



Speech delivered by the
HON'BLE CHIEF MINISTER

SELVI J JAYALALITHAA

during the meeting
with the Deputy Chairman, Union Planning Commission
for finalization of Annual Plan 2012-13 for Tamil Nadu
at New Delhi on 4.6.2012



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Published by :
Director
Information & Public Relations Department
Chennai

Special Publication No. 11

Tamil Arasu

June 2012

Published by :

Director

Information & Public Relations Department

Chennai

Printed at :

TAMIL ARASU PRESS

110, Anna Salai,

Chennai - 600 002.

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I am happy to be here today to discuss Tamil Nadu's Annual Plan for 2012-2013, the first year of the 12th Five Year Plan. In the midst of the global crisis and national slow down in industrial growth, I see the 12th Five Year Plan as a great opportunity for the Nation and for my State, Tamil Nadu, to ensure inclusive growth and poverty alleviation for our people. What we need now is a proactive approach and substantial increase in Government spending. I have, therefore, proposed an outlay of 28,000 crore rupees for the Annual Plan 2012-2013, with an increase of 19 per cent over the outlay of 23,535 crore rupees for 2011-2012. This Annual Plan outlay is proposed in the overall context of the 12th Five Year Plan outlay proposed for the State, of 2 lakh crore rupees, which is more than double the 11th Five Year Plan outlay of 85,344 crore rupees.

You will recall the extreme distress I expressed during the last Annual Plan meeting with regard to the abysmal state of finances in Tamil Nadu at that point of time. The State had a huge revenue deficit of 3,531 crore rupees in 2009-2010 and 2,729 crore rupees in 2010-2011. The fiscal deficit as a percentage of GSDP breached 3.2% in 2010-2011. Despite the largesse, the average annual growth rate during the first four years of the 11th Plan was only 8.05%, well below the national average.

I am now glad to inform you that my Government's prudent fiscal management strategies have reversed this dismal outlook. The State has returned to a situation of revenue surplus in 2011-2012 and the fiscal deficit as a percentage of GSDP has been contained at 2.85%. The latest estimates of the Central Statistical Organization (CSO) place the economic growth rate of Tamil Nadu for 2011-2012 at 9.39%, much above the national average of 6.5%.

While we are remedying the State's fiscal situation, substantial financial support is required from the Government of India for the raised

investment needs of the State's 12th Five Year Plan. Unfortunately, the 11th Plan has shown disappointing trends. The untied funds available to the States for financing their Plans through Normal Central Assistance (NCA) have not increased proportionately and today, these funds constitute a very minor component of the Plan resources of State Governments. I am informed that the declining quantum of NCA has been largely due to more resources being transferred to States through Centrally Sponsored Schemes. I have been repeatedly urging that the proliferation of Centrally Sponsored Schemes should be checked for several reasons. Not only are States deprived of untied funds that were available previously, but these Centrally Sponsored Schemes are designed without reference to specific ground realities and the needs of the population within the States that may face relative deprivation. The resulting rigid "one size fits all" guidelines deny a fair share to a progressive State like Tamil Nadu. The eligibility parameters set for schemes like Rajiv Gandhi Vidyutikaran Yojana, Accelerated Irrigation Benefit Programme and Pradhan Mantri Gram Sadak Yojana are designed to

deny these funds to Tamil Nadu. Another feature of these Centrally Sponsored Schemes that impinge on Centre-State relations is that funds are released directly to the Implementing Agencies, completely bypassing the State Governments, thus compromising fiscal discipline. I hope the Union Planning Commission will take a firm stand against these practices. Once again, I strongly urge that the NCA should be untied, levels substantially hiked, and all Central assistance should invariably be routed through the State Governments.

I am also informed that proposals for One-Time ACA approved by the Planning Commission for the State's Priority Schemes are being subjected to intense scrutiny, akin to Centrally Sponsored Schemes. This has resulted in extreme delay in release of funds to the State.

