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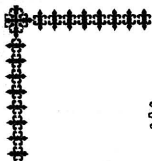
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ROTARY INTERNATIONAL
District 3230



CITATION

presented to

Selvi J Jayalalithaa

Hon'ble Chief Minister of Tamil Nadu

*A leader and a visionary who continues to leave her foot prints
on the sands of time with her deeds that combine the best of head and heart.*

We are proud and privileged to honour her for:

Her philanthropic nature that spontaneously responds to the downtrodden and needy;

**Her empowerment of women in this society reflected in the cradle baby scheme,
prevention of female infanticide, establishment of all women police stations,
pioneering the first women commando force and making education compulsory for the girl child;**

Her courage in ending terrorism and extremism in this state;

Her vision and conviction to provide a sustained solution to Chennai's water problem;

Her concern for the environment and future generations by implementing rain water harvesting;

Her compassion for those affected by calamity, however small the calamity may be;

Her swift action in bringing succour to those struck by the recent Tsunami;

Her bold enactment against video piracy that has injected new life into the creative industry; and,

Her dictum that all are equal before the law.

ROTARY INTERNATIONAL

*the world's first service organisation which is 100 years old on this day,
takes great pleasure in conferring this*

LIFE TIME ACHIEVEMENT AWARD

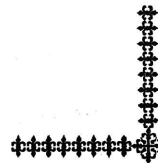
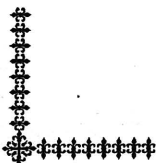
on

Selvi J Jayalalithaa

Hon'ble Chief Minister of Tamil Nadu

this day of 23rd February 2005.

Rtn. Benjamin Cherian
District Governor
Rotary International Dist. 3230





**I ENUNCIATED
THE NEW INDUSTRIAL
POLICY
TO STRENGTHEN
TAMIL NADU'S
COMPETITIVENESS
AS A GLOBAL
MANUFACTURING
HUB**

Hon'ble Chief Minister
Selvi J JAYALALITHAA

It gives me great pleasure to be here with you to participate in today's function organized by the Rotary International District 3230 on the occasion of the Centennial Celebrations of the Rotary Movement. This is a defining moment for any organization, particularly when it has achieved the unique distinction of having completed 100 years of service to mankind. It is also a proud moment for me to receive the Lifetime Achievement Award and the Paul Harris Fellow Recognition, conferred upon me in recognition of my public service to uplift the weaker sections of

society, for the cause of women's empowerment, for my commitment to sustainable development and the protection of the environment through innovative schemes like Rain Water Harvesting. It is indeed a privilege to receive such recognition for one's public service, from a movement as noble as the Rotary Movement, whose mission is the development of mutual co-operation for service, the setting of high ethical standards in business and professions to better serve society, as well as the advancement of international goodwill and peace through a world fellowship of business and professional persons, united in the ideal of service. My mission in life and the very basis of my work ethic is to serve the people of Tamil Nadu and the people of our great nation. I consider that the mission statement of the Rotary Movement is, in many ways, very similar to the ideals that have moulded my public life.

The people of Tamil Nadu have time and

again reposed their trust in me by handing over to me the mantle of Chief Ministership of the State of Tamil Nadu. I have always felt humbled by the rare privilege that they have accorded me by giving me repeated opportunities to dedicate my life in their service. Indeed, I have always tried to live my personal and public life by standing up for truth, fairness and



justice for all sections of society, particularly the weakest of the weak. In a sense, my devotion to these ideals is a validation of the Four Way Test of the Rotary movement viz.,

- 1) Is it the TRUTH?
- 2) Is it FAIR to all concerned?
- 3) Will it build GOODWILL AND BETTER FRIENDSHIP?
- 4) Will it be BENEFICIAL to all concerned?

Indeed, in the four central aspects of the Four Way Test, there is a striking and stark similarity to Mahatma Gandhi's Talisman, which he prescribed as the ultimate test by which we can determine the rightness of one's public or private actions. In one of his last notes left behind in 1948, Gandhiji wrote, and I quote,

"I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the

weakest man (woman) whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him (her). Will he (she) gain anything by it? Will it restore him (her) to a control over his (her) own life and destiny? In other words, will it lead to swaraj (freedom) for the hungry and spiritually starving millions?

Then you will find your doubts and your self melt away." (Unquote).

In my own public life, I have tried to envision, formulate and implement policies, which measure up to these high ethical standards embodied in the Mahatma's Talisman and, indeed, the Rotary Four Way Test. If the Rotary Movement has chosen to confer upon me the Life Time Achievement Award and the title of Paul Harris Fellow in its Centenary year, I would like to believe that this is because my service to the people of Tamil Nadu has passed the Rotary Four Way Test. I accept these rare distinctions conferred upon me by the Rotary Movement in all humility and thank the Rotary

International for conferring these awards upon me. They will be an inspiration to spur me on to greater efforts in my mission to serve the people of Tamil Nadu and this great nation.

The most shining example of the noble ideals of the Rotary Movement, is certainly the PolioPlus, which is a massive, world-wide humanitarian project launched by the Rotary Movement to eradicate Poliomyelitis from the

operating with the State Government in its ambitious immunization programme, which closely integrates the PolioPlus project. Tamil Nadu is at the forefront of the implementation of this programme and has the proud record of virtually eradicating polio from the State.

The calamity that struck the Tamil Nadu coast on 26th December, 2004, was unprecedented in its suddenness and



ferocity. It was also widespread in scale, affecting villages and towns all along the Tamil Nadu coastline. A calamity of this nature has never been known to occur before this. The Tsunami took away the lives of 8010 people of our State. Lakhs of people were rendered homeless. The entire coastal

world by the year 2005. No other Non - Governmental Organisation has made a commitment of the scale of PolioPlus. This Project can rightly be considered to be one of the greatest humanitarian services the world has seen. In Tamil Nadu also, thousands of Rotary volunteers work at various local levels to provide active support during national immunization campaigns conducted by the Government. I would like to take this opportunity to personally acknowledge the sterling role played by Rotarians in the State of Tamil Nadu, in co-

economy throughout Tamil Nadu has been devastated. The fishing community lost everything that they had, their homes, possessions and livelihood. In this grave hour of need, a number of NGOs and voluntary organizations came forward to assist the State Government in its massive relief and rehabilitation activities. I am glad to note that the Rotary Clubs in the State also contributed generously to the relief effort and distributed food and water, clothing, shelter boxes, utensils and relief and rehabilitation kits to many of the affected villages. The

Rotary International District 3230 has also come forward to meet the requirements for the total rehabilitation of Sooleri Kattukuppam hamlet.

The prompt and massive rescue, relief and rehabilitation programme launched by the State Government within a few hours of the tragedy hitting the Tamil Nadu coast has been exhaustively written about and widely acclaimed by not only the entire nation but indeed, the world. I do not propose to deal with it here in detail. However, I do wish to mention the innovative public private partnership based comprehensive village development model formulated and announced by my Government for the permanent relocation and rehabilitation of the victims of this calamity. The key features of this model are its flexibility and inclusive nature, affording the NGO or Corporate Body full freedom of choice of operation and investment, as well as the total involvement of the victim beneficiaries in the rehabilitation process. Apart from individual housing, it provides for the recreation of community assets like roads, water supply, schools, health facilities etc., as also restoration of livelihood. I am glad to note that a number of institutions have come forward spontaneously to assist the State Government in the massive task of rehabilitation of the Tsunami victims of the State. The Rotary Clubs of the State could also take up such comprehensive rehabilitation projects.

Rotarians in Tamil Nadu have distinguished themselves by their involvement in a number of service projects. The Rotary International District 3230, under the able leadership of its Governor Rotarian Benjamin Cherian and his dedicated team,

have involved themselves very actively in a number of laudable projects like the provision of nutritious food and elementary education throughout the year to underprivileged children, running tailoring training centres for women, conducting Eye camps every month, and Sahaayika, the counselling and emotional support centre for cancer patients and their families. The Rehabilitation Centre for the polio-disabled has also mitigated the suffering of hundreds of disabled persons, providing to them comprehensive facilities of corrective surgery, physiotherapy, mobility aids, vocational training and job placement. I also appreciate the efforts of Rotary International District 3230 in taking up innovative projects like temple tank renovation, as well as the Akash Ganga project to propagate Rain Water Harvesting.

The Rain Water Harvesting programme announced by me and launched in Tamil Nadu is the first of its kind to be launched by any State Government in India. The continued failure of monsoons and successive years of drought after 2001 had subjected the entire State to extreme water stress. In July, 2003, I took steps to provide the necessary legislative backing for a programme of universal Rain Water Harvesting in all the rural and urban habitations of the State. I personally wrote to 15,000 Chairpersons and Vice Chairpersons of urban and rural Local Bodies to join the mass movement of Rain Water Harvesting. A massive awareness creation programme amongst the people was launched by the District Collectors of the State. Today, the message that Every Drop Counts has permeated to all sections of the population. My vision of a people's movement in Tamil Nadu to conserve water and to harvest every drop of surface run-off water, has become a reality.

Three successive drought years that Tamil Nadu faced between 2001 and 2004 have led to a sharp contraction in agricultural output and income. This has led me to refashion our cropping strategy. I have placed the greatest emphasis on crop diversification, going in for less water intensive crops such as Sweet Sorghum, Sugar Beet and Jatropa and connecting this to a bio-fuel manufacturing programme, a

In order to strengthen Tamil Nadu's competitiveness as a global manufacturing hub, I enunciated the New Industrial Policy, 2003. This policy statement sets out a clear road map to reach the goal of international competitiveness. Today, Tamil Nadu is acknowledged as being among the top States in India in attracting new investments to the Manufacturing Sector. By the middle of July, 2004, Tamil Nadu had a share of 8.4

percent in the total outstanding investments in the country. Tamil Nadu also ranks amongst the top three Indian States in attracting Foreign Direct Investment (FDI). Tamil Nadu is now a major base for manufacturing with 2621 foreign companies investing more than 251 billion rupees (Rs. 25,100 crores).

Tamil Nadu has also emerged as the second largest exporter of software in India with an annual export performance of about 1.7 billion



policy aimed at sustainable agriculture. I have also launched a Comprehensive Wasteland Development Programme to bring nearly 2 million hectares of current fallow and permanent fallow lands lying waste under green cover in phases. The entire thrust of the programme to impart fresh momentum to the Primary Sector has been designed, taking into account the limiting factor that Tamil Nadu has one of the lowest per capita water availability in the country.

US Dollars. Tamil Nadu is home to the finest IT human resources with world-class technical skills and capabilities and a disciplined and dedicated work ethic. As a result, Tamil Nadu has emerged as a very strong global leader in some specific verticals of the ITES Sector viz., Banking, Financial Services and Insurance (BFSI), Health System Management, Computer Aided Designing (CAD) and Computer Aided Engineering (CAE).

I have unfolded plans to establish the Chennai Metropolitan area as amongst the best cities in the world, as India's eastern Gateway to the world. I have launched the Ten Year Investment Plan for the Chennai Metropolitan area envisaging an outlay of Rs.18,000 crores, covering all the necessary infrastructure in terms of water supply, power, roads, transportation, housing and urban development to establish Chennai as a vibrant, modern and happening City. I have just launched a Chennai City beautification movement where the focus will be on aspects which will certainly improve the quality of life of Chennai's residents. This programme, implemented with the full participation of the people, will cover parks and playgrounds, sidewalks, central medians, sanitation, cleanliness and garbage disposal, waterways and traffic management. I would like to christen this programme the "Chennai Forever Initiative" and I seek the full participation of all organisations such as Rotary in this initiative.

Economic development which leaves the poor hungry is meaningless. I do believe that the poor have to be empowered to enable them to have access to the opportunities that are now available in a growing economy. I have devoted myself to making this happen, launching several Social Sector initiatives. It is heartening to note that Tamil Nadu has done extremely well in the Social Sector and the rapid rise in its ranking in the Human Development Index (HDI) in the last decade, from 7 to 3, is indicative of this effort. We are also on track in achieving the Millennium Development Goals, which are now universally accepted as the essential objectives of all development.

I have often stated that a fair deal for women is of paramount importance for the well being of any civil society. I firmly believe that, given equal opportunities and a fair chance, women can excel men in every walk of life. There are new examples coming up every day of stellar achievements by women in new areas, hitherto considered to be exclusively male bastions. However, it is still a bitter truth that millions of women in our country continue to lead lives of drudgery, exploitation, humiliation and marginalisation, subjected to domestic violence despite being, in many cases, the breadwinners of the family.

I would like to refer to just a few initiatives that I have taken to tackle the serious problem of gender discrimination in our society. I can proudly claim that in the history of any political movement in the world, it is only my All India Anna Dravida Munnetra Kazhagam that has introduced 33% reservation in all Party posts exclusively for women, and it is my Government that has introduced 33% reservation for women representatives in all the Local Bodies in Tamil Nadu.

I have dealt with the problem of female infanticide and female foeticide prevalent in certain parts of Tamil Nadu, by launching the Cradle Baby Scheme of State-sponsored foster care of abandoned girl children and by launching awareness campaigns in districts prone to the practice of female infanticide like Madurai, Theni, Dindigul, Dharmapuri and Salem.

Securing increased girl child enrolment in Primary Schools on par with boys is also a key Millennium Development Goal. I am deeply concerned about the plight of the girl

child, marginalized and exploited in Society. To bring girls into the mainstream of education and economic progress, I announced the Girl Child Protection Scheme, a unique programme where the Government ensures that a girl child is financially secure and can never, ever be deemed a liability.

The security of girl children having to travel long distances to school was also often a factor that forced them to drop out. In order to tackle this problem, I announced the free bi-cycle scheme for girls belonging to the Scheduled Castes, Scheduled Tribes, Backward Classes and Most Backward Classes. Today, the sight of girl children cycling confidently away to school is a familiar one throughout Tamil Nadu and has significantly contributed to the reduction of the rate of dropouts amongst female children in the State.

The key to the real empowerment of women lies in the concept of bonding between women and a collective strength born of unity. It is this positive conception of women's power sublimated by the uniquely Indian concept of 'Shakti' or positive life-force, that made me think of collective women's action in the form of Women's Self Help Groups, a movement which I started in Tamil Nadu in 1992. This collective bonding between women, institutionalized by women's Self Help Groups, has today become synonymous with confidence, development and empowerment for millions of women in Tamil Nadu. Today, these women know the true power of collective bargaining, which has improved women's access to credit and markets. It has made women's groups the focal point of decision making in Panchayats and other social

groups, a feature that was almost unknown less than a decade ago.

A prerequisite for good governance and for any kind of social development programme to be pursued in Society is peace and the maintenance of public order. In the absence of peace and the feeling of security in civil society, the quality of life itself would seriously be jeopardized and no economic growth or meaningful social development would take place. My firm resolve is to meet the challenge of terrorism head on and to take stern measures to stamp it out.

Today, the spectre of terrorism poses a serious threat to world peace. Terrorism is certainly not new to mankind and virtually every country in the world, every civilisation has seen the violence of terrorism in some form during its history. However, what is frightening is the fact that terrorism has acquired global proportions and international dimensions. Modern weapons technology has made it possible for even individuals to cause unbelievable mass destruction, and for small and large terrorist organizations to challenge Nation-States. The forces of globalisation have opened up the world, not only for the growth of international trade, but sadly, for the growth of global terrorism as well. The character of modern day terrorism is that of the mythical, multi-headed Hydra, spanning the globe through a flourishing trade in illicit arms, fissionable nuclear material and narcotics.

While all countries of the world are united in making definitive pronouncements on the condemnation of terrorism, meaningful international action and co-operation in the fight against terrorism continue to be dogged by needless semantic controversies over

what constitutes terrorism. In fact, the unqualified, unambiguous condemnation of violence in any form should be central to the definition of terrorism. However, for reasons of political self-interest, the definition of terrorism is still mired in controversy. It is often being qualified by unnecessarily adding to it the question of legitimacy and ascribing a moral basis to armed militancy and extremism.

The attempt to attach an "end justifies the means" dimension to violent struggle serves only to legitimize an illegitimate action, giving rise to the cliché, "One man's terrorist is another man's freedom fighter". It is on this dubious ground that the LTTE doctrine emphatically exhorts the world "to provide a clear and comprehensive definition of the concept of terrorism that would distinguish between freedom fighters, based on the right to self-determination, and blind terrorist acts based on fanaticism". Such attempts to accord legitimacy to violence are utterly misplaced, since violence cannot be considered a means to secure lasting world peace.

It is time that all nations that are committed to waging a war against terrorism come out in unequivocal terms to define terrorism, in terms of all use of overt violence against a civilian population to create an atmosphere of fear, with the object of furthering a political agenda, without ambiguous exclusion of violent movements of alleged self-determination on the dubious plank of legitimacy. Only then will international co-operation between countries on sharing of information and intelligence, resources and training to fight terrorist force, and the imposition of sanctions against States involved in proxy support of

terrorist organizations, be meaningful enough to effectively put down and contain terrorism. Unfortunately, so far, there does not appear to be any worldwide consensus on this issue.

The extraordinary reach and destructive influence of modern day terrorist organizations is such that there is no alternative to putting down such forces with an iron hand. The consequences of hesitation and absence of firmness will only strengthen the hands of such organizations that would be emboldened to consider the State as a soft target and continue to wreak mass destruction with impunity.

At the national level, the war against terrorism must be a concerted and co-ordinated effort between the State and Central Governments. Not only should the enforcement agencies be provided with high technology interception and surveillance equipment, the sharing of intelligence between the State and Central agencies involved, including military intelligence and specialized intelligence agencies like RAW should be brought together under an institutionalized setup.

I have dwelt at length on various measures to deal with terrorism because, in the modern context, crime and terrorism have acquired trans-national dimensions and unless we rid Society of these scourges, there can be neither meaningful economic or social progress, nor any prospect of lasting world peace.

The current millennium is widely spoken of as Asia's Age. India is fast emerging as a growing world power with many positive attributes in its favour, like being the world's

most populous democracy, a huge market, and enjoying a comparative advantage in the knowledge industry that is powering its own growth and fuelling the growth of the IT Sector in developed countries as well. We have always projected an image of ourselves as a peace loving Nation. We have maintained, during the years of the Non-Aligned Movement, a policy of equi-distance from the power blocs that existed at that time. We retained for ourselves autonomy and independence in decision-making on international issues and, in fact, led a group of like-minded Third World Nations. During the protracted period of negotiations that eventually led to the establishment of the World Trade Organisation in 1995, India was at the vanguard of a group of nations that fought for the rights of developing countries at the negotiating table in Uruguay in matters of world trade, particularly for the phasing out of the Multi-Fibre Agreement in the Textile Sector by 1st January, 2005. India will have to play a significant role in future Ministerial talks at the World Trade Organization with specific reference to the protection of our farmers and agriculture.

Although India has demonstrated its capability to manufacture and test the most modern nuclear weapons, unless we continue to register a healthy economic growth rate and build up the competitiveness of our Manufacturing Sector, and capture a greater share of world trade, our long standing claim to a permanent seat in the UN Security Council will continue to be delayed. It would be in our self-interest to improve relations with our neighbours at the earliest, enabling India to play a more dynamic and leading role in Asia in the very near future.

The conflicting self-interest of different nations is compounded by the threat of terrorism. There is a lack of consensus between Nations on the nature and course of nuclear disarmament. Global hot spots are still too many and world peace still appears to be an elusive dream. However, even in this uncertain scenario, it is still possible to think of very positive initiatives to de-escalate potential tensions by people-to-people or Track II diplomacy.

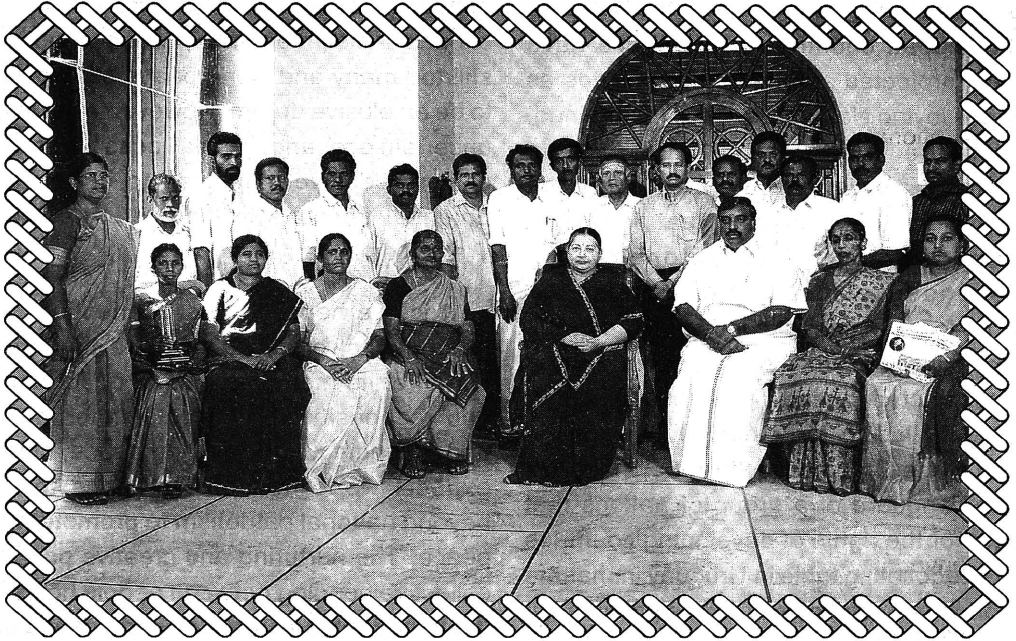
It is, perhaps, in this connection, that International organizations like the Rotary can offer its members unique opportunities and responsibilities to foster international understanding, goodwill and peace, since it expects world minded Rotarians to look beyond national patriotism to promote world peace. The nurturing and creative power of collective bonding between people holds out the hope that the dream of world peace may yet become reality.

I once again thank the Rotary International for giving me this unique opportunity to meet all of you, for conferring upon me such rare distinctions, and for allowing me to share with you some memorable moments and thoughts.

Thank you.

Acceptance speech by
Selvi J JAYALALITHAA,
Hon'ble Chief Minister of Tamil Nadu
on the conferment of
**Paul Harris Fellow Recognition &
Life Time Achievement Award**
at the Centennial Celebrations of the
Rotary Movement organised by the
Rotary International District 3230
held on 23.2.2005 at Chennai.

CLEAN VILLAGE CAMPAIGN LAUNCHED BY HON'BLE CHIEF MINISTER GETS NATIONAL ACCLAIM



The relentless and untiring efforts of Hon'ble Chief Minister Selvi J Jayalalithaa to improve rural sanitation in Tamil Nadu has received national recognition. The Nirmal Gram Purashkar Award is given away by the Central Government for maintaining high standards of hygiene in villages. This year, 12 Panchayat Presidents and a Chairman of Panchayat Union and related townships numbering ten received the awards. The recipients of Nirmal Gram Purashkar Awards called on the Hon'ble Chief Minister at the Secretariat on 3.3.2005.

It is noteworthy that out of the total 39 Nirmal Gram Purashkar Awards, 13 awards were bagged by Tamil Nadu alone alongwith 35% of the total cash prizes.

The Hon'ble Chief Minister, sowed the seeds for "Clean Village Campaign" - the revolutionary scheme in July 2003, inorder to transform Tamil Nadu into the number one state in the country in rural sanitation.

