

ಕರ್ನಾಟಕದ ಸಮಗ್ರ ಅಭಿವೃದ್ಧಿ  
KARNATAKA'S NORTH-SOUTH CORRIDOR



# Tamil Arasu

JANUARY-FEBRUARY-MARCH 2004



# BHOOMI POOTAN

FOR

4 LANE OF KANNYAKUMARI TO RAMAUDION NH7

NORTH - SOUTH CORRIDOR

BY

## SH. ATAL BIHARI VAJPAYEE

Hon'ble Prime Minister of India

On Monday, the 2<sup>nd</sup> February 2004

Presided by

## Selvi J. Jayalalithaa

Hon'ble Chief Minister of Tamil Nadu

In the Presence Of

### Maj. Gen. B.C. Khanduri

Hon'ble Union Minister For Road, Transport & Highways

திருநெல்வேலி நெடுஞ்சாலை அமைப்பு

சாலை கட்டுவதற்கு தேவையான நிலத்தை காவல்துறை போலீஸார் பாதுகாப்பாக கைப்பற்றி வருவது குறித்து தமிழக அரசுக்கு நன்றி தெரிவித்துக் கொள்ளுகிறேன்.

**அடிக்கல் நாடுவீரார்**

19/01/2004 - 02-02-2004

**அடிக்கல் நாடுபவர்கள்**

மாணியுமித பரமது பிந்தார்

**தகுதியுடையவர்கள் வாங்கியார்கள்**

மாண்புமிகு தலைவர் குருமங்கலம்

**சென்னை ஜெனியல்வல்தா**

மாண்புமிகு மதுவா அமைச்சர்

**மேலாண்டிசைவார் பி.சி. கணேசன்**

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Editor and Publisher : **V. KANAGARAJ**, I.A.S., Director of Information and Public Relations  
Government of Tamil Nadu

Office : Tamil Arasu, Omandurar Government Estate, Anna Salai, Chennai - 600 002.

Tel : 25368926, Fax : 25364906 E-mail : tamilarasu2@yahoo.com

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## **Inauguration of the North-South corridor connecting Kanniyakumari with Kashmir**

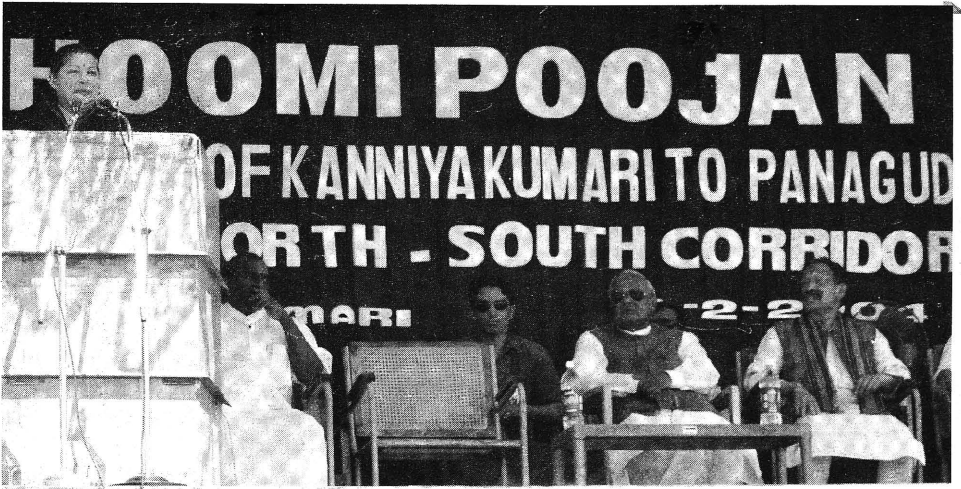
**D**evelopment of highways is now being taken up in a planned manner. The Union Government is upgrading the National Highways in Tamil Nadu. Under a special programme launched by the Hon'ble Prime Minister, the Golden Quadrilateral project connecting the four metropolitan cities including Chennai is making rapid progress. In Tamil Nadu, 341Kms of National Highways are being covered under this programme. Recently, the Hon'ble Prime Minister and the Hon'ble Chief Minister inaugurated the work on the North-South corridor connecting Kanniyakumari with Kashmir. Under this project, 851Kms of National Highways are being developed in Tamil Nadu.

Speaking on the occasion the Hon'ble Prime Minister Thiru Atal Bihari

Vajpayee said the north-south and east-west corridors would revolutionise the road and transport infrastructure, by connecting Srinagar with Kanniyakumari and Silchar in the east with Porbandar (Gujarat), the birthplace of Mahatma Gandhi, in the west. The 5,846 km Golden Quadrilateral project to link the four metros was nearing completion and this will cover the entire nation, particularly State capitals and trading centres, in a comprehensive way with four-lane highways.

