

**TNLA No: 001**

**Date: 25.03.2015**

**Speech of Thiru O.Panneerselvam, Hon'ble Chief Minister, Government of Tamil Nadu, presenting the Budget for the year 2015-2016 to the Legislative Assembly on 25<sup>th</sup> March, 2015.**

**Hon'ble Speaker Sir,**

“அஞ்சாமை ஈகை அறிவூக்கம் இந்நான்கும்

எஞ்சாமை வேந்தர்க்கு(கு) இயல்பு”

(Kural 382)

**“Courage, a liberal hand, wisdom and energy: these four Are qualities a King adorn for evermore”**

True to these unfailing words of the Divine Poet Thiruvalluvar, our benevolent leader **Puratchi Thalaivi J Jayalithaa** is the embodiment of unfailing courage, benevolence, wisdom and zeal which are the essential qualities of a King. She, having endeared herself to the hearts of the people of Tamil Nadu with her impeccable performance, is the beacon of hope and the saviour of the poor. With her blessings, I rise to present the Budget Estimates for 2015-2016 before this august House. I am ever grateful to her for giving me this opportunity of presenting the fifth consecutive Budget of this Government.

2. In the last three and a half years, under the able leadership of our dynamic leader, the State has witnessed many path-breaking achievements on all

fronts. Be it the notification of the Cauvery Tribunal's Final Award in the Central Government Gazette or securing the judgment of the Supreme Court to raise the Mullaiperiyar Dam water level to 142 feet; or the spectacular performance in augmenting the State's power generation capacity to bridge the demand-supply gap in the Power Sector; the stellar and historic role of our sagacious leader **Puratchi Thalaivi Amma** can never be matched by any other person. The release of the Vision 2023 Document by our **Hon'ble Puratchi Thalaivi Amma**, which will place the State as the frontrunner in achieving high economic growth and bring greater prosperity to the people will remain in the annals of this State as a farsighted initiative.

3. This Government has taken several effective measures to boost growth across sectors. Impressive strides have been made in the Social Sector like health and education with an increased flow of funds. There has been unprecedented expansion of welfare programmes ensuring equity in economic prosperity. A multitude of welfare measures have ensured the livelihood security of the poor and the downtrodden. The three pronged strategy of this Government, encompassing promotion of economic growth by facilitating investment in infrastructure and in the Primary and Manufacturing Sectors; strengthening the Social Sector to improve the

quality of life and protection of the poor through effective social security programmes, will continue.

4. Hon'ble Speaker Sir, four years back when our revered leader **Puratchi Thalaivi Amma** assumed charge, the State administration was in total shambles. Our sagacious leader **Puratchi Thalaivi Amma** acted swiftly and put the State back on the growth path and fulfilled her electoral promises. However, since last year, the economic downtrend at the national and global level has hit us badly. The flow of tax revenue is not as expected, consecutively for the past two years. Fall in international crude prices and the consequent changes in the retail prices of petroleum products have significantly dented the tax revenue of the State Government. Our continued thrust on subsidies and increased Social Sector spending to protect the poor are leading to huge financial commitment. Added to this, the Fourteenth Finance Commission's recommendations have also shattered all our hopes of getting more resources from the Central Government. At this difficult juncture, we are entrusted with the formidable challenge of formulating a Budget which would facilitate higher economic growth and ensure continued implementation of the inclusive schemes for the betterment of the poor and the marginalized. We have tried our best to do justice to this responsibility.

## **ECONOMIC DEVELOPMENT**

5. Higher economic growth rate is required to accelerate development and sustain better tax realization, which are essential to fund investments needed to keep up the momentum of growth in the economy. The prolonged period of economic stagnation at the national level and a severe drought, dragged down the growth rate of the Gross State Domestic Product (GSDP) in real terms to 3.39 per cent, during 2012-2013. This downward trend was reversed with a growth rate of 7.29 per cent during 2013-2014, which was higher than the national average growth rate of 4.74 per cent. It is pertinent to mention that the GSDP growth rate estimated for the year 2014-2015 is 7.25 per cent. All these GSDP growth rates are estimated with 2004-2005 as the base year. With the Economic Survey 2014-2015 projecting national growth at 8 to 8.5 per cent in real terms for the year 2015-2016, at 2011-2012 base prices, our GSDP is expected to grow by over 9 per cent during 2015-2016.

#### **Fourteenth Finance Commission**

6. The Fourteenth Finance Commission's recommendations have been accepted by the Government of India. We welcome the large increase in vertical tax devolution to the States from 32 per cent to 42 per cent of the divisible pool. However, it must be noted that there is no increase in the overall gross transfers to States as a proportion of the Centre's gross

revenues, which is expected to continue at 49 per cent, a large decline from 53 per cent in 2011-2012. The Union Budget effectively ensures that the gross transfer to the States has barely reached the 49 per cent level by two sets of measures. Firstly, the Central Government has converted certain taxes like Wealth Tax into cesses and surcharges, which are not part of the shareable pool. Secondly, the Union Budget has drastically reduced support to the various Central schemes implemented through State Governments. Eight Centrally Sponsored Schemes like Modernization of Police Force, Tourism Infrastructure, Panchayat Sashaktikaran Abhiyan, Backward Regions Grant Fund and National Mission on Food Processing have been discontinued. Normal Central Assistance and Special Central Assistance for the State Plan will not be available in future. The revenue impact of these schemes on the State is Rs.1,137 crores per annum as per 2014-2015 allocations. The Commission has also recommended to discontinue the state specific grants like slum improvement, support for traditional water bodies, coastal protection, restoration of heritage buildings and grants for maintenance of roads and bridges under which we were receiving Rs.4,669 crores over the previous Finance Commission period. Further, in respect of 24 Centrally Sponsored Schemes like National Agricultural Development Programme, National Mission on Sustainable Agriculture, National Rural Drinking Water Programme, National Health Mission and

National Urban Livelihood Mission, the allocations have been slashed by Rs.21,116 crores in the Union Budget 2015-2016, compared to 2014-2015 allocations. As the Government of India is proposing to change the sharing pattern of these schemes, the States will have to bear this additional cost.

7. Tamil Nadu has been unfairly treated by the Fourteenth Finance Commission with a drastic cut in the horizontal share from 4.969 per cent to 4.023 per cent of the general shareable tax pool and from 5.047 per cent to 4.104 per cent of the service tax pool. The criteria adopted by the Commission are neither fair nor progressive as efficiency and fiscal discipline have been totally ignored to the detriment of well administered States like Tamil Nadu which are known for their prudent fiscal management. Further the increased weight accorded for area, per capita income distance and the inclusion of an irrelevant criterion like forest area have all gone against the interests of Tamil Nadu. A State like Tamil Nadu, which had invested heavily with resources mobilized by taxing its people and also with huge borrowed funds to accelerate economic growth, has been badly let down by the Finance Commission. The notion that a State with better economic growth should rely on its own resources alone, is not based on any sound principle as the power of taxation is skewed in favour of the Central Government. The bulk of the tax revenue

due to better economic growth achieved mainly on account of the State Government's efforts, is through Income Tax, Customs Duty, Corporation Tax, Union Excise Duty and Service Tax all of which accrue to the Government of India, leaving only the Sales Tax to the States. As a result, a State like Tamil Nadu will face a resource crunch and will be at the perpetual mercy of the Central Government for its resources even for normal administration. The principle of co-operative federalism touted by the Government of India expects States without equal resource capacity to be equal partners with the Centre. Thus, the time has come for the Central Government to leave all indirect taxation to the States and retain only direct taxation, so that the States which lead in economic development are not dragged down for want of resources.

### **ANNUAL PLAN**

8. As against the plan outlay of Rs.2.11 lakh crores for the 12<sup>th</sup> Five Year Plan (2012-2017) for Tamil Nadu, achievement up to 2014-2015 is Rs.1,16,933 crores. Based on the Government of India's decision to channelise the Central share for 66 Centrally Sponsored Schemes through the State Budget from 2014-2015 onwards, the State Plan was substantially enhanced for the current year to Rs.50,660 crores, as against the initial allocation of Rs.42,185 crores. During

2015-2016, the State Plan outlay will be further increased to Rs.55,100 crores.

9. **The State Balanced Growth Fund (SBGF) is a unique programme initiated by this Government to address regional imbalances in terms of income, employment, poverty, health, education and gender issues. Every year, a sum of Rs.100 crores is being provided to implement the scheme to address specific gaps in critical parameters.** So far, the State Planning Commission has approved 322 projects worth Rs.181.53 crores under SBGF programme for 105 blocks in 24 districts. **This programme will be continued in 2015-2016 with an allocation of Rs.100 crores.** The focus will be on backward districts like Ariyalur, Perambalur, Dharmapuri and Krishnagiri with special projects under this scheme. In the Union Budget 2015-2016, the Government of India has discontinued the Hill Area Development Programme (HADP) and Western Ghats Development Programme (WGDP). **In order to provide special attention to hill areas, including areas prone to left wing extremism, a Special Area Development Programme will be launched with an outlay of Rs.75 crores by this Government.**

## **POVERTY REDUCTION**



10. Poverty is a multi-dimensional issue and needs to be tackled in a comprehensive manner. An innovative and inclusive strategy is being adopted under the Pudhu Vaazhvu Project launched in the year 2005 with World Bank assistance. Presently, this scheme is being implemented in 120 blocks in 26 districts covering 4,174 village panchayats. Against the total outlay of Rs.1,667 crores, so far Rs.1,436 crores has been spent, thereby benefiting 9.63 lakh households including 1.64 lakh differently-abled persons. Under this scheme, 3.27 lakh youth were provided with job-oriented skill training this year. A sum of Rs.369 crores was released to the Panchayat Level Federations (PLFs) as livelihood support up to 2014-2015. **A sum of Rs.255.04 crores is allocated for this scheme in the Budget Estimates 2015-2016.**

11. A similar strategy is being adopted under the Tamil Nadu State Rural Livelihood Mission which was launched during 2012-2013, encompassing the National Rural Livelihood Mission (NRLM) and the National Rural Livelihood Project (NRLP), to cover the remaining blocks in a phased manner. This scheme is intended to cover 60 blocks in the first phase, 110 blocks in the second phase and 95 blocks in the third phase. Considering the need to tackle rural poverty in an expeditious manner, this Government has initiated measures to complete the identification of eligible families in all the blocks in the

State by 2015-2016 and to intensify the implementation of the skill and livelihood components in the blocks covered in the first phase. **A sum of Rs.250.36 crores is allocated for this scheme in the Budget Estimates 2015-2016.**

12. Tackling urban poverty is more challenging than rural poverty due to complex issues like growth of slum areas. This Government launched a very comprehensive Tamil Nadu Urban Livelihood Mission (TNULM) in 2012-2013 to deal with urban poverty. Meanwhile, the Government of India has also launched National Urban Livelihood Mission (NULM) replacing its earlier programme, the Swarna Jayanthi Shahari Rozgar Yojana, in 2014-2015. As the coverage of this scheme is not being extended to Town Panchayats and Municipalities with a population of less than one lakh, **this Government has decided to implement TNULM to complement and supplement the resources made available under NULM to deal with poverty more effectively in the entire State. A sum of Rs.250 crores is provided under NULM and Rs.107 crores is provided under TNULM in the Budget Estimates 2015-2016.** In addition, the funds required to provide affordable housing, health and education to the poor in the urban areas will flow from the respective sectoral programmes.

## **GOVERNANCE**

13. This Government has taken several landmark steps to improve governance and service delivery. The establishment of Common Service Centres across the State has improved the delivery of numerous public services through increased ease of access, wider coverage, higher transparency and better efficiency. The initiatives taken for end-to-end computerization in mission mode departments of Civil Supplies, Police, Treasury, Commercial Taxes, Stamps and Registration, are progressing well. A path-breaking initiative of this Government, 'AMMA Thittam', (**A**ssured **M**aximum services to **M**arginal people in **A**ll Villages) has taken the Government machinery directly to the people. Under this scheme, all the villages in the State have been covered and 43.90 lakh petitions have been disposed of by sanctioning appropriate benefits under various welfare schemes. Under the National Population Registry (NPR) project, the highest bio-metric coverage amongst all the States in the country has been achieved in Tamil Nadu for Aadhaar linkage. The State is poised to use the NPR data to build the State Resident Data Hub (SRDH), a dynamic database and link it with the database of eligible beneficiaries in different departments under various welfare schemes for correct targeting and plugging leakages. Even before the Government of India launched its Direct Benefit Transfer Programme, this Government launched the initiative to disburse cash benefits through bank accounts of the beneficiaries under

social security pension, scholarship and marriage assistance schemes.