The Hon'ble Chief Minister had earlier announced that clean villages will be given an award

of Rs.5 lakhs. Accordingly, the Hon'ble Chief Minister distributed prizes to 15 Panchayats worth Rs. 75 lakhs on 15.8.2004.

The Government of India and UNICEF have praised the Tamil Nadu Government for the success of this scheme.

The Panchayat Presidents thanked the Hon'ble Chief Minister and said that they were able to get the Nirmal Gram Purashkar Awards from the Central Government only because of the schemes like Clean Village Campaign and Rain Water Harvesting launched by the Hon'ble Chief Minister.

On this occasion, Thiru. K.P. Anbalagan, Hon'ble Minister for Information and Local Administration, Tmt. Lakshmi Pranesh I.A.S., Chief Secretary, Thiru. N.Narayanan, I.A.S., Development Commissioner and Principal Secretary, Finance, Tmt. Shantha Sheela Nair, I.A.S., Secretary, Rural Development and Dr. M. Rajaram I.A.S., Director, Rural Development were present.

★

INTERNATIONAL WOMEN'S DAY

MESSAGE

International Women's Day is an occasion for women and women's groups all over the world, irrespective of national, ethnic, linguistic, cultural, economic and political differences, to come together to rededicate themselves in their mission to achieve equality, justice, dignity and development.

A fair deal for women is closest to my heart and I firmly believe that all public policy must be made sensitive to women's rights and women's empowerment. It has always been my endeavour to provide a special focus to the problems of women while formulating policies and implementing programmes. This is the underlying rationale for many of the path-breaking programmes that I have introduced, like the Cradle Baby Scheme, the Girl Child Protection Scheme, the Women's Self-help Group Movement, establishment of All Women Police Stations, formation of the first ever company of All Women Police Commandos in the country and the first exclusive All Women Police Battalion, Industrial Estates for women, and several other measures to upgrade the quality of services to women, bringing hope and cheer to them. I ordered that the Mother's name can also form the initial of the child's name, according an unprecedented primacy to the Mother and Womanhood in Tanill Nadu.

I firmly believe that, given equal opportunities and a fair chance, women can excel men in every walk of life. There are new examples coming up every day of stellar achievements



by women in new areas, hitherto considered to be exclusively male bastions. In order to positively reinforce the new confidence born of achievement, women must carry forward the torch of emancipation and use their knowledge, talents, and skills to empower their more vulnerable and disadvantaged sisters.

On the occasion of International Women's Day, I extend my warm felicitations to all my sisters. In the face of all adversities and challenges, let us rededicate ourselves, to secure equality, dignity, opportunity, and the right to realize the full potential of our lives.

J JAYALALITHAA
Chief Minister of Tamil Nadu

I HAVE DECIDED TO GO AHEAD AND IMPLEMENT THE PERMANENT REHABILITATION PACKAGE FOR ALL CATEGORIES OF FISHERMEN



The people are aware of the excellent relief and rehabilitation work undertaken by the Government of Tamil Nadu following the tsunami tragedy, which occurred, on 26.12.2004. Even though the killer waves attacked the Tamil Nadu coast without any forewarning causing immense devastation and loss of life, I ensured that the entire Government machinery was mobilized to take up the relief and rehabilitation work speedily. The first phase of search, rescue, evacuation, burial/cremation of bodies and organisation of relief camps was completed in record time. The second phase of providing immediate relief has also been completed smoothly. Overall, the relief and rehabilitation operations undertaken by the Government of Tamil Nadu have received widespread appreciation.

We are now at the stage when permanent rehabilitation measures have to be taken up. It is for this reason that I ensured that a detailed Memorandum was presented to the Hon 'ble Prime Minister on 4.1.2005. In this Memorandum the request for assistance was for

- Statement of Selvi J Jayalalithaa,
Hon'ble Chief Minister on 24.2.2005

Rs.4800 crores from the Government of India to the State Government to undertake all the relief and rehabilitation measures. These proposals were discussed in a detailed meeting with the Hon'ble Prime Minister on 7.1.2005 and again with the Union Minister for Agriculture on the same day with specific reference to the rehabilitation package for fishermen. I had a further meeting with the Union Minister for Agriculture on 15.1.2005 to discuss the permanent rehabilitation measures for fishermen. I had highlighted the need for 100% subsidy assistance to be provided for fishermen for their permanent rehabilitation. I had also stressed that the financial assistance should be provided to the State Government to undertake the permanent rehabilitation work.

Even though the Union Home Ministry issued detailed orders on 31.1.2005 sanctioning Rs.356.54 crores to the Government of Tamil Nadu to undertake permanent rehabilitation measures for fishermen including the provision of subsidy for renewal and restoration of mechanised boats and small fishing craft with a unit cost up to Rs.1.5 lakhs, a sudden change in the procedure was announced by the Union Finance Minister indicating that the funds for these two categories to provide subsidy would be released directly to the Public Sector Banks and not to the State Government. I immediately wrote to the Hon'ble Prime Minister on 4.2.2005 insisting that 100% subsidy should be provided

for the permanent rehabilitation of fishermen and the amount should be released only through the State Government.

Thereafter, the Government of India has indicated that the subsidy component in respect of small fishing craft with a unit cost up to Rs.1.5 lakhs would be increased from 35% to 50% and the amount would also be routed through the State Government. Unfortunately, in respect of replacement of mechanised boats the Government of India again took the stand that the subsidy would be maintained at 35% and would be disbursed only through Public Sector Banks and not through the State Government. On hearing this, I once again took up the matter immediately with the Hon'ble Prime Minister in a letter dated 17.2.2005. In this letter I have requested that the issue should not be prolonged any further and the same procedure accepted for small fishing craft costing up to Rs.1.5 lakhs may be made applicable in the case of mechanised boats and the funds may be released immediately to the State Government. The final view taken by the Government of India is not yet known.

It is unfortunate that when this Government had taken up permanent rehabilitation measures in full swing the procedural changes indicated by the Government of India have delayed the permanent rehabilitation work. It is now more than three weeks since the Government of India announced the scheme of relief and rehabilitation on 31.1.2005. The issue cannot be delayed any further as the fishermen are eagerly awaiting the rehabilitation package so that they can get back to work at the earliest. In the background of the letter I have written to the Hon'ble Prime Minister on 17.2.2005, I have decided to go ahead and implement the permanent rehabilitation package for all categories of fishermen including mechanised boats by this Government in the

hope that the Central Government will reimburse the State Government the expenditure incurred.

Accordingly, the Government of Tamil Nadu will implement a revised package of support for fishermen covering small fishing crafts and mechanised boats as below :-

- ★ 50% subsidy will be provided for the replacement of fully damaged FRP Catamaran/Vallam subject to a maximum unit cost of Rs.1.5 lakhs and a total maximum subsidy of Rs.75,000/.
- ★ Replacement of fully damaged/lost mechanised boats will be taken up with a subsidy of 35% of the total cost restricting the subsidy to a maximum of Rs.5 lakhs per boat.
- ★ Repairs of mechanised boats will be taken up with a subsidy at 60% of the assessed damage restricted to a maximum subsidy of Rs.3 lakhs per boat.

It will be ensured that the subsidy amount is released to the individual fishermen and steps will be taken to ensure that the assets are procured immediately. Wherever the fishermen so desire, arrangements will be made to send their applications to the Public Sector Banks to enable them to sanction the balance amount as loan. The subsidy amount will thus be connected to the Bank loan in such cases.

The fishermen of Tamil Nadu who have been badly affected by the tsunami tragedy will greatly welcome this announcement which will enable their permanent rehabilitation. With this package the total assistance so far sanctioned for the permanent rehabilitation of fishermen will be Rs. 550.27 crores.

★ ★ ★

EFFORTS TAKEN BY THE GOVERNMENT TO ACHIEVE COMPUTER LITERACY ARE BEING COMPLIMENTED



Thiru Ravi Venkatesan, Chairman, Microsoft, India called on Selvi J Jayalalithaa, Hon'ble Chief Minister of Tamil Nadu, on 28.3.2005 at the Secretariat, Chennai. He was accompanied by a four member delegation of Microsoft Corporation (India) consisting of Thiru Rohit Shipstone, National Sales Manager - Public Sector, Ms. Aruna Ramanathan, Lead Programme Manager, Education Programmes, Thiru Vipin Chandran, Accounts Manager, Public Sector, Thiru Nandu Pradha, Director, Public Sector,

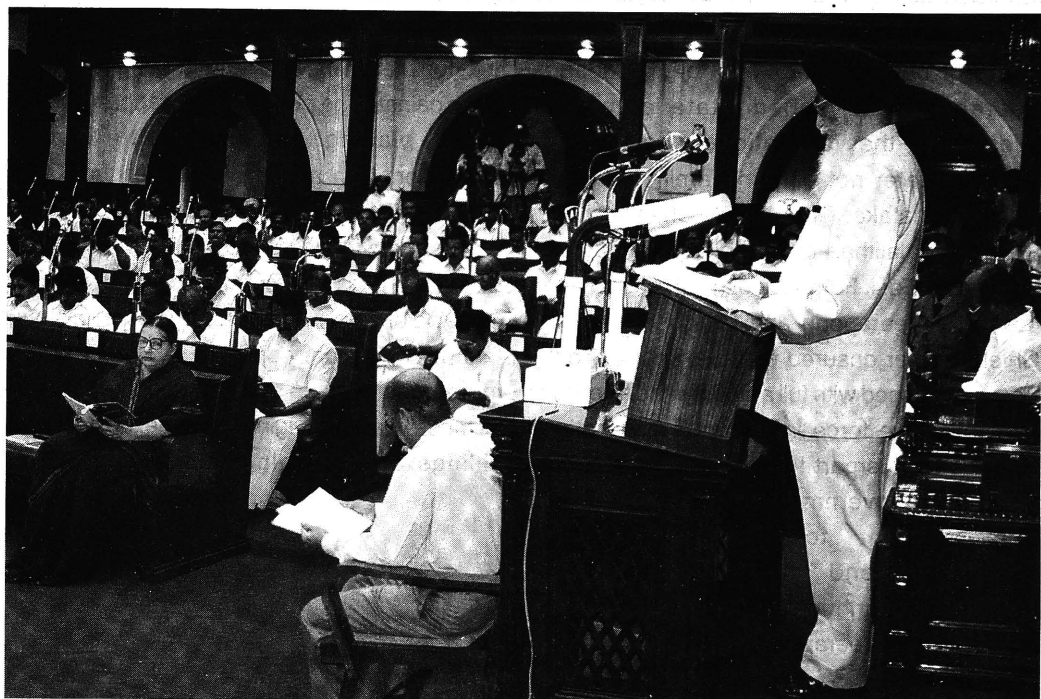
Mr. Ravi Venkatesan indicated that Microsoft was keen to launch a teacher training facility at Chennai so that teachers could adopt the best techniques in imparting IT knowledge and practice to students in schools. The Hon'ble Chief Minister indicated that this proposal could be taken forward so that IT Education is made even more popular in schools in Tamil Nadu.

Mr. Ravi Venkatesan also brought to the notice of the Hon'ble Chief Minister the special effort undertaken by Microsoft to bring out Tamil

Language Software, which will enable widespread use of Personal Computers. He also explained the plan of Microsoft to popularize an affordable Personal Computer with popular Software in Tamil so that the spread of computer literacy and use can be even more rapid. The Hon'ble Chief Minister indicated that this was a good development and should be pursued.

The Hon'ble Chief Minister indicated the special efforts being taken to implement RASI (Rural Access to Services through the Internet) by which people in rural areas can access important information on a regular basis. Mr. Ravi Venkatesan complimented the Government of Tamil Nadu for the effort taken to achieve computer literacy and utilizing information technology in rural development. He promised the support of the Microsoft for this major effort.

On behalf of the Government of Tamil Nadu, Tmt. Lakshmi Pranesh, IAS., Chief Secretary and Thiru N. Narayanan, IAS., Development Commissioner & Principal Secretary, Finance were present during the discussion. ★



**We can justifiably be proud of the
spectacular achievements of this Government
and look forward to an excellent performance
in all spheres**

Thiru **SURJIT SINGH BARNALA**
His Excellency the Governor of Tamil Nadu

**Honourable Members of the
Legislative Assembly,**

It gives me great pleasure to address the first session of the Tamil Nadu Legislative Assembly for the year 2005. I take this opportunity to thank you for your warm welcome and assure you of my unstinted support and co-operation in ensuring the rapid development of Tamil Nadu bringing prosperity to the people of this State.

The year 2004, that has gone by, is notable for some spectacular triumphs which stand out as shining examples of what can be achieved by sheer determination, true grit and single minded devotion to the task on hand. The elimination of the dreaded bandit Veerappan on 18th October 2004 and the commissioning of the New Veeranam Project to supply water to Chennai City on 31st May 2004 are truly epoch making events over which we can all rejoice.

Hon'ble Members of this august House are aware of how the notorious forest brigand Veerappan had defied State authority questioning the very rationale behind the modern State, not only in Tamil Nadu but also in Karnataka. The Hon'ble Chief Minister Selvi J Jayalalithaa gave a clear mandate to the Special Task Force to get rid of the menace posed by Veerappan and his cohorts. The Chief Minister ensured that the Special Task Force functioned with full authority and freedom as a cohesive force in perfect co-ordination with the counterpart force constituted by the Karnataka Government.

This brought to a successful end the decade old manhunt for the desperado Veerappan and his gang. This elimination of Veerappan and his gang was the result of careful intelligence, detailed planning, a proactive approach to win over the tribals as allies in this manhunt and a lot of daring.



No praise would be too much for the sustained and determined efforts of the officers and men of the Special Task Force who, sacrificing the comfort and safety of their homes, spent years in thick inhospitable forests in relentless pursuit of the unscrupulous bandit Veerappan and his gang. It is a resounding victory made doubly praiseworthy considering the fact that Veerappan and his gang had instilled the fear of reprisals among the tribals and carried out brutal killings of the personnel of the Special Task Force and other departments.

The Government, under the leadership of the Hon'ble Chief Minister, did not ever waver in the painstaking pursuit of Veerappan and his gang, placing immense faith in the professionalism and dedication of the Tamil Nadu Police, which is undoubtedly the best Police Force in the country. I congratulate the Special Task Force for scaling the very pinnacle of glory in successfully accomplishing this risky mission, ridding our Society of the murderous menace that had defied a solution all these years, indulging in pillage, destruction, killings and ravaging our priceless rich

ecological inheritance. They richly deserve the handsome awards and rewards which the Government has conferred on them in recognition of their valour, dedication and professionalism.

As always, this Government has ensured the perfect maintenance of law and order. This Government has upheld the rule of law and the majesty of law in trying circumstances. The efforts of this Government to modernize and equip the Police Force is symbolised by the construction of a new Office Complex for the

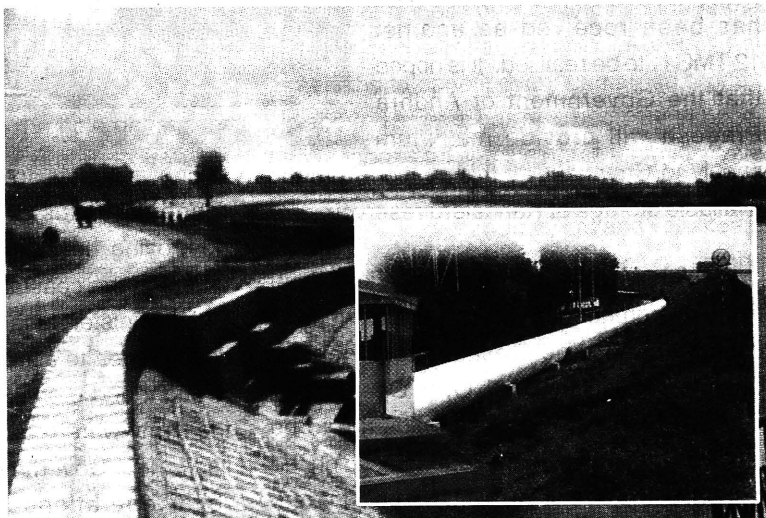
Director General of Police at a cost of Rs.30 crores and the construction of a new Police Academy at a cost of Rs.48 crores.

Hon'ble Members of the House are aware of the unprecedented failure of the North East Monsoon in 2003, leading to Chennai City's worst ever water crisis. Chennai faced the grim prospect of a total water famine and even evacuation of the population. It redounds to the credit of this Government that this extraordinary water crisis was tackled by a host of measures including the commissioning of the New Veeranam

Project in record time, by May 2004, at a cost of Rs.720 crores. The initial supply to the City through the New Veeranam Project was 90 million litres per day, based on borewell water supply from the Panruti aquifer, enabling a total supply of 205 million litres per day to the residents of Chennai with meticulous planning even when the City's

reservoirs were totally dry. When the Chief Minister launched the New Veeranam Project in February 2003, doubts were expressed that it would never succeed. In 2004 it became quite clear that it was this Project which saved Chennai. Efficient distribution by lorries to every street at the specified time every day of the week ensured that the people continued to get basic water supply. The Government undertook this massive and onerous task of distribution through the Chennai Metropolitan Water Supply and Sewerage Board at a cost of Rs.316 crores.

After the Veeranam lake received freshes and filled up quickly, the full supply of 180 MLD of water to Chennai City through the New Veeranam Project commenced on 13.10.2004. Even though at this stage Chennai's three reservoirs were still totally dry, piped water supply was resumed from 13.10.2004. This was made possible only because of the full and successful completion of the New Veeranam Project. Higher flows from the Grand Anaicut in the Kollidam river to provide extra storage in the Veeranam lake ensured that in no way were the farmers affected by the water supply to



Chennai City through the New Veeranam Project. The extension project to provide water supply in summer to Chennai City based on collector wells in the Kollidam river bed using the Veeranam Project pipeline will be taken up at a cost of Rs.300 crores, while ensuring that specific steps are taken to protect the agricultural wells in the villages on the banks of the Kollidam river.

The Chennai metropolitan area requires a daily water supply of 840 million litres. This has to be met by a combination of sources,

namely, the three storage reservoirs in North Chennai, supply from the well fields in North Chennai, Krishna water supply, the New Veeranam Project and a Desalination Project. The Hon'ble Chief Minister Selvi J Jayalalithaa met the Hon'ble Chief Minister of Andhra Pradesh at Hyderabad on 1.10.2004 and requested him to ensure Krishna Water supply to Chennai City. With this effort, Krishna water was received in Chennai on 28.11.2004. So far, only about 2 TMC ft. of water has been received as against 12 TMC ft. to be realised. It is hoped that the Government of Andhra Pradesh will provide maximum supply to Chennai City this season from the available storage at Kandaleru reservoir.



Hon'ble Members will be glad to know that this Government has taken resolute steps to implement a large Desalination Plant at Chennai on Design, Build, Own, Operate and Transfer (DBOOT) basis and bids are to be received by 16th February 2005. Based on the response, the size of the plant will be finalized. It is the intention of this Government to commission this project in stages commencing from March 2006. This project in conjunction with the New Veeranam Project will go a long way in permanently tackling Chennai City's long term water needs.

Even as the people of Tamil Nadu were rejoicing over these spectacular triumphs, the tsunami killer waves struck the Tamil Nadu coast on 26th December 2004 without any forewarning. It was an unprecedented calamity of a type never seen before. The devastation was immense, spread all along the coast,

taking a heavy death toll of 7993 people, rendering lakhs of people homeless and destroying the livelihood of fishermen and others in the coastal areas. Immediately, the Chief Minister rushed to inspect the entire coastal area to assess the extent of damage wrought and organize relief. The services of the Army were requisitioned on the first day itself. This Government has ensured that the relief operations have been organized smoothly in 3 phases, the first phase consisting of search, rescue, evacuation, organising the cremation/burial of the dead and organisation of relief camps; the second phase of providing immediate relief, and the third phase consisting of permanent rehabilitation. The first two phases have been completed and the third phase has just commenced.

The tsunami tragedy is the worst ever disaster recorded in history affecting several countries at the same time. While several countries have been struggling to cope with the complex issues to be handled, it is now

well recognized that the severe challenge posed by the tsunami tragedy has been handled most effectively by this Government in Tamil Nadu. I have visited Cuddalore and Nagapattinam and seen for myself the excellent relief work done in a co-ordinated manner.

Hon'ble Members are aware that on the instructions of the Hon'ble Chief Minister, teams of officers under the charge of Hon'ble Ministers were rushed to the affected districts. Despite the suddenness of the event, with no forewarning whatsoever, the District Administration in all the affected districts took up the task of providing immediate relief with utmost commitment and dedication. A mammoth operation with the help of sanitary workers drawn from the entire State was launched to retrieve and identify the dead bodies and arrange for the burial or cremation of the dead. This was done speedily and together with the excellent work done by doctors and public health workers the threat of an epidemic was held at bay. Lakhs of men, women and children were housed in relief camps where they were provided with food, water and clothing.

In response to the appeal of the Chief Minister, well meaning and public spirited citizens have contributed generously to the Chief Minister's Public Relief Fund, besides providing assistance directly to the affected persons, greatly supporting the efforts of the Government to take up immediate relief and rehabilitation of the lakhs rendered homeless and jobless

by this calamity. This Government acknowledges with gratitude all those individuals and organizations who have come forward to contribute in cash and in kind and participated in the stupendous task of relief and rehabilitation.

The Chief Minister immediately sanctioned ex-gratia relief of Rs.1 lakh to the next of kin of every deceased person from the Chief Minister's Public Relief Fund. The sudden tsunami attack which snatched away both parents left many children orphaned. This Government immediately announced a scheme of deposit of Rs.5 lakhs in the name of every such orphaned child. A deposit of Rs.3 lakhs to benefit every unmarried orphan girl above 18 years has also been announced. Orphanages and service homes for girls have been opened in the tsunami affected districts. Teams of doctors, counsellors and volunteers were mobilized to talk to the affected persons and instill new confidence in them to restart their lives. These initiatives have greatly helped the process of psychological rehabilitation. Compensation has been provided for loss of limbs and various kinds of injuries sustained by the affected persons.





An immediate relief package consisting of 60 kgs of rice, a dhoti and a saree, two bedsheets, 3 litres of kerosene and Rs.4000 in cash, totally amounting to a value of Rs.5000 was given to all families whose houses were affected. The same relief articles and cash of Rs.2000, totalling about Rs.3000 in value were given to each family which suffered loss of livelihood without damage to the house. A massive programme for construction of temporary accommodation for the homeless persons at Rs.8000 per family was taken up and completed. One steel trunk, one Kerosene stove and an eversilver vessel (kudam) are being given to every affected family. A package of assistance at a cost of Rs.65 crores to enable repairs of catamarans, vallams and replacement of fishing nets has been implemented to enable fishermen to get back their livelihood. The immediate relief programme has been completed quickly, enabling early restoration of some degree of normalcy in the affected areas.

The determination and single-minded devotion with which the relief operations were taken up by the Government have received wide spread acclaim, including the appreciation of multilateral institutions such as the World

Bank, the Asian Development Bank and the European Economic Commission. Relief work in the context of a calamity of this nature calls for close co-operation of the State with citizens, volunteer groups and non-Government organisations. This Government has set out a framework for public-private partnerships in this task inviting agencies to join in rebuilding habitations and take up

reconstruction of specific assets such as school buildings etc.