Tamil Nadu's growth in the Primary Sector during the 11th Plan period has been disappointing. During the first four years of the 11th Plan, there was an overall negative growth of 0.51 per cent. One of the main priorities of my Government as soon as it assumed charge, was to rectify this situation and

our special efforts have yielded encouraging results with the area under food grains being extended by 24 per cent over 2010-2011 and production increasing by as much as 40 per cent. We have proposed to usher in a Second Green Revolution by enhancing agricultural productivity and multiplying farmers' income. This will require massive investment in the Primary Sector. Recognising this, the Tamil Nadu State Government has allocated 9,942 crore rupees for the Primary Sector in 2012-2013 as against 8,428 crore rupees in 2011-2012 and 5,674 crore rupees in 2010-2011. Plan allocations have also been enhanced by 20% this year.

Agricultural productivity is being enhanced by vigorously promoting crop-specific strategies like System of Rice Intensification, System of Pulse Intensification and Sustainable Sugarcane Initiative. As Tamil Nadu has utilised most of its water resources, my Government is encouraging farmers to take up micro-irrigation in view of its social and environmental benefits. I am glad to inform you that Tamil Nadu is providing 100 per cent subsidy to Small and Marginal Farmers and 75 per cent subsidy

to other farmers for installing micro-irrigation systems. My Government is also providing interest-free Crop Loans to farmers who repay their loans in time in order to reduce indebtedness in this sector. Farmers face problems of inadequate storage space and post-harvest losses. My Government, therefore, launched a massive programme to construct modern godowns at a cost of 274.97 crore rupees in 2011-2012. This programme continues in the current year with an investment of 300 crore rupees.

The Hon'ble Deputy Chairman and Members of the Union Planning Commission are aware that Tamil Nadu has little surplus surface water resources. In order to optimise its limited resources, the State has proposed linking of the Cauvery and Gundar rivers at a cost of 5,619.44 crore rupees and linking the Thamiraparani river with Karumeniar and Nambiar rivers at a cost of 453.44 crore rupees. I had specifically requested the Union Government for financial support for these two massive schemes. However, I am disappointed at the lack of response since the alternative access to funds under the Accelerated Irrigation Benefit Programme has also

been denied to Tamil Nadu. Again, despite the Union Planning Commission's recommendation for financial assistance to Tamil Nadu under the Flood Management Programme, no funds were released during 2011-2012. I therefore, urge the Union Planning Commission to persuade the Government of India to abandon this step-motherly attitude and to secure assistance of 9,090 crore rupees under AIBP for intra-linking of rivers and flood management, for which proposals have already been sent to the Government of India. On our part, we have chalked out an ambitious programme for restoring over 39,000 water bodies in Tamil Nadu to their original storage capacity by converging various schemes.

My Government has also given special emphasis to the hitherto neglected sector of Animal Husbandry. In fulfillment of my electoral promise, the State has successfully launched a scheme of giving milch cows, goats and sheep to poor families in rural areas free of cost. This scheme has supplemented rural incomes, especially of the poor, and has promoted an integrated approach to agriculture and animal husbandry.

The State Government's unprecedented investment and progress in Agriculture and allied Sectors needs to be adequately supplemented and supported by the Central Government. The State requires a boost in support, under the National Agriculture Development Programme (NADP), of not less than 650 crore rupees during 2012-2013 and I urge the Union Planning Commission to recommend this level of assistance under NADP to the State Plan. In addition, I wish to reiterate that the present pattern of financing NADP, by linking it to incremental Plan allocation for the Primary Sector, is unfair to States like Tamil Nadu which have very limited potential for major irrigation projects. This is yet another instance of a ham-handed policy that can hardly serve the Nation's goals for development of agriculture and reduction of inflation.