14. Our Government is keen to foster innovation as stated in the Vision 2023 Document. As a first step in this regard, the Tamil Nadu Innovation Initiatives (TANII) has been taken up by the State Planning Commission with an annual allocation of Rs.150 crores. The first tranche of 32 projects with an outlay of Rs.84.85 crores have been approved. **This Government also proposes to establish a Data Analytics Unit as a collaboration between Department of Economics and Statistics and the Tamil Nadu e-Governance Agency to analyse, in real time, the large volume of data available with the Government to enable improved policy making for better service delivery. Tamil Nadu will be the first State to establish such a unit.**

#### **LAW AND ORDER**

15. The Tamil Nadu Police has a stellar record in the maintenance of public order and communal harmony in the State. It is ever vigilant against the challenges posed by anti-national and divisive forces. This Government has extended massive support to our Police Force by providing adequate funds, modern equipment and advanced training. **The allocation for the Police Department, which was only Rs.3,184.47 crores in 2010-2011, has been progressively increased and**

**an unprecedented allocation of Rs.5,568.81 crores is made in the Budget Estimates 2015-2016.**

16. This Government has accorded the highest priority for building the infrastructure of the Police Department. Sanctions to the extent of Rs.2,216.99 crores have been given for the construction of buildings for the Police Department in the last four years. **In the Budget Estimates 2015-2016, an amount of Rs.538.49 crores has been provided for taking up building works.**

#### **FIRE AND RESCUE SERVICES**

17. To modernise the Fire and Rescue Services Department, this Government has sanctioned 16 new Fire and Rescue Services Stations, 66 new fire tenders and 3 new sky lifts at a cost of Rs.73.23 crores in the last four years. As a result, the Department could save 541 lives from being lost and property worth Rs.1,613.49 crores from damage. The remarkable transformation of this department into a modern, brave and quick response force was demonstrated during the building collapse tragedy at Moulivakkam. **A sum of Rs.198.96 crores has been allocated to this department in the Budget Estimates 2015-2016.**

#### **PRISONS**

18. This Government is geared towards making prisons centres of reformation and rehabilitation of prisoners. Various vocational units have been set up in the prisons at a cost of Rs.10.78 crores so that prisoners are trained in various jobs which they can pursue for their livelihood after release. Also, the prison infrastructure in the State has been vastly improved to avoid congestion and provide humane living conditions. **In the Budget Estimates 2015-2016, an amount of Rs.227.03 crores has been allocated for the Prison Department.**

#### **ADMINISTRATION OF JUSTICE**

19. Justice delivery system in the State has received an unprecedented fillip in the last four years. Judicial infrastructure in the form of new court buildings and residential quarters has been sanctioned to the extent of Rs.375 crores. In order to reduce the pendency of cases, this Government has sanctioned the constitution of 169 new courts at a cost of Rs.134 crores. This Government has also allowed the continuance of the e-Court project through State funds. The State will continue to support the modernisation of the Judiciary. **A total sum of Rs.809.70 crores is allocated for Administration of Justice in the Budget Estimates 2015-2016.**

#### **ROAD SAFETY**

20. This Government has accorded the highest priority to preventing road accidents and accident related deaths. During 2014-2015, road safety works worth Rs.245.30 crores under the Comprehensive Road Infrastructure Development Programme and another Rs.200 crores under the Road Safety component have been taken up. These works will correct the black spots and make critical engineering changes in highly accident prone areas. **In the coming financial year, another Rs.165 crores is allocated towards the Road Safety component.**

### **TAMIL DEVELOPMENT**

21. Our Government has allocated Rs.135.93 crores for the development of Tamil language in the last four years. The Tamil Virtual Academy is doing yeoman service to the Tamil community living worldwide by providing standardized learning materials, digital library and academic courses. It has undertaken a massive project for digitization and online uploading of the Tamil Etymological Dictionary containing 13,327 pages. 170 valuable books published during the 17<sup>th</sup>, 18<sup>th</sup> and 19<sup>th</sup> centuries have been digitized and published by the International Institute of Tamil Studies. In the coming financial year, Rs.46.77 crores is allocated for the development of Tamil language.

### **REVENUE ADMINISTRATION**

22. Revenue administration in the State has seen rejuvenation under this Government. Speedy delivery of services and better access to the public have been ensured. After assuming charge as Chief Minister by **Hon'ble Amma** in May 2011, new taluks and revenue divisions were created besides taking up the construction of new buildings for the Revenue Department at a cost of Rs.338.73 crores. Under the Fast Track Patta Transfer Scheme, this Government has undertaken a massive exercise of disposing of long pending patta transfer applications and thereby 46.68 lakh patta transfers have been made so far. This Government has fixed a target of giving three lakh house site pattas to the poor for the year 2014-2015 and this target has been achieved. During 2015-2016, another 3.5 lakh house site pattas will be distributed. Under the Chief Minister's Uzhavar Pathukaappu Thittam (CMUPT), Rs.2,829.19 crores of financial assistance has been provided to 33.65 lakh beneficiaries from 10-9-2011 till date. **A sum of Rs.662.36 crores is provided in this Budget Estimates for the CMUPT programme. A total allocation of Rs.6,126.03 crores is provided for Revenue administration in the Budget Estimates.**

## **AGRICULTURE**

23. The Government is pursuing a comprehensive strategy to achieve its vision of a Second Green Revolution in the State. It has opted for crop-specific



strategies, strengthening extension services and infrastructure development to increase the cropped area and improve farm productivity and farmers' income. During the current year, schemes amounting to Rs.298.95 crores under the National Agricultural Development Programme (NADP), Rs.90 crores under the National Mission for Sustainable Agriculture (NMSA) have been taken up for implementation. The massive investment made by this Government in the Agriculture Sector is mostly funded by the State Government, supplemented by Central schemes. **The allocation for agriculture, which was Rs.2,072.43 crores in 2010-2011 has been stepped up substantially and in the coming financial year, an unprecedented allocation of Rs.6,613.68 crores is provided for the Agriculture Sector.**

24. The promotion of micro-irrigation and increased water use efficiency has been a priority for this Government. Though the Government of India provides only 25 to 50 per cent subsidy, the State Government is providing 100 per cent subsidy to small and marginal farmers and 75 per cent subsidy to other farmers for taking up micro-irrigation works. This has given the much needed impetus and in the last four years, an extent of 3.06 lakh acres has been brought under micro-irrigation with an outlay of Rs.605.25 crores. **This Government will vigorously promote efficient use**

**of water by bringing an additional area of 1.2 lakh acres under micro-irrigation with an outlay of Rs.200 crores in the coming financial year.**

25. Acknowledging the potential of horticulture as a source of higher income for farmers, the area under horticultural crops in the State has been increased from 23.25 lakh acres in 2010-2011 to 25.95 lakh acres in 2014-2015. **This area will be further expanded to 27.18 lakh acres in 2015-2016** using funds available under the Mission for Integrated Development of Horticulture (MIDH) and other schemes. **These high technology initiatives will be implemented during 2015-2016 with an estimated total outlay of Rs.111.97 crores.**

26. Supply of agricultural inputs like high quality seeds and fertilizers in a timely manner at reasonable cost is vital to improve productivity. To ensure the smooth supply of quality seeds to farmers, the **Tamil Nadu Seed Development Agency (TANSEDA), a specialized seed development agency, is being set up with an initial financial support of Rs.25 crores.** Tamil Nadu Horticulture Development Agency (TANHODA) will continue to provide quality seeds and other inputs for horticultural crops. This Government is providing interest free loan to Tamil Nadu Co-operative Marketing Federation (TANFED) for the purchase and

distribution of fertilizers. During 2014-2015, Co-operatives distributed 4.69 lakh metric tonnes of fertilizers worth Rs.576.60 crores. **A sum of Rs.150 crores is being provided to TANFED in this Budget to ensure the timely availability of fertilizers to the farmers.**

27. Our Government is happy to inform that the target of Rs.5,000 crores for this year as crop loan will certainly be achieved by the Co-operatives and so far Rs.4,955 crores has been disbursed benefiting 9.72 lakh farmers. **In the coming financial year, the Co-operative Sector will aim at disbursing an unprecedented amount of Rs.5,500 crores as crop loans. Further, these loans will be interest free for those who repay in time and for this interest subvention, an amount of Rs.200 crores is provided in this Budget Estimates.**

28. In the last four years, Rs.227.16 crores has been spent for promoting farm machinery. **To take up agricultural mechanization in a significant way, this Government has allocated Rs.100 crores in the Budget Estimates 2015-2016.**

29. In order to reduce post-harvest losses, construction of 88 modern storage godowns with capacity ranging from 2,000 MT to 10,000 MT and 70 cold storage units each with a capacity of 25 MT have been taken up

in the last four years at a cost of Rs.149.86 crores. **Steps will be taken for establishing integrated production cum cold chain infrastructure facilities for banana in Tirunelveli and Tiruchirappalli, mango in Krishnagiri and Theni, tomato in Dharmapuri and Krishnagiri, onion in Dindigul and Tiruchirappalli, chillies in Ramanathapuram and Thoothukudi.**

30. The Government is committed to ensuring that the farmers get a fair and remunerative price for their produce. In the case of paddy, the State Government is providing an incentive of Rs.50 per quintal for the common variety and Rs.70 per quintal for the fine variety over and above the Minimum Support Price (MSP) fixed by the Central Government, thereby providing a final price of Rs.1,410 per quintal for the common variety and Rs.1,470 per quintal for the fine variety of paddy. **A sum of Rs.200 crores is allocated in this Budget as the State Government's production incentive for paddy.** This Government will continue to adopt an appropriate price support policy to protect the farmers' interest.

### **ANIMAL HUSBANDRY**

31. This Government accords utmost importance to the development of the Animal Husbandry Sector. The flagship schemes of distribution of Milch Cows and of Goats and Sheep without any cost have benefited the

rural poor in a big way. In 2015-2016 also, these schemes will be implemented with an allocation of Rs.241.90 crores to distribute 12,000 milch cows and six lakh goats or sheep to poor families without any cost. This Government's efforts to promote poultry in non-traditional areas and backyard poultry, particularly in tribal areas, will continue and an allocation of Rs.25 crores is made for the year 2015-2016.