This Government submitted a detailed memorandum to the Government of India requesting an assistance of Rs.4800 crores and 54000 metric tonnes of rice. This was discussed in a meeting between the Hon'ble Chief Minister and the Hon'ble Prime Minister at Chennai on 7.1.2005. At this meeting the Chief Minister also emphasized the need for coastal zone protection works through shelter belts and mangroves as also the construction of a sea wall and groynes at a cost of Rs.5000 crores. At this meeting the Chief Minister insisted on the establishment of a tsunami warning system which would at least provide some time to take preventive action. The Prime Minister readily agreed to this suggestion. After announcing an initial advance of Rs.250 crores, the Government of India has recently announced a package of assistance to the State. With this package of assistance, the Government will take up the permanent rehabilitation of all the affected families by way of construction of pucca houses in safe locations and full restoration of livelihood with the replacement of fishing craft and nets. This Government has requested the Government

of India for more liberal terms for the replacement of small fishing craft. This Government has also urged the Central Government to announce the waiver of all loans together with accumulated interest in respect of fishermen due to commercial banks and co-operative banks. We hope more assistance will be provided for taking up the task of livelihood restoration, reconstruction of infrastructure and providing permanent protection works in the coastal zone.

The Twelfth Finance Commission has submitted its report in December 2004. Its recommendations are presently under the consideration of the Government of India. The recommendations contained in the report are crucial in determining the size of resource transfers to the States, including Tamil Nadu, during the period 2005-2010. It is hoped that its recommendations will provide more resources to Tamil Nadu enabling the State to go faster forward. The Third State Finance Commission has been constituted to go into the resource transfers to local bodies.

Hon'ble Members of the House are well aware of how the entire development effort had been crippled by a most serious fiscal crisis when this Government assumed office. The House may recall that the approved Annual Plan outlay in 2001-2002 was scaled down from Rs.6040 crores to Rs.5200 crores because of the unprecedented fiscal crisis. This Government has not only restored the fiscal health of the State but also the credibility of the entire development process. I am

happy to inform this august House that the approved Annual Plan outlay of Rs.8001 crores for the current financial year will be achieved in full. The Union Government has recognised the excellent management of public finances in the State, by releasing the Fiscal Reform Incentive which is based on the actual fiscal performance, for the fourth year in succession. Tamil Nadu shares this distinction with only a very few other States in the country.

This impressive performance has enabled the Hon'ble Chief Minister to go in for a larger Plan outlay in 2005-2006. During the Annual Plan discussions held at New Delhi on 30th November 2004, with the Deputy Chairman of the Union Planning Commission, the Chief Minister secured a record plan outlay of Rs.9100 crores for Tamil Nadu for the year 2005-2006, keeping the State on track to achieve the Tenth Plan outlay of Rs.40,000 crores. It is heartening to note that Tamil Nadu is back on the high road of accelerated development and high growth, overcoming the fiscal and development crisis which enveloped the State when this Government assumed office.





This fiscal recovery has also been made possible by the impressive collection of Commercial Taxes which has recorded a growth of 18% this year. Better mobilisation of resources at the existing rates has been given emphasis. A new "Samadhan" scheme to clear the backlog of property sale cases pending registration and to obtain more revenue has been launched on 28th December 2004.

Hon'ble Members of the House are aware of the proposal to introduce a Value Added Tax system to replace State Sales Tax in all States with effect from 1st April 2005. Based on the consensus reached on this issue, the Government proposes to bring forward legislation to implement the Value Added Tax system. This is on the assurance that the compensation for the consequent revenue losses will be provided by the Government of India as per the agreed formula and the amendments to the Central Sales Tax Act to generate more revenue will be carried out.

Hon'ble Members of the House are aware of the internationally accepted "Millennium Development Goals". The Government has taken concerted action to achieve these goals

well before the target year of 2015. Good progress has been made in reducing poverty. The percentage of children attending schools in the age group of 6 to 10 years has gone up to 96% in the State and the target percentage of 100 will be reached in the coming year. Access to safe drinking water has been provided to 90% of the population and the Government is on the

right track to achieve the target. With the recent interventions of the Government in the Health Care Sector, the State will also achieve the two goals relating to elimination of child malnutrition and reduction in infant mortality rate. A new emphasis on female literacy has been placed to achieve the sixth goal of bridging the gap in the percentage of female literacy with that of male literacy.

The seasonal conditions in 2004 have been better than in the last several years. This has led to the forecast of a higher growth in Gross State Domestic Product this year. Hon'ble Members will be happy to know that the Primary Sector including agriculture, which was affected severely by drought in the past, is expected to grow at a rate of more than 16% during the year 2004-2005. It is estimated that the annual production of food grains during 2004-2005 will surpass 90 lakh metric tonnes, including 75 lakh metric tonnes of rice. Hon'ble Members may note that this is a substantial increase over the previous year's total grains production level of 43.12 lakh metric tonnes, including 32.23 lakh metric tonnes of rice. With better seasonal conditions this return to rural prosperity has brought great joy.

With a focus on the efficient use of water, innovative precision farming based on the practice in Israel has been introduced in the State as a pilot project in Dharmapuri and Krishnagiri districts. It is proposed to incorporate the experience gained from this project into a major programme. Under the Comprehensive Wasteland Development Programme 58.35 lakh tree seedlings including fodder slips will be planted this year covering 1.48 lakh acres.

The Hon'ble Chief Minister has announced the policy of the Government to promote crop diversification with less water intensive crops such as Jatropha, Sweet Sorghum and Sugar Beet. Corporate houses have been enlisted to promote these crops providing farmers an assured market. The Government is extending extension support to promote these new crops.

This Government has provided full support to farmers who have been affected by the continuous drought in the past. Assistance has also been provided to those farmers affected by floods in October-November 2004. The entire co-operative credit structure has been revamped with fresh infusion of funds. Tamil Nadu is one of the few States which has taken up the rescheduling of crop loans together with interest on such loans outstanding to the Co-operative banks as on 31st March, 2004, amounting to Rs.2598 crores to enable farmers to access fresh credit. This is being rescheduled as a term loan repayable in the next 5 years with a moratorium of 2 years. The interest rate on fresh crop loans has been reduced to 9%. This Government has ensured the payment of all arrears to sugarcane farmers and increased the Statutory Minimum Price for sugarcane from Rs.695 to Rs.730 per metric tonne.

The percentage of children attending schools in the age group of 6 to 10 years has gone up to 96% in the State and the target percentage of 100 will be reached in the coming year. Access to safe drinking water has been provided to 90% of the population and the Government is on the right track to achieve the target.

Pending clearance of the Tamil Nadu Water Resources Consolidation Project-II, which has been posed to the World Bank, this Government has already started model schemes in selected river basins. The Chief Minister has already taken up with the Union Government the early implementation of the Interlinking of Rivers with specific reference to the Peninsular Grid linking Mahanadhi to Gundar. In spite of the difficulties posed by the Electricity Act 2003, this Government has ensured free electricity for all farm pumpsets and huts. The Government has also sanctioned subsidy for electricity used by domestic consumers at an annual cost of Rs.910 crores. A new initiative has been launched to support farmers to replace their old inefficient pumpsets with energy efficient pumpsets.

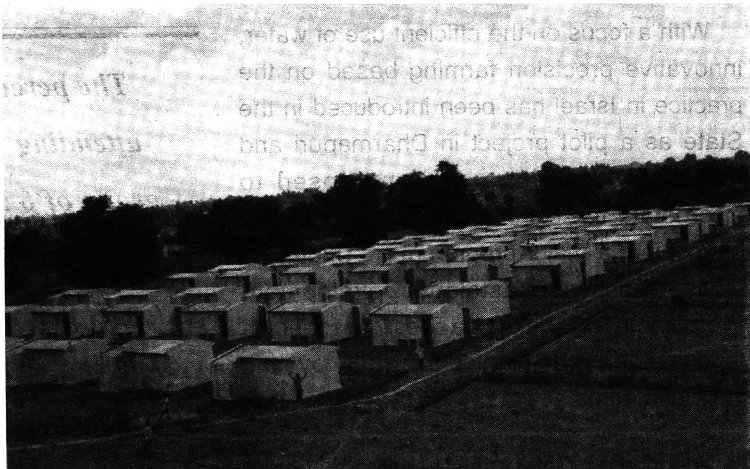
Hon'ble Members will be glad to know that the Tamil Nadu Afforestation Project II has been approved at a cost of Rs.567.42 crores by the

Japan Bank of International Co-operation. This project will ensure the conservation of natural resources while simultaneously addressing the concerns and needs of the rural population living in habitations adjacent to the forests.

234 veterinary sub centres have been upgraded as full fledged veterinary dispensaries so as to provide better health care for animals. This Government has also ensured that the dairy farmers are helped by an increase in the procurement price of milk by Re.1 per litre from June 2004. I must add that this has been done without putting any extra burden on the consumers.

The Government will draw up and implement a new plan for the fisheries sector in the background of the tsunami disaster. The Government has already sanctioned a comprehensive insurance scheme covering 3.66 lakh fishermen and 78,809 fisherwomen. This Government has always extended great support to fishermen as evidenced by the full waiver of sales tax on diesel used for motors by fishermen despite an annual loss of revenue of Rs.51 crores.

Keeping a comprehensive rural development focus including rural employment, this Government has launched a new scheme "Namadhu Gramam" with an outlay of Rs.200 crores to cover all village panchayats. This scheme seeks to achieve 100% enrolment of children in schools, poverty reduction, reduction of infant mortality, elimination of



female foeticide, and improved village sanitation - all through people's participation, besides providing essential infrastructure in all villages.

The New Anna Marumalarchi Thittam has made rapid progress. So far 204 projects with an investment of Rs.132.26 crores have been commissioned. 158 projects with a total outlay of Rs.103.32 crores will commence production shortly. 145 more projects at a cost of Rs.109.70 crores are being processed by financial institutions.

The State has performed remarkably well in rural sanitation where the population covered through proper sanitation has improved from 15% in 2001 to more than 43% in the current year. Under the Indira Awas Yojana construction of 37,676 new houses and upgradation of 19,265 kutchha houses with an outlay of Rs.154.31 crores will be completed during 2004-2005.

The Self Help Group movement has become very strong. Hon'ble Members will be glad to know that 31.43 lakh women have been enrolled in 1.87 lakh Self Help Groups. These women have mobilised savings of

Rs.585.84 crores and they have been provided with credit linkage of Rs.1020.48 crores.

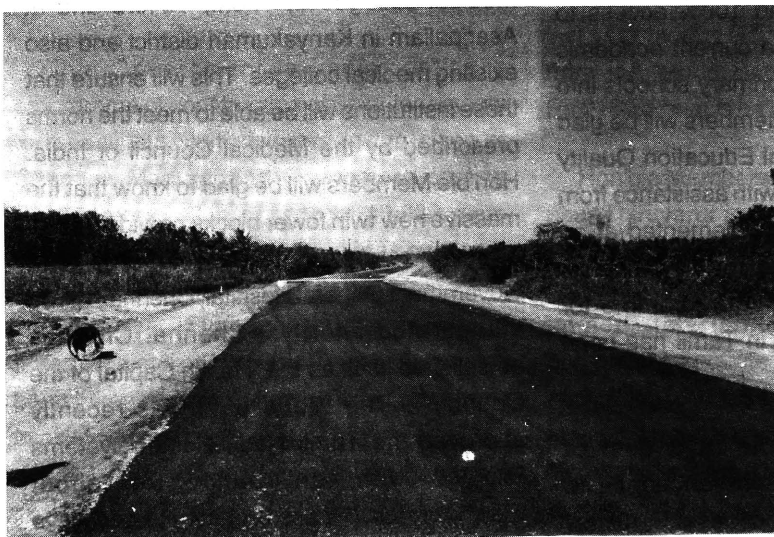
The Government has sanctioned an innovative Land Purchase Scheme for Scheduled Caste and Scheduled Tribe women to give them financial assistance for purchase of land and other agricultural inputs. This scheme will cover 7,000 Scheduled Caste and Scheduled Tribe families. Commercial banks should fully support this innovative scheme providing the necessary credit linkage.

Based on the assurance of the Chief Minister, 49,31,757 applications for ration cards were received, of whom all the 37,70,446 eligible applicants have been given new family ration cards in record time. New ration cards in lieu of the old ration cards will also be distributed by June 2005 and all bogus cards will be weeded out.

This Government has placed the greatest emphasis on the improvement of the quality of life of weavers. The massive scheme of distribution of free sarees to 111 lakh women

and dhotis to 111 lakh men launched during Pongal 2004 has again been continued in Pongal 2005. This programme not only ensures that the poor get clothes but also provides income security to a large number of weavers. The textile trade has been opened up with the transition to the WTO regime from 1st January 2005. This Government will establish a Task Force to enumerate the new opportunities and set out an action programme. This Government has sanctioned a comprehensive insurance scheme for 76,096 weavers at a cost of Rs.98.93 lakhs.

The Puratchi Thalaivar MGR Nutritious Noon Meal Programme is an idea conceived and executed to perfection in Tamil Nadu with the addition of an egg, potatoes and pulses once a week. The annual commitment under this scheme comes to Rs.844.97 crores as against which the Central Government provides Rs.287.17 crores. The Chief Minister has requested that the Central Government should provide increased assistance for this programme during the Annual Plan discussions on 30th November 2004.



The Chief Minister has been in the forefront in leading the movement to enhance the status of the girl child. The outlay for the immensely popular Girl Child Protection Scheme has been increased substantially to cover 23000 girl children. In order to ensure that equal opportunities

are available to girl students, the Government launched a pioneering scheme of providing bi-cycles free of cost to girl students studying in XI and XII classes belonging to Adi Dravidar and Scheduled Tribe Communities. Hon'ble Members will be happy to know that this year 49,194 girl students from Adi Dravidar and Scheduled Tribe families and another 2,96,000 girl students from Backward Classes, Most Backward Classes and Denotified Communities to whom the scheme has been extended this year are to benefit by this scheme. The Rural Girls Education Incentive Scheme now covers 1,80,000 girls in the 3rd to 6th Standard.

For Adi Dravidar students the loan scholarship scheme has been converted to a full grant scheme. Construction of hostel buildings for Adi Dravidars, Scheduled Tribes, Backward Classes, Most Backward Classes and Denotified Communities is nearing completion.

This Government has given true meaning to the "Education for All" Programme by not only ensuring universal access to primary schools but has achieved 100% access to middle schools during the current academic year by upgrading 1031 primary schools into middle schools. Hon'ble Members will be glad to know that the Technical Education Quality Improvement Programme with assistance from the World Bank is being implemented at an outlay of Rs.63.21 crores for 11 technical institutions in the State. A programme for translating 32 Law books in Tamil has been launched.

A massive programme at a cost of Rs.241.40 crores has been sanctioned to provide infrastructure and facilities in the 3 new

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medical colleges at Theni, Vellore and at Asaripallam in Kanyakumari district and also existing medical colleges. This will ensure that these institutions will be able to meet the norms prescribed by the Medical Council of India. Hon'ble Members will be glad to know that the massive new twin tower blocks providing 1650 beds at a cost of Rs.104.47 crores at Government General Hospital, Chennai, will be inaugurated shortly. Chennai City has established itself as the "Health Capital of the Country". The World Bank has recently approved the Tamil Nadu Health Systems Project with an outlay of about Rs.600 crores. Phase II of the Reproductive



and Child Health Programme at a cost of Rs.426 crores with support from the World Bank will be launched shortly. Tamil Nadu has made significant strides in rehabilitation of disabled persons. The State has bagged 14 National awards for the welfare of physically challenged people.

This Government is implementing a programme of construction of 5172 tenements to rehabilitate slum dwellers in the cities of Chennai, Madurai and Coimbatore costing Rs.49 crores. Construction of 10,632 more houses at a cost of Rs.93.20 crores has been taken up and will be completed during this financial year. Structural repairs to existing tenements at a cost of Rs.19 crores have also been taken up to improve the living conditions in existing tenements.

This Government has sanctioned 256 Combined Water Supply Schemes to benefit

1.4 crore people living in 15442 rural habitations and 104 towns at an estimated cost of Rs.2172 crores. Hon'ble Members will be glad to know that during the year 2004-2005, 40 Combined Water Supply Schemes (CWSS) including schemes such as the Sedapatti-Andipatti CWSS, Manaparai-Marungapuri Union CWSS have been completed. The Government has also implemented individual power pump schemes in 16500 rural habitations at an estimated cost of Rs.844 crores. This Government has also sanctioned conversion of 33821 hand pumps into mini power pumps at a cost of Rs.202 crores. The Tamil Nadu Rural Water Supply Project to be funded by the World Bank is in the final stages of preparation.

The Hon'ble Chief Minister has announced a Comprehensive Road Infrastructure Development Programme for improvement of State Highways, Major District Roads, other district roads and reconstruction of bridges costing Rs.1050 crores. Works are being taken up under this programme and will be completed by the end of the next financial year. The Tamil Nadu Road Sector Project launched last year by this Government with assistance from the World Bank with a total outlay of Rs.2160 crores is being implemented speedily.

Hon'ble Members are aware of the accident near Thiruvavur in December 2003, when the precious life of a girl child was lost due to the poor condition of the bus. This Government immediately launched a programme to completely renovate and repair existing buses and replace old buses on an accelerated basis. Hon'ble Members will be glad to know that the Tamil Nadu State Transport Corporations are replacing 1325 buses this year and a further 2000 buses will be replaced during the next

financial year. 4,848 defective buses have been repaired at a cost of Rs.30.48 crores to make them road worthy and safe to travel in. This has completely upgraded the services offered by the Tamil Nadu State Transport Corporations. All these service improvements have been taken up without any fare revision, despite the impossible burden posed by the steep hike in diesel prices by the Government of India.

The Hon'ble Chief Minister has inaugurated on 10th November 2004 the new TICEL Bio-park completed at a cost of Rs.62.50 crores. The Government has requested the Government of India to locate the proposed Bio-IT park at Chennai. Following the announcement of the New Industrial Policy in 2003, and the subsequent improvement in the investment climate, several new investment proposals are being finalised.

The Chief Minister's vision of making Chennai and Tamil Nadu the destination of choice for IT and IT Enabled Services is being realized as evidenced by the recent studies of NASSCOM and Messrs Gartner. Large international companies and banks have found Chennai the most convenient location. Indian IT majors are all expanding in Chennai in a big way. The Knowledge Industry Township will be established soon. Leading to it will be the 6 lane IT Expressway which will be built before the end of December 2005.

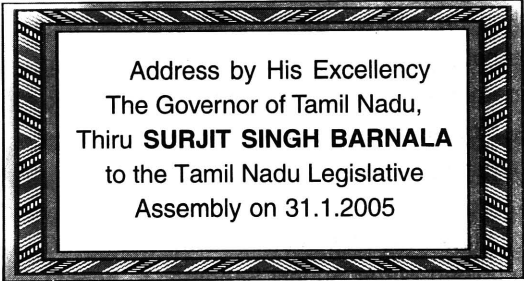
6275 temples in Adi Dravidar colonies have been taken up for renovation at a cost of Rs.15.69 crores. For the benefit and convenience of pilgrims going to the Palani temple, a new Rope Car service has been inaugurated by the Hon'ble Chief Minister on 3.11.2004.

This Government has taken up a package of measures to revitalise the film industry in the State including legislation to curb video piracy. The Government has modified the entire structure of Entertainment Tax and the tax rate has also been reduced. The Government has increased the subsidy for each quality low budget film from Rs.5 lakhs to Rs.7 lakhs with effect from 2003. The charges for film shooting at Government sites have been reduced. The Hon'ble Chief Minister presented awards to film artistes and technicians on 3rd December 2004. The film industry has received a new lease of life with these measures.

Good governance incorporating innovative e-governance initiatives continues to be a focus area. The new district of Krishnagiri has been launched as the 30th district in Tamil Nadu by the Hon'ble Chief Minister on 9th February 2004.

I have set out in detail the policies and programmes of this Government. We can justifiably be proud of the spectacular achievements of this Government in 2004 and look forward to an excellent performance in all spheres in 2005. I hope that the deliberations in this House will be balanced, constructive and purposive, all with the objective of ensuring accelerated development bringing prosperity to the people of Tamil Nadu.

Vanakkam.



Address by His Excellency
The Governor of Tamil Nadu,
Thiru **SURJIT SINGH BARNALA**
to the Tamil Nadu Legislative
Assembly on 31.1.2005



BUDGET 2005-2006

Thiru C. PONNAIYAN, Hon'ble Minister for Finance

Honourable Speaker Sir,

முறைசெய்து காப்பாற்றும் மன்னவன் மக்கட்(கு)
இறையென்று வைக்கப்படும்.

(A King who safeguards the welfare
of his subjects by just and upright
rule will be considered a divine
being in human form.)

With these memorable words of Saint Tiruvalluvar, which so aptly describe the rule of our sagacious, munificent, visionary leader, the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa, I rise to present the

Revised Estimates for 2004-2005 and the Budget Estimates for 2005-2006. I proceed with my task with the blessings of our noble leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa who with firm resolve, true grit, total dedication and crystal clear clarity of action has transformed Tamil Nadu from the abyss of gloom and despair at the end of the rule of the previous Government to a land of prosperity for all, abundant opportunities for its people and powerful growth marching steadily to the Numero Uno position among Indian States.



2. The people of Tamil Nadu gave a resounding mandate to the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa in May 2001, to rescue the State from fiscal penury, economic stagnation, insecurity and drift that the State found itself at the end of the rule of the previous Government. Today our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has fulfilled this mandate restoring Tamil Nadu to its erstwhile glory, all round development, prosperity and a happy life for its people free from the fear of violence and disorder. Tamil Nadu under the able and dynamic leadership of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has left behind the shackles imposed by the dull, desultory and pusillanimous rule of the previous Government which only led to chaos and misery. It has taken a supreme effort by our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa to set right the financial position, take Tamil Nadu forward on a new

development path and bring peace and prosperity to the people of Tamil Nadu. No one else could have achieved this daunting task in the face of such multiple and complex adversities. The very fact that every Tamilian today can stride purposefully forward, with head held high, is the best tribute that can be paid to our visionary leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa for this outstanding achievement overcoming all obstacles.

3. Hon'ble Members of this House may recall the totally hopeless fiscal position that engulfed the State in May 2001 when this Government assumed office. The very credibility of the Government was shaken with bills not being honoured and development works being suspended. It was virtually an impossible task to rescue the State from the depths to which it had sunk. Hon'ble Members of the House are aware that fiscal reform is not a goal in itself but a

necessary means to ensure rapid development providing more employment, improved incomes and better quality of life to the people. When fiscal reforms to ensure rapid development became inescapable, our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa saw to it that the correction was made quickly and the poor were protected throughout the entire process. It is only in Tamil Nadu starvation deaths were totally prevented. In no other State has such a major fiscal adjustment been achieved in such a short span, while at the same time ensuring that the poor are completely protected from the rigours of fiscal adjustment. The success achieved by our Government in accomplishing fiscal reforms and taking the State back on the road to rapid development and prosperity is only due to the bold, dynamic, steadfast and compassionate leadership of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa.

4. Hon'ble Members of the House are aware of the development paralysis caused in several States due to terrorism, insurgency, militancy and extremism, not to mention the incessant break down of law and order for routine reasons. In Tamil Nadu, people are guaranteed safety and security. It is easy to take this for granted. This would be a big mistake as we witness the incidents across the State border. We all have to join in saluting our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa for the indomitable, courageous, bold and daring leadership which has held the State together keeping at bay all those mischievous and fissiparous forces which always look for an opportunity to tear our social fabric apart. This is what makes our leader the Hon'ble

Chief Minister Puratchi Thalaivi J Jayalalithaa a leader among all leaders, a leader nonpareil, a person of clear conviction, uncompromising stance in the war against terrorism and extremism, meticulous planning, brilliant strategic interventions and firm faith in making the Tamil Nadu Police an effective instrument guarding the citizens from the travails of a soft State. The elimination of the dreaded forest brigand Veerappan and his gang, ridding the State of a murderous menace is an outstanding achievement made possible only by the unwavering and unflinching commitment and action of our leader. No praise would be excessive for the tireless, dedicated service of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa in protecting and safeguarding the people of Tamil Nadu.

