



BUDGET

2010 - 2011

**SPEECH OF
THE MINISTER FOR FINANCE
Thiru K. ANBAZHAGAN**

**Panguni 5, Thiruvalluvar Aandu 2041
19th March, 2010**

**Speech of Prof. K. Anbazhagan, Minister for Finance,
Government of Tamil Nadu, presenting the Budget for
2010-2011 to the Legislative Assembly on 19th March,
2010.**

Hon'ble Speaker Sir,

I am immensely pleased to place before you the Budget for the coming financial year 2010-2011 in this new Legislative Assembly which stands as the crowning glory of the unparalleled achievements of this Government in formulating and successfully implementing many great welfare schemes during the last four years, after assuming charge for the fifth time under the leadership of Hon'ble Chief Minister Kalaignar in the year 2006. This landmark building is unique in our country, having all facilities, incorporating the salient features of the Dravidian architectural style and constructed in a majestic manner that could elicit praise from the entire world becoming the first legislative Assembly in the world constructed as a green building and getting gold rating certification. The Hon'ble Chief Minister Kalaignar has involved himself in all stages of its creation - from concept to completion of its construction - by giving necessary advice on a daily basis at every stage; personally inspecting it once in the morning and once in the evening and giving necessary instructions. I commence my speech by conveying my gratitude to the Hon'ble Chief Minister Kalaignar for giving me the opportunity to find a place in history for delivering the first speech in this much-acclaimed new Legislative Assembly building, which has been inaugurated by the Hon'ble Prime Minister Dr.Manmohan Singh in the presence of Mrs.Sonia Gandhi, the

Chairperson of United Progressive Alliance and appreciated and praised by both.

There is no doubt that this sky high new Assembly complex, a great achievement of Hon'ble Chief Minister Kalaignar and which stands as an example of the Kural,

“அரியவென்று ஆகாத இல்லைபொச் சாவாக்
கருவியால் போற்றிச் செயின்”

“With constant watchfulness and full consideration given to the task on hand,

There is nothing difficult or impossible”,

will stand tall for all times to come as long as the Tamil land and the three seas exist. I wish to convey the greetings of this Assembly to Kalaignar.

2. Ever since the assumption of charge under the leadership of Kalaignar, this Government has been implementing various schemes for the welfare of the people of Tamil Nadu in an exemplary manner over the last four years. The Budget for the year 2010-2011 is being placed before this Assembly. It has been prepared by keeping in mind the basic goals of social justice, growth of Tamil Nadu and improvement in the standard of living of the people of Tamil Nadu.

Agriculture and Co-operation

3. With a view to ushering light in the lives of farmers of Tamil Nadu, this Government has been consistently according priority to the development of agriculture. As its first action

ceiling on financial assistance from Rs.50,000 to Rs.one lakh under the Pensioners Health Fund scheme for medical treatment, declaring the spouse of the pensioner also eligible for assistance under this scheme, extending this scheme to the family pensioners as well and providing Rs.27 crores to make good the shortfall in this scheme.

Annual Plan

135. With the objectives of ensuring social justice and inclusive growth, the Eleventh Five Year Plan is being implemented with an outlay of Rs.85,344 crores from the year 2007-2008. Annual Plans have been implemented at an outlay of Rs.14,000 crores in the year 2007-2008, Rs.16,000 crores in the year 2008-2009 and Rs.17,500 crores in the year 2009-2010. **It is proposed to enhance the annual plan outlay further and implement the Annual Plan for 2010-2011 with an outlay of Rs.20,000 crores.**

Taxes

136. Value Added Tax (VAT) was introduced in our state with effect from 1.1.2007. In the last four Budgets, this Government has announced exemptions from and reductions of tax on several commodities, giving priority to essential food items to contain the rise in price. Considering various representations, the Government has granted exemption on major food items like Pulses and Grams, Flour of Pulses and Grams, Edible oil, Tamarind, Chillies, Coriander, Turmeric, Asafoetida, Mustard and Spices. Jaggery and Gur (including Nattu sakkarai) were fully

exempted from tax. The small manufacturers of other goods like Flour were also granted exemption in respect of the tax payable on the purchase of Pulses and Grams, Peas and Peas Dhall.

137. Further the standard rate of 12.5% applicable to the following commodities was reduced to 4%.

- (1) Unbranded Coffee
- (2) Masala Powder with Brand Name
- (3) Bajji Flour
- (4) Energy Flour (Sathu Mavu)
- (5) Ghee
- (6) Vanaspathi
- (7) Unbranded Bakery Products.
- (8) Branded Pickles
- (9) Dry Grapes.