32. Veterinary infrastructure has received a huge flow of funds from this Government. The building of infrastructure works worth Rs.282.49 crores has been taken up with NABARD assistance in the last four years. Since **Hon'ble Amma** took charge of administration in May 2011, 785 sub-centres have been upgraded into veterinary dispensaries and 100 new sub-centres have been created besides, the creation of 20 new veterinary dispensaries. **In the coming financial year, 25 sub-centres will be upgraded as veterinary dispensaries in needy places.**

33. Enhancing productivity in the Animal Husbandry Sector hinges on the availability of quality fodder. To enhance fodder cultivation, various fodder development programmes were taken up since 2011 with an annual allocation of Rs.25 crores. 185 fodder depots have also been established at a total cost of Rs.18.50 crores to manage fodder shortage during drought. Under

the Drought Mitigation Scheme, 32,360 acres of farmers' land were brought under fodder cultivation at a total cost of Rs.39.65 crores. **In the Budget Estimates 2015-2016, Rs.25 crores is allocated for fodder development.**

34. This Government has assisted Aavin to the extent of Rs.409.94 crores in the last four years to improve its infrastructure. It has been ensured that assistance from Central Schemes like NADP and National Mission on Food Processing (NMFP) as well as NABARD loans are channelized to Aavin and its constituent Co-operatives. The average procurement of milk by primary dairy co-operatives has gone up to 30 lakh litres per day enabling better income to farmers. **A sum of Rs.100.68 crores is allocated for the Dairy Sector in this Budget Estimates.**

## **FISHERIES**

35. This Government's initiatives such as providing relief assistance of Rs.4,000 per family during the lean fishing season and a relief amount of Rs.2,000 during the fishing ban period have alleviated the hardship faced by our fisher-folk. During 2014-2015, the relief assistance under the National Savings cum Relief Scheme for fishermen and fisherwomen has been enhanced from Rs.1,800 to Rs.2,700. The Government has sanctioned a

total sum of Rs.180.54 crores towards relief assistance during the fishing ban period and lean season in the current year. **An allocation of Rs.183 crores is provided for these purposes in the Budget Estimates 2015-2016.**

36. Over the past four years, this Government has taken up development of fishing infrastructure on a massive scale, at a cost of Rs.819.01 crores. Projects in this regard include construction of fishing harbours at Colachel, Thengaipattinam and Poompuhar and strengthening of existing facilities at Chennai, Cuddalore, Pazhayar, Nagapattinam, Thoothukudi and Chinnamuttom, besides developing 30 new fish landing centres. **It is pertinent to note here that even in cases where the promised Central assistance were not forthcoming, the State Government has provided its own funds to ensure smooth progress of the projects. The Fisheries Sector is provided with Rs.728.68 crores in the Budget Estimates 2015-2016.**

### **PUBLIC DISTRIBUTION SYSTEM**

37. With a view to ensuring food security for all, this Government is providing free rice to all rice cardholders since June 2011. This Government is also supplying sugar, wheat and kerosene at a subsidised cost. In addition, tur dal, urad dal and palm oil at

subsidised prices are provided under the Special Public Distribution System (PDS). The high market prices of pulses have led to huge expenditure for supporting the Special PDS. **Notwithstanding this difficulty, the State will continue to implement the universal PDS and an allocation of Rs.5,300 crores has been made as food subsidy for the coming financial year.**

38. Tamil Nadu has taken several innovative measures to tackle price rise. The Price Stabilization Fund was created with the purpose of making targeted market interventions and now its corpus has been increased from Rs.50 crores to Rs.100 crores for effective implementation. As mentioned earlier, the Special PDS ensures the availability of much needed pulses and edible oil at highly reduced rates, causing a subsidy burden of Rs.1,230 crores per annum. In addition, the Co-operatives have started farm fresh retail outlets to sell vegetables at cost prices and AMMA medical stores to sell medicine at low prices. The TNCSC is in the process of vastly expanding its network of Amudham stores with an initial investment of Rs.20 crores to make groceries available at reasonable prices. AMMA Unavagam, AMMA Drinking Water, AMMA Cement and AMMA Salt are some of the other noteworthy initiatives of this Government to control prices.

## **WATER RESOURCES and IRRIGATION**



39. The relentless struggles this Government has waged and the spectacular successes it has achieved in the Cauvery and Mullaiperiyar river water disputes are now legendary. Not resting on its laurels, this Government has been vigorously pursuing to establish the State's rights. **This Government has been continuously taking action to ensure that the rights of Tamil Nadu farmers are safeguarded with regard to Cauvery waters. This Government has already filed an Interlocutory Application in the Supreme Court to stop Karnataka's illegal move of building a reservoir across river Cauvery at Mokedatu. This Government will take all efforts including legal measures to thwart any attempt made by the Government of Karnataka to construct a reservoir across Cauvery near Mokedatu. This Government will also take steps to ensure the formation of the Cauvery Management Board and Cauvery Water Regulation Committee as reiterated by our revered leader Puratchi Thalaivi Amma.** Further, implementation of important river linkage projects is also being taken up. Implementation of Tamirabarani-Karumeniar-Nambiyar river linkage project, being taken up in four stages, at a cost of Rs.369 crores is in progress. Construction of the Kattalai Barrage has been completed at a cost of Rs.254.45 crores as a part of the Cauvery-Gundar river linkage project. **A sum of**

**Rs.253.50 crores is provided in this Budget for river linkage projects.**

40. The Dam Rehabilitation and Improvement Project (DRIP) with World Bank Assistance is being implemented to rehabilitate 113 dams, at a cost of Rs.745.49 crores. In the Budget Estimates 2015-2016, an amount of Rs.450.13 crores has been allocated for this purpose. The World Bank assisted Irrigated Agriculture Modernisation and Water-Bodies Restoration and Management (IAMWARM) project, which was commenced in 2007, is getting completed in June 2015. Under this scheme, so far Rs.2,544.15 crores has been spent. In continuation of its successful implementation, the State Government will propose to the Government of India, seeking World Bank assistance of Rs.2,950 crores for Phase II of the project. Works relating to another externally aided project, **the Climate Change Adaptation Programme in Cauvery Delta at an outlay of Rs.1,560 crores with the assistance of Asian Development Bank (ADB) will commence during 2015-2016. Under this project, it is proposed to take up works in the Vennar sub-basin and an amount of Rs.200 crores has been provided in the Budget Estimates 2015-2016.**

41. Rehabilitation of tanks, anicuts and supply channels, formation of new tanks, construction of new

anicut, bridges, gradewalls, check dams etc., are being taken up with NABARD loan assistance. Under the various tranches of NABARD loan assistance, 117 schemes have been taken up at an estimated cost of Rs.995.81 crores. Out of this, 69 schemes at a project cost of Rs.491.60 crores have been completed. In the Budget Estimates 2015-2016, Rs.334.57 crores has been allocated for this purpose. **The overall allocation to the Irrigation Sector has been increased from Rs.1,954.97 crores in 2010-2011 to Rs.3,727.37 crores in the Budget Estimates 2015-2016.**

## **ENVIRONMENT AND FORESTS**

42. The Government is implementing several projects like the JICA assisted Tamil Nadu Biodiversity Conservation and Greening Project; Water Conservation and Canopy improvement project with NABARD loan; Massive Tree Plantation Programme and Tree Cultivation in Private Lands to increase green cover and ensure community participation in afforestation. During 2014-2015, the Tamil Nadu Biodiversity Conservation and Greening Project has been implemented with an outlay of Rs.115.91 crores. **This scheme will be continued during 2015-2016 with an allocation of Rs.122.68 crores.** A sum of Rs.96.50 crores of NABARD loan assistance has been utilized for Water Conservation and Canopy Improvement Project. **In addition, 195 lakh saplings have been planted at a cost of**

**Rs.122.17 crores since February 2012** under the Massive Tree Plantation Programme. **This year, the Government has accorded sanction to take up planting of another 67 lakh saplings with an outlay of Rs.53.72 crores.** The Government has also utilized Rs.142.48 crores of 13<sup>th</sup> Finance Commission grants for forest development. Special attention has been paid to reduce instances of man-animal conflict and towards this end, 54.50 km of solar powered fences and 168.19 km of elephant proof trenches have been created at an outlay of Rs.51.65 crores.

43. This Government has taken up the restoration of many eco-sensitive areas in the State like Pallikaranai marshland, Adyar estuary and the Gulf of Mannar Biosphere. **During 2015-2016, eco-restoration activities will be taken up in Madhavaram, Ambattur and Korattur lakes in Chennai.** This, along with other environment protection activities, will be funded through an allocation of Rs.50 crores. **In the coming financial year, an overall allocation of Rs.754.19 crores is provided for the Environment and Forest Department.**

## **ENERGY**

44. When this Government assumed charge under the able leadership of **Hon'ble Amma** in May 2011, the power situation in Tamil Nadu was in a dismal

state due to the huge demand-supply mismatch. This Government has been straining every nerve to resolve the power crisis. The power consumption demand was then 235 million units and the demand-supply gap was 33 per cent. This power shortage situation inherited by our Government has been systematically overcome by expediting the commissioning of thermal power projects such as the Mettur Thermal Power Station Stage-III, North Chennai Thermal Power Station Stage-II and all three units of TNEB-NTPC Joint Venture Thermal Power Station at Vallur and procurement of power through medium and long term purchase agreements. This has resulted in the augmentation of power supply by 4,991 MW. At present, the demand-supply gap has almost been bridged, even though the power consumption demand has increased substantially. **We are happy to inform this august House that the State also met an all time peak demand of 13,775 MW on 24.06.2014.**

45. With commendable foresight, this Government has been taking concerted efforts to meet future power demand by expediting the execution of power projects such as the Ennore Thermal Power Station Expansion (1 x 660 MW) and Ennore SEZ Thermal Power Project (2 x 660 MW). In addition, preparatory works are under progress in the Ennore Replacement Thermal Power Project (1 x 660 MW) and

North Chennai Power Project Stage-III (1 x 800 MW). Further, land acquisition is being carried out for the Uppur Thermal Power Project.

46. Transmission and distribution infrastructure is being augmented by taking into account the new power projects and changes in load profile. Further, in order to evacuate the huge quantum of renewable energy, the Tamil Nadu Transmission Corporation (TANTRANSCO) has taken up the establishment of a vast network of high capacity transmission lines in the State at a cost of Rs.6,000 crores. Funding of Rs.1,593 crores for creating a portion of this transmission network infrastructure, with 40 per cent grant from the National Clean Energy Fund and 40 per cent loan assistance from the KfW German Fund, is expected in the coming year. Twenty per cent of the cost will be provided by TANTRANSCO as equity.

47. An innovative Solar Energy Policy was announced in 2012 by **Hon'ble Amma** with the objective of adding 3000 MW of solar power capacity. After the assumption of charge by this Government under her leadership, 115 MW of solar power capacity has been added so far. On the basis of an attractive tariff of Rs.7.01 per unit, applications for the erection of Solar Power Plants of 5,366 MW capacity have been received and so far thirteen developers have signed Power Purchase Agreements for 156 MW. In pursuance of our

vision to make use of solar energy as a people's movement, this Government has taken up several measures. **These initiatives have resulted in Tamil Nadu reaching the top position in the commissioning of renewable energy capacity including solar energy in the country.** I am happy to inform this august House that the Government of India has provided an incentive of Rs.1,015.13 crores for our achievements in New and Renewable Energy Sector under the 13<sup>th</sup> Finance Commission grants.

48. Under the Financial Restructuring Plan (FRP), this Government had agreed to take over Rs.6,353 crores of TANGEDCO debt bonds floated in the year 2013-2014. This Government has already taken over Rs.1,000 crores of TANGEDCO bonds and also repaid the same during the current financial year. Another Rs.2,000 crores of TANGEDCO's debt bonds will be taken over by the Government during the year 2015-2016.

49. **In spite of the heavy financial commitment and ever increasing power subsidy burden on the State, this Government has taken the people friendly measure of absorbing the recent power tariff hike for bi-monthly domestic consumption up to 500 units. Altogether, this Government has extended Rs.11,748 crores of support to the TANGEDCO in the form of subsidy,**

**share capital, cash loss financing, debt servicing and debt takeover during 2014-2015.** The budgetary allocation of power subsidy for 2015-2016 has been enhanced to Rs.7,136 crores. A sum of Rs.2,000 crores is provided in this Budget Estimates as share capital support to TANGEDCO. **A total financial support of Rs.13,586 crores is provided for the Power Sector in the Budget Estimates 2015-2016.**

### **HIGHWAYS**

50. During the last four years, under the Comprehensive Road Infrastructure Development Programme (CRIDP), this Government has taken up widening of 2,922 km of Single Lane Major District Roads to Intermediate Lane at a cost of Rs.1,481 crores and 810 km of Intermediate Lane State Highways to Double Lane at a cost of Rs.447.34 crores. During 2015-2016, widening of 1,000 km of roads and improvements of 4,000 km of roads will be taken up to facilitate unhindered movement of freight and passengers. **An allocation of Rs.2,800 crores is made for CRIDP in this Budget Estimates. An overall allocation of Rs.8,228.24 crores is made in the Budget Estimates for the Highways Department.**

51. Chennai Metropolitan Area is emerging as a financial hub of the country, bustling with traffic of goods and passengers. This Government has taken up road



improvement works in the newly extended corporation areas of Chennai City with an outlay of Rs.250 crores during 2014-2015. **With a view to strengthen rural roads, 7,964 km of bus plying rural local body roads have been identified for upgradation to Other District Road standards and improvements of these roads will be taken up in a phased manner.**

52. The World Bank funded Tamil Nadu Road Sector Project II will take up the upgradation of high traffic road corridors in the State with an ambitious outlay of Rs.5,171 crores. **In the first phase, works for the upgradation of 427 km of roads to two lane with paved shoulders at an estimated cost of Rs.2,414 crores will be taken up during 2015-2016.** Upgradation of another 145 km to four lane standards will be taken up in due course under Public-Private-Partnership mode. **In the Budget Estimates 2015-2016, a sum of Rs.1,261.95 crores has been provided for these works.**

## **TRANSPORT**

53. An efficient public transport system is necessary to provide adequate and affordable transport facility to the public. **The State Transport Undertakings (STUs) have increased their scheduled services from 19,167 in June 2011 to 20,684 in November 2014.** With the addition of 7,561

new buses at a cost of Rs.1,421.16 crores in the last four years, the average age of STU buses has decreased to 5.67 years and many of their performance and safety parameters have improved. Fuel efficiency improved from 5.25 kmpl in 2010-2011 to 5.30 kmpl as of January, 2015 and the number of accidents per one lakh km is now at 0.18, which is the lowest since 2000-2001.