MEDIUM TERM FISCAL PLAN

5. Hon'ble Members of the House are aware of the Medium Term Fiscal Plan which I presented at the time of the Budget for 2004-2005 in February 2004. I am glad to inform the House that sound management of the State's finances has ensured that the targets set out in the Medium Term Fiscal Plan for the year 2004-2005 have been met in full. The updated Medium Term Fiscal Plan keeping in mind the twin objectives of promoting growth and development while at the same time providing maximum protection to the poor and needy with a fiscally stable and sustainable outlook has been prepared and is appended to my Budget Speech. It will be seen from this Medium Term Fiscal Plan that the process of fiscal consolidation is kept on track in 2005-2006 leading to further improvement to the fiscal position. The trend of reducing the Revenue deficit will

be maintained with the objective of reaching a Revenue surplus situation by 2008-2009. The Twelfth Finance Commission has also indicated that both the Centre and the States should reduce the Revenue Deficit to zero by 2008-2009.

6. Hon'ble Members of the House are aware of the Fiscal Responsibility Act 2003 and the amendments to this Act in 2004. The Medium Term Fiscal Plan is presented as per the requirements of this Act which sets out the goal of reducing the ratio of Revenue Deficit to Total Revenue Receipts to less than 5% by 31st March 2008. The Budget Estimates 2005-2006 indicate that in 2005-2006 a level of 4.64% will be reached indicating that the fiscal situation has been significantly improved and is well within the targets and trend set out in the Fiscal Responsibility Act 2003. It is also important to note that only 5 States have implemented such Fiscal Responsibility Legislation and Tamil Nadu is among them. Now the Twelfth Finance Commission has made it clear that States will be entitled to considerable assistance only if they implement such legislation and manage their finances so as to reduce the Revenue Deficit on a sustained basis. The foresight and vision of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa in bringing forward this legislation in Tamil Nadu at the right time will be apparent now.

7. Hon'ble Members of the House are no doubt aware of the Fiscal Reforms Facility created by the Union Government based on the recommendations of the XIth Finance Commission for the period 2000-2005. Under this facility a State which shows good performance in managing its finances is

given an incentive in the form of an annual grant. The excellent management of the finances of our State has been recognized by the Union Government, which has released the Fiscal Reform Incentive Grant for the fourth successive year to Tamil Nadu. Tamil Nadu shares this distinction with only a few other States in the country. I have spelt out in detail the action taken to set right the finances of the State and the steps taken to prevent the recurrence of the fiscal chaos and confusion that prevailed in the State by the end of 2000-2001. Hon'ble Members of the House will no doubt appreciate the measures undertaken by this Government under the leadership of the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa to prevent the kind of fiscal calamity that enveloped the State in 2000-2001 derailing the entire development process. The careful attention paid to the restructuring of the State's finances has ensured that the State can now make rapid strides forward in reaching development goals.

The Tamil Nadu Economy

8. The fiscal crisis by the end of 2000-2001 was simultaneously accompanied by a development crisis leading to a slow down of the economy. The extremely severe drought situation in 3 successive years made the recovery even more difficult. Hon'ble Members of the House are well aware of the 15-point programme enunciated by our leader Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa to take Tamil Nadu on to a higher growth path. This new strategy evolved by our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has enabled the State to not only tackle the drought situation effectively

but also come out of the low growth phase which had affected the Tamil Nadu economy. The new economic policy of this Government has been framed to take Tamil Nadu into a higher growth trajectory. The Tamil Nadu Equitable Growth Initiative will enable develop new approaches towards accelerated growth and development. The latest indications are that the Gross State Domestic Product in the current year will register a growth of more than 8% at constant prices. Thus it is clear that we have restored the growth momentum to the economy and the State can again look forward to a high growth phase characterized by increasing opportunities for the people of Tamil Nadu. With the strong revival of the Primary Sector, a good investment climate facilitating new starts in the manufacturing sector and a buoyant tertiary sector it is our conviction that Tamil Nadu has moved into a new high growth trajectory.

ANNUAL PLAN

9. Hon'ble Members of the House are aware of how the development process had totally collapsed when this Government assumed office in May 2001. Revival was made impossible by the enormous and deep rooted fiscal crisis which had gripped the State. Successive droughts made it even more difficult. All these factors led to a situation when planned development to reach important goals, such as the Millennium Development Goals, was in danger of going completely awry. It may be recalled how the Approved Plan Outlay of Rs.6040 crores in 2001-2002 had to be scaled down to Rs.5200 crores as the State simply did not have the capacity with the

debilitating fiscal crisis. The Hon'ble Chief Minister decided to restore the State to an accelerated development path. This was accomplished despite an array of adverse circumstances. The Tenth Plan Outlay for the period 2002-2007 was set at Rs.40,000 crores, reflecting the confidence and boldness of the Hon'ble Chief Minister to take Tamil Nadu on the high road to all round prosperity. There were many who doubted this could ever be achieved. It is in this context that I am glad to inform the House that the approved Annual Plan Outlay of Rs.8001 crores for 2004-2005 will be achieved in full. Unlike several other States which promise large Plan outlays at the time of the Budget and never actually achieve then, in Tamil Nadu we have ensured since 2002-2003 that the Annual Plan Outlay is actually exceeded every year.

10. In the meeting with the Deputy Chairman of the Union Planning Commission on 30th November, 2004, the Hon'ble Chief Minister forcefully presented arguments for a higher Plan Outlay on the sheer dint of performance and secured a record Plan Outlay of Rs.9100 crores for 2005-2006. The Budget Estimates for 2005-2006 have been formulated to accomplish this much higher Plan Outlay of Rs.9100 crores in 2005-2006. It will be obvious that Tamil Nadu has been brought back from the development crisis of the late Nineties to a new accelerated development path. The Budget Estimates 2005-2006 indicate that total plan outlay has increased by 75% over the level in 2001-2002. This is an amazing turn around made possible only by the vision and dynamism of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa.

TWELFTH FINANCE COMMISSION

11. Hon'ble Members of the House are aware of the forceful plea made by our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa before the Twelfth Finance Commission in February 2004 when the Commission visited Tamil Nadu, that the practice of cutting down the shares of efficient and well performing States to reward States which performed poorly should stop. Convinced by these powerful arguments, the Twelfth Finance Commission headed by the eminent economist Dr. C Rangarajan has submitted its recommendations which have been accepted by the Union Government and announced in the Union Budget recently. Hon'ble Members of the House are aware of how the Eleventh Finance Commission reduced the share of Tamil Nadu in the divisible pool of Central Taxes from 6.637% to 5.385%, a massive reduction of 18.86%. The previous Government failed to prevent this fiscal calamity even when it was in power both at the Centre and in the State. The Twelfth Finance Commission's recommendations on principles of devolution as accepted by the Union Government indicate that for the period 2005-2010, Tamil Nadu's share will be 5.305% in the divisible pool of Central Taxes. Although this is slightly lower than the earlier level, there is no major reduction as feared earlier. The Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has saved Tamil Nadu from another certain fiscal disaster.

12. The horizontal distribution between States is now to be governed by the following formula:

- 50% based on per capita income on a distance basis.

- 25% based on population.
- 10% based on geographical area.
- 7.5% based on Tax effort.
- 7.5% based on fiscal discipline.

13. The Twelfth Finance Commission has recommended an increase in the total share of all States in the divisible pool of Central Taxes from 29.5% to 30.5%. This Government had sought an increase from 29.5% to 50%. While the increase recommended by the Twelfth Finance Commission is thus disappointing, it is gratifying to note that the Twelfth Finance Commission has made salutary recommendations enhancing the grant to meet the cost of relief and rehabilitation following natural calamities, increasing the grants to local bodies, providing grants for the maintenance of roads and buildings. These are welcome measures.

14. The Twelfth Finance Commission's recommendations on substantial deficit grants to only 15 States leaving out States like Tamil Nadu is disappointing. Further substantial grants have been provided only to certain States for health and education, while denying the same to other States including Tamil Nadu which are doing well in these sectors deploying their own scarce resources for these essential social sectors, which is again an unfortunate development. All States have still to undertake considerable work in these sectors. Denying some States these funds is again a penalty for good performance by these States. In the grants for specific needs Tamil Nadu's share is most disappointing. It is important from

a national perspective that the Twelfth Finance Commission should have ensured a more equitable and rational distribution of these resources.

15. The Union Government has accepted the recommendations of the Twelfth Finance Commission to provide debt relief to the States. Accordingly all the loans drawn till 31.03.2004 and outstanding from the State to the Centre as on 31.3.2005 are to be consolidated as a new loan and made repayable in 20 years with an interest rate of 7.5% per annum. This relief is conditional on the State adopting a Fiscal Responsibility Legislation. Further a debt write off scheme linked to the reduction of revenue deficit each year and containing the fiscal deficit to the level in 2004-2005 has also been announced. Although the forceful plea of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa for debt relief to the States has been accepted, Hon'ble Members of the House have to note that stiff conditions on reducing the revenue deficit and containing the new borrowings to hold the fiscal deficit down have been prescribed.

16. Overall the Twelfth Finance Commission's recommendations could have focused more on rewarding efficiency and good governance in determining fiscal entitlements rather than take the beaten path of giving more funds to the so called backward States.

TSUNAMI RELIEF MEASURES

17. The tsunami killer waves struck the Tamil Nadu coast on 26th December, 2004, without any forewarning. This was an unprecedented calamity of a type never seen before. It has wrought immense devastation

all along the coast extracting a heavy death toll of about 8018 persons, leaving lakhs of people homeless and destroying the livelihood of fishermen and others in the coastal areas. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa rushed to the tsunami affected areas on 26th December, 2004, itself to console the affected families and organize relief operations. Our leader again visited the affected areas on 27th December, 2004, and started the distribution of the immediate relief package on 30th December, 2004, at Cuddalore, Nagapattinam and Nagercoil.

18. The Hon'ble Chief Minister organized the relief operations in three phases, the first phase consisting of search, rescue, evacuation, organising the cremation/burial of the dead and organisation of relief camps, the second phase of providing immediate relief and the third phase consisting of permanent rehabilitation. We have now commenced the third phase of permanent rehabilitation after successfully completing the first 2 phases. The way our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa galvanised the entire administration into an effective machinery to provide relief and succour to the affected persons has earned universal acclaim. The mobilization of sanitary workers from the entire State to retrieve and identify the dead bodies and arrange for the burial or cremation of the dead was instrumental in preventing any outbreak of disease which was feared. Doctors and health workers rushed in to provide excellent service to keep the threat of any epidemic at bay. Lakhs of men, women and children were accommodated in relief camps where food, clothing and shelter were provided.

19. This Government presented a detailed Memorandum detailing the devastation and damages wrought and seeking assistance of Rs.4800 crores from the Government of India to undertake relief and rehabilitation. In addition the Hon'ble Chief Minister proposed a coastal zone protection plan involving the creation of shelter belts, mangroves, rubble mound sea walls and concrete sea walls at a cost of Rs.5000 crores. So far the Government of India has sanctioned Rs.1726.72 crores through a sanction order dated 31.1.2005 and another order dated 24.02.2005. Except for the advance of Rs.250 crores no funds have been released to the State Government as yet. This Government urges the Government of India to ensure that the sanctioned funds from the National Calamity Contingency Fund are released immediately to take up the permanent rehabilitation works. This Government has continued to urge the Government of India to provide hundred percent subsidy for the permanent rehabilitation measures for fishermen and also provide the funds to the State Governments. Further this Government urges the Government of India to sanction additional funds to take up the reconstruction of assets lost in the tsunami disaster. The Government of India should also immediately announce the waiver of all loans due from fishermen to commercial banks and co-operative credit institutions.

20. This Government has so far sanctioned Rs.895.18 crores for both temporary relief works and permanent rehabilitation works. The Hon'ble Chief Minister has made it clear to the Union Government that all relief assistance should be routed through the State Government.

This principled stand has been widely appreciated. The Budget Estimates 2005-2006 include a provision of Rs.1000 crores for undertaking relief and permanent rehabilitation measures in the tsunami affected areas consisting of construction of new pucca houses, livelihood rehabilitation particularly for fishermen and reconstruction of damaged infrastructure. We have also taken up with the Asian Development Bank and the World Bank special assistance to tackle the reconstruction and rehabilitation needs. The response of non governmental organisations, voluntary agencies and the corporate sector has been tremendous. Our Government has set out a clear framework for the continued participation of these agencies in the permanent rehabilitation measures.

21. Hon'ble Members of the House are aware of the issues relating to the permanent rehabilitation of fishermen. The work of providing fishermen with the means of livelihood is now underway in full swing and maximum progress will be made before the end of April 2005. A monthly sustenance package at a cost of Rs.1,526 per family for 3 lakh affected families at a total cost of Rs.137 crores has been announced by the Hon'ble Chief Minister starting from the month of February 2005. This will continue till the end of April 2005.

Police

22. The Budget Estimates 2005-2006 include a provision of Rs.1339.33 crores for the Police Department. The Hon'ble Chief Minister has taken pains to go into every aspect of the functioning of the Police Force and implemented a series of measures to ensure that the Tamil Nadu Police Force is



the best in the country. The elimination of the dreaded forest brigand Veerappan and his gang has clearly shown that under the leadership of our Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa, the Tamil Nadu Police Force stands unrivalled in professionalism, courage, efficiency and performance.

23. The Hon'ble Chief Minister has placed great emphasis on the Modernisation of the Police Force. This programme has been implemented at a cost of Rs. 427.59 crores. Every Police Station has been completely modernised with computers, video cameras, latest weapons, hi-tech communication equipment and modern office appliances like fax, photocopier etc. The result is that the Police Force is now better equipped to deal with crime, law and order and ensure the maintenance of peace and tranquillity. The recruitment of 961 women Sub Inspectors and 10,737 constabulary has been completed in 2004-2005. Further recruitment process to fill up 2219 vacancies in the constabulary has started. This will go a long way to strengthen the Police Force.

24. A long felt need has been the establishment of a full fledged Police Academy. The Hon'ble Chief Minister has initiated this project at a cost of Rs.48 crores. Located at Oonamancheri village near Vandalur this will be a state-of-the-art facility designed to ensure that the Tamil Nadu Police always stays ahead in skills, discipline and effective performance.

25. The Hon'ble Chief Minister's emphasis on the induction of women in the Police Force is well known. So far 195 All Women Police Stations have been opened. Tamil Nadu has the distinction of having the first All Women Battalion and the first All Women Commando Force in the country. This approach has ensured that people, particularly women, can approach the Police Force with the firm conviction that their grievances will be redressed effectively.

26. The Hon'ble Chief Minister has placed the highest emphasis on ensuring that the Tamil Nadu Police Force is provided with the best of facilities. 6,000 new houses have been sanctioned during 2001-2004 and this scheme will be further strengthened in 2005-2006. The grievance redressal machinery has been greatly improved, ensuring that the morale of the Police Force is always high.

27. The Hon'ble Chief Minister has announced the construction of a new office complex at a cost of Rs.30 crores at Taramani to house the office of the Director General of Police and other allied officers.



This will symbolise the new heights reached by the Tamil Nadu Police under the able and bold leadership of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa.

Prisons

28. The Government is facilitating the reform and rehabilitation of the inmates in prisons so as to integrate them into the mainstream of our modern society. Several new facilities have been provided to the inmates to bring about a change in their behavioural attitude and also to wean them away from crime in future. As a progressive measure, 10 Sub Jail/Special Sub Jails have been converted as Women Sub Jails/ Special Sub Jails which are exclusively managed by women staff. For the first time in the State, the remand of prisoners is extended through a unique Video Conferencing System. This scheme implemented at a cost of Rs.8.61 crores connects 62 courts with 16 prisons. A provision of Rs. 96.08 crores has been made for the Prisons Department in the Budget Estimates 2005-2006 as against

Rs. 91.41 crores provided in the Revised Estimates 2004-2005. The scheme for Modernization of Prison Administration will be continued in 2005-2006 and a provision of Rs. 11.78 crores has been made for this purpose. The construction of the new Prison Complex at Puzhal is at an advanced stage and will be completed shortly.

FIRE AND RESCUE SERVICES

29. The Fire and Rescue Services Commission under the Chairmanship of Retired Justice Thiru K.S. Bakthavatsalam which was constituted to go into all aspects of fire fighting and rescue operations with a view to modernizing and equipping this Department to handle such situations in a better manner has just submitted its report to the Government. Necessary steps will be taken to implement these recommendations. It is proposed to take up a major programme to replace old fire tenders with new modern units. To develop core competence to handle search and rescue operations during disasters, about 20 commandos are being trained in every district. They have been given intensive training and have become an

asset to the department. In the wake of the Kumbakonam school fire tragedy special emphasis has been given to preventive action including training, organization of fire drills and sensitising people to the hazards of fire. A total provision of Rs. 68.55 crores has been made in the Budget Estimates of 2005-2006 as against Rs. 61.64 crores in the Revised Estimates 2004-2005.

Judiciary

30. The long time aspirations of the people of Southern Tamil Nadu have been realized with the opening of the High Court Bench at Madurai in July 2004. This Government ensured the construction of this complex at a cost of Rs. 65.45 crores. A special programme for maintenance of Court buildings has been taken up at a cost of Rs. 7.58 crores. This Government is providing all the necessary infrastructure and resources with a special emphasis on the computerisation of the High Court and other Courts. A new District Munsif cum Judicial Magistrate Court will be started at Natham in Dindigul District. The outlay on Administration of Justice has been increased from Rs. 178.88 crores in the Revised Estimates 2004-2005 to Rs. 193.79 crores in the Budget Estimates 2005-2006.

31. The Government is providing all the necessary infrastructure for the Law Colleges and the Tamil Nadu Dr. Ambedkar Law University to make available well trained lawyers for the effective functioning of the Judicial System. In order to accommodate the increased student strength in the Government Law Colleges, construction of additional classrooms in Government Law Colleges at Tiruchirappalli

and Coimbatore has been taken up. A separate building for the School of Excellence in Law in the Tamil Nadu Dr. Ambedkar Law University Campus at a cost of Rs. 1.30 crores has been completed. The Government has allotted 10 acres of land to the University for construction of the Tamil Nadu Dr. Ambedkar Law University Law College, Chengalpattu, and the construction work is in progress. During 2005-2006, it is proposed to construct a new hostel for the women students studying at the Government Law College, Tirunelveli at a cost of Rs. 1.18 crore.

Revival of the Primary Sector Agriculture

32. In my last Budget speech, I had outlined the new strategy of this Government for reviving the Primary Sector, particularly agriculture. The implementation of this strategy has led to the resurgence of the Primary Sector. Hon'ble Members of the House will be glad to know that in the current year, the Primary Sector will register a growth of 16%, at current prices, over that in the last year. Overall, food grains output will surpass 90 lakh Metric Tonnes in the current year. This revival of agriculture has brought great joy to rural areas.

33. The strategy this Government has adopted comprises crop diversification, bringing land under green cover through Comprehensive Wasteland Development, encouragement to the efficient utilisation of water, adoption of precision farming, dissemination and adoption of new technologies, better market access to provide farmers improved prices for their products, close attention to the non-farm

rural sector to promote employment and reinvigorating the cooperative credit structure to serve farmers better. We have made rapid progress under each of these components of the revised strategy.

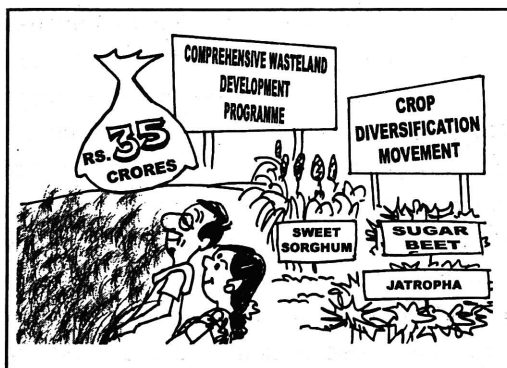
34. The crop diversification movement has picked up momentum. Farmers are willing to consider alternate crops which consume less water, provided there are assured markets with proper pricing. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has set out an alternate crop strategy with the cultivation of less water intensive crops like Sweet Sorghum, Sugar Beet and Jatropha. The important point to be noted is that these crops are to be cultivated with a firm linkage to further down stream processing by sugar mills and bio-fuel plants. Contract farming arrangements will ensure the adoption of better technology and provide an assured market. The emphasis on Horticulture is also part of the crop diversification programme. The target is to double the production of Horticulture crops by the year 2011-2012. With the implementation of the Model Village Programme and the emphasis on training in Horticulture, all as part of the Horticulture Mission, a shift from low value added water intensive cultivation to high

value Horticulture crops is already noticeable and will be strengthened further.

35. The Comprehensive Wasteland Development Programme launched by our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa is bringing the fallow lands owned by farmers under green cover. Good progress has been made in the current year. This programme will be continued in 2005-2006 with an outlay of Rs.35 crores. 1.50 lakh acres will be brought under tree crops and fodder.

36. With one of the lowest per capita availability of water and the high water stress caused by successive droughts, we have to ensure that farmers are encouraged to go in for efficiency in water use. This will be encouraged by popularising drip and sprinkler irrigation. This Government has decided to extend 50% subsidy for small and marginal farmers taking up drip and sprinkler irrigation systems and the existing 25% subsidy pattern will continue for large farmers. A provision of Rs.10 crores has been made for this State scheme. The precision farming system which this Government launched in Krishnagiri and Dharmapuri districts on a pilot basis has worked well. It is planned to expand this programme to other districts in 2005-2006 with an outlay of Rs.10 crores.

37. The adoption of new technology is most vital. The Tamil Nadu Agriculture University will be required to undertake specific projects for the main crops so that a major increase in productivity can be achieved within a specific timeframe. At present 12 districts have Farmers Training Centres. I am glad to announce that the



Budget includes provision for establishing Farmers Training Centres in 11 more districts in the coming year. A new project to utilise Information Technology to bring to the specific knowledge of farmers new technology and practices will be implemented in 2005-2006. In order to bring extension services closer to the farmer, the Block Level Extension Centre will be revived so that the farmer will be enabled to access the necessary information and facilities at the block level.

38. It is important to ensure that farmers have access to new markets on a regular basis in order to provide better prices for their products. It is for this reason that this Government has launched Agri-Export Zones at Hosur, Ooty and Theni at a total cost of Rs.65.34 crores. This Government will establish a new Agri-Export Zone for Cashew at Cuddalore at a cost of Rs.10.36 crores.



39. Given the good prospects of the textile industry following the WTO regime from 1.1.2005, a determined effort to link cotton growers with cotton consuming mills on a contract farming basis will be

intensified. Organic farming has now assumed importance both from the point of view of sustainable agriculture and based on the preference of consumers particularly in urban markets. Organic farming will be actively promoted particularly in areas close to urban markets.