Sustained high economic growth requires a clear vision, detailed strategy and large scale investment in critical sectors. With this object, I have unveiled a vision document for Tamil Nadu titled "Vision 2023" that targets a double digit growth rate, at least 2% above the national average. Over these

eleven years, the State will aspire to a six-fold growth in per capita income, thus taking it to the current level of upper middle income countries. I am also particular that this high economic growth should translate into inclusive development and poverty eradication. Our strategy for this ambitious goal is accordingly, multipronged. We aim to increase the share of manufacturing in the State's economy, improve agricultural productivity, and focus on improving skills and human resources. We are contemplating a total investment of 15 lakh crore rupees in key infrastructure projects that will trigger and intensify economic growth. We have legislated the Tamil Nadu Infrastructure Development Board to provide the institutional mechanism for speedy appraisal and approval of major infrastructure projects. This Board will become the nodal agency for the implementation of all Public-Private Partnership (PPP) projects in the State and will monitor all project related activities from conception to execution. I expect that the Central Government will liberally support these projects through viability gap funding. However, considering the scrutiny that these projects will face by the Board, there may not

be any need for a parallel evaluation by the Central Government for viability gap funding.

Regarding the economic and social indicators, I am seriously concerned about inter-district and inter-regional growth disparities within the State. In order to correct these regional disparities in sectors like health, education, poverty and unemployment through targeted programmes, the Tamil Nadu Government has created the State Balanced Growth Fund with an initial outlay of 100 crore rupees this year which will be increased in coming years.

Tamil Nadu is the most urbanised State in the country with 48.45% of its population living in urban areas. The State is grappling with problems associated with urbanisation like solid waste management, liquid waste management, traffic congestion and urban housing. Many of these issues were tackled under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) which funded part of the capital needs. However, I am disappointed to note that the Union Government is yet to launch its continuation, namely, JNNURM Phase-II, leaving urban area capital investment

programmes under-funded. Further, approvals under the Rajiv Awas Yojana to create slum-free cities need to be expedited. I strongly urge the Union Planning Commission to review the progress in the implementation of these schemes. At the same time, I am proud to mention that the Tamil Nadu State Government is pumping in substantial financial assistance to the urban local bodies. I have launched two mission mode schemes – the Chennai Mega City Programme for Chennai City and the Integrated Urban Development Mission for other cities and towns, with a combined annual outlay of 1,250 crore rupees. The works taken up in the first year are fast nearing completion.

My Government is giving special attention to Urban Transportation to facilitate intra-city travel and to attract private investment. In addition to expediting the works of the Chennai Metro Rail Project, a global tender has been floated and bids have been invited for the first phase of the Chennai Mono Rail Project at a cost of 8,500 crore rupees. I envisage an integration of all modes of public transport in Chennai City through a common

ticketing system to enable seamless travel by users. In order to translate this vision into reality, we have activated the Chennai Unified Metropolitan Transport Authority (CUMTA). The State is also proposing to take up the development of Mass Transport Corridors.

The Union Government's meagre support to the Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) under-estimates the pressing problem of urban poverty. Being closer to the urban poor of the State, my Government has launched the Tamil Nadu Urban Livelihood Mission with an initial outlay of 200 crore rupees. This programme is designed to tackle urban poverty, mainly through providing livelihood security to the urban poor. I strongly urge the Union Planning Commission to persuade the Government of India to address this problem in a mission mode.

It is my desire that people living in rural areas should be provided with quality public infrastructure on par with urban areas. With this object, my Government is implementing a comprehensive rural infrastructure development

programme called Tamil Nadu Village Habitation Improvement Scheme (THAI). Through this programme, the State Government has adopted an innovative habitation based approach and will cover all rural habitations over the programme period of five years. Tamil Nadu has also undertaken a large number of rural infrastructure projects in sectors like irrigation, rural roads and water supply, using loan assistance from NABARD under the Rural Infrastructure Development Fund (RIDF). However, I am now pained to learn that the rate of interest on RIDF loan has been escalated from 6.5% to 8%, thus depriving the States of a viable financing option. The economic logic behind this hike escapes me as the RIDF is funded by contributions from commercial banks which have not fulfilled their priority sector lending obligations. Not only does the Reserve Bank enlarge the scope of priority sector lending to suit these commercial banks but this increase in RIDF lending rates now shifts their attention away from the rural poor and farmers, to the comfort of lending to State Governments with assured repayments. I have already brought this matter to the notice of the Hon'ble Prime Minister and I urge the Union