54. The frequent and steep fuel price hikes in 2012-2013 and 2013-2014, the increasing wage bill and the decision of this Government not to pass on this burden to the public has left the STUs in dire financial straits. **The STUs are losing Rs.4.05 for every km operated even at the present diesel price of Rs.51.65 per litre. The State Government has stepped in with a liberal financial support by sufficiently compensating the STUs for the diesel price hike by sanctioning Rs.200 crores during 2012-2013; Rs.500 crores during 2013-2014 and Rs.600 crores during 2014-2015. Further, in order to meet the increase in working capital needs of the STUs, the Government has sanctioned Rs.350 crores during 2013-2014 and Rs.353 crores during 2014-2015 as share capital assistance. For the year 2015-2016, Rs.500 crores has been provided for diesel subsidy and Rs.480 crores as subsidy for free bus passes to students.**

## **INDUSTRIES**

55. The State Government is taking various initiatives to establish Tamil Nadu as the most preferred investment destination in the country. The Tamil Nadu Industrial Policy, 2014 and industry-specific policies like Tamil Nadu Bio-Technology Policy and Tamil Nadu Automobile and Auto Components Policy, 2014, have many progressive and attractive features which would not only place the manufacturing sector in Tamil Nadu on an accelerated growth path but also catapult the State into the league of the highly industrialised regions of the World. During the last four years, the State Government has signed 33 MoUs with an aggregate investment of Rs.31,706 crores. Apart from these, the enterprising efforts of this Government have resulted in attracting additional investments of Rs.9,379 crores in 42 projects through single window facilitation. It is also heartening to note that investments to the extent of Rs.17,134 crores for seven more projects have been finalized and MoUs will be signed soon. Hon'ble Members are aware that this Government is organising the Global Investors Meet (GIM) on 23<sup>rd</sup> and 24<sup>th</sup> May, 2015 in Chennai. This event is a focused endeavour of the Government to realize the State's vision of inclusive growth, high employment, balanced regional growth and environmentally sustainable development through significant industrialisation.

56. As a measure to improve the ease of doing business, **an Industry Investment Portal as a single window mechanism for facilitating investors to obtain all requisite licenses and permissions from various departments will be launched during 2015-2016. The Government business processes for commencing new ventures will be re-engineered to bring in simplification, transparency and to track applications for monitoring their disposal within the stipulated timeframe.**

57. With the intention of promoting balanced industrial development in the State, the Tamil Nadu Infrastructure Development Board (TNIDB) has approved the formation of the Madurai-Thoothukudi Industrial Corridor. A special package of assistance has been announced for the Southern Districts. The TNIDB is also spearheading the establishment of the Tamil Nadu Infrastructure Fund Management Company Limited (TNIFMCL), which would be formed in partnership with banks, insurance companies and reputed private financial institutions. It would attract private pooled investments and will lend for public projects, Public-Private Partnership projects and private sector infrastructure projects in the State including the projects promoted under the Special Corridor Development Programme.

### **MICRO, SMALL AND MEDIUM ENTERPRISES**

58. The Micro, Small and Medium Enterprises (MSME) sector plays an important role in the economy of Tamil Nadu by providing employment to 63.18 lakh persons. The Government is extending up to thirty lakh rupees as 25 per cent capital subsidy and an interest subvention benefit of three per cent to Micro, Small and Medium Enterprises. This Government is also supporting the promotion of private industrial clusters to develop their infrastructure. Similar to large industries, **a common investment portal will be created during 2015-2016 for MSME investors to serve as single window clearance mechanism to improve the ease of doing business. A sum of Rs.80 crores as capital subsidy, Rs.42 crores as generator subsidy, Rs.12 crores as interest subvention and Rs.60 crores as infrastructure support for new industrial estates are provided for the year 2015-2016.**

59. The New Entrepreneur cum Enterprises Development Scheme (NEEDS) to assist educated youth to become first generation entrepreneurs has received overwhelming response from educated youth, particularly from women. An amount of Rs.77.17 crores of subsidy has been sanctioned towards new ventures so far. During 2015-2016, an amount of Rs.100 crores will be provided for continuing this scheme. A sum of Rs.15 crores is also provided as subsidy under the Unemployed

Youth Employment Generation Programme (UYEGP) in the Budget Estimates 2015-2016.

60. With a view to facilitating the growth of entrepreneurship in the State, it is proposed to establish an Entrepreneurial and Business Acceleration Centre (EBAC) in PPP mode by the Entrepreneurship Development Institute in partnership with agencies like Confederation of Indian Industries (CII). An initial financial support of Rs.3 crores is made for this purpose in the Budget Estimates. This centre will provide mentorship, training and other support services for the development of entrepreneurial ventures. **A sum of Rs.365.91 crores is allocated for the MSME Sector in the Budget Estimates 2015-2016.**

### **SKILL DEVELOPMENT**

61. The Tamil Nadu Vision 2023 Document envisages the imparting of employable skills to two crores youth. In line with this, this Government has taken various initiatives to enhance the skilled workforce in the State, benefiting both industry and youth. Under this initiative, 1.24 lakh youth were trained during 2014-2015. **These initiatives will continue in the coming year and two lakh youth will be imparted skill training.** Considering its importance, **the allocation to TNSDC for the Skill Development**

**Mission is enhanced from Rs.100 crores to Rs.150 crores in the Budget Estimates 2015-2016.**

### **INFORMATION TECHNOLOGY**

62. This Government is committed to providing robust information technology (IT) infrastructure across the State to support the growth of software and hardware industries. **Due to several proactive policy initiatives of this Government, software exports from Tamil Nadu have shown phenomenal growth from Rs.42,210 crores in 2010-2011 to Rs.82,445 crores in 2013-2014.** Tamil Nadu is one of the few States in the country to have integrated IT infrastructure which include the Tamil Nadu State Wide Area Network, State Data Centre, Disaster Data Recovery Centre and Cloud Computing Infrastructure. **An allocation of Rs.82.94 crores is provided in this Budget Estimates for the Information Technology department.**

### **HANDLOOMS AND TEXTILES**

63. Next to Agriculture, the Handlooms and Textiles Sector provides the largest number of employment opportunities in the State. This Government has been implementing the scheme of distribution of sarees and dhoties at free of cost on the occasion of Pongal festival. This scheme provides continuous employment to handloom weavers and power loom

weavers, besides fulfilling the clothing needs of the poor. **This scheme will be continued in 2015-2016 also with a budgetary allocation of Rs.499.16 crores. In addition, the Rebate Subsidy Scheme for the promotion of sale of handloom cloth will also be continued and a sum of Rs.78.45 crores has been included in the Budget Estimates 2015-2016 for this purpose.**

64. One of the noteworthy initiatives of this Government is the revival of the Spinning Mill at Achankulam near Paramakudi at a cost of Rs.28.02 crores. This unit benefiting Adi-Dravidar workers exclusively has been reopened for a trial run on 4.3.2015. Further, five functional co-operative spinning mills are being modernised at a cost of Rs.147.21 crores. Once the works are completed, these mills will function more efficiently and compete with private spinning mills.

65. This Government is incentivising our skilled artisans through many awards. In order to ensure that their products reach a wider global audience, online marketing has been initiated by the Tamil Nadu Handicrafts Development Corporation and Co-optex. A sum of Rs.17 crores is provided as rebate subsidy to Khadi and Village Industries Board and Sarvodaya Sangams in the Budget Estimates 2015-2016.

## **DEVOLUTION OF FUNDS TO LOCAL BODIES**



66. The State Government is devolving 10 per cent of its own tax revenue to the local bodies as per the recommendations of the Fourth State Finance Commission. The funds devolved have been steadily increasing over the years. During the current year, Rs.4,921.77 crores for rural local bodies and Rs.3,564.04 crores for urban local bodies is being devolved. **This has been increased to Rs.5,422.07 crores and Rs.3,926.32 crores for rural and urban local bodies respectively in the Budget Estimates 2015-2016.** Further, the Fourteenth Union Finance Commission has recommended a substantial increase in the Central grants to local bodies. Local bodies in the State will get grants amounting to Rs.1,737.69 crores in the year 2015-2016 and a total amount of Rs.17,009.74 crores in the next five year period.

## **RURAL DEVELOPMENT**

67. This Government has adopted habitation as the unit of planning and development, which is an innovation by itself. Since May 2011, this Government has taken up works relating to water supply, street lights, burial grounds and rural roads under the Tamil Nadu Village Habitations Improvement (THAI) Scheme. So far, the scheme has been implemented in 71,126 habitations pertaining to 9,511 Village Panchayats at a cost of Rs. 2,930 crores. **During 2015-2016, this scheme will be continued to cover another 8,268**

**habitations covering 3,013 Village Panchayats with an allocation of Rs.750 crores. It will be an outstanding achievement that, by the end of 2015-2016, all 79,394 habitations covering all 12,524 Village Panchayats would have been covered under this scheme with all essential amenities.**

68. The Chief Minister's Solar Powered Green House Scheme (CMSPGHS) is another widely acclaimed scheme taken up by this Government. It addresses the housing needs of the rural poor by construction of 60,000 houses with green energy lighting every year. So far, works to the extent of Rs.4,680 crores have been sanctioned. **An allocation of Rs.1,260 crores has been provided in the Budget Estimates 2015-2016 for taking up another 60,000 houses.** Apart from this, 53,429 houses have been taken up under the Indira Awaas Yojana (IAY) during 2014-2015, for which Rs.364.38 crores has been provided as the State's share and for additional roofing cost. For 2015-2016 also, an amount of Rs.656.10 crores has been provided for taking up houses under the Indira Awaas Yojana.

69. Our Government continues to accord top priority to the improvement of Village Panchayat and Panchayat Union roads. In the last four years, this Government has spent Rs.6,982 crores for the

improvement of these roads. **During 2015-2016, 6,000 km of rural local body roads will be improved at a cost of Rs.1,400 crores, by dovetailing funds from various schemes.**

70. During 2014-2015, under the Member of Legislative Assembly Constituency Development Scheme (MLACDS), 12,017 works were taken up. **A sum of Rs.470 crores is allocated under MLACDS for the year 2015-2016 also.**

71. **In 2014-2015 also, Tamil Nadu continues to hold the first position in the implementation of MGNREGS by generating 25.15 crores person-days till now, which is the highest in the country. Works amounting to Rs.5,155.46 crores have been taken up in the current year.** A sum of Rs.5,248 crores is provided in the Budget Estimates 2015-2016 for this scheme.

72. We hope that the Union Government will provide substantial assistance under the much talked about Swachh Bharat Mission (Gramin). **This Government has already launched the Clean Village Campaign** and apportioned from the devolution grant an annual allocation of Rs.150 crores for taking up solid waste management works in the rural areas. **A comprehensive model clean village scheme will be launched in 2,000 village panchayats on a pilot**

**basis during 2015-2016 for establishment of solid waste management with source segregation and recycling waste and composting as key components.** During **2015-2016, it is proposed to take up 15 lakh household toilets** under the Swachh Bharat Mission (Gramin) and the National Rural Employment Guarantee Scheme. **In the coming financial year, Rs.200 crores is being set apart again for rural solid waste management and Rs.200 crores is being provided for the Swachh Bharat Mission (Gramin) in rural areas.**

## **MUNICIPAL ADMINISTRATION**

73. Creation of urban infrastructure commensurating with the needs of rapidly expanding urban areas has become a formidable challenge. To meet this challenge, Rs.5,000 crores has been allocated for the Chennai Mega City Development Mission and the Integrated Urban Development Mission in the last four years. 1,084 water supply projects at a cost of Rs.1,434.70 crores, 74 Underground Sewerage Systems (UGSS) projects at a cost of Rs.862.80 crores and 3,304 km of roads at a cost of Rs.1,929.16 crores have been taken up under these schemes. **This Government has now allocated another Rs.500 crores and Rs.750 crores for the Chennai Mega City**

**Development Mission and the Integrated Urban Development Mission respectively for the year 2015-2016. In addition, Rs.420.05 crores has been allocated for the Tamil Nadu Urban Road Infrastructure Fund for the year 2015-2016.**

74. To further improve infrastructure in Town Panchayats, improvement of 272 roads in 234 Town Panchayats and 29 bridges in 26 Town Panchayats have been taken up with loan assistance from NABARD during 2014-2015 and Rs.140.32 crores have been allocated for this purpose in the Budget Estimates 2015-2016.