40. Hon'ble Members of the House are aware of the benefits that have been realised following the implementation of the Rainwater Harvesting Movement by our leader the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa. The Hon'ble Chief Minister has indicated that this movement should now be expanded into a major Watershed Development Programme whereby the entire State should be divided into Micro Watersheds where rainwater harvesting should be taken up. This Micro Watershed Development Programme can lead to lasting benefits in rural areas along with drought proofing agriculture in Tamil

Nadu. The entire State has been mapped consisting of 126 major watersheds and 19206 micro watersheds. So far about 6000 micro watersheds have been taken up on a piece meal basis under different programmes over the last 20 years. The balance to be covered comprises 13206 watersheds

covering 66 lakh hectares. It is important that the Watershed Development Programme is taken up in a big way with people's participation utilizing all resources available.

41. Currently under different programmes it is possible to take up only about 300 micro watersheds for treatment in a year. This Government has decided to intensify the Watershed Development Programme by taking up 1000 new micro watersheds for treatment in 2005-2006. Apart from the existing programmes a new programme with assistance from NABARD will be launched to take up watershed development in a big way enlisting the support of NGO's and voluntary organisations. This programme implemented with full participation of the people will ensure lasting benefits for the community and safeguard agriculture. The total outlay on Agriculture has been fixed at Rs. 854.41 crores in the Budget Estimates 2005-2006.

Irrigation

42. Tamil Nadu has one of the lowest per capita availability of water in the country. The surface water potential has been completely tapped. It has been estimated that except for a little run off into the sea in a few years in a few basins there is very little surface water available which can be utilized for irrigation schemes. It is in this context that our leader the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa has been insisting that the Interlinking of Rivers should be taken up immediately. In particular, the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa has emphasized the need to take up the Peninsular River Water Grid linking Mahanadhi to Gundar. It is unfortunate that no action is being taken by the Government of India on this important project which will provide fresh impetus to growth in the Southern States. It is not

apparent why when such multi State projects are taken up in other regions such a major project with high potential benefits to the South is being shelved. I am sure the Hon'ble Members of the House will join in urging the Government of India to immediately put this project on a fast track so that it can be implemented early.

43. Hon'ble Members of the House are aware that even in the year 2004-2005, the kuruvai crop could not be raised in the Cauvery delta as adequate flow of water was not made available by Karnataka. Only the surplus water from the reservoirs was allowed to reach Tamil Nadu. Fortunately due to a good North East monsoon it was possible to raise the samba crop. Even so, the total deficit as per the interim order of the Cauvery Water Disputes Tribunal not supplied by Karnataka was 39.62 TMC ft as on 28.02.2005. There is need for a proper mechanism with adequate authority to implement the orders of the Tribunal, which have been held to have the same authority as orders of the Supreme Court of India. During the final arguments on the allocation of water, this Government has urged that the Cauvery Water Disputes Tribunal shall give a scheme in detail and spell out in clear terms as to how the scheme should function while implementing the orders of the Tribunal. A duty is cast on the Government of India to ensure a proper scheme which will ensure regular flow in the river to take up the kuruvai and samba crops each year in the Cauvery delta.

44. Now an all out effort has to be made to ensure the efficient management of available water resources. Hon'ble Members of the House are aware that it was

under the leadership of the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa that the World Bank approved the Water Resources Consolidation Project – I for implementation in Tamil Nadu. Under this project 17 major basins have been formed for integrated management of the available water resources. The concept of better management of existing water sources through modernisation, improvement in efficiency and adoption of better management practices has been implemented in the Hanumanadhi sub basin of Tamiraparani basin in Tirunelveli district. With the results from this pilot project, the World Bank has been requested to expedite the approval of the Water Resources Consolidation Project-II. Pending clearance from the World Bank, we have decided to go ahead with this project in phases. The Budget Estimates include provision for implementing this project in the Palar basin at a cost of Rs.20 crores.

45. Hon'ble Members of the House are aware of the special efforts taken by this Government to secure funding from NABARD for undertaking irrigation projects. 28 such irrigation projects costing Rs.209.07 crores have been taken up with assistance from NABARD. 16 more irrigation projects with a total cost of Rs.42.38 crores have also been approved by NABARD which will now be taken up for implementation.

46. Hon'ble Members of the House are aware of the need to deepen and modernize irrigation tanks. The Budget Estimates 2005-2006 include a provision of Rs.62.50 crores for undertaking a new programme of deepening and reconstructing irrigation tanks under the control of the Public Works

Department. Under this programme earth moving machinery will be utilised to properly deepen the tanks and full reconstruction will be taken up to ensure that each tank functions as a proper reservoir. Hon'ble Members of this House will greatly welcome this new initiative which will benefit 62,500 acres of farm land.

Co-operative Credit

47. Co-operative credit institutions play a significant role in extending credit to farmers for undertaking farm operations and also persons living in rural areas to undertake various economic activities. One of the most serious problems faced by this Government on assuming office in May 2001 was the serious deterioration in the financial health of the co-operative credit institutions. The successive droughts have added to the financial problems faced by these institutions. This Government has taken firm steps to provide additional funds to enable the co-operative credit institutions to be revived. It was only based on this major effort that the co-operative credit institutions have been enabled to extend crop loans in the current year to the extent of Rs.1037.68 crores as against Rs 616.59 crores in 2003-2004. Hon'ble Members of the House

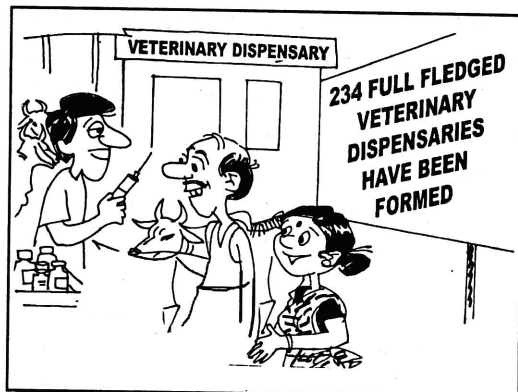


may note that this Government has thus ensured the revival of the co-operative credit institutions. Farmers have been enabled to obtain fresh crop loans by rescheduling their outstanding loans together with interest due to co-operative credit institutions as on 31.3.2004 amounting to Rs.2,598 crores into a term loan repayable in a period of 5 years with a moratorium of 2 years. Very few States have undertaken this major restructuring of repayments of loans due from farmers.

48. This rescheduling of loans from farmers has imposed a major financial burden on the co-operative credit institutions. The Budget includes a provision of Rs. 50 crores to provide fresh equity support to co-operative credit institutions so that they are enabled to continue their operations. We have undertaken the revival of the co-operative credit institutions without any assistance from the Government of India. This Government urges the Government of India to implement a proper scheme of debt write off for farmers affected by drought. This should cover not only loans taken from co-operative credit institutions but also loans taken from commercial banks.

Animal Husbandry

49. True to the saying that animal health is a nation's wealth, this Government has accorded special importance to Animal Husbandry. The Special Livestock Protection camps have been continued in 2004-2005 with a focus on reaching remote villages where veterinary facilities are not adequate. In the current year 5005 such camps will be completed at a cost of Rs.1.85 crores. This programme will be continued in the coming year.



50. Hon'ble Members of the House are aware of the major expansion of veterinary care facilities undertaken by this Government. Since 2001, 316 Veterinary Sub-centres have been upgraded as Veterinary Dispensaries providing much improved health care facilities for animals throughout the State. In the current year itself 234 full fledged Veterinary Dispensaries have been formed. This brings the total number of Veterinary Dispensaries in Tamil Nadu to 1156 providing effective health care for animals throughout the State.

51. Tamil Nadu has made rapid strides in improving the quality of livestock. The Tamil Nadu Livestock Development Agency which brings together all breeding activities has been received well. Tamil Nadu has attained the first rank in India in carrying out the artificial insemination programme. 114 lakh artificial inseminations have been carried out in the period 2001-2004 leading to improvement in the quality of cattle in the State. The recently concluded Livestock Census in 2003 also indicates that there is a significant increase in the proportion of cross-bred cattle. The procurement of milk has shot up in the current year. As against an average daily procurement of 20.37 lakh



litres in 2003-2004 it has gone up to 23.86 lakh litres in 2004-2005. This has been greatly facilitated by the increase of procurement price by Re.1/- per litre without imposing any burden on the consumer. Emphasis is now being given to clean milk production by ensuring better practices and better hygiene in the processing of milk. This programme which covers 8 District Cooperative Milk Producers Unions will be extended to all other Milk Producers Cooperative Unions during the year 2005-2006 at a cost of Rs.12.72 crores.

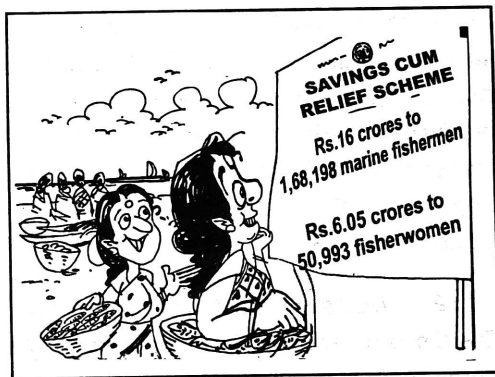
52. The concept of home stead farming consisting of better management of dry land agriculture with fodder crop and establishing integrated units with improved varieties of goat, is being promoted.

53. Training of women members of Self Help Groups in fodder production, dairy farming, sheep-and goat rearing, backyard poultry etc., will be taken up in the year 2005-2006.

54. The total outlay for Animal Husbandry and Dairy Development in the Budget Estimates 2005-2006 is Rs.178.01 crores.

Fisheries Development and Welfare of the Fishing Community

55. In the background of the tsunami tragedy which has destroyed the livelihood of the fishermen in several districts along the coast, a comprehensive plan for development of Fisheries in the State will be drawn up. A task force will be constituted with experts who will be requested to suggest new approaches to improve the Fisheries Sector rapidly. Relief and rehabilitation of fishermen affected by the tsunami tragedy will receive priority in 2005-2006. A major part of the total allocation of Rs.1000 crores made in the Budget for rehabilitation works following the tsunami tragedy will be earmarked for providing housing, infrastructure and permanent livelihood for fishermen.



56. This Government has ensured that the Savings cum Relief Scheme has been extended to marine fisherwomen. In the current year under this scheme Rs.16 crores has been provided to 1,68,198 marine fishermen and Rs.6.05 crores has been provided to 50,993 fisherwomen. This scheme will be continued in the year 2005-2006 with an outlay of Rs.28 crores.

57. Hon'ble Chief Minister has recently inaugurated two new fish landing centres at Pulicat and Mudasalodai on 20.12.2004 constructed at a cost of Rs.2.49 crores. Seven more such fish landing centres will be built at a cost of Rs.12.48 crores. A project to upgrade infrastructure facilities at Chennai and Thoothukudi fishing harbours at a cost of Rs.12.42 crores will be taken up. The restoration of fishing harbours damaged by the tsunami waves will be taken up at a cost of Rs.9.94 crores. A special provision of Rs. 1 crore has been made to dredge bar mouths at estuaries. This will greatly facilitate proper breeding of fish.

58. We have to take steps to augment our marine fisheries resources. We have to adopt techniques like sea ranching and development of artificial reefs. The Hon'ble Chief Minister has been particular that such a programme should be launched in Tamil Nadu. I am glad to inform the House that this plan to replenish marine fisheries resources will be taken up at a cost of Rs.2.78 crores. Based on the progress it will be extended further to all feasible locations.

59. We have 8 major fishing harbours. This Government has sanctioned Rs.12.42 crores for the development of two fishing harbours at Chennai and Tuticorin to international standards. This Government has decided to launch a comprehensive programme for the development of all fishing harbours.

60. The total outlay for Fisheries has been fixed at Rs.79.91 crores in the Budget Estimates 2005-2006.

Environment and Forests

61. I am glad to announce that Phase II of the Tamil Nadu Afforestation Project financed by the Japanese Bank of International Cooperation will be implemented from 2005-2006 with an outlay of Rs.567.42 crores. The Budget Estimates include a provision of Rs. 85.89 crores for this project. Hon'ble Members of the House will be glad to know that this Government continued to implement this project in 2004-2005 even though Phase-I of the Project had come to a close. An outlay of Rs.69.03 crores in 2004-2005 has enabled this project to be continued without any let up. This has been greatly appreciated. Under this project in 2005-2006, 135 fringe forest villages and tribal villages adjacent to forests will be covered. Nearly 72,000 acres of degraded forest lands and other lands will be restored besides maintaining already planted areas.

62. The importance of shelter belt plantations and mangrove plantations has been highlighted when the tsunami waves struck the Tamil Nadu coast. The Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has directed that a programme of creating shelter belts should be launched and wherever possible mangrove plantations



should be developed. The Budget includes an initial provision of Rs.7.48 crores for this programme. This will be expanded based on the requirements.

63. Sustainable development has become a necessity and no more a mere concept. We have to ensure that all our water bodies are kept clean and the supply channels are not polluted particularly those close to habitations. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has launched a new campaign to restore all water bodies adjoining habitations and to improve the water quality so that they can serve as water sources. This programme will be implemented in 2005-2006. The Budget includes a provision of Rs.5 crores for this programme.

64. It is proposed to tackle the difficult problem of pollution of rivers by industrial units by initiating a dialogue with industry groups so as to ensure that they adopt cleaner technology. A Special Task Force will be constituted so that such plans can be implemented with full participation by the industry groups. The total outlay on Environment and Forests has been fixed at Rs. 228.44 crores.

Namadhu Gramam

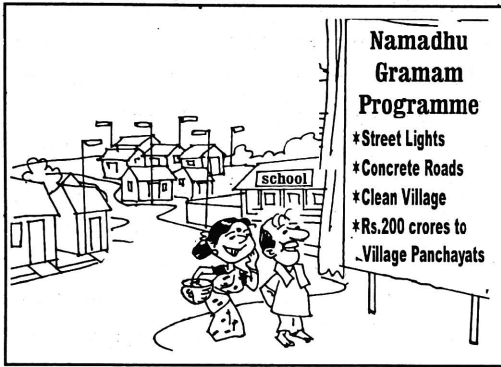
65. Hon'ble Members of the House are aware that our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has launched the Namadhu Gramam programme on 15.8.2004. This programme covers all villages. Under this programme every village will be provided with infrastructure such as street lights, cement roads etc. In addition, a Village Panchayat will be entitled to a performance based

additional assistance up to Rs. 3 lakhs, if it does well in specified social objectives such as 100% enrolment of children in schools, reducing infant mortality, eliminating female foeticide, poverty reduction and village sanitation. The intention is to reward a Panchayat which ensures progress in all these social sectors with people's participation. The total outlay for this programme in 2004-2005 is Rs.200 crores. The Budget Estimates include a similar outlay in 2005-2006. Hon'ble Members of the House will appreciate the special efforts taken by this Government to involve village panchayats in socially relevant issues.

Housing for the Rural Poor

66. Hon'ble Members are aware that this Government has been allocating substantial resources for upgradation and construction of new houses in rural areas. After this Government assumed office in May 2001, 1,48,000 new houses have been constructed under various schemes at a cost of Rs.498.81 crores. 70,942 kutcha houses have been upgraded at a cost of Rs.66.96 crores. The provision under Indira Awas Yojana has been fixed at Rs. 35.13 crores during 2005-2006. This will ensure construction of 37,676 new houses and upgradation of 19,265 kutcha houses in 2005-2006.

67. We have finalised a new programme to upgrade thatched and kutcha houses to provide better shelter to the rural population. In order to ensure that the assistance is made available to all eligible families this scheme will be implemented through rural self-help groups. The unit cost of upgradation per house will be Rs.10,000/-, which will be mainly financed



by a subsidy from Government of Rs.2500/- and a commercial bank loan of Rs.7000/-, the beneficiary having to make a small contribution of Rs. 500. It is proposed to cover one lakh such poor families during 2005-2006. The Budget Estimates include a provision of Rs.25 crores to provide the subsidy component.

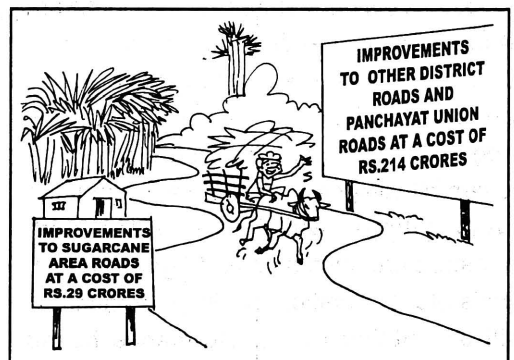
68. Hon'ble Members of the House are aware of the distribution of house-site pattas to those who have encroached on unobjectionable poromboke lands. It is found increasingly difficult to provide house-site pattas with the available Government land. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has decided to launch a new programme of providing free house-sites for the rural poor with a provision of Rs.50 crores in 2005-2006. Under this programme, rural poor families needing house-sites will be identified and suitable house-sites will be provided by acquiring the necessary land. This programme will be dovetailed with the ongoing programmes of the Rural Development Department to ensure that the new habitations are provided with the necessary infrastructure together with proper sanitation. Under this massive new programme 2 lakh poor families will be given house-site pattas in 2005-2006. The

Collectors will be empowered to take decisions locally on obtaining the land and making available the house-sites. Hon'ble Members of the House will greatly welcome this new programme.

Development of Rural Roads

69. Hon'ble Members of the House are aware of the importance of rural roads in improving the quality of life in rural areas and providing access to markets for agricultural products. Tamil Nadu has 41,192 kms. of Other District Roads and 5850 kms. of Other Roads mainly serving rural areas improved by the Highways Department. 1635 Kms. of Sugarcane area roads are also maintained by the Highways Department. Panchayat Unions maintain 32,053 Kms. of roads linking Village Panchayats. Village panchayats are responsible for maintaining 56,544 Kms. of village roads. We have taken up a comprehensive programme to upgrade all these categories of roads.

70. Out of 41,192 Kms. of Other District Roads, so far 23,156 kms. have been taken up for relaying from 2001. After taking into account roads which are in good condition, the balance to be relaid is 5,018 Kms. which will be completed in 2005-2006. The Comprehensive Road



Development Programme includes a provision of Rs.250 crores for this purpose in 2005-2006. With assistance from NABARD improvements to Other District Roads and Panchayat Union roads is being taken up at a cost of Rs.214 crores. Improvements to Sugarcane area roads at a cost of Rs. 29 crores to cover 246 kms. are being taken up.

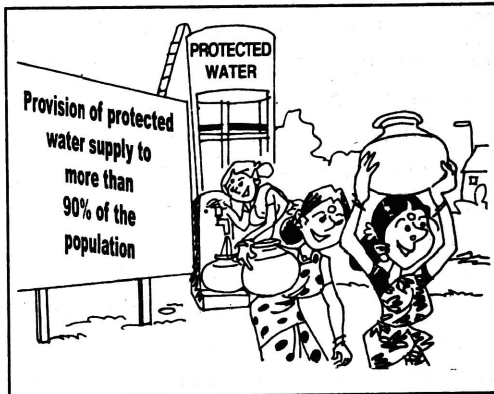
71. The category of Other Roads which are Panchayat Union roads upgraded by the Highways Department had suffered neglect in the past. A special programme to set right these roads at a cost of Rs.300 crores is now being completed. The Prime Minister's Gram Sadak Yojana will be implemented by the Highways Department in 2005-2006 at a cost of Rs.160 crores. A special programme to improve existing Panchayat Union Roads with an outlay of Rs.100 crores under the Comprehensive Road Development Programme will be launched in 2005-2006.

72. Village panchayats are responsible for the maintenance of village panchayat roads. Under the "Namadhu Gramam" programme, village panchayats are being supported to take up cement roads. Village panchayat roads will also be taken up under the SGRY.

73. Hon'ble Members of the House will appreciate the comprehensive steps being taken to improve rural roads to provide the rural population an improved quality of life and also provide more employment in rural areas.

Drinking Water Supply and Sanitation in Rural Areas

74. Provision of protected water supply to the entire population is a key



Millennium Development Goal. A fresh survey undertaken by TWAD Board indicates that out of 81,787 habitations in the State, safe drinking water supply has been provided to 74,546 habitations. The coverage is thus more than 90% of the population. Schemes to cover the balance are being taken up.

75. During 2004-2005, 6500 rural habitations have been provided protected water supply facility through Individual Power Pump schemes and Combined Water Supply Schemes (CWSS). 10,000 Mini Power Pumps have been installed to replace the existing hand pumps during the current year to provide improved water supply to rural households. Under the Swajaldhara Programme, 569 water supply schemes have been taken up for implementation at an estimated cost of Rs.23.85 crores. 9772 traditional drinking water sources have been revived in rural areas in the current year and 923 recharge structures are being provided to augment water supply sources at a cost of Rs.24.76 crores during 2004-2005.

76. This Government will take up schemes to ensure drinking water supply to 6,500 more rural habitations during 2005-2006. 5,000 more mini power pumps will be installed in 2005-2006. During

2005-2006, 1250 recharge structures will be put in for augmenting existing water supply sources at a cost of Rs.21 crores. Funds under SGRY and the Food for Work Programme will be utilized to ensure the rejuvenation and renewal of water sources close to habitations.

77. The Tamil Nadu Rural Water Supply Project at an estimated cost of Rs.3,000 crores with assistance from the World Bank is in the final stage of preparation and will be implemented in 2005-2006. This project is being developed on the principle of involving the community in the planning, execution and maintenance of water supply schemes on a demand driven approach.

78. Hon'ble Members of the House are aware of the great emphasis placed on rural sanitation, hygiene and cleanliness by our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa. The coverage of the rural population by improved sanitation has gone up from 15% in 2001 to 43.83% by the end of December 2004. The total sanitation campaign and the clean village campaign programme have been received well. I am also glad to inform the House that 12 village panchayats and one Panchayat Union (consisting of 10 village panchayats) in Tamil Nadu have been awarded the Nirmal Gram Purashkar for excellent performance in sanitation and cleanliness at the national level.

Rural Employment

79. Promotion of employment opportunities in rural areas is a key development goal. With the new initiatives in the Primary Sector employment opportunities are bound to increase. This

Government has been implementing the Sampoorna Grameen Rozgar Yojana (SGRY) to provide employment to the rural poor. Under this programme in 2004-2005, 1.24 lakh works have been taken up to create useful assets in rural areas and provide employment opportunities amounting to 4.33 crore man days. 2.28 lakh metric tonnes of rice have been utilised for this programme in 2004-2005. This Programme has been implemented at a total cost of Rs.273.84 crores in 2004-2005.

80. The Government of India has recently introduced the National Rural Employment Guarantee Bill 2004 which has been referred to the Parliamentary Standing Committee on Rural Development. We welcome the intention of providing not less than 100 days of guaranteed employment in a financial year to every poor person in the rural areas who voluntarily comes forward to do unskilled manual work. However the entire financial burden of payment of unemployment allowance in the event it is not possible to provide such employment is being placed on the State Governments. It is our considered view that the payment of such unemployment allowance should also be fully funded by the Central Government. It has also been prescribed that 25% of the cost of the scheme including the payment of wages has to be borne by the State Government. This will constitute a huge financial burden on the States. The contribution by the States should be reduced to 10%. The nature of employment should be expanded to include various rural services so that greater flexibility is available. Women should constitute at least 50% of those covered under this programme.

81. With a focus on the non farm sector in rural areas, the promotion of rural industry and small business establishments is vital to provide additional employment opportunities. The New Anna Marumalarchi Thittam has helped to revive rural industrialisation. So far 213 units with an investment of Rs.138.43 crores have commenced production providing employment to 8335 persons including 5638 rural women. 159 projects with an outlay of Rs. 103.16 crores will commence production shortly. 146 more projects at a total cost of Rs.108.51 crores are still being processed by commercial banks and financial institutions. We have requested the banks to expedite the sanction of these projects.