Presiding over the function, the Hon'ble Chief Minister Selvi J Jayalalithaa detailed the ongoing road development projects. She said that the average length of roads over a 100 sq km area in the State was 60 percent more than the national figure. Widening of roads would result in





fuel conservation. While roads were already available to villages where the population was 1000-plus, the Government decided to extend the facility to habitates with more than 500 persons. Despite the acute financial constraints experienced in the State during 2001, a sum of Rs.2,518 crores was allocated for road and bridge works, she added. She said the total length of the roads in Tamil Nadu is 61,125 Km of which only 3,850 Km length of roads is under National Highways.

A proposal to convert 8 roads with a total length of 1,091 k.m. as National Highways has been sent to the Union Ministry for Road Transport and Highways. The Hon'ble Chief Minister requested for an early approval of the proposal.

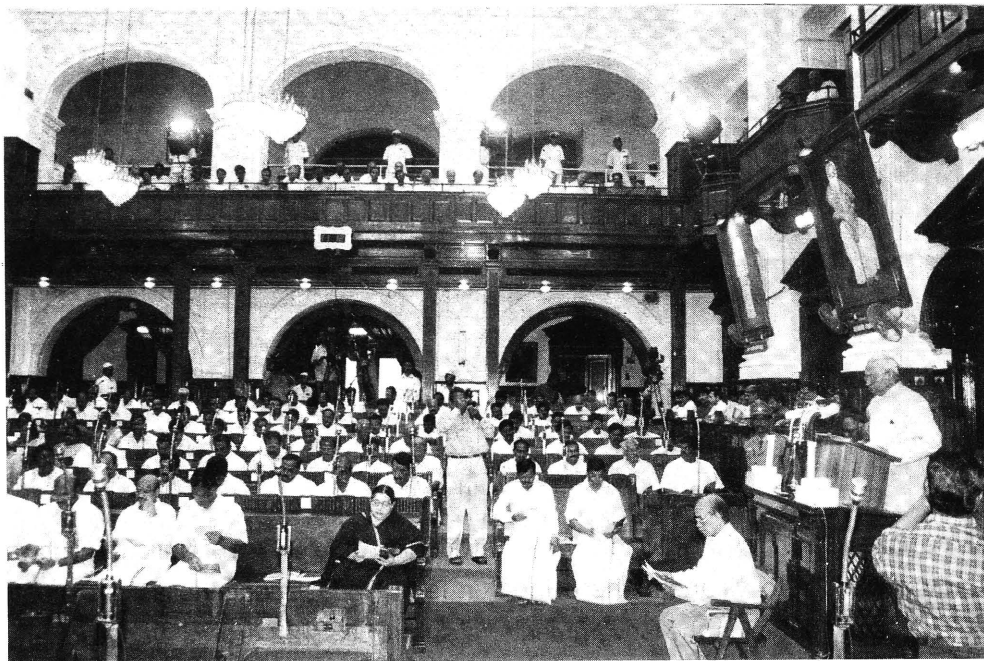
She thanked the Prime Minister for launching the National Highways Development Project, as it enabled

widening of 1,699 km of National Highways in Tamil Nadu. During the last two months, a sum of Rs.122 crores was earmarked for improving village roads with the assistance of NABARD. The Hon'ble Chief Minister also requested the Prime Minister to expedite the Sethusamudram Project which would boost the economy of the State as well as the Country.

The Hon'ble Union Minister for Road Transport and Highways Thiru B.C.Khanduri, the Hon'ble Union Minister of State for Road Transport and Highways Thiru Pon.Radha krishnan and the Hon'ble Union Minister of State for Defence and Parliamentary Affairs Thiru O.Rajagopal, Hon'ble Minister for Public Works Department Thiru O.Panneerselvam and Hon'ble Minister for Health Thiru Thalavai Sundaram participated in the function.

★ ★ ★





## **TAMIL NADU IS A FORERUNNER IN PROVIDING A COMPREHENSIVE SOCIAL SAFETY NET**

**-His excellency the Governor of Tamil Nadu  
Thiru. P.S. RAMAMOCHAN RAO**

**Honourable Members of the Legislative  
Assembly,**

It gives me great pleasure to address you at the commencement of the first session of the Tamil Nadu Legislative Assembly for the year 2004. I extend my greetings and good wishes to all of you.

2. The people of India are to elect their representatives to Parliament shortly. The elections to the Lok Sabha bring the people of India together in electing a Government that will take them on the road to development and prosperity. The people of India, Tamil Nadu in particular, have always exercised tremendous political acumen and sagacity in exercising their political franchise. They are going to get another opportunity soon. I urge the people of Tamil Nadu

to carry our rich and vibrant democratic traditions forward and exercise their franchise in a peaceful manner.