75. This Government accords special priority to establishing Underground Sewerage Systems (UGSS) in all urban areas. Sanction has been given for UGSS projects in one Corporation, 21 Municipalities and 28 Town Panchayats at a cost of Rs.3,110.98 crores. Action has been initiated for implementation of UGSS in one Corporation, 20 Municipalities and 11 Town Panchayats at a cost of Rs.2,041.61 crores and septage management in 17 Town Panchayats at a cost of Rs.197.34 crores.

76. **This Government, in anticipation of the Government of India's approval for inclusion of 12 Municipal Corporations of Tamil Nadu under the Smart Cities Scheme, has provided Rs.400 crores in the Budget Estimates 2015-2016.** Further, for the Government of India's proposed National Urban

Development Mission (NUDM) **for provision of urban infrastructure in all cities with more than one lakh population, an allocation of Rs.500 crores has been made in the Budget for 2015-2016.** We record our appreciation for the inclusion of Kancheepuram and Velankanni under the Heritage City Development and Augmentation Yojana (HRIDAY). **An allocation of Rs.46 crores is provided in the Budget Estimates 2015-2016 for successful implementation of Heritage City Management Plans.**

77. Encouraged by the successful implementation of the World Bank funded Tamil Nadu Urban Development Project-III, **sanction has been accorded for the implementation of the Tamil Nadu Sustainable Urban Development Project (TNSUDP) at a total cost of Rs.2,212.89 crores including a massive storm water drain project for a part of Chennai City at a cost of Rs.1,101.43 crores.** A sum of Rs.152 crores has been allocated in the Budget Estimates 2015-2016 for this project.

78. In 2012-2013, a special fund with an annual allocation of Rs.100 crores was constituted for undertaking solid waste management projects in financially weak Urban Local Bodies. **So far, 93 projects at a cost of Rs.143.46 crores have been taken up and are in progress. An amount of Rs.133.33**

**crores has been allocated in the Budget Estimates 2015-2016 for such works.**

79. With a view to realising the vision of becoming an open defecation free State, works worth Rs.137.52 crores have been taken up in urban local bodies in the last three years. We hope that the Swachh Bharat Mission of the Government of India will supplement the efforts of this Government towards achieving open defecation free status. An allocation of Rs.150 crores is provided in the Budget Estimates 2015-2016 for implementation of the Swachh Bharat Mission in urban areas.

**WATER SUPPLY**

80. Ensuring adequate potable drinking water to the people is one of the focus areas of this Government. **Hence, a total allocation of Rs.1,803.30 crores has been made in the Budget Estimates 2015-2016 towards this end. At present, 1,604 projects worth Rs.7,428.27 crores are in progress.** In anticipation of Government of India grant, a total of Rs. 343 crores has been allocated in the coming year for National Rural Drinking Water Scheme (NRDWS) including the State share. **The Minimum Needs Programme (MNP) is a fully State funded scheme and Rs.186.35 crores has been allocated for it in the Budget Estimates 2015-2016.**

81. Encouraged by the success of desalination plants in Chennai, **establishment of two more desalination plants of 60 MLD each, which is a visionary project conceptualised by our beloved leader Puratchi Thalaivi Amma, will be taken up during 2015-2016 at Kuthiraivaimozhi in Ramanathapuram District and Alanthalai in Thoothukudi District at a total cost of Rs.1,947 crores.** This will benefit 10.25 lakh people and the industries in those areas. In order to meet the growing requirement of potable drinking water for the Chennai Metropolitan Area, steps are being taken for establishing a desalination plant of 150 MLD at Nemmeli at a cost of Rs.1,371.86 crores during 2015-2016.

### **URBAN HOUSING**

82. To achieve the objective of 'Housing for All' in urban areas in Tamil Nadu, we would require a huge investment. The State Government, with the resources available from various sources, has continued its efforts to ensure a house for every family. **In the last four years, the Tamil Nadu Housing Board has constructed 10,059 units at a cost of Rs.565.92 crores, including 2,293 houses for the low income group. Further, the Tamil Nadu Slum Clearance Board has completed the construction of 45,473 slum tenements at a cost of Rs.2,050.72 crores.**



83. We hope that the newly launched Sardar Patel Urban Housing Mission will extend substantial support to the State Government's efforts. In the coming financial year, under this scheme, Rs.289.16 crores has been provided in the Budget Estimates 2015-2016.

### **CHENNAI METRO RAIL PROJECT**

84. The Phase-I of the Chennai Metro Rail Project will be commissioned in stages from this year onwards. So far, the State Government has released a sum of Rs.3,105.82 crores, both as loan and share capital, thereby fulfilling all its obligations as on date. **In the Budget Estimates 2015-2016, a sum of Rs.615.78 crores has been allocated for the project to ensure its timely completion.** We hope that the Government of India will also release the already overdue amount of Rs.1,498.74 crores of loan and share capital to this project at the earliest.

### **HEALTH AND FAMILY WELFARE**

85. **The Government has substantially increased budgetary allocation for the Health and Family Welfare Department from Rs.4,395.31 crores in 2010-2011 to Rs.8,245.41 crores in the Budget Estimates 2015-2016. This is 4.52 per cent of the overall allocation of the State Government.** These allocations, coupled with committed implementation of many pioneering initiatives, have

resulted in marked improvement in health parameters. The Infant Mortality Rate (IMR) which was 24 in 2010 has fallen to 21 in 2013. Tamil Nadu is the second lowest among the major States in India in this indicator. Based on these achievements, the State has received Rs.489.41 crores as incentive for reduction in Infant Mortality Rate in the last three years from the Government of India.

86. Launching of the Chief Minister's Comprehensive Health Insurance Scheme has benefited a large number of poor families. So far, 10.05 lakh patients have availed of treatment under this scheme worth Rs.2,110.64 crores. Government hospitals have earned an amount of Rs.764.20 crores under this scheme and utilized it for improving their infrastructure. **In the Budget Estimates 2015-2016 also, an amount of Rs.781 crores is provided as premium for this scheme. An allocation of Rs.668.32 crores has been made for the Dr. Muthulakshmi Reddy Maternity Benefit Scheme in the Budget Estimates 2015-2016, which has been a blessing to poor pregnant women. Similarly, an amount of Rs.50 crores has been allocated for Amma Babycare Kit Scheme and an amount of Rs.60.58 crores has been allocated for the Menstrual Hygiene Programme in this Budget.**

87. Tamil Nadu Health Systems Project (TNHSP) which is being implemented with World Bank assistance, has improved the quality of maternal and child health services. Under the Non-Communicable Diseases (NCD) component of this project, 36.75 lakh persons were given treatment for hypertension, diabetes, cervical cancer and breast cancer. The project has received an extension up to 15-9-2015 and an allocation of Rs.23.52 crores has been made in the Budget Estimates 2015-2016.

88. The implementation of the National Health Mission by this Government, strengthening primary and secondary healthcare facilities and maternity and child healthcare services has won many accolades. In the last four years, 172 new Primary Health Centres were established besides upgrading 122 Primary Health Centres at a total cost of Rs.265.56 crores. In addition to focusing on primary health care, Tamil Nadu has always been committed in providing state of the art secondary and tertiary care in the Government sector. Since this Government took over, to augment the facilities in Medical Colleges and the hospitals attached to Medical Colleges, Rs.734.42 crores for infrastructure and Rs.360.51 crores for equipments have been sanctioned in addition to sanction of 3,290 additional posts to ensure smooth delivery of services. Similarly, to augment the facilities in the District Headquarters hospitals and other secondary care hospitals, Rs.113.51 crores has been

sanctioned to provide additional infrastructure and Rs.74.40 crores for equipment. **During 2015-2016, the National Health Mission will be continued with an outlay of Rs.1,342.67 crores.**

89. Twenty new Urban Health Centres (UHCs) in Chennai City and 37 new UHCs in other Corporations and Municipalities are being established, in addition to strengthening the existing 100 UHCs in Chennai and 243 UHCs in the remaining Corporations and Municipalities at a total cost of Rs.107.95 crores. This is expected to strengthen health infrastructure in the urban areas.

90. Human resources development of medical institutions is essential for their effective functioning. During the last three years, the Government has recruited 5,544 doctors and 1,374 paramedical personnel. Further, 610 MBBS seats have been added in the Government Medical Colleges.

91. This Government has effectively controlled the spread of swine flu, dengue and other epidemics. As a permanent measure, this Government will strengthen the disease surveillance system to control epidemics with fully equipped diagnostic facilities in all the Districts. This will facilitate early diagnosis of patients with communicable diseases like swine flu and help authorities to control such diseases.

## **SCHOOL EDUCATION**

92. This Government has taken effective steps to ensure universal access to quality education by opening 182 new Primary Schools, upgrading 107 Primary Schools to Middle Schools, 810 Middle Schools to High Schools and 401 High Schools to Higher Secondary Schools in the last four years. In pursuance of the Right to Education Act, 2009, which provides for admission of 25 per cent reservation in all private schools 1,36,593 children belonging to the weaker sections and disadvantaged groups have been admitted in the past two years. Through innovative programmes like providing transport facilities and escort services to students from remote and tribal habitations and special enrolment of children of migrant labourers, 46,737 out of school children were brought into the regular stream of education.

93. This Government has taken several measures to improve the quality of education. Towards this purpose, additional posts of teachers were sanctioned reducing the Teacher-Pupil Ratio which was 1:29 and 1:35 at the primary and upper primary level in 2010-2011 to 1:25 and 1:22 respectively in the year 2014-2015. Under the special cash incentive scheme to reduce dropouts amongst students studying in classes X, XI and XII in Government and Government aided schools, 88.59 lakh students have benefited since 2011-2012 at a cost of Rs.1,429.09 crores. In the

Budget Estimates Rs.381 crores has been allocated for this scheme.

94. Schools with inadequate toilet facilities were identified in 2013-2014 and special focus was given to address this problem by this Government. In the last two years, 11,698 toilets have been constructed separately for boys and girls at a total cost of Rs.73.52 crores. In addition, 10,776 dysfunctional toilets in the schools have been repaired at a cost of Rs.41.67 crores. All these efforts by our Government have ensured 100 per cent coverage of toilet facilities separately for girls and boys in all the Government schools. **This Government has provided vital infrastructure facilities like additional classrooms, science laboratories, drinking water facilities, compound walls and toilets in schools at a cost of Rs.2,688.97 crores in the past four years. In the coming financial year also, strengthening of school infrastructure will continue at a cost of Rs.450.96 crores by dovetailing funds from various sources.**

95. **With continued and single minded focus on the welfare of students, a total amount of Rs.1,037.85 crores is provided for the supply of textbooks, notebooks, four sets of uniform, school bags, footwear, geometry box, atlas, crayons, colour pencils and woolen sweaters for the year**

**2015-2016. Further, Rs.219.50 crores is also provided for the supply of bicycles to 6.62 lakh students.**

96. As a result of the initiatives taken by this Government, **the Gross Enrolment Rate (GER) in the secondary level which was at 90.28 per cent in the year 2011-2012 has notably increased to 91.61 per cent in 2013-2014. The GER in the higher secondary level has also reached 75.87 per cent in 2013-2014 which is significantly higher than the national average of 52.21 per cent.** The share of the Scheduled Caste students among the total enrolment at the secondary level has increased from 21.83 per cent to 24.07 per cent and from 1.01 per cent to 1.03 per cent in respect of Scheduled Tribe students during 2014-2015 in comparison to 2010-2011.