82. Our strategy for better rural employment comprises a basic guarantee of manual work together with increasing the opportunities available in the rural non farm sector. Various poverty reduction schemes including the Self Help Group movement will also focus on creating rural non farm employment in a big way. All these, together with the provision of rural infrastructure will provide additional employment opportunities in a big way in rural areas.

MLA's Constituency Development Scheme

83. Under the directions of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa, I am glad to announce that the provision under the MLA's Constituency Development Scheme in each constituency will be increased from Rs.82 lakhs to Rs. 1 crore in 2005-2006. The total provision for the MLA's Constituency Development Scheme will be enhanced from

Rs.192.70 crores in 2004-2005 to Rs.235 crores in 2005-2006. The revised pattern given below will be adopted from 2005-2006 for distribution and utilisation of the funds under this programme.

	Rs.in lakhs
Drinking water supply works	10.00
Namadhu Gramam Thittam	15.00
Construction of Hostels	10.00
Cement roads in	
Village Panchayat	10.00
Street lights	5.00
Untied outlay	50.00
TOTAL	100.00

84. I am sure the Hon'ble Members of this House will welcome this enhancement in the outlay for the MLA's Constituency Development Scheme.

Rural Electrification

85. For ensuring quality supply of power in rural areas, the Tamil Nadu Electricity Board (TNEB) will take up schemes with an outlay of Rs.247.52 crores in 2005-2006. The TNEB will install 21 new sub-stations, enhance power transformer capacity in 20 sub-stations and erect 2300 new distribution transformers to improve the quality of energy supply in rural areas. Hon'ble Members will be glad to know that 45,000 new electricity connections for farm pumpsets will be provided to benefit farmers in 2005-2006 by the TNEB.

Improving Investment Climate

86. The Hon'ble Chief Minister has launched Tamil Nadu's New Industrial Policy 2003. This policy sets out the road map for

improving the investment climate in the State with particular reference to the Manufacturing Sector. The focus is placed on provision of quality infrastructure, quality energy supply, simplification of procedures and deregulation, reforms in State level taxation and labour reforms. It has been the effort of this Government to take specific action on each of these issues in order to provide a better overall investment climate in the State. Hon'ble Members will be glad to know that within a period of one year from October 2003 to September 2004, the Industrial Entrepreneur Memorandum (IEM) representing the new investments proposed in Tamil Nadu has shot up considerably. This clearly shows the marked improvement in the investment climate in the State. Messrs Hyundai Motor Company has just announced a second car plant with an investment of US \$ 500 million or about Rs.2200 crores at their existing site near Chennai. It will be our effort to further improve the investment climate so that rapid growth in the secondary sector, particularly the Manufacturing Sector, can be realised.

Highways Development

87. Investment in road infrastructure plays a major role in the growth of the economy. The Hon'ble Chief Minister has recently announced a Comprehensive Road Infrastructure Development Programme at a cost of Rs.1050 crores to improve the State Highways, Major District Roads, Other District Roads and reconstruct and widen bridges along these roads. Under this programme 2064 kms of State Highways, 2114 kms of Major District Roads, 5018 kms of Other District Roads and 1600 kms. of Panchayat Union and Panchayat roads will

be taken up in 2005-2006. The Budget includes a provision of Rs.750 crores for this programme. The Tamil Nadu Road Infrastructure Development Corporation which is being established will mobilize Rs.100 crores for this programme in 2005-2006.

88. The World Bank assisted Tamil Nadu Road Sector Project is being implemented in the State at a total cost of Rs.2160 crores. This project will upgrade 742 kms of roads along two major corridors and provide for the improved maintenance of 2000 kms of roads. Works on three large packages covering a length of 624 kms at a cost of Rs.954 crores have already started. 634 kms of roads have been taken up under the first year programme of the maintenance component costing Rs.180 crores and works are in good progress. Another 450 kms at a cost of Rs.158 crores will be taken up during 2005-2006 under the second year maintenance programme.

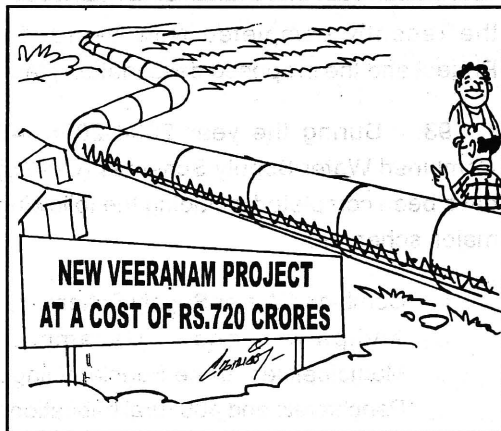
89. This Government has given special attention to the maintenance of the existing road network in the State. This was totally neglected during the late Nineties. The provision for maintenance of roads in the State has been enhanced to Rs.463.71 crores in the Budget Estimates 2005-2006 from Rs. 114.21 crores during 2001-2002. I hope that Hon'ble Members of the House will welcome this specific intervention being made by the Government to ensure proper maintenance of roads. The provision for Highways has been stepped up from Rs.2104.46 crores in the Revised Estimates 2004-2005 to a record level of Rs.2991.47 crores in the Budget Estimates 2005-2006.

Transport

90. The Tamil Nadu State Transport Corporations have earned a small profit in 2003-2004. Hon'ble Members will be glad to know that the Tamil Nadu State Transport Corporations are replacing 1325 buses this year and a further 2000 buses will be replaced during the next financial year. 4848 defective buses have been repaired at a cost of Rs.30.48 crores to make them road worthy and safe to travel in. This has completely upgraded the services offered by the Tamil Nadu State Transport Corporations. The steep hike in diesel prices by the Government of India has imposed an impossible burden. In spite of this, we propose to take up this major programme of service improvements without any fare revision.

Water Supply and Sewerage

91. Providing safe water supply and sewerage facilities in urban areas is a very challenging task which calls for substantial new investment and proper attention to maintenance aspects. This Government has successfully planned and implemented water supply schemes for urban areas. In particular, our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has ensured that water supply to Chennai City is vastly improved by the completion of the New Veeranam Project in record time. Hon'ble Members of the House are aware of the real threat of evacuation faced by Chennai City last year. It is this Government which has taken up and completed the New Veeranam Project at a cost of Rs.720 crores. Early completion enabled, first the supply of 205 million litres of water per day (MLD) to Chennai City in May 2004 and thereafter the



restoration of piped water supply in October 2004 even though the storage reservoirs still had no water. This is a crowning achievement of this Government and the residents of Chennai will always remember the resolute action of the Hon'ble Chief Minister to provide a lasting solution to Chennai City's chronic water supply scarcity. The New Veeranam Extension Project will be taken up and completed in 2005-2006 at a cost of Rs.300 crores. This will enable supply from the Kollidam river bed to Chennai City during summer when the level in the Veeranam lake drops. Provision has been made in the Budget Estimates 2005-2006 for taking up this project and also the package of measures to protect and augment ground water availability in the villages along the banks of the Kollidam river.

92. The response for the establishment of a desalination plant at Chennai in the tender which was opened on 16.2.2005 has been good. The tenders are being evaluated and a decision on the implementation of the project will be taken shortly. Hon'ble Members of the House are aware that the total demand for water in Chennai is 840 MLD and this will be met by a combination of various sources including

the recently completed New Veeranam Project and the proposed desalination plant.

93. During the year 2004-2005, 40 Combined Water Supply Schemes (CWSS) have been completed including the following major schemes:

- Combined Water Supply Scheme for Andipatti and Usilampatti Municipalities, three Special Village Panchayats and 406 rural habitations in Madurai and Theni Districts at a cost of Rs.74 crores to benefit 4.03 lakh people.
- Combined Water Supply Scheme for Manaparai, Marungapuri Unions covering 674 rural habitations in Tiruchirapalli District at a cost of Rs.69.20 crores to benefit 2.95 lakh people.
- Combined Water Supply Scheme for Thiruvarur and Thiruthuraipoondi Municipalities, 3 Special Village Panchayats and 642 rural habitations in Nagapattinam, Thanjavur and Thiruvarur Districts at a cost of Rs.133.05 crores to benefit 4.13 lakh people.
- Combined Water Supply Scheme covering Nallampatti, Peddam palayam, Kanchikoil and Palla palayam Special Village Panchayats and 64 rural habitations in Erode District at a cost of Rs.12.47 crores to benefit 1.01 lakh people.
- Combined Water Supply Scheme covering 295 rural habitations in Coimbatore District at a cost of

Rs.54.70 crores to benefit 2.18 lakh people.

94. During 2005-2006, it is planned to complete the following major schemes:

- Combined Water Supply Scheme covering 816 rural habitations in Dindigul and Karur Districts at a cost of Rs.85 crores to benefit 6 lakh people.
- Combined Water Supply Scheme covering Nagapattinam Municipality and 890 rural habitations in Nagapattinam District at a cost of Rs.98.85 crores to benefit 1.34 lakh people.
- Combined Water Supply Scheme covering 1399 rural habitations and 6 Special Village Panchayats in Namakkal District at a cost of Rs.126.85 crores to benefit 7.13 lakh people.
- Combined Water Supply Scheme covering Manur and 400 rural habitations in Tirunelveli and Virudhunagar Districts with bulk provision to Sankarankoil, Sivakasi and Thiruthangal Municipalities, Thiruvengadam Special Village Panchayat at a cost of Rs.78.70 crores to benefit 4.60 lakh people.

95. Comprehensive underground sewerage schemes in Tiruchirapalli, Tirunelveli, Thanjavur, Madurai, Karur and Inamkarur towns are under execution and will be completed during 2005-2006. Investigation works to provide underground sewerage systems in the remaining 24

District headquarter Towns have been completed and the project will be taken up at a total cost of about Rs. 800 crores in 2005-2006.

Power Sector

96. Hon'ble Members of the House are aware of the comfortable power situation in Tamil Nadu. This has been ensured by judicious management of power supply and the planned addition of new capacities. Hon'ble Members of the House will be glad to know that the installed capacity will be further strengthened by the addition of 263 MW in the current year. The total own installed capacity of TNEB has gone up to 5,531 MW. Together with the purchased capacity, the total capacity now available in Tamil Nadu has gone up to 9657 MW.

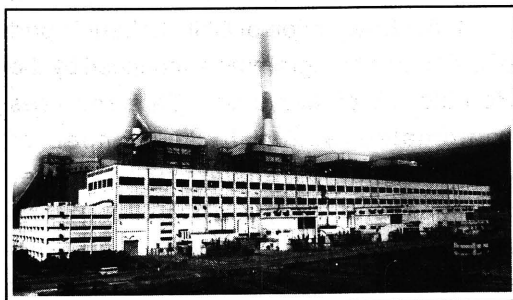
97. This Government has taken firm steps to plan for the addition of new capacity in future. Thus already plans have been announced to add 4000 MW of generating capacity in the State. This will include a 1000 MW plant to be established through a Joint Venture with the National Thermal Power Corporation (NTPC) at Chennai, a 1000 MW plant to be established as a Joint Venture with the Neyveli Lignite Corporation at Tuticorin and the 2000 MW Nuclear Power Plant at Koodangulam. I am glad to inform the House that we have revived the Jayankondam

Lignite Power Project which will now be taken up as a Joint Venture between the Tamil Nadu Electricity Board and the Neyveli Lignite Corporation. This project will be taken up at a cost of Rs.5000 crores with a capacity of 1000 MW.

98. Tamil Nadu is committed to maintaining its eminent position in the country in the promotion and use of renewable energy. Tamil Nadu has the distinction of being the frontrunner in the country with a total installed capacity of 1920 MW from all types of renewable energy sources. Of this, Wind Energy alone accounts for 1664 MW. The State's installed capacity as on 31.3.2004 constitutes 55% of the country's Wind Energy capacity. Hon'ble Members will be glad to know that in the three year period up to January 2005 the installed capacity has gone up by 807 MW against the target of 500 MW for the entire Tenth Plan period.

99. Tamil Nadu is also leading in co-generation in sugar mills with a total installed capacity of 275 MW as on date with an exportable surplus capacity of 165 MW. 37 Bio-mass Projects with a total capacity of 259 MW have been promoted and consent has been issued by the Tamil Nadu Electricity Board for 15 projects with 145.5 MW capacity. The Government will continue its efforts to encourage non-conventional sources of energy in the coming years also.

100. The Tamil Nadu Electricity Board will step up the total capital outlay in 2005-2006 to Rs. 1,495.30 crores from the level of Rs.1,255.53 crores in 2004-2005. The focus will be on distribution system improvements and reduction of losses.



Improving the reliability and quality of energy will also receive maximum attention. It is also programmed to undertake various improvement works during 2005-2006 in the Chennai Metropolitan area at a cost of Rs.596 crores.

101. For easy payment of electricity bills by the consumer, computerisation of LT billing and collection procedure will be completed at a cost of Rs.120 crores in Chennai city and all Municipal Corporations and Municipalities by the end of March 2006.

Ports

102. The Tamil Nadu Maritime Board has proposed to develop Cuddalore Port at a cost of Rs.250 crores through a public private partnership model. The Board has proposed to develop Nagapattinam Port in two phases. In the first phase the existing breakwater will be strengthened. In the second phase, extension of the breakwaters, dredging, river training works etc., will be taken up. Works in the first phase have already commenced. The Government has drawn up detailed proposals at a cost of Rs.70 crores for upgrading these two ports at Cuddalore and Nagapattinam which were severely affected by the giant tsunami waves. It is hoped that the Government of India will sanction the necessary funds for undertaking these works on a war footing.

Labour Welfare

103. The Hon'ble Chief Minister has launched an interactive website-cum-job portal of the Employment Department. This website has been launched with a view to enabling the highly qualified professionals

and postgraduate registrants from Tamil Nadu to get good placements. The unique feature of this Website is the availability of the largest authenticated data base of students qualified in 202 faculties which includes engineers, doctors, veterinarians, paramedicals, lecturers and teachers. Data from the Employment Exchanges indicates that the total number of persons registered has come down from 48.76 lakhs as at the end of 2003 to 41.51 lakhs as at the end of 2004.

104. Tamil Nadu has to further build on its strong skilled human resource base. This Government is ensuring the provision of infrastructure at a cost of Rs.7 crores and introduction of new trades catering to the needs of the market in the Industrial Training Institutes (ITIs). In order to increase employment opportunities for women, Industrial Training Institutes exclusively for women have been started at Andipatti, Karur and Namakkal. Separate wings for women have also been started in the existing ITIs at Hosur, Thanjavur and Ramanathapuram. The Government of India has approved a programme for upgrading Industrial Training Institutes (ITIs) all over India as Centres of Excellence paving the way for the creation of world class craftsmen. In the first batch, 4 ITIs in Tamil Nadu will be taken up for upgradation.

105. Eradication of Child Labour is part of the 15 point programme announced by the Hon'ble Chief Minister. This requires coordinated action by a number of departments of government, other organizations, parents of children and members of the public. A State Action Plan has been evolved to rehabilitate child labour

in the State. Government has accorded sanction for the formation of State Level and District Level Child Labour Rehabilitation-cum-Welfare Societies to take up and implement this Action Plan.

106. Hon'ble Members may be aware that this Government had indicated that a pension scheme for the benefit of construction workers would be worked out. I am happy to announce that the details of this scheme have been finalised and this will be implemented in 2005-2006. The Government proposes to finalise a similar scheme for the benefit of workers in other unorganised sectors.

Development of the Small and Medium Industrial Sector

107. Hon'ble Members are aware that the Small and Medium Enterprises (SMEs) form the backbone of the secondary sector. The SMEs have a very vital role to play in the changed scenario of the post globalisation era. The State Financial Corporation, TILC is making available funds at concessional rates under the SME fund. I hope that Hon'ble Members will be glad to know that during the current year credit of Rs. 200 crores has been sanctioned which is 25% more than the previous year. The Government is ensuring that the capabilities of SSI units are improved to compete in the market better. The focus is on providing better infrastructure facilities. Three projects under the Industrial Infrastructure Up gradation Scheme are under implementation at Chennai, Tiruppur and Madurai. Ambattur, Tirumudivakkam and Thirumazhisai Industrial Estates are all to be upgraded under this scheme at Chennai. This Government is also implementing a project

for developing a light engineering cluster at Coimbatore with the assistance of UNIDO. During 2005-2006, SIDCO will take steps to establish two more women's industrial parks at Madurai and Coimbatore and two 'Techno Parks' for Small and Tiny entrepreneurs in the semi urban areas.

Chennai Metropolitan Development Plan

108. Hon'ble Members of the House are no doubt aware that from a position in 2000 when Chennai was considered a poorly managed City, Chennai has reestablished itself as a functioning and happening City under the able and dynamic leadership of our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa. The transformation of Chennai is amazing, earning universal appreciation. The Hon'ble Chief Minister launched a massive Ten Year Chennai Metropolitan Area Development Plan in 2003 with an outlay of Rs.18,000 crores. This plan addresses comprehensively all the investments needed for creation of adequate infrastructure. This plan has enabled Chennai to emerge as the top destination in the country. The implementation of this plan will be continued in 2005-2006 with a total outlay of Rs.2054.09 crores.

109. Apart from the physical infrastructure, it is essential to ensure that services in the City are carried out efficiently with regard to cleanliness and hygiene on the one hand and also urban aesthetics on the other hand. Our leader, the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has recently announced the "Chennai Forever Initiative" as a means to bring people closer in caring for the City and making it an even

better place. This programme will focus on all aspects such as parks and playgrounds, sidewalks, central medians, sanitation, cleanliness and garbage disposal, waterways and traffic management etc. A suitable forum will be created to enable a continuous dialogue on the nature of the improvements to be undertaken within a specific timeframe with full people's participation.

110. I hope that Hon'ble Members of the House will be glad to know that this Government has already sanctioned Rs. 369.97 crores for essential improvements to the road network in the City and outlying areas. In view of the rapidly expanding traffic in Chennai City, feasibility of organising different modes of public transport, including mass transport, is being examined. Hon'ble Members will be glad to know that a detailed feasibility report for the development of Metro Rail in Chennai has been prepared by the Delhi Metro Rail Corporation (DMRC) in association with RITES. This will be followed by the preparation of a Detailed Project Report to implement a Rs. 5086.85 crores project for a Metro Rail system for Chennai. We have provided seed money assistance of Rs. 200 crores in the Budget Estimates 2005-2006 from the Infrastructure Development Fund to the Chennai Metropolitan Development Authority to leverage funds for financing of such infrastructure in the Chennai Metropolitan area. Under the proposed Tamil Nadu Urban Development Project III with assistance from the World Bank a special component of Rs. 540 crores for road and traffic improvement in Chennai is planned. This will go a long way in improving the traffic

and transportation services in the City in the coming year.

Urban Development

111. Tamil Nadu is witnessing large scale urbanisation. This Government is committed to putting in place appropriate policies for the orderly growth of urban areas in the State and providing substantial outlay for developing urban infrastructure during the 10th Plan period.

112. Keeping in mind the large resources needed to supplement budgetary outlays for urban infrastructure projects, this Government has been successful in accessing multi-lateral institutions such as the World Bank and the domestic capital markets for this purpose. The Tamil Nadu Urban Development Projects I & II were designed in association with the World Bank as a major effort by the State Government for creation of civic infrastructure in urban areas and to put in place effective institutional mechanisms for this purpose.

113. The Tamil Nadu Urban Development Project II (TNUDP-II) launched at a cost of Rs.750 crores has come to a close in November 2004. Substantial capacity building for design and implementation of projects and introduction of modern methods of accounting and e-governance in the urban local bodies are the hallmarks of this Project. Civic projects costing Rs. 675 crores for water supply, sanitation, internal roads, solid waste management and other essential civic amenities like bus stands, crematorium etc., were taken up and completed under TNUDP-II. With the successful implementation of this Project, this

Government has taken up with the World Bank the sanction of TNUDP-III with a much larger outlay of Rs.1650 crores covering both the Chennai metropolitan area and other urban local bodies of the State. We hope to obtain the sanction of the World Bank for this project shortly.

114. This Government is committed to providing those living in slums with options to have a better quality of life. Under the National Slum Development Programme, slums in all the urban areas of the State are being taken up for providing civic amenities and shelter upgradation. This is being done with an outlay of Rs. 54.57 crores in 2004-2005. This will be continued in 2005-2006.

115. In order to resettle the slum families living on river margins in Chennai in new tenements with all infrastructure facilities, it is proposed to construct 1404 tenements in Semmancheri at a cost of Rs.18.25 crores. It is also proposed to construct new tenements for 552 families at a cost of Rs.6.90 crores under the Slum Clearance Programme. 5000 individual houses will be constructed for poor families in other cities at a cost of Rs.23.30 crores. This programme will be completed in 2005-2006 by the Tamil Nadu Slum Clearance Board. This Government has already

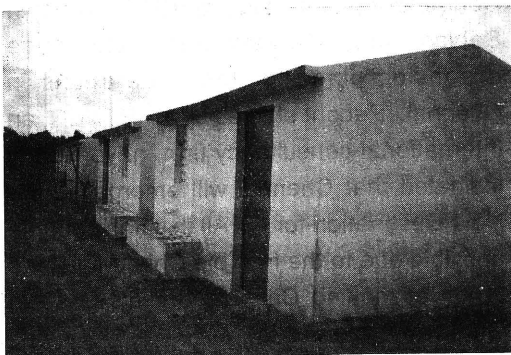
ensured that all the tenements constructed by the Tamil Nadu Slum Clearance Board are repaired and renovated at a cost of Rs. 19 crores.

116. Solid Waste Management is an obligatory function of Urban Local Bodies to prevent environmental pollution and health hazards. A Committee constituted by the Supreme Court has made far-reaching recommendations in the matter of solid waste management. A sum of Rs.8 crores has been earmarked to augment the resources of the urban local bodies around Chennai for providing infrastructure facilities for solid waste management, such as purchase of vehicles, improvements to transfer stations and compost yards and IEC activities. It is proposed to continue this programme in 2005-2006.

117. An application software with 18 modules has been developed and installed in all the Corporations and Municipalities as part of e-governance initiatives in the urban local bodies, with special features for Birth and Death Certification, Property Tax and Water charges payment, Building Plan approval, Solid Waste Management, Financial Accounting System, Personnel Management System, Census, Hospital Management System etc.

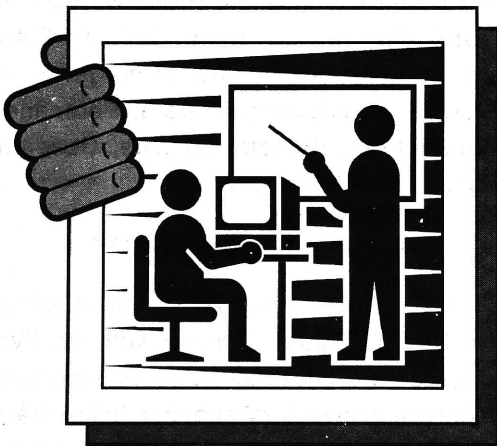
Information Technology

118. The IT Policy 2002 announced by the Hon'ble Chief Minister with its five focused objectives has acted as a beacon in attracting investors' attention to the State as well as creating the necessary impetus for e-governance initiatives. The Government is planning to come out with sector specific policies to facilitate further



investments in IT Enabled Services and IT Hardware, which are the key drivers for accelerated growth in terms of employment opportunities and economic activities.