Planning Commission to recommend reduction in the rate of interest on RIDF loans.

After I assumed charge as Chief Minister for the second time in 2001, I bailed out the Transport and Power utilities by ensuring financial discipline. I have now repeated this unpleasant and onerous task once again, placing the health of these institutions above all other considerations. This has enhanced the ability of these essential utilities to provide effective and reliable public services at costs well below those prevailing in nearby States. However, the revision of electricity tariffs has imposed a heavy burden on the State on account of subsidised tariff for domestic consumers and free electricity for agricultural pumpsets. For the State's Generation & Distribution Company alone, this subsidy will exceed 4,000 crore rupees in this financial year.

As a result of the gross mismanagement of the Power Sector by the previous DMK Government, my Government is grappling with a severe power crisis in Tamil Nadu. The demand-supply mismatch of between 3,000 to 4,000 MW represents about a third

of the demand. It is estimated that the expected demand by the end of the 12th Plan period will be 18,311 MW whereas the present availability is only around 8,500 MW. Such extreme levels of power shortage are crippling industry, which directly impacts national growth in manufacturing. It is this that has prompted me to request the allocation of the entire 1,000 MW from the Central Pool generated from the first unit of the Koodankulam Nuclear Power Plant. Bridging this divide also calls for substantial investment in the Power Sector for which I solicit the assistance of the Government of India. It is high time that a concessional funding window is created for large power generation plants to be set up by State Power Utilities. It is absolutely essential that project clearances are expedited on priority basis such as clearance for the Kundah Hydro Project and other new project proposals. Attention on priority basis is also required to finalise Fuel Supply Agreements and coal linkages that will maximise the efficiency of power plants. I hope that the B.K.Chaturvedi Committee will devise a pragmatic revival package for power utilities that reschedules bank loans and defers payments to the Power

Transmission Corporation and National Thermal Power Corporation. I also urge the Union Government to take immediate steps to remove the corridor constraints that hinder evacuation of power from surplus States to deficit States. At this juncture, I must mention that the State is strengthening the transmission network at a cost of 3,573 crore rupees with assistance from the Japan International Co-operation Agency. Proposals for financial assistance for strengthening the evacuation of wind energy and separate feeders for agriculture have also been proposed to the Union Government and I urge the support of the Union Planning Commission in arranging suitable funding.

My Government has also taken initiatives to promote wind and solar energy, and demand management by the replacement of incandescent bulbs with compact fluorescent lamps. My Government has also introduced a Solar Powered Green House Scheme, under which 60,000 green houses with solar lights will be constructed every year for poor families in rural areas at an annual cost of 1,080 crore rupees. I request the Planning

Commission to review the guidelines of the National Solar Mission to match State allocation for potential projects and to promote equitable treatment of States.

Tamil Nadu has been an exemplary State worthy of emulation for its achievements in the Health Sector. The State has launched the Chief Minister's Comprehensive Health Insurance Programme, which provides the poor with health insurance up to an extent of 4 lakh rupees for a period of four years, free of cost. A remarkable feature of this scheme is that Government Hospitals will also provide such services to the insured and retain earnings for the Hospitals' improvement. Tamil Nadu gives the highest free maternity assistance in the entire country at 12,000 rupees per delivery which is linked to the Government's scheme for institutional delivery and immunization of the child. The State has also launched a Menstrual Hygiene Scheme by distribution of Sanitary Napkins free of cost to an estimated 41 lakh adolescent rural girls in the 10-19 age group. The State has been able to bring about concrete changes in the Health Sector through the National Rural Health Mission (NRHM) of the

Central Government. I, therefore, welcome the decision of the Central Government to commence a National Urban Health Mission on similar lines.