97. The innovative schemes introduced by this Government have helped to place Tamil Nadu as a leading State in School Education. **In the Budget Estimates 2015-2016, a total amount of Rs.20,936.50 crores has been set apart for School Education.** Allocation of Rs.2,090.09 crores under Sarva Shiksha Abhiyan (SSA) and Rs.816.19 crores under Rashtriya Madyamik Shiksha Abhiyan (RMSA) are also provided. We are sure that these initiatives will

undoubtedly take Tamil Nadu to the premier position in School Education in the country.

## **HIGHER EDUCATION**

98. As a consequence of this Government's efforts to establish new Government Engineering Colleges and Government Arts and Science Colleges, the number of seats have increased from 6,13,164 in 2011-2012 to 7,28,413 in 2014-2015. Similarly, the intake capacity in polytechnic education has gone up from 1,72,807 to 2,15,652 during the same period. Under the scheme to reimburse tuition fees to first generation graduation students, 2,82,948 students benefited in 2014-2015. **For the year 2015-2016, an amount of Rs.569.25 crores has been provided for reimbursing tuition fees to first generation students pursuing graduation. Due to the concerted efforts of this Government, the enrolment of students in higher education, which was 6,51,807 in 2010-2011, has increased to 7,66,393 in 2014-2015.**

99. **A substantial sum of Rs.153.55 crores has been provided as financial support to Annamalai University during 2014-2015. A sum of Rs.110.57 crores is provided for the year 2015-2016 as financial support to this University.** Similarly, Rs.868.40 crores have been set apart for sanctioning grants to various universities in the State



during 2015-2016. **A sum of Rs.3,696.82 crores has been allocated for the Higher Education Department in the Budget Estimates 2015-2016.**

We are confident that all these efforts taken by this Government for higher education will enable the State to march towards excellence.

## **SPORTS AND YOUTH WELFARE**

100. To harness and nurture the talents of our youth and to enable them to achieve higher level of performance in sports, this Government has been striving to establish world class facilities in the form of stadia, play grounds, sports hostels, equipment and qualified coaches. Several initiatives have been taken by this Government to promote sports like conducting the Chief Minister's Trophy at a cost of Rs.8.09 crores; establishing new sports facilities of world class standards at Nungambakkam Tennis Stadium at a cost of Rs.4.5 crores and construction of District level Multipurpose Indoor Stadium at an estimate of Rs.1.5 crores each in 14 Districts. Amounts of Rs.4.80 crores and Rs.2.70 crores were sanctioned as cash incentives to the medal winners in the 17<sup>th</sup> Asian Games held at Incheon, South Korea and 20<sup>th</sup> Commonwealth Games held at Glasgow, United Kingdom respectively. **In the Budget Estimates**

**2015-2016, an amount of Rs.149.70 crores has been allocated for the Sports and Youth Welfare Department.**

## **TOURISM**

101. Effective and tourist-friendly programmes implemented by this Government have created a better environment which has enhanced the growth of both domestic and foreign tourist arrivals in the State. In 2013, Tamil Nadu stood first in domestic tourist arrivals for the first time and second in foreign tourist arrivals in India. In recent times, Tamil Nadu has become one of the leading destinations for medical tourism and wellness tourism. We have also started focusing on Clean and Green Destination Campaign to make tourists feel comfortable.

102. The first phase of the ambitious Integrated Development of Tourist Infrastructure Project has been taken up with the financial support of the Asian Development Bank with an amount of Rs.135 crores. During 2015-2016, an amount of Rs.52.90 crores has been allocated for these works. Overall, Rs.183.14 crores have been provided for the Tourism Sector in the Budget Estimates 2015-2016.

## **HINDU RELIGIOUS AND CHARITABLE ENDOWMENTS**

103. The laudable Annadhanam scheme is being implemented in 518 temples. This scheme will be extended to another 206 temples very soon. This Government has provided Rs.90 crores for renovating 250 ancient temples for renovation under the 13<sup>th</sup> Finance Commission grant. Continuing Government support to village temples, an amount of Rs.10.06 crores was given to 1006 village temples and 1006 temples in Adi-Dravidar and Tribal areas for renovation during 2014-2015. Besides this, 12,504 temples are benefited under Orukala Pooja Scheme. Using the Common Good Fund of temples and Temple Car Renovation Fund, 606 temples and 123 temple cars have been renovated. These initiatives will continue in the coming year also.

### **SOCIAL WELFARE**

104. This Government has always endeavoured and succeeded in uplifting the vulnerable sections of Society such as women, children, thirdgender, senior citizens and the destitute. Under the various Marriage Assistance Schemes, in the last four years, 5,65,800 poor girls have benefited at a cost of Rs.2,403.08 crores. In the Budget Estimates 2015-2016, Rs.703.16 crores have been allocated, out of which Rs.204 crores has been apportioned for gold coins for making Thirumangalayam.

105. The Girl Child Protection Scheme has been implemented at a cost of Rs.422.67 crores benefiting

2,20,072 girl children so far. **In the Budget Estimates 2015-2016, Rs.140.12 crores have been allocated for this scheme.** Similarly, Rs.84.52 crores have been allocated for the benefit of 4.03 lakh adolescent girls through the Kishori Shakthi Yojana and the Scheme for Empowerment of Adolescent Girls (SABLA).

106. Integrated Child Development Services (ICDS) Scheme is catering to the health and nutritional needs of 35.36 lakh women and children. **An outlay of Rs.1,575.36 crores is provided for this scheme during 2015-2016.** Nutritious Variety Meals are provided to 54.63 lakh school children under the Puratchi Thalaivar M.G.R. Nutritious Meal Programme. **A sum of Rs.1,470.53 crores is provided for the Nutritious Meal Programme in the Budget Estimates 2015-2016.**

107. **Anganwadi Centres and Noon Meal Centres across the State have been constructed, modernized, electrified and repaired at a cost of Rs.821.33 crores in the last four years. Electric mixies, kitchen devices and other utensils have also been provided to these centres at a cost of Rs.24.17 crores. We are happy to note that our Government has ensured that, in the last four years, all Noon Meal Centres and 41,830 anganwadis, have been provided with gas**

**connections. During 2015-2016, the remaining 12,609 Anganwadi Centres will be provided with gas connections to achieve 100 per cent coverage.**

### **SPECIAL PROGRAMME IMPLEMENTATION**

108. To empower and make our women active participants in the economic development, 95 lakh sets of electric fans, mixies and grinders were distributed during the first three years of this Government. **During 2014-2015 and 2015-2016, sanction has been accorded for distribution of 45 lakh packages each year. Rs.2,000 crores have been allocated for this scheme in the Budget Estimates 2015-2016.**

109. To facilitate and equip our students with the latest computer skills and make them competitive, **this Government has been implementing the scheme of distribution of laptop computers free of cost to the students studying in Government and Government Aided Schools and Colleges in the State. So far, 21.65 lakh students have benefited under this scheme. For this flagship scheme, this Government has allocated Rs.1,100 crores in the Budget Estimates for 2015-2016.**

### **ADI-DRAVIDAR AND TRIBAL WELFARE**

110. The Government is committed to uplifting and empowering the Scheduled Castes and Scheduled

Tribes. The allocations for the Scheduled Caste Sub-Plan (SCSP) and Tribal Sub-Plan (TSP) are maintained as per stipulation. **A sum of Rs.11,274.16 crores has been provided for SCSP which is 20.46 per cent of the plan allocation for the year 2015-2016. Similarly, Rs.657.75 crores have been provided for the TSP which is 1.19 per cent of the plan allocation.**

111. The scheme to give incentive to girl children, to reduce dropouts up to 8<sup>th</sup> standard, will continue with an allocation of Rs.55.11 crores for 2015-2016. **During 2014-2015, this Government has provided Rs.669.64 crores under post-matric scholarship, even though the Government of India did not fully reimburse its committed share of Rs.982.31 crores. To sustain these efforts, an amount of Rs.56.37 crores and Rs.674.98 crores has been provided for pre-matric and post-matric scholarships respectively in the Budget Estimates 2015-2016.**

112. **At present, there are 1,304 hostels for Adi-Dravidar students with 97,539 students and 42 Tribal hostels with 2,782 students. For 2015-2016, Rs.102.79 crores have been allocated for food charges.** Construction of new hostels and upgradation of infrastructure facilities in the Adi-Dravidar and Tribal Welfare Schools have been taken up by this Government

with the loan assistance from NABARD. **In 2014-2015, projects worth Rs.52.47 crores have been sanctioned. An amount of Rs.162.91 crores has been provided for improving the infrastructure facilities in these schools and hostel maintenance in the Budget Estimates 2015-2016.**

113. During 2014-2015, this Government has provided Rs.20 crores as share capital to the Tamil Nadu Adi-Dravidar Housing and Development Corporation (TAHDCO). **For the coming financial year, an amount of Rs.20 crores has been provided as share capital support to TAHDCO. Further, a sum of Rs.130 crores has been allocated under Special Central Assistance (SCA) to fund economic development activities among schedule castes.**

114. The Comprehensive Tribal Development Programme for providing basic amenities to tribal habitations and for funding income generating activities **will be continued in 2015-2016 also with an allocation of Rs.50 crores. A special emphasis will be laid on upgradation of hostel facilities including those of Government Tribal Residential (GTR) schools by earmarking Rs.10 crores out of this fund.**

#### **WELFARE OF BACKWARD CLASSES, MOST BACKWARD CLASSES AND DENOTIFIED COMMUNITIES**

115. In the past four years, sanctions have been accorded for opening of 77 hostels for students belonging to Backward Classes, Most Backward Classes, Denotified Communities and Minorities. **At present, there are 1,305 hostels functioning to benefit 81,164 boarders. During the year 2014-2015, 10.36 lakh students have benefited under the scholarship scheme. During the past four years, sanction has been accorded to construct own buildings for 218 hostels at a cost of Rs.216.38 crores and the works are in progress. For the year 2015-2016, Rs.250.49 crores has been allocated for various scholarship schemes and a sum of Rs.82.69 crores is provided for hostel maintenance and food charges. A sum of Rs.101.59 crores is also provided for Kallar reclamation schools.**

#### **WELFARE OF MINORITIES**

116. Students of different religious minorities are benefiting from the effective implementation of various scholarship schemes. **A sum of Rs.106.51 crores has been provided for these schemes in the Budget Estimates 2015-2016. In the Budget Estimates 2015-2016, Rs.115.80 crores has been provided for the welfare of minorities.**

#### **WELFARE OF DIFFERENTLY ABLED**



117. This Government is implementing several comprehensive welfare schemes to benefit differently-abled persons. The maintenance allowances for severely disabled persons, mentally challenged persons and persons affected with muscular dystrophy has been enhanced to Rs.1,500 per month by this Government. This Government is providing barrier free structures in public buildings, educational scholarships, readers allowance and scribe assistance for their empowerment and integration. **An Integrated Sports Complex for the physically challenged is being constructed in the Jawaharlal Nehru Stadium, Chennai at an estimated cost of Rs.12 crores. To further continue the welfare measures for the differently-abled, an amount of Rs.364.62 crores has been allocated in the Budget Estimates 2015-2016.**

#### **LABOUR WELFARE**

118. This Government continues to focus on providing additional benefits to construction workers such as construction of dormitories to accommodate about 7,000 construction workers in nine locations across the State and setting up of 50 mobile health clinics and 50 anganwadi centres for the children of the construction workers at construction sites at a total cost of Rs.124.71 crores. This Government has also accorded sanction for undertaking migrant workers mapping study in the entire State and the same is under progress.

119. Members of the Unorganised Workers Welfare Boards are being provided social security benefits. **An amount of Rs.70 crores has been provided as grants to Unorganised Workers Welfare Boards in the Budget Estimates 2015-2016. Overall, Rs.139.26 crores have been allocated to the Labour Welfare Department.**

### **WELFARE OF SRI LANKAN TAMIL REFUGEES**

120. This Government is continuing to extend its full support to enable the Sri Lankan Tamils in various refugee camps to lead a life of dignity and honour by extending all welfare schemes in addition to the substantial enhancement of cash assistance given to them. Further, this Government has extended the coverage of the Chief Minister's Comprehensive Health Insurance scheme to the Sri Lankan Tamil refugees living outside the camps. **An amount of Rs.108.46 crores has been allocated for the welfare of Sri Lankan Tamil refugees in the Budget Estimates 2015-2016.**

### **WELFARE OF GOVERNMENT EMPLOYEES AND PENSIONERS**

121. **Under the New Health Insurance Scheme for Government employees, since 2012, 1,26,462 employees have availed treatment to the extent of Rs.504.81 crores.** There are seven lakh pensioners and family pensioners. This Government has started

implementing the Special Health Insurance Scheme for Pensioners on the lines of the Government Employees Health Insurance Scheme. **So far, 29,978 pensioners have availed of treatment to the extent of Rs.87.23 crores. In the Budget Estimates 2015-2016, a sum of Rs.18,668 crores has been provided for pensionary and other retirement benefits.**

## **PART B**

### **RESOURCES FOR FINANCING THE BUDGET**

122. We shall now turn to the resources that have been identified to finance the projected expenditure in the Budget Estimates 2015-2016.