119. As a result of the sustained efforts taken by this Government, the State is among the top export earners in India with total exports of nearly Rs.8000 crores. Hon'ble Members will be happy to note that by the supportive policies and encouragement provided by this Government, a large number of Multinational companies have established their offices in Chennai. This Government has facilitated several IT Parks of global standards to blossom in and around Chennai and this will add more than six million sq.ft. of IT space with world class communication links and other infrastructure thus creating employment opportunities for an additional one lakh professionals. Messrs Hewlett Packard, Philips, Accenture, General Electric and Virtusa have all come to Chennai as it is clearly a destination of choice. Tier II cities are also growing with fast growth at Coimbatore.



120. This Government has started work on establishing the Knowledge Industry Township (KIT) at Sholinganallur near

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an international consultancy
firm, have clearly indicated
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All this has become possible
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Chennai. Established in an area of about 500 acres it will facilitate the growth of various types of IT Companies including IT SMEs and IT majors with campus style operations. Taking note of the need for world class infrastructure, work has just commenced on the construction of a six lane IT Expressway leading to the Knowledge Industry Township and other IT establishments.

121. The five Indian IT Majors viz. Tata Consultancy Services, WIPRO, Infosys, Satyam and HCL have announced huge expansion plans for their operations in Chennai. Recent studies by GARTNER, an international consultancy firm, have clearly indicated that Chennai will emerge as the No.1 Destination for IT. All this has become possible due to the Hon'ble Chief Minister's vision of making Chennai "India's Eastern Gateway to the World".

Tourism Development

122. The seven point Action Plan unveiled by the Hon'ble Chief Minister in 2003 continues to guide the programmes in the Tourism sector in 2004-2005. It is proposed to develop Chettinad (including Karaikudi), Pichavaram and Pulicat as tourist centres at a cost of Rs.3.65 crores. The emergence of SITCON (South India Tourism Council) is expected to give a big fillip to the concerted efforts in tourism promotion jointly by all the Southern States. This will give a major



boost to the local service industry apart from generating new avenues of employment. The Budget outlay for Tourism Development has been increased from a mere Rs.5 crores in 2000-2001 to Rs.32.42 crores in 2005-2006. The Tamil Nadu Tourism Development Corporation has earned the distinction of being the first State Tourism Development Corporation to launch online reservation with a payment gateway system for hotels and package tour reservation. The total outlay on Tourism has been fixed at Rs. 32.42 crores.

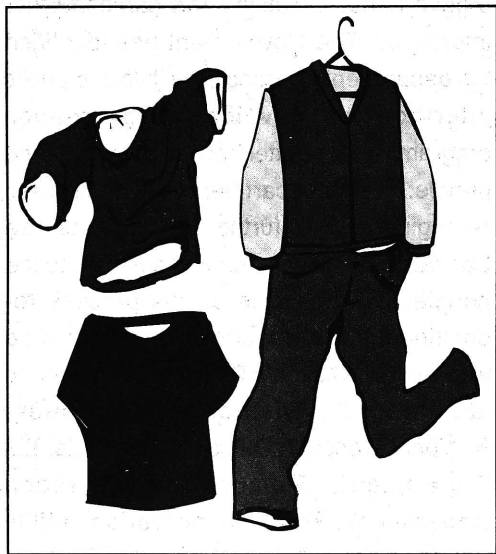
e-Governance for Good Governance

123. Better Service delivery in key areas is the hallmark of Tamil Nadu. With

e-governance initiatives, this can be further improved. The Government has identified ten departments / agencies with larger public interface to develop e-governance programmes for better service delivery to the people. These departments will do process re-engineering to further cut down on the transaction time in extending services to the people. On the basis of this process re-engineering the Departments will come up with revised Citizen's Charters. The sectors identified are District Administration, Regional Transport Offices, Commercial Tax Department, Stamps & Registration Department, Treasury operation, utility services like Metro Water, Tamil Nadu Electricity Board, Municipal Corporations, etc. In order to strengthen the infrastructure for e-governance, the Tamil Nadu State Wide Area Net Work (TNSWAN) has been designed. This will be made operational with assistance from the Government of India. All these initiatives will bring improvements in service delivery to benefit people.

Welfare of Weavers

124. Hon'ble Members are aware that the textile trade has been opened up with the transition to the WTO regime from 1st January 2005. This gives enormous opportunities to units in Tamil Nadu to expand their business and bring in new employment opportunities. The Apparel Park at Tiruppur has been established at a cost of Rs.15.51 crores. Steps have also been taken for setting up new Apparel Parks near Kancheepuram and Madurai. Hon'ble Members will be glad to know that new Shuttleless Powerloom Weaving Parks are being established at Palladam, Kumarapalayam and Andipatti with an outlay



of Rs.49.83 crores. The Government is implementing the Textile Centre Infrastructure Development Scheme at Kancheepuram with an outlay of Rs.21.81 crores.

125. A Task Force chaired by the Development Commissioner is in dialogue with the industry on plans to promote growth in the textiles sector availing of the new opportunities. A new Textile Processing Park is planned near Cuddalore, to be taken up by SIPCOT.

126. The scheme for providing free uniforms to school children is to be continued in 2005-2006 with an outlay of Rs.42 crores. The free sarees and dhotis scheme will be implemented with an outlay of Rs.175 crores in 2005-2006. Under this scheme 111 lakh women will be given sarees and 111 lakh men will be given dhotis free of cost. A programme for introduction of new designs has been launched to make the Weavers Societies viable and enable them to compete in the global market. These schemes not

only ensure that the poor get clothes but also enable the provision of continuous employment to handloom weavers in the State. The newly introduced Insurance Scheme for the weavers provides the much needed security to the family in the case of accidental or natural deaths. It also provides scholarships to the children of the weavers studying in classes IX to XII.

127. This Government will establish a Composite Textile Park at Karur at a cost of Rs.60 crores with assistance from the United Nations Industrial Development Organisation (UNIDO) to provide state-of-the-art facilities for weaving, stitching, designing and processing in one campus.

128. As an incentive to processing units which adopt clean technology, a new scheme of interest subsidy of 5% will be introduced. This subsidy which will be provided as a back-ended interest subsidy will be available to Small and Medium Enterprises (SME) category which avail of loans from financial institutions for technology upgradation. This will be in addition to capital subsidy which may be availed of from the Government of India.

129. The modernisation of the power loom sector has to be taken up in the context of the new market opportunities. The TUF scheme of the Government of India has not resulted in the modernisation of the weaving segment in Tamil Nadu. As a consequence antiquated semi automatic and automatic looms are still widely prevalent. The Government proposes to implement a "Cluster based Loom Upgradation Scheme". Under this scheme, weaver, master weaver,

group of weavers can go in for modernization of looms by establishing a cluster of automatic or shuttleless looms. The minimum economic size would be 6 looms in the case of shuttleless and 12 looms in the case of automatic looms. Financial assistance will be facilitated from Commercial Banks and other financial institutions. As an incentive, the Government will provide back-ended interest subsidy at the rate of 5% on the term loan for Small and Medium Enterprises (SME) which take up the modernisation of their looms. This Government will thus promote the modernisation of the power loom sector.

Comprehensive Social Safety Net

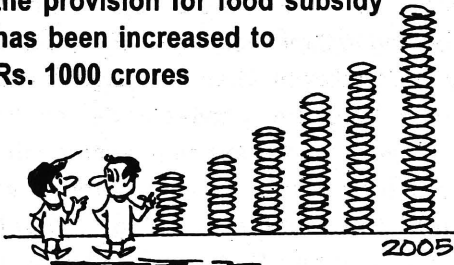
130. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has always placed the highest emphasis on the provision of a comprehensive social safety net to protect the poor and needy. The concept of such a social safety net was enunciated by the Hon'ble Chief Minister in 1992 in the wake of the liberalization of the Indian economy in 1991. This ensured the complete protection of the poor even as the economy was restructured. The Hon'ble Chief Minister has revived this concept in the context of the fiscal adjustment process and the further restructuring of the economy based on second generation reforms. The provision for the social safety net in B.E.2005-2006 is a record amount of Rs. 7528.09 crores. This includes food security, primary health care, clothing, primary education, shelter, livelihood support and welfare. Thus in Tamil Nadu great effort has been taken to ensure that outlays to protect the poor are enhanced so as to provide a better quality of life for the poor.

FOOD SECURITY

131. This Government has and will always be a People's Government responding to their every need. Even during the severe drought when the neighbouring States were reporting cases of deaths due to starvation, this Government ensured that rice was distributed without any breakdown through the most efficient and highly networked Public Distribution System in Tamil Nadu thereby ensuring food security to every family in the State. I am happy to inform the Hon'ble Members that recently an independent survey has rated the Public Distribution System in Tamil Nadu as the best in the country in terms of such parameters as Accessibility, Usage, Customer satisfaction and Availability of supply.

132. Following the announcement of the Hon'ble Chief Minister for issue of new ration cards, 49,31,757 applications were received and examined. It was found that 37,70,446 applications are eligible for issue of new ration cards. I am happy to inform this august House that issue of new family cards to all such eligible families has been taken up and completed. This massive effort has been completed in a record time. New ration cards in lieu of the old ration cards will also be distributed by June 2005 and all bogus cards will be weeded out. The time limit for receipt of applications for renewal of cards has been extended up to 6.3.2005 and thereafter these applications will be processed. In view of the increase in number of cards and the higher monthly offtake the provision for food subsidy has been increased to Rs. 1000 crores in the Budget Estimates 2005-2006.

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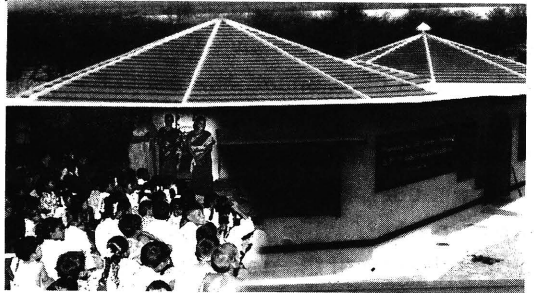


Human Resource Development Education for All

133. The success story of Tamil Nadu under the "Sarva Shiksha Abhiyan" (SSA) has become a model to be emulated at the National level. This Government has ensured 100 % schooling access not only at the Primary level but also at the upper Primary or Middle School level. This distinction has been achieved by opening 1112 new Primary Schools during 2001-2004 and by upgrading 2106 Primary Schools as Middle Schools during 2001-2005. Bringing these facilities nearer to school going children has helped in bringing down the dropout ratio in primary schools from 16% in 2001-2002 to 8% in 2003-2004. The outlay for the SSA programme will be Rs. 500.42 crores during 2005-2006.

134. This Government will upgrade 90 Middle and 60 High Schools into High and Higher Secondary Schools, respectively in 2005-2006. Infrastructure facilities for 605 High and Higher Secondary Schools have been provided at a cost of Rs. 182.74 crores. It is proposed to take up further 549 High and Higher Secondary Schools for infrastructure improvements with an outlay of Rs. 232.10 crores. 300 High and Higher

Secondary Schools will be provided with English Language Teaching Laboratories in the academic year 2005-2006 to upgrade the language skills of school going children. Computer Science will be extended as an optional elective subject in 90 more



Government Higher Secondary Schools in 2005-2006.

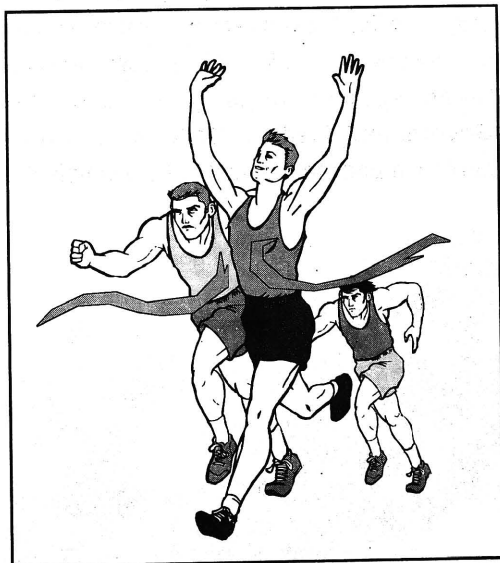
135. Bridging the literacy gap between males and females is a key Millennium Development Goal. A Special Literacy Programme for women in the six educationally backward districts has been implemented during 2004-2005. This programme will be extended to 43 educationally backward blocks in the districts to impart literacy skills to illiterate women. A new scheme "Kasturba Gandhi Balika Vidyalyaya" will be launched in 28 educationally backward blocks in 10 Districts where the rural female literacy rate in the block is below the national rural female literacy rate and the gender literacy gap is more than the national average. Under this programme, 37 residential schools exclusively for girl children with all necessary infrastructure will be established at a cost of Rs. 8.59 crores. These schemes will help in narrowing the gap between the rate of male and female literacy at a faster pace. The total outlay for School Education has

been increased from Rs. 3800.65 crores in the Revised Estimates 2004-2005 to Rs. 4348.01 crores in the Budget Estimates for 2005-2006.

136. This Government has launched the Technical Education Quality Improvement Programme with assistance from the World Bank in 8 Engineering Colleges and 3 Polytechnics with an initial outlay of Rs. 63.21 crores. The total provision for Higher Education in 2005-2006 has been fixed at Rs. 741.77 crores as against Rs. 645.64 crores in the Revised Estimates 2004-2005.

Sports Development

137. Hon'ble Members of the House are aware of the great emphasis placed by the Hon'ble Chief Minister on the development of Sports. The sports facilities at Chennai are being upgraded. Chennai should also be considered as one of the venues for the Commonwealth Games. It was thanks to the special efforts of the Hon'ble Chief Minister that in tennis the Chennai Open was held in



January 2005 as a major international event. In 2005 Chennai will host the Champions Trophy Hockey Tournament and the facilities needed are getting ready. The World Beaters' Talent Spotting Scheme and the Champions Development Scheme are being implemented with great success. I am happy to announce that a Velodrome and a Shooting Range built to international standards are on the anvil in the Chennai area. New District Sports Complexes and Indoor Stadia are also to be constructed in 2005-2006. The Hon'ble Chief Minister has also insisted that proper accommodation and food should be provided in each Sports Complex so that visiting teams have proper facilities. The provision for Youth Welfare and Sports Development has been fixed at Rs. 33.97 crores.

Tamil Development

138. Introduction of Scientific Tamil in all schools from LKG to standard XII has enabled the spread of Tamil among all students. This scheme will be continued in 2005-2006 with an outlay of Rs.4.37 crores, by which Scientific Tamil textbooks will be provided to all students free of cost. The work on the compilation and publication of Etymological Dictionary in Tamil has been speeded up and it is proposed to complete the compilation of all parts of this Dictionary in 2005-2006. The total outlay on Tamil Development and Culture has been fixed at Rs. 39.41 crores

139. This Government is also committed to providing opportunities through the Internet to the Tamil Diaspora throughout the globe to learn Tamil at all levels and to know its heritage, art and culture. The Virtual



Tamil University has spread its wings further and has this year extended its coordinating centres to Switzerland, Germany and Le Reunion. Further centres are also contemplated. Software like Tamil Wordnet, Tamil Linux etc. are in the final stages of completion. A Universal Tamil Search Engine to recognize all types of Tamil fonts will be ready in a few months from now.

Health and Family Welfare

140. Hon'ble Members of the House are aware that when this Government assumed office in 2001, major health indicators such as the Infant Mortality Rate, the Maternal Mortality Rate were all plateauing. Our Government has ensured that once again the momentum has been built up. Tamil Nadu is now well on course to achieve all the Millennium Development Goals relating to the health sector. The Infant Mortality Rate (IMR), which was 51 per thousand live births in 2000, has come down to 44 per thousand live births as per the Sample Registration Survey for the reference year 2002-2003. Similarly, the Crude Birth Rate (CBR) which was 19.3 per thousand population is down to 18.5 per thousand population in the same period. The Maternal Mortality Ratio at 1.4 per thousand live births will be brought down further by new initiatives.

141. Chennai has established itself as the Health Capital of the Country and is fast becoming the health destination of choice for people all over the world with its excellent facilities, competent specialists and good nursing care. Hon'ble Members of the House will be glad to know that the new Twin Tower Blocks in the Government General Hospital, Chennai, are nearing completion and will be inaugurated shortly. This Government has successfully completed this project at a cost of Rs.104.47 crores. New equipment and furniture at a cost of Rs.5.39 crores is also being provided in these tower blocks which will accommodate 1650 beds. As part of our policy to encourage centres of excellence in Government Medical Colleges, a new Liver Transplant Centre, which will be the first of its kind in the public sector in South India will be established in the Department of Surgical Gastro Enterology at Government Stanley Medical College Hospital. In view of the high incidence of liver failure related deaths caused primarily by the hepatitis B virus, this Liver Transplant Centre to be established at a cost of Rs.5 crores will provide affordable treatment which till now has not been possible. This Government has taken special steps to ensure that Government Medical Colleges are fully equipped and staffed so that they satisfy the





norms prescribed by the Medical Council of India. This Government has sanctioned Rs.187.92 crores for the Medical College at Asaripallam in Kanniyakumari district and two new Medical Colleges at Theni and Vellore. Tirunelveli and Thoothukudi Medical Colleges are being upgraded in line with the Medical Council of India norms at a cost of Rs.53.48 crores.

142. Hon'ble Members of the House will be glad to know that the World Bank funded Tamil Nadu Health Systems Project (TNHSP) has been approved with an outlay of Rs.597.15 crores. It is the biggest intervention so far in improving the infrastructure facilities in all the 270 Secondary Care Hospitals comprising 29 District Headquarters Hospitals and 241 Taluk and Non-Taluk Hospitals. This project will have far reaching benefits in improving maternal and child health, reducing maternal mortality, improving health delivery in tribal & remote areas, trauma care, developing models for control of non-communicable diseases, etc.

143. This Government has launched round the clock delivery care services in

90 Primary Health Centres throughout the State. Hon'ble Members will be glad to know that with the success of this system, the Government of India has approved this model for replication in the entire country for the second phase of the Reproductive Child Health Project. 51 Government Hospitals in the State have been chosen to provide Comprehensive Emergency Obstetric and New Born Care Services (CEmONC) round the clock to further reduce maternal and infant mortality. It is also proposed to supply essential equipment to 50 Health Sub Centres and 25 Primary Health Centres located in remote tribal areas.

144. This Government has provided 403 Health Sub-Centres with new buildings and 104 Primary Health Centres have been upgraded to 30-bed hospitals at a total cost of Rs. 80.48 crores. The outlay under Health and Family Welfare has been increased from Rs. 1317.83 crores in the Revised Estimates of the current year to Rs. 1652.24 crores in the Budget Estimates 2005-2006.

Empowerment of Women

145. The Self Help Group movement in Tamil Nadu, which is the brain child of the Hon'ble Chief Minister, has not only provided



the much needed economic security for women in rural areas but also has removed the feelings of vulnerability and powerlessness from them. Hon'ble Members will be glad to know that 32.44 lakh women are presently enrolled in 1.93 lakh Self Help Groups. These women have mobilised savings of Rs.621.92 crores and they have been provided with credit linkages amounting to Rs.1055.19 crores.

146. We have provided Rs. 20 crores for the Mahalir Thittam in the Budget Estimates 2005-2006. This will enable taking up training programmes, entrepreneurship development programme and the formation of new Self Help Groups. Women in absolute poverty who are unable to save even the minimum amount will be brought under the SHG fold by providing seed money. It is proposed to draw up an action plan to operationalise the marketing linkages for SHG products. 4.74 lakh women have been given Entrepreneurship Development Training and 1.58 lakh women have undergone Vocational and Skill training to start their own micro enterprises.

Poverty Reduction

147. A key Millennium Development Goal is to ensure that the percentage of population living below the poverty line is halved by the year 2015. Accordingly, the percentage of people living below the poverty line in the base year namely 1990-91 which was estimated at 40.90% has to be halved by 2015. We are confident that with the efforts being taken, the Millennium Development Goal for 2015 is being reached early.

148. A new strategy to ensure further rapid reduction in poverty has been drawn up. As part of this strategy apart from implementing the SGSY, detailed discussions have been held with the World Bank to launch the Tamil Nadu Empowerment and Poverty Reduction Project in 2005-2006. This project will be funded by the World Bank. It will be taken up in 15 districts. Under this project in each selected village a Village Livelihood Fund will be established to provide support to poor families to improve their economic condition. The particular focus will be on disadvantaged families. This project at a total cost of Rs. 715 crores is in the final stage of preparation and we expect the World Bank to approve the same shortly.

149. Following the announcement in my last Budget speech, the Government has undertaken a detailed survey of the ultra poor families in each Village Panchayat. The Budget Estimates 2005-2006 includes a provision of Rs.20 crores for undertaking a comprehensive scheme to benefit three lakh ultra poor families. Under this comprehensive scheme support will be provided to enable these families to improve their economic condition. In addition, a comprehensive social safety net consisting of food security, access to various facilities such as education, health care and access to entitlements will be implemented to benefit these ultra poor families. It will be the target to cover 3 lakh families in the year 2005-2006. This will go a long way in assisting the poorest of the poor families. Hon'ble Members of the House will welcome these new initiatives to ensure that poverty reduction is accelerated in the State.

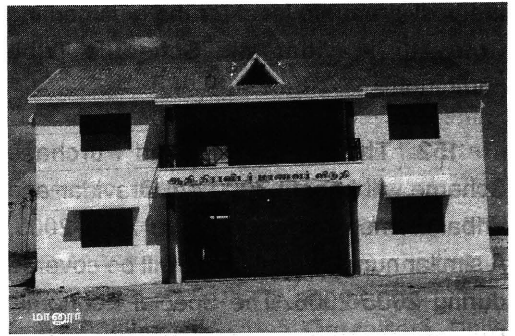
Nutrition

150. The well conceived and perfectly executed Puratchi Thalaivar MGR Nutritious Noon Meal Programme is now being emulated at the national level. The Tamil Nadu model has been hailed as the best in the Country. The total provision for this programme in Budget Estimates 2005-2006 is Rs. 742.44 crores. This programme has been further enriched with the inclusion of the weekly supply of protein rich food consisting of one boiled egg, pulses and potatoes to more than 74 lakh children in noon meal centres. This will ensure that the protein gap is effectively closed especially in children coming from poor families. I am happy to inform this august House that the scheme for inclusion of curry leaf or drumstick leaf powder in the nutritious meals introduced on a pilot basis in select six districts of Tamil Nadu will be extended to all the Noon Meal Centres based on the evaluation of its benefits in terms of combating vitamin 'A' deficiency among children.



Welfare of Adi Dravidar and Tribal Communities

151. This Government is committed towards socio-economic empowerment of



the people belonging to Adi Dravidar and Scheduled Tribes communities by providing them access to quality education, quality assets and income generating skills. I am glad to inform this august House that this Government has already accorded sanction to construct new buildings for all the Adi Dravidar Welfare hostels located in rented buildings. 140 new hostels are being constructed in the current year at a cost of Rs. 44.10 crores. With this all hostels so far housed in private rented buildings will be provided with good buildings and facilities. Under the free supply of bicycles scheme, 2,03,566 bicycles have been provided so far to girl students from Adi Dravidar and Tribal Communities studying in class XI and XII. It is proposed to provide 50,600 more bicycles at a cost of Rs. 8.82 crores in 2005-2006. The Rural Girls Incentive Scheme for the Adi Dravidar and Scheduled Tribe Communities has been implemented to minimize poor girl students of these communities dropping out from schools in rural areas. This innovative scheme with an outlay of Rs.6 crores will definitely go a long way in improving the education status of rural girl students belonging to these communities. Hon'ble Members will be happy to note that the Government is already running a free education programme up to

the post-graduate level for the girls coming from Adi Dravidar and Schedule Tribe communities.