The State has accorded the highest priority to education. Every possible incentive is being given for children to successfully complete their schooling. This includes provision of cash incentives to students in higher classes, provision of four sets of uniforms, textbooks, notebooks, learning equipment including Atlases and geometry boxes - all free of cost and in particular, the provision of footwear free of cost. The scheme for providing laptop computers free of cost to all college students and students in Classes 11 and 12, is one of the flagship schemes of my Government and I am sure that this scheme aimed at developing students' skills will be emulated countrywide. These schemes need to be taken up at the national level and Tamil Nadu must be supported financially for implementing these pioneering schemes. I am not satisfied with the flow of central funds into the fields of secondary education and higher education. The allocation under Rashtriya Madhyamik Shiksha Abhiyan needs to be substantially stepped up to meet the goal of universal secondary education.

The ambitious goals of the 12th Five Year Plan can be achieved only when good performers are adequately rewarded through more funds and flexibility in the implementation of various schemes and programmes. My Government is successfully implementing numerous welfare programmes, some of which I have already highlighted. Some of these schemes share common goals with similar central schemes. This would facilitate the effective implementation of such well grounded popular State schemes if the States could access more central funds.

I wish to conclude by thanking the Hon'ble Deputy Chairman and Members of the Union Planning Commission for hosting this meeting where I could share my views and present the needs of the Government of Tamil Nadu. I request the Union Planning Commission to recognise the Herculean efforts made by and the successes of my Government and support our innovative schemes through increased financial assistance for the State Plan.

During 2011-12, Planning Commission provided Rs.160 crore as 30% One Time Additional Central Assistance by the Deputy Chairman, Union Planning Commission which has been matched with 70% State fund as per norms.

This year we expect at least Rs. 250 crore as 30% contribution for the following schemes.

Sewage Management and protection of Water Bodies in Chennai city	Rs. 150 crore
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Augmentation of Drinking Water Supply through formation of new tanks & restoring existing drinking water sources	Rs.100 crore
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	Rs. 250 crore
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The State will supplement this with 70% resources to complete these schemes.

I had personally raised the issue of providing financial assistance to meet the basic needs of local people residing around the Koodankulam Nuclear Power Plant with the Hon'ble Prime Minister. I had

also indicated that a special package of Rs.500 crore may be sanctioned by the Government of India to meet these felt-needs of the local people. The Hon'ble Prime Minister acknowledged the same by saying that the Government of India will take care of these requirements. Accordingly, formal communications were sent to the Prime Minister's Office (PMO). Of Rs.500 crore, a sum of Rs.300 crore will be required for providing housing to 10,000 people living around the Nuclear Power Plant. It has been proposed to spend this amount over next 3 years starting from 2012-2013 with an allocation of Rs.150 crore, 2013-2014 with an allocation of Rs. 90 crore and 2014-2015 with an allocation of Rs.60 crore. The remaining Rs.200 crores will be spent by Nuclear Power Plant under its Corporate Social Responsibility Schemes to meet other basic needs like Fish Landing Centre, Cold Storage Facilities, Motor Boat Repair Workshop etc. The State Government has taken enormous efforts to bring the Anti Nuclear Plant Agitation to an end. This effort by the State Government will benefit the long-term policy on Nuclear Energy of Government of India. Thus the State Government

deserves special treatment by the Government of India in this regard. It will not be proper for the Government of India to meet their commitment of Rs.300 crores towards this by adjusting it into the State's already entitled resources. The Government of India therefore should honour its commitments by providing for Rs.300 crores outside the plan exercise.

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