123. The State Own Tax Revenue (SOTR) constitutes the bulk of the Revenue Receipts. Commercial Taxes, State Excise Duty, Stamps and Registration charges and Tax on Motor Vehicles are the major constituents of SOTR. The growth in the SOTR remains a serious challenge to the State consecutively for the second year. The sluggish economic environment in the country, particularly in the Manufacturing Sector, has affected the growth in collection of Commercial Taxes significantly. Commercial Tax revenue has been further dented to an extent of Rs.1,000 crores during 2014-2015 due to the fall in international crude prices and the consequent fall in the retail prices of petroleum products.

At the present price level of petroleum products, a reduction in the Sales Tax revenue to an extent of Rs.2,141 crores per annum is expected during the year 2015-2016. Despite such huge tax erosion, this Government has preferred not to make any upward revision in VAT on petroleum products unlike other States, where the VAT rates have been increased. Tax realization in other categories is also not picking up. Therefore, overall growth of the SOTR is expected to fall below the projected level during 2014-2015. Accordingly, the target for SOTR collection has been revised downward to Rs.85,772.71 crores in the Revised Estimates 2014-2015. The scope for increasing non-tax revenue in the State is also very limited and projections have been made accordingly.

124. The other two major sources of Revenue Receipts are devolution of Central Taxes and Grants-in-aid by the Government of India. Major changes in the pattern of tax devolution have been brought in by the Government of India, based on the recommendations of the Fourteenth Finance Commission that have been explained earlier. Though the States' share in vertical sharing between the Centre and the States has been increased from 32 to 42 per cent, there is no additional flow of resources to the States on account of these changes, as the amount already available to the States in the form of Grants-in-aid is now diverted as tax

devolution. Tamil Nadu has been further hit very badly because of the drastic reduction in the horizontal sharing percentage as explained earlier. As a result of these changes, even after the shifting of substantial Grants-in-aid to tax devolution, devolution and grants-in-aid together will be reduced to Rs.37,526 crores during 2015-2016, as compared to Rs.39,057 crores received during 2014-2015. If we take into account the projected tax buoyancy of the Central Government, the State will lose heavily in real terms when this new devolution pattern is adopted. **It is roughly estimated that Tamil Nadu will lose about Rs.35,485 crores in the next five years due to these changes and the State Government will be burdened with a heavy responsibility of providing additional share in the Centrally Sponsored Schemes from its own resources without getting adequate increased resource flow from the Central Government.** We therefore appeal to the Government of India that States like Tamil Nadu which have lost heavily in the present backwardness based devolution formula should be compensated to some extent from out of the allocation of Rs.20,000 crores earmarked for the NITI Aayog.

125. Taking into account all these facts, we feel that increasingly the State has to rely more on its own strength, which is evident from the fact that share of State own resources in the revenue receipts, which is

71.06 per cent during 2014-2015 has gone up to 73.70 per cent in our Budget projections for 2015-2016. **Notwithstanding this increased financial burden and the slow growth in the SOTR, under the guidance of Hon'ble Puratchi Thalaivi Amma this Government has decided not to impose any new tax.** Further, the Government would like to provide certain critical concessions to boost the Manufacturing Sector. Accordingly, we propose to make the following tax changes:-

- a) Electricity Tax on generating plants using Biomass (excluding bagassee) will be withdrawn to give a boost to green energy producers.
- b) Input Tax Credit reversal imposed at the rate of 3 per cent on the inter-state sale of goods as per proviso to section 19(2) (v) of Tamil Nadu Value Added Tax Act 2006, which was introduced with effect from 11.11.2013 will be withdrawn henceforth to make the manufacturing industries in Tamil Nadu more competitive with their counterparts in the neighbouring States.
- c) Clause (c) under Section 19(5) of TNVAT Act, 2006 will henceforth be withdrawn to enable the dealers to claim Input Tax Credit on the inter-State sale of goods without 'C' form.

This measure will eliminate additional burden on the dealers effecting inter-State sale of goods without 'C' form.

- d) Fishing accessories like fishing ropes, fishing floats, fishnet twine, fishing lamps and fishing swivels will be exempted from the present levy of VAT.
- e) Mosquito nets of all kinds will be exempted from the present levy of VAT at 5%.
- f) Works contract relating to sizing of yarn will be exempted from the present levy of VAT.
- g) VAT on cardamom will be reduced from the present levy of 5% to 2%.
- h) VAT on LED lamps of all kinds will be reduced from the present levy of 14.5% to 5% to encourage the use of energy saving devices.
- i) VAT on air compressors, pump sets up to 10 hp and their parts thereof will be reduced from the present levy of 14.5% to 5% to encourage MSME Sector and to benefit the agriculturists in the State.
- j) VAT on cellular telephones (mobile phones) will be reduced from the present levy of 14.5% to 5%.

The above tax concessions will result in loss to the

exchequer to the extent of Rs.650 crores per annum.

126. After taking into account the above announcements, now we turn to the projection of revenue receipts for the year 2015-2016. Commercial Taxes collection is projected at Rs.72,068.40 crores for the year 2015-2016. Similarly, Stamp Duty and Registration Charges are projected at Rs.10,385.29 crores; State Excise is projected at Rs.7,296.66 crores and Tax on Motor Vehicles is projected at Rs.4,882.53 crores. State's Own Tax Revenue is therefore projected at Rs.96,083.14 crores with a moderate growth of 12.02 per cent over 2014-2015, considering the continued economic slowdown. The share in Central Taxes devolution is projected at Rs.21,149.89 crores while the Grants-in-aid from the Central Government is projected at Rs.16,376.79 crores. Thus, the Revenue Receipts for the year 2015-2016 is projected at Rs.1,42,681.33 crores. This Government is not increasing any taxes to mobilize more resources but will rely more on improving the administration and tightening the collection system to realize the above revenue projections.

### **FISCAL INDICATORS**

127. Against the **projected Revenue Receipts of Rs.1,42,681.33 crores, Revenue Expenditure is estimated at Rs.1,47,297.35 crores. Thus the**



**Revenue Deficit for the year 2015-2016 is estimated at Rs.4,616.02 crores.** Due to the pressure of increased allocations for the subsidies and to the Social Sectors against the slow tax growth, this Revenue Deficit is inevitable. **The capital expenditure for the year 2015-2016 is projected at Rs.27,213.17 crores.** **The Fiscal Deficit is estimated at Rs.31,829.19 crores.** **It is proposed to raise the net borrowings to Rs.30,446.68 crores against the permissible limit of Rs.32,990 crores** and the overall outstanding debt will be Rs.2,11,483 crores by the end of March 2016. Based on the above estimations, **the Fiscal Deficit will remain at 2.89 per cent of Gross State Domestic Product (GSDP) as against the norm of 3 per cent and the Debt-GSDP ratio will be 19.23 per cent which is much below the norm of 25 per cent.** Therefore, in spite of serious resource constraints, this Government has taken the utmost care to follow the most fiscally prudent norm of containing the Fiscal Deficit and outstanding debt within the permissible limits.

128. The Medium Term Fiscal Plan is given as an annexure to the Budget Speech. I request that this may be taken as read, as part of the Budget Speech.

129. *‘உறைப்பு அருங் காலத்தும் ஊற்று நீர்க் கேணி  
இறைத்து உணினும், ஊர் ஆற்றும்’ என்பர்; கொடைக்கடனும்  
சா அயக் கண்ணும், பெரியோர்போல் மற்றையார்*

*ஆ அயக் கண்ணும், அரிது*

The well of spring water serves the town that draws and drinks, even in time when rains are scanty; so great men even in difficult times dispense due gifts that others give not even in their best estate. These are the words of wisdom of Naladiyar. Our compassionate leader who has been the soul and spirit of this Government has laid down this solid principle for this Government. Though State finances are under stress, Hon'ble Speaker Sir, let me proudly inform this august House that our Government will continue to give more thrust to the implementation of welfare schemes for the benefit of the poor and downtrodden, as this Government draws its inspiration from a great person like our revered leader **Puratchi Thalaivi Amma**. I am also proud to inform this august House that each and every word and the underlying spirit behind this Budget statement are founded on the profound guidance provided by our **Hon'ble Puratchi Thalaivi Amma**, who has sacrificed her entire life for the welfare of the people and for the development of the State without any expectation. We will toil and march in the direction shown by her and the day will not be far away to see our leader **Puratchi Thalaivi Amma** again in this august House as our beloved Chief Minister to lead us and the State with greater force and dedication to the pinnacle of fame.

130. I thank the Principal Secretary, Finance Department, Thiru K. Shanmugam, IAS, and his team of officials in the Finance Department who have been working tirelessly on the formulation and preparation of this Budget.

131. With these words, Hon'ble Speaker Sir, I commend the Budget Estimates for 2015-2016 for the approval of the House.

**Nanri**

**Vanakkam**

**O.PANNEERSELVAM**

Chief Minister

Chennai,  
25<sup>th</sup> March 2015  
Jaya, Panguni - 11,  
Thiruvalluvar Aandu 2046

**APPENDIX****MEDIUM TERM FISCAL PLAN**

According to Section 3 (1) of the Tamil Nadu Fiscal Responsibility Act, 2003, the Government is required to lay before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3 (2) of this Act requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like Revenue Deficit and Fiscal Deficit while clearly indicating the underlying assumptions made to arrive at those projections. In compliance with this Act, a Medium Term Fiscal Plan for the coming year and next two years i.e., from 2016-2017 is hereby placed before the Legislative Assembly.

**Objectives**

The objective of this MTFP is to balance the need for developmental expenditure on one hand and identifying resources on another hand with fiscal prudence. The State has to finance the various welfare schemes, especially social security schemes and capital expenditure on roads, irrigation and power projects. In addition, the State has to meet the ever increasing administrative expenditure mainly due to hike in Dearness Allowance, creation of new posts and filling up of vacancies. At the same time, the Government is committed to achieve fiscal consolidation by complying with the roadmap set forth by the Fourteenth Finance

Commission. The MTFP ensures that the following goals of fiscal prudence are complied in the period 2015-2018 and thereafter:

- a. Revenue Deficit will be contained to the minimum.
- b. Fiscal Deficit will be kept within three per cent of GSDP.
- c. Debt as a percentage of GSDP will be maintained well within the norms laid by the Fourteenth Finance Commission.

### **Future Prospects**

The nominal growth of GSDP for 2015-16 is projected as per the formula prescribed by the Fourteenth Finance Commission. During the year 2015-2016, it is estimated that the growth rate will be good and inflation is also expected to be moderate based on the present trend.

### **I. Revenue Receipts**

The total Revenue Receipts of the State Government are estimated as Rs.1,42,681.33 crores in 2015-2016. Its important components are discussed below.

#### **1. State's Own Tax Revenue**

The State had earlier taken umpteen measures to improve efficiency in tax collection and expansion of tax

base. Tax compliance in the State is already good. It is expected that the economy will pick up during 2015-2016. Considering this, it is estimated that the State would achieve high growth rate.

The State's Own Tax Revenue is Rs.85,772.71 crores as per Revised Estimates 2014-2015. It is estimated to increase to Rs.96,083.14 crores in Budget Estimates for 2015-2016. This would mean a growth of 12.02%. State's Own Tax Revenue - GSDP ratio will be 8.74% as per Budget Estimates 2015-2016. A growth rate of 14.3 % and 15.2 % is assumed for the year 2016-2017 and 2017-2018 respectively. The salient features of the major components of the State's Own Tax Revenue are as below.