152. The innovative Land Purchase Scheme will benefit 7000 Adi Dravidar and Tribal women beneficiaries in 2004-2005. A similar number of persons will be covered during 2005-2006. The Special Economic Projects launched during the current year will benefit 6000 individual beneficiaries with a subsidy assistance of Rs. 15 crores. The Self Employment Programme for Youth is being implemented to benefit 4,000 Adi Dravidar and Tribal youths with a subsidy assistance of Rs. 10 crores. 1.50 lakh Adi Dravidar and Tribal beneficiaries will benefit through the TAHDCO Development Scheme in 2005-2006. The total outlay for the Welfare of Adi Dravidar and Scheduled Tribes has been fixed at Rs. 453.91 crores in the Budget Estimates 2005-2006.

Welfare of Backward Classes, Most Backward Classes, Denotified Communities and Minorities

153. The outlay for the welfare of people belonging to these communities has been enhanced to Rs. 287.23 crores in 2005-2006. This Government will continue its efforts to facilitate socio-economic and



educational empowerment of the people from these communities.

154. The Hon'ble Chief Minister has announced the construction of 318 new hostels at a cost of Rs. 100 crores in 2005-2006. The Budget includes a provision of Rs. 80 crores for this purpose, the balance cost will be met from the MLA's Constituency Development Fund.

155. The pioneering scheme of providing free bicycles to girl students studying in class XI and XII will be continued in 2005-2006 at a cost of Rs. 24.50 crores. This will benefit about 1,26,800 girl students. An amount of Rs. 5.60 crores is being earmarked to enable free education in professional courses to children belonging to these communities. The scheme for providing incentives to girls studying in rural areas in class III to VI belonging to these communities will be continued with a provision of Rs. 6 crores. Provision of basic amenities and infrastructure facilities will be strengthened in the Kallar Reclamation Schools and new buildings constructed for Kallar Reclamation Hostels at an additional cost of Rs. 20.11 crores during 2005-2006.



WELFARE OF GOVERNMENT EMPLOYEES, TEACHERS AND PENSIONERS

156. Our leader the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa has always held the welfare of employees and teachers as extremely important for the efficient functioning of the Government and the proper provision of services to the people. While the deep fiscal crisis in Tamil Nadu necessitated certain steps to rescue the State, it has always been the endeavour of this Government under the leadership of the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa with the improving financial position to provide better conditions to employees and teachers. Following the meeting held in October 2004 with representatives of Government employees and teachers, the Hon'ble Chief Minister announced a package of measures which was widely welcomed by all sections of Government employees and teachers. This has paved the way for a new understanding of the fiscal compulsions of the Government and the aspirations of the employees and teachers. It will be the endeavour of this Government to further build on this new understanding for the benefit of the people of Tamil Nadu.

157. The deep fiscal crisis had made it difficult for this Government to sanction each instalment of Dearness Allowance with effect from the date on which the Government of India sanctioned each Dearness Allowance instalment for its employees. The Hon'ble Chief Minister had indicated in October 2004, that it would be the effort of this Government to progressively reduce the time gap in sanctioning the

Dearness Allowance instalments. In pursuance of this policy, we are happy to announce that one more instalment of Dearness Allowance at 3% of pay with effect from 1.4.2005 will be paid to State Government employees and teachers. This will also apply to the teaching and non-teaching staff working in Aided Educational Institutions, employees under Local Bodies, Noon Meal Organisers, Child Welfare Organisers, Anganwadi Workers and others. This will also be extended to pensioners. This will benefit in all 12.33 lakh Government employees, teachers and others as also 4.80 lakh pensioners at a total cost of Rs.211.83 crores per annum.

158. After the meeting held on 20th October 2004, the Hon'ble Chief Minister in a magnanimous gesture declared that the period from 1.7.2003 or 2.7.2003 up to and including 4.7.2003 would be treated as "No Work No Pay" and from 5.7.2003 to 24.7.2003 would be treated as duty in respect of all employees and teachers who rejoined on 25.7.2003. It has been represented that there are some more employees and teachers who rejoined later after the findings of the panel of Judges were made known to the Government and the Government passed final orders. It has been represented that the period of absence in respect of these persons may also be treated as duty. The Hon'ble Chief Minister has decided in a spirit of goodwill that except in respect of those employees and teachers who were dismissed from service and then restored to duty, the period of absence of all others may also be regulated as duty as for other employees for whom orders have already been issued. This will enable some of these employees who are retiring to get full pensionary benefits.

159. The Government employees and teachers have been representing that the Tamil Nadu Government Employees Health Fund Scheme should be expanded with the inclusion of more number of hospitals and additional ailments. A detailed survey of additional hospitals has been undertaken with reference to the facilities available. I am glad to announce that an expanded list of hospitals and ailments will be announced to take effect from 1.4.2005. The Pensioners Associations have also been representing that a common list of institutions and ailments as applicable for Government employees and teachers under the Tamil Nadu Government Employees Health Fund Scheme may be made applicable to Tamil Nadu Government Pensioners' Health Fund Scheme also. This Government has considered this request carefully and has decided to implement it with effect from 1.4.2005.

160. Hon'ble Members of the House are aware that the previous Government postponed the 60% arrears of gratuity, commutation and other benefits due to pensioners who retired between 1.1.96 to 31.3.98 to a period beyond 2003. Thereafter, the State plunged into a massive fiscal crisis. It is this Government which has rescued the situation and in July 2004 introduced a scheme by which 60% of arrears together with interest would be paid in 3 annual instalments of 20% each starting from the financial year 2004-2005. Accordingly, the next instalment is payable in the financial year 2005-2006 and the third and last instalment is payable in the financial year 2006-2007. Various Pensioners' Associations have represented that in view of the advancing age of pensioners,

Government may take a sympathetic view and even though the financial commitment is high, release the balance amount in one lump sum in the financial year 2005-2006. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has indicated that a sympathetic view may be taken and the entire balance amount of 40% may be paid in one instalment in the financial year 2005-2006 commencing from July 2005. This will involve an outgo of Rs. 583.51 crores in 2005-2006.

161. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has always been concerned about the conditions of service of the employees at the lowest level with a view to improving their quality of life. Presently, under the Puratchi Thalaivar MGR Nutritious Meal Programme, children at the pre-school stage attend Anganwadis and those in the school going age attend school. All of them are provided with a noon meal. This is carried out by Anganwadi Workers and Helpers in Anganwadis. Organisers, Helpers and Cooks carry out the programme in Noon Meal School Centres.

162. The Hon'ble Chief Minister has indicated that the consolidated honorarium of Helpers and Cooks should be increased to provide them a better quality of life. We are glad to announce that the consolidated honorarium of Anganwadi Helper Grade-I and Cooks in the Noon Meal Programme whose basic consolidated honorarium was fixed at Rs.450/- per month as recommended by the Tamil Nadu VI Pay Commission will be increased by Rs.330/- per month bringing the total emoluments including dearness allowance of such employees on an average to Rs.1100/- per month. In respect of

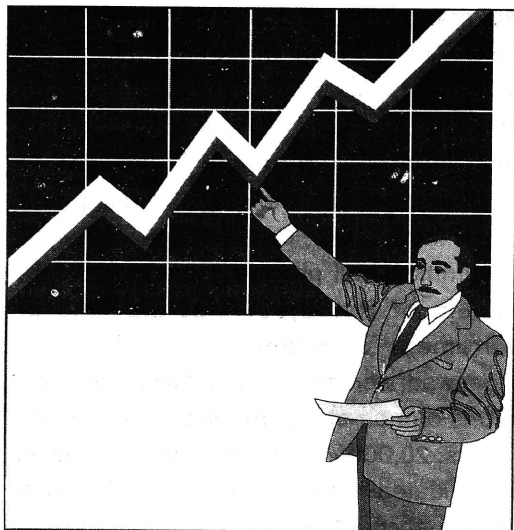
Anganwadi Helpers Grade II and Helpers in Noon Meal Centres whose basic consolidated honorarium was fixed at Rs.400/- per month as recommended by the Tamil Nadu VI Pay Commission, additional honorarium of Rs.290/- per month will be given bringing the total emoluments including dearness allowance on an average to Rs.850/- per month. The rate of Dearness Allowance increase for both categories will continue to be as at present. This will take effect from 1.4.2005. The total cost per annum will be Rs.47.97 crores. We are happy to announce this important new measure designed to benefit all these employees drawing consolidated emoluments at the lowest rung so that they can be empowered to lead a better life.



163. A long standing request of employees working in the Puratchi Thalaivar MGR Nutritious Meal Scheme is to introduce a benefit scheme for them at the time of their retirement. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa had already announced in October 2004 that a package to benefit the employees working in non-pensionable service such as organisers, anganwadi

workers, helpers and cooks working in the Noon Meal Scheme and ICDS Projects will be evolved. Accordingly, to meet this long standing demand a pensionary scheme in which a lump sum benefit is provided to these employees at the time of retirement will be introduced. Under this scheme, the Government will provide a total lump sum amount of Rs.50,000/- at the time of retirement of every worker such as anganwadi worker and noon meal organiser, who is on non-standard time scales of pay and Rs. 20,000/- for every worker who is on consolidated honorarium basis. The total cost on account of this scheme to provide lump sum pensionary benefit is estimated to be Rs.15 crores per annum. Hon'ble Members of the House will greatly welcome this new lump sum pensionary benefit scheme introduced for the benefit of all employees working in the Puratchi Thalaivar MGR Nutritious Meal Scheme. This scheme will take effect from 1.4 2005.

164. Another request of employees working in the Puratchi Thalaivar MGR Nutritious Meal Scheme is to increase the Government contribution in the Special Provident Fund-cum-Gratuity Scheme from Rs.5000/- to Rs.10,000/- at the time of retirement. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa had already indicated on 20.10.2004 that all their requests will be considered and announcements will be made separately. Accordingly we are glad to announce that the Government contribution under the Special Provident Fund-cum-Gratuity Scheme will be increased from Rs.5000/- to Rs.10000/- with effect from 1.4.2005 as in the case of Government employees. The estimated cost will be Rs.2 crores per annum.



FISCAL PROJECTIONS

165. I would now like to place the Revised Estimates for 2004-2005 before this August House. Maintaining the trend of the fiscal turnaround achieved during 2003-2004, the Revenue Deficit in the Revised Estimates 2004-2005 has been brought down to Rs. 1687.39 crores from Rs. 3336.43 crores in the Budget Estimates 2004-2005. This is a remarkable correction achieved by the Government despite the increased Revenue Expenditure. The overall deficit has also been brought down from Rs. 590.47 crores in the Budget Estimates 2004-2005 to Rs. 124.98 crores in the Revised Estimates 2004-2005.

166. The Total Revenue Receipts in the Revised Estimates 2004-2005 is Rs. 27,049.40 crores as against Rs. 24,792.30 crores in the Budget Estimates 2004-2005. This shows a growth of 14.10% over the actual Revenue in 2003-2004. Hon'ble Members of the House will wholeheartedly welcome this significant performance. The increase in the Total

Revenue Receipts is mainly due to better receipts under State's Own Tax Revenues. The Revenue Expenditure in the Revised Estimates 2004-2005 is Rs. 28,736.79 crores as against Rs. 28,128.73 crores in the Budget Estimates 2004-2005. This shows a growth of 13.71% over the actuals of the previous year.

167. Even though the Revenue Expenditure has gone up mainly because of increased expenditure on schemes to protect the poor including electricity subsidy, food subsidy etc. and tsunami related relief expenditure, the Revenue Deficit has been reduced considerably. Hon'ble Members of the House will appreciate this spectacular performance in reducing the Revenue Deficit significantly despite increased allocations for the poor. The cash management during the year was perfect and problems of unpaid bills for committed expenditure have been left behind in the distant past. This turnaround would not have been possible had it not been for the visionary leadership of the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa.

168. The Budget Estimates for 2005-2006 are before this august House. The Total Revenue Receipts in 2005-2006 is projected at Rs. 30,251.53 crores as against the Revenue Expenditure of Rs. 31,655.53 crores, leaving a deficit in the revenue account of Rs. 1,404 crores. Hon'ble Members may note that the Revenue Deficit has been brought down to 4.64 % of the Total revenue Receipts. This shows that the State is well on course to meet the targets fixed under the Fiscal Responsibility Act 2003. The Fiscal Deficit of the Government for the year 2005-2006 is

estimated to be Rs. 6350.57 crores. This includes Rs. 232.30 crores of expenditure incurred through off budget borrowings pertaining to the prior period. The Fiscal Deficit (excluding prior period expenditure) in the Budget Estimates 2005-2006 has been brought down to 2.86% of the Gross State Domestic Product (GSDP).

TAX REFORM

VALUE ADDED TAX (VAT) SYSTEM

169. Hon'ble Members of the House are aware of the decision of the Empowered Committee of State Finance Ministers and the Government of India about the introduction of a State level Value Added Tax (VAT) system to replace the State Sales Tax from 1.4.2005. In a significant meeting of all Chief Ministers convened on November 16, 1999, by the then Union Finance Minister, a decision was taken that steps would be initiated by the States for introduction of State level VAT after adequate preparation. For implementing this decision, the Empowered Committee of State Finance Ministers was set up. Thereafter, the Empowered Committee met regularly and steps were initiated for systematic preparation for the introduction of State level VAT.

170. There was a decision to introduce Value Added Tax (VAT) from 1.4.2003. However this was postponed. In the Empowered Committee meetings it was conveyed that a State like Tamil Nadu which has already incorporated many of the features of a VAT system, is likely to incur a huge loss of revenue on account of implementation of VAT. It was stressed that it would expose the State to a large financial risk.

171. In November 2004, the Union Finance Minister announced that the Central Government would provide 100% compensation to the States in the year 2005-2006, 75% in the year 2006-2007 and 50% during 2007-2008 for loss, if any, on account of introduction of VAT. We have asked for full compensation till the revenue under VAT system stabilizes. Since the Government of India did not agree to provide full compensation for the loss on introduction of VAT the Empowered Committee of State Finance Ministers headed by the Hon'ble Finance Minister of West Bengal, with a majority decision, has proceeded to draw a time table for the introduction of Value Added Tax system in all States with effect from 1.4.2005 with this compensation formula. The Empowered Committee had also convened a meeting at Chennai on 30.1.2005 to explain the features of the proposed Value Added Tax system.

172. Although there has been a determined effort to reach a national consensus on the introduction of a Value Added Tax system, there are still certain apprehensions about how it will affect different sections in the value chain. It is therefore necessary to indicate the features of the State Value Added Tax system which has been laid down by the Empowered Committee of State Finance Ministers in association with the Government of India. The basic structure of the State Value Added Tax system is to ensure that there is no tax on tax. In the usual multi-point tax system, tax is levied on goods which had already suffered tax in the previous stage, whereas in a Value Added Tax system, tax is levied at each stage, only on the value added after

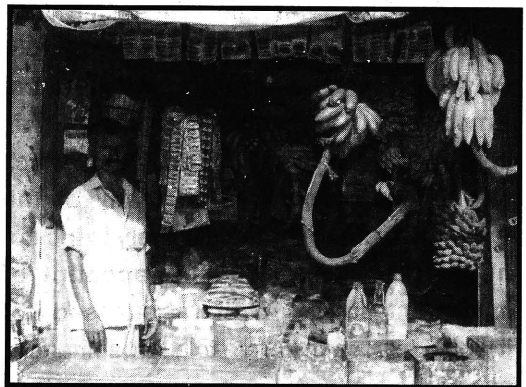
giving due set off to the tax paid at the previous stage. This is the underlying principle on which the State Value Added Tax system has been formulated.

173. With a State Value Added Tax system, all other levies such as Additional Sales Tax, Surcharge and Resale Tax will be abolished. The Entry Tax paid will be fully adjusted against the tax payable under Value Added Tax. The tax rates will be common throughout the country and will consist of a 4% tax for essential and agricultural commodities and 12.5% rate for all other goods. A special rate of 1% will be levied on bullion, jewellery, etc. A few items such as Petrol, Diesel, IMFS, etc. will be outside the scope of the Value Added Tax system and will carry special rates.

174. As regards exempted commodities, originally the Central Empowered Committee communicated a list of 36 commodities. In that list, some of the important items now exempted from tax under TNGST Act were not included. Subsequently, responding to our request, the Empowered Committee sent an additional list of 46 commodities, out of which the States were authorised to select only 10 items. Thus certain specific items relating to Tamil Nadu were left out. We have concern that some of these items exempted under TNGST will now have to be taxed under the VAT system either at 4% or at 12.5%. As the Empowered Committee by a majority decision has limited the list of exempted items to just 10 items in the additional list of 46 items adopted, several Tamil Nadu specific items which we sought to include in the exempted category could not be included. Even rice which is the staple food of the common man in

Tamil Nadu was not included in the exempted category by the Empowered Committee. As we insisted that rice should be included under the exempted category, the Empowered Committee finally agreed in the meeting held in January 2005 that in respect of food grains, the States will be given option of adopting 0% tax, that is tax exemption, for one year only followed by a review.

175. In the Value Added Tax system, since taxation at every stage is only on the value added, set off for the tax paid in the State has to be given. Thus all inputs which have suffered tax in the State will have to be given set off, when the output is taxed. In view of the set off of the tax paid on inputs and the abolition of Additional Sales Tax, Surcharge, Resale Tax, there will be considerable loss of revenue which may be made good partially by the tax on the value added at different stages. Our view is that there will be a significant net loss of revenue in the case of Tamil Nadu consequent on the introduction of Value Added Tax. It is for this reason, the State Government has insisted strongly that a proper compensation formula should be evolved providing complete protection. The Central Government has now indicated that compensation would be provided at 100% in the first year, 75% in the



second year and 50% in the third year. Although there is protection in the first year, the revenue loss could be sizeable from the second year onwards. This continues to be a worrisome aspect.

176. In order to protect small dealers from the rigours of book keeping and assessment, the design of the VAT system has been changed to enhance the limit for registration from the present turnover level of Rs.3 lakhs per annum under the TNGST Act to Rs.5 lakhs. By this measure, about 76,000 dealers will be outside the tax net. Even though this will involve a large loss of revenue of Rs.55 crores per annum, this measure has been incorporated in the design to provide relief to small dealers. In addition, a compounding scheme by which a dealer can pay tax at 1% on total turnover will be made available to all resellers with a turnover not exceeding Rs.50 lakhs in a year. Under this system, another 74,000 dealers will stand to benefit. Thus the smaller dealers will be given a simplified system under the Value Added Tax system. In addition, a facility of self-assessment will be made available to all dealers, thus making it much easier to comply with the tax system. The proposal to have more stringent penal provisions has been dropped and instead provisions similar to that in the TNGST Act will be adopted.

177. In the Value Added Tax system tax credit will be given for goods held as opening stock provided these goods had been purchased in the State within a twelve month period prior to the date of introduction of VAT. Capital goods purchased after the introduction of VAT will also be eligible for input tax credit both in respect of manufacturers and traders and set off will be available for the local tax and CST paid

on sales. Refund will be a specific feature in the Value Added Tax system including refund of excess input tax credit.

178. I have explained the main features of the Value Added Tax system as it is a major tax reform and it is necessary to build a proper consensus among all sections of the society. We also have to consider the fact that our neighbouring States namely Kerala, Karnataka, Andhra Pradesh and the Union Territory of Pondichery have gone ahead with the implementation of the State VAT system. Even though in the Governor's address an intention to commence the State Value Added Tax system from 1.4.2005 has been stated, it is still essential that we carry with us all sections of traders, small businesses, manufacturing sector and consumers in Tamil Nadu in this major tax reform with far reaching implications.

179. Further the State Value Added Tax is a replacement of the Sales Tax which is well within the domain of the State. A duty is cast on this Government to establish a broad consensus within the State if this system is to be introduced. I have set out the main features of the proposed State Value Added Tax system. It will be our endeavour to reach such a consensus and only thereafter proceed with the introduction of a Bill to implement State Value Added Tax. Hon'ble Members of the House will greatly facilitate this effort if the general debate on the Budget can focus on all aspects of the proposed State Value Added Tax.

Other Taxes

180. Independent Power Projects in the State are utilising Low Sulphur Heavy Stock (LSHS) in the generation of electricity for sale to Tamil Nadu Electricity Board. The rate of

entry tax on this item is 16% under the Tamil Nadu Tax on Entry of Goods Act, 2001 with effect from 1.12.2001. This tax has to be ultimately borne by the Tamil Nadu Electricity Board which purchases electricity from these Power Projects. This increases the purchase cost of energy and imposes a financial burden on the Tamil Nadu Electricity Board. In order to reduce the impact of this tax, the rate was reduced to 3% from 16% for a period of one year from 1.4.2002 to 31.3.2003. It is now proposed to continue this lower rate of entry tax at 3% on Low Sulphur Heavy Stock (LSHS) from 1.4.2003 onwards.

181. Banks lend loans by securing properties. At times, these loans are not repaid properly and the properties secured become Non-Performing Assets (NPAs). In order to reconstruct these non-performing assets, the Government of India has enacted the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, which enables transfer of these Non-Performing Assets to Asset Reconstruction Companies. This transfer attracts 6% stamp duty in Tamil Nadu. Due to this higher rate of stamp duty, such deeds are not coming up for registration in Tamil Nadu. In order to encourage such registrations in the State bringing in revenue, the rate of stamp duty on such transactions will be lowered to 0.1% with a monetary cap of Rs.1 lakh. Likewise the rate of registration fee will be reduced to 0.1% and with a monetary cap of Rs.20,000/-.

Overall Fiscal Position

182. Hon'ble Members of the House will be glad to know that this is a tax-free Budget. The overall deficit at the end of 2005-2006 is estimated at Rs. 260.41 crores. This deficit will be covered mainly

by control of expenditure and improved compliance in tax collections without changing the tax rates. Our leader the Hon'ble Chief Minister Puratchi Thalaivi J. Jayalalithaa has proposed a bouquet of new schemes which have been included in this Budget 2005-2006 to benefit the people of Tamil Nadu and improve the infrastructure of the State. I am sure the Hon'ble Members of the House will greatly welcome the development plans that I have just announced.

183. The road map for the future has been spelt out in the Medium Term Fiscal Plan, which is set out in the Annexure to the Budget speech. This may be taken as read as part of the budget speech. The effort of this Government will be to maintain the fiscal balance achieved and follow the trajectory outlined in the Medium Term Fiscal Plan.

184. I take this opportunity to convey my heartfelt gratitude to Hon'ble Chief Minister Puratchi Thalaivi J. Jayalalithaa for guiding me with innovative ideas and unmatched wisdom.

185. I also convey my thanks to Mr. N. Narayanan, IAS, Development Commissioner and Principal Secretary, Finance and his team for their assistance in the preparation of this Budget.

186. With these words, Hon'ble Speaker Sir, I commend the Budget Estimates 2005-2006 for the approval of the House.

Vanakkam

*Speech of Thiru. C. PONNAIYAN
Hon'ble Minister for Finance
Government of Tamil Nadu,
presenting the Budget for 2005-2006
to the Legislative Assembly on
2nd March, 2005*

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