138. To benefit the small manufacturers, the rate of tax was also reduced to 4% on sale of Wet Grinders, unbranded Steel Furniture, All Plastic Goods (Other than Doors, Windows, Frames, Profiles, Automobile, Industrial and Sanitary Items), Mop made of Cotton Yarn, Fasteners, including Nails, Bushes, Washers and Rivets, unbranded Footwear (exceeding sale value of Rs.200/-), Mosaic Chips, Files and Plastic Photo Frames.

139. Ever since this Government has assumed office, Pre-Budget meeting is convened every year with representatives of the trade and industry. Taking into consideration the requests made during the Pre-Budget meeting on 1.3.2010, the following tax concessions are announced for the benefit of the consumers:-

- The exemption granted to pepper, cumin seed and aniseed with some condition in the previous Budgets is now extended to the powders of these items. Besides,

there will be no levy of purchase tax on the inputs (raw materials).

- Aloe Vera, an agricultural product with medicinal properties is used for manufacturing of juices, cosmetics and laxatives. To encourage small manufacturers of these products, exemption from tax will be granted to dealers of Aloe Vera products whose aggregate annual turnover does not exceed Rs.one crore in a year.
- Considering the demand for sugar, exemption will be granted on imported sugar for a period of one year from tax to contain the open market price.
- To encourage use of non-conventional energy and facilitate pollution-free atmosphere, fuel manufactured out of municipal solid dry waste will be granted exemption from tax.
- To encourage use of bio-degradable goods, exemption from tax will be granted on plates, cups, including thonnai manufactured out of areca palm leaf.
- To benefit poor people, Palmyra rafters used as beams in huts and small houses will be granted exemption from tax.
- To benefit fishermen, exemption from tax will be granted on Ice bars/blocks.
- To benefit weavers and also to promote handloom textiles, exemption will be granted from levy of tax on sale or purchase of Zari excluding polyester film yarn and radiant yarn.

Further, I am glad to announce that the existing rate of 12.5% will be reduced to 4% in respect of the following commodities:-

- (1) Branded coffee powder (other than instant coffee).
- (2) Paint brush
- (3) Branded sweets and savouries
- (4) Knives, scissors and tailoring items such as hand needles, hooks and buttons.
- (5) Branded ready mix food products (in the form of flour, powder or wet dough)

The announcement of tax exemptions and reductions made now, will take effect from 1.4.2010.

140. As announced in the Budget for the year 2008-09, the Tamil Nadu Sales Tax (Settlement of Arrears) Act was enacted. This Act was in force from 1.11.2008 to 31.3.2009 and was extended further from 3.8.2009 to 2.11.2009 based on the requests made by the trading community. Under this scheme, 10,250 applications for settlement of arrears were received and an amount of Rs.85.39 crores was collected. This is the highest collection made under such similar schemes introduced in the past. Now, representations have been received for introduction of a similar scheme to settle the arrears for further period. Considering the introduction of TNVAT Act from 1.1.2007 and also the representations from the associations of trade and industry, a scheme for settlement of arrears under the Tamil Nadu General Sales Tax Act and Central Sales Tax Act will be introduced during this session.

141. 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.

Overall Financial Position

142. Hon'ble Speaker Sir, I am now presenting the fiscal projections for the Budget Estimates for the year 2010-2011. The total revenue receipts of the Government for 2010-2011 are estimated at Rs.63,091.74 crores and the total revenue expenditure is estimated at Rs.66,488.19 crores. Accordingly, revenue deficit is estimated at Rs.3,396.45 crores. Implementation of recommendations of Sixth Pay Commission is the main reason for this deficit.

143. The total capital expenditure of the Government, including loans and advances (net) in 2010-2011 is projected at Rs.12,825.68 crores. The projected fiscal deficit for the coming financial year will be Rs.16,222.13 crores. This would constitute 3.7 per cent of the Gross State Domestic Product. Taking into account the net Public Account, the overall deficit will be Rs.8 crores. This deficit will be made good by economy in expenditure and better tax administration.

144. I wish to inform the Hon'ble Members that this Government has achieved all the targets set by the Union Government regarding revenue deficit and fiscal deficit in the last four years. The fiscal deficit for the year 2010-2011 is permissible as per the recommendations of the Thirteenth Finance