- a) The Revenue Receipts under Commercial Taxes are estimated at Rs.72,068.40 crores in the Budget Estimates 2015-2016, with a growth of 11.83% over the Revised Estimates 2014-2015.
- b) State Excise Duty has been estimated at Rs.7,296.66 crores during 2015-2016. There is an increase of 14.44% over Revised Estimates 2014-2015, assumed on the basis of present trend.
- c) Receipts from Stamp Duty and Registration Charges are expected to grow at a rate of 11.31% in 2015-2016 and are fixed at Rs.10,385.29 crores in

2015-2016 as against Rs.9,330.01 crores estimated in Revised Estimates 2014-2015.

d)The receipts under Motor Vehicle tax is fixed as Rs.4,882.53 crores in 2015-2016 as against Rs.4,279.53 crores estimated in Revised Estimates 2014-2015.

## **2. Non-Tax Revenue**

Non-Tax Revenue is estimated at Rs.9,071.50 crores in the Budget Estimates 2015-2016. Since there is very limited mining potential in our State and most of the Government services are delivered free of cost or only at nominal rate, non-tax revenue is estimated only marginally higher than the Revised Estimates 2014-2015. A growth rate of 2.4% is assumed for 2016-2017 and 2.5% for 2017-2018.

## **3. Share in Central Taxes**

The Thirteenth Finance Commission reduced the share of Tamil Nadu in the divisible pool of the Union Government from 5.374 % to 5.047 % in case of Service Tax and from 5.305 % to 4.969 % in case of other taxes. As per Fourteenth Finance Commission recommendations, it has been further reduced to 4.104 % in case of Service Tax and 4.023 % in case of other taxes. Share in Central Taxes for the State has been estimated at Rs.21,149.89 crores during 2015-2016.

A growth rate of 16.2% is assumed for 2016-2017 and 15.8% for 2017-2018.

#### **4. Grants-in- Aid from the Union Government**

The Grants-in-Aid from the Government of India have been estimated at Rs.16,376.79 crores in the Budget Estimates 2015-2016 by taking into account the various Grants-in-Aids from Central Government and grants like State Disaster Response Fund (SDRF) and Basic and Performance Grants for local bodies recommended by the Fourteenth Finance Commission. In the recent Union Budget 2015-2016, the grants like Normal Central Assistance, Additional Central Assistance and Special Central Assistance were dispensed with, in addition to certain schemes such as Modernization of Police Forces (MPF). It was also indicated that there will be change in sharing pattern for certain Centrally Sponsored Schemes. Based on these, a growth rate of 14.7% for 2016-2017 and 10.8% for 2017-2018 is assumed.

## **II. Revenue Expenditure**

The revenue expenditure during 2015-2016 is estimated at Rs.1,47,297.35 crores which shows a growth of 7.73 % over Revised Estimates 2014-2015. The main components are explained below:



- 1) The allocation for salaries is Rs.41,215.57 crores and for pensions and other retirement benefits is Rs.18,667.86 crores in the Budget Estimates 2015-2016. This is 40.65 % of the total Revenue Expenditure. Considering the possible expenditure due to hikes in Dearness Allowance, increments and filling up of vacancies, a growth rate of 11% is assumed for 2016-2017 and 25% for 2017-2018. The projection is based on the assumption that the Seventh Pay Commission recommendations will be implemented from 2017-2018 onwards.
- 2) For Subsidies and Grants, the allocation is Rs.59,185.47 crores in the Budget Estimates 2015-2016. The increase takes into consideration the commitment for various welfare schemes announced by the Government. Devolution to Local Bodies is assumed based on the growth in State's Own Tax Revenue. Similarly, increased subsidy to TANGEDCO has also added to the overall allocation under subsidies. A growth rate of 9.5% is assumed for 2016-2017, and 11.0% for 2017-2018.
- 3) Expenditure on Non-wage Operations and Maintenance is projected as Rs.10,364.02 crores in Budget Estimates 2015-2016 . This is mainly on account of scheme for distribution of laptop computers, electric fans, mixies and grinders free of cost, distribution of uniform to school students,

etc. A growth rate of 5% is assumed for 2016-2017 and 10% for 2017-2018.

- 4) Interest payments have been estimated as Rs.17,856.65 crores in the Budget Estimates 2015-2016. The ratio of interest payments to Total Revenue Receipts will be 12.52% in 2015-2016. This is expected to be 12% during 2016-2017 and 2017-2018 respectively.

### **III. Capital Expenditure**

The State has proposed to give a major thrust to Capital Expenditure in 2015-2016. As a result, the allocation under Capital Expenditure has been projected to increase from Rs.23,808.96 crores in Revised Estimates 2014-2015 to Rs.27,213.17 crores in Budget Estimates 2015-2016, thus growing by 14.30%. This is expected to grow further at 12.3% in 2016-2017 and 15.1% in 2017-2018.

### **IV. Revenue Deficit / Surplus and Fiscal Deficit**

For 2015-2016, the Revenue Deficit is estimated to be Rs.4,616.02 crores. During 2016-2017, the State will be marginally Revenue Surplus, but in 2017-2018, Revenue Deficit is projected again based on the assumption that the Pay Commission recommendations will be implemented from then onwards. Fiscal Deficit for 2015-2016 is estimated as Rs.31,829.19 crores. This

would constitute 2.89% of the GSDP. In the forthcoming years, Fiscal Deficit - Gross State Domestic Product (FD-GSDP) ratio will be 2.43% in 2016-2017 and 2.77% in 2017-2018.

#### **V. Public Debt**

Although the borrowing entitlement of the State Government for the year 2015-2016 is Rs.32,990 crores, the Government plans to restrict the borrowing. The net borrowings during 2015-2016 is estimated as Rs.30,446.68 crores. The outstanding public debt including provident fund will be Rs.2,11,483 crores as on 31.3.2016. This will constitute only 19.23% of GSDP.

#### **VI. Guarantees**

The outstanding guarantees for each year have to be restricted at a level 100% of the Total Revenue Receipts in the preceding year or 10% of the GSDP, whichever is lower. The outstanding guarantees as on 31.3.2014 was 50.08 % of Total Revenue Receipts in the preceding year and 6.12 % of GSDP. The outstanding risk weighted guarantees for each year has also to be kept at a level 75% of the Total Revenue Receipts in the preceding year or 7.5% of GSDP whichever is lower. The outstanding risk weighted guarantees as on 31.3.2014 stood at 9.92% of Total Revenue Receipts in the preceding year and 1.21% of GSDP.

#### **Conclusion**

The drought in previous years coupled with the general economic slowdown has reflected on the State's own tax revenue realization. Though the expenditure has been kept under check and the trends in expenditure pattern are steady, the less than anticipated tax collections of the State and the cut in the share of central taxes have been tilting the revenue account of the Government recently. The benefit of increased share for the States in the vertical devolution of central taxes from 2015-2016 onwards has been nullified due to the reduction in the horizontal share of Tamil Nadu among the States, recommended by the Fourteenth Finance Commission. In addition, the proposed change in sharing pattern for Centrally Sponsored Schemes will further strain the finances of the Government. However, the overall Fiscal Deficit, net borrowings and debt-GSDP ratio will be fully kept within the permissible limits. The Government has been taking all necessary steps to put the economy back on to the track.

\* \* \* \* \*

<b>Table - Medium Term Fiscal Plan</b>								
	<b>(Rupees in Crores)</b>							
<b>March - 2015</b>	<b>2013-2014 Projection</b>	<b>2013-2014 Accounts</b>	<b>2014-2015 Projection</b>	<b>2014-2015 Revised Estimates</b>	<b>2015-2016 Projection</b>	<b>2015-2016 Budget Estimates</b>	<b>2016-2017 Projection</b>	<b>2017-2018 Projection</b>
<b>Revenue</b>	<b>114,551.28</b>	<b>108,036.42</b>	<b>137,733.82</b>	<b>133,188.60</b>	<b>143,603.43</b>	<b>142,681.33</b>	<b>162,480.38</b>	<b>185,325.48</b>
<b>State's Own Revenues</b>	<b>88,393.22</b>	<b>83,061.38</b>	<b>108,545.23</b>	<b>94,640.29</b>	<b>112,159.32</b>	<b>105,154.64</b>	<b>119,108.84</b>	<b>136,048.00</b>
Tax	82,179.63	73,718.11	101,557.18	85,772.71	103,892.52	96,083.14	109,815.20	126,517.48
Non-Tax	6,213.59	9,343.27	6,988.05	8,867.58	8,266.80	9,071.50	9,293.64	9,530.52
<b>Central Transfer</b>	<b>26,158.06</b>	<b>24,975.04</b>	<b>29,188.59</b>	<b>38,548.31</b>	<b>31,444.11</b>	<b>37,526.69</b>	<b>43,371.54</b>	<b>49,277.48</b>
Shared Taxes	17,287.34	15,852.76	19,878.51	16,824.03	22,114.89	21,149.89	24,583.87	28,459.29
Grants	8,870.72	9,122.28	9,310.08	21,724.28	9,329.22	16,376.80	18,787.67	20,818.19
<b>Non-Interest Expenditures</b>	<b>124,343.41</b>	<b>115,490.15</b>	<b>147,583.32</b>	<b>144,644.16</b>	<b>154,553.74</b>	<b>156,653.88</b>	<b>172,740.18</b>	<b>2,02,182.59</b>
Salaries (including GiA for education)	32,863.91	31,862.91	40,100.38	37,604.27	40,721.78	41,215.57	45,749.28	57,186.60
Pensions & Retirement Benefits	14,651.44	14,158.98	17,785.50	16,705.92	18,583.93	18,667.86	20,721.32	25,901.66
Non- Wage O & M	9,684.42	8,998.73	10,366.76	10,883.50	11,875.90	10,364.02	10,882.22	11,970.44
Subsidies and Transfers	41,619.27	41,644.47	52,404.23	55,610.53	53,974.83	59,185.47	64,808.09	71,936.98
Other Revenue Expenditures	39.88	29.81	45.54	30.98	35.10	7.79	8.57	9.43
Capital Outlay	23,984.49	17,173.07	25,880.91	20,341.19	26,852.95	24,312.76	28,202.80	32,574.24
Net Lending	1500.00	1622.18	1000.00	3467.77	2509.25	2900.41	2367.89	2,603.26
<b>Fiscal Indicators</b>								
Primary Surplus (+)/ Deficit (-)	<b>-9,792.13</b>	<b>-7,453.73</b>	<b>-9,849.50</b>	<b>-11,455.56</b>	<b>-10,950.31</b>	<b>-13,972.55</b>	<b>-10,259.79</b>	<b>-16,857.11</b>
Interest Payments	12,587.11	13,129.77	13,584.93	15,890.18	17,628.46	17,856.65	19,999.45	22,399.38
Interest Payments / Total Revenue Receipts	10.99%	12.15%	9.86%	11.93%	12.28%	12.52%	12.31%	12.09%
Revenue Surplus(+)/ Deficit(-)	<b>3105.26</b>	<b>-1,788.25</b>	<b>664.06</b>	<b>-3536.78</b>	<b>783.43</b>	<b>-4616.02</b>	<b>311.45</b>	<b>-4079.01</b>
Revenue Surplus(+)/ Deficit(-) over TRR %	2.71%	-1.66%	0.56%	-2.66%	0.55%	-3.24%	0.19%	-2.20%
Revenue Surplus(+)/ Deficit(-) over Fiscal Surplus(+)/ Deficit(-)%	-14.00%	8.69%	-2.89%	12.93%	-2.74%	14.50%	-1.03%	10.39%
Fiscal Surplus (+) / Deficit(-) (Adjusted)	<b>-22,379.23</b>	<b>-20,583.50</b>	<b>-22,938.57</b>	<b>-27,345.74</b>	<b>-28,578.77</b>	<b>-31,829.19</b>	<b>-30,259.24</b>	<b>-39,256.50</b>
Fiscal Surplus (+) / Deficit(-) (Adjusted) over GSDP%	-2.88%	-2.55%	-2.52%	-2.90%	-2.70%	-2.89%	-2.43%	-2.77%
<b>Gross State Domestic Product (GSDP)</b>	<b>7,76,859.75</b>	<b>8,08,766.00</b>	<b>9,09,861.75</b>	<b>9,42,225.00</b>	<b>10,60,003.13</b>	<b>10,99,675.00</b>	<b>12,47,691.00</b>	<b>14,15,630.00</b>

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