including net of loans and advances is projected at Rs.10,799.30 crores in the coming financial year.

130. Under the circumstances stated above, revenue deficit of the Government of Tamil Nadu is estimated to be