3. Tamil Nadu welcomed the New Year with renewed confidence and hope of a glorious future ahead. The State has cast aside the inherited legacy of poor growth prospects and a crippled fiscal situation. The year 2003 marks a spectacular turnaround. By successfully integrating reform priorities with development imperatives and above all keeping the interests of the poor uppermost, Tamil Nadu has indeed emerged as the State, which will forge ahead towards its cherished *numero uno* position. The credit for this amazing and unparalleled turnaround in such a short span of time goes to the Hon'ble Chief Minister Selvi J. Jayalithaa.

4. Hon'ble Members of this House may recall the extremely difficult fiscal situation



prevailing when this Government assumed office in May 2001, forcing this Government to scale down the Plan outlay to Rs. 5200 crores in 2001-2002. The future looked bleak, given the extent and gravity of the fiscal crisis. Since then a bold economic reforms programme implemented with resolve and courage by the Chief Minister has enabled the Government to increase the Plan size to Rs. 7000 crores in 2003-2004 and draw up an impressive Tenth Plan with an outlay of Rs. 40,000 crores. A comprehensive social safety net has been put in place and strengthened despite the fiscal stress. Public utilities such as the Tamil Nadu Electricity Board and the State Transport Undertakings have been restored to financial viability. The problem of huge unpaid liabilities inherited from the previous Government amounting to Rs. 4000 crores has been resolved. Tamil Nadu's turnaround is nothing short of a miracle.

5. The Chief Minister Selvi J Jayalalithaa has clearly set out the economic reform priorities of the Government, which consist of fiscal reforms to ensure fiscal correction and sustainability, reforms to improve the investment climate, improvements to service delivery through good governance and a

comprehensive poverty reduction strategy. The State has successfully warded off the danger of a debilitating fiscal crisis and at the same time taken up planned development. This complex adjustment process in Tamil Nadu has a human face, keeping the interests of the poor foremost in mind.

6. The World Bank, which had moved away from Tamil Nadu earlier, has now evinced keen interest in assisting the State Government in putting through its economic reforms programme. It is anticipated that funding support from the World Bank for this programme will be made available over several years. This will be in addition to project-based assistance. The World Bank has commended the new initiatives of this Government in the primary sector and the second-generation reforms announced in the New Industrial Policy in September 2003 to improve the investment climate. The World Bank has recognized that Tamil Nadu is a forerunner in providing a comprehensive social safety net, which is the brainchild of the Chief Minister.

7. This Government has had to contend with adverse seasonal conditions over three successive years culminating in the



unprecedented drought in 2002-2003 that affected all districts, in the midst of a major fiscal crisis. This daunting challenge would have broken the spirit of any other Government. It behoves to the credit of the Chief Minister that while carrying the fiscal adjustment process forward, this Government ensured prompt response to every crisis situation with alacrity and provided relief and succour by reaching out to the poor.

8. In 2002, when the landless agricultural labourers in the Cauvery delta districts were affected by lack of work following the refusal of Karnataka to release Tamil Nadu's due share of water from the Cauvery, this Government provided gift hampers to about 10-lakh households at a cost of Rs. 210 per hamper. This was implemented at a cost of Rs. 21 crores. To ward off the prospect of starvation, a special programme was implemented to provide 30-Kg of rice free of cost to every needy rural family every month from February to August 2003. This benefited 9.71 lakh families and was implemented at a cost of Rs. 115.94 crores. When farm incomes were affected, the Government launched a massive scheme for the waiver of interest and penal interest dues of farmers from the co-operative sector at a cost of Rs. 146 crores. The scheme of waiver of interest dues from small and marginal farmers on loans availed of by them from Co-operative Banks announced by the Government in May 2003 with an outlay of Rs. 20 crores has provided immense relief to farmers during hard times. When handloom weavers were affected because of the crisis in the economy, this Government responded quickly to provide 20-Kg of free rice per month to 22,072 handloom weavers at a cost of Rs. 1.19 crore. These are instances of prompt intervention by this Government to provide relief and support to the poor during hard times, notwithstanding the fiscal crisis confronting it. This goes to show that this Government has been responsive and caring, always concerned about the welfare of the people.

9. The Chief Minister has been at the vanguard of social reforms aimed at conferring real benefits on the poor. The ban on lotteries has been widely welcomed. It is now perceived as an important measure which has rescued the poor from the spectre of rack and ruin. Lakhs of poor people who hitherto spent their entire income on buying lottery tickets inveigled by the promise of an elusive bonanza and ended up in penury are now thanking the Chief Minister for bringing happiness into their lives. The ruination wrought by usurious moneylenders had reached alarming proportions. This Government enacted amendments to control the exorbitant interest rates and imposed stiff penalties for those deviating from the law. This salutary legislation has brought comfort to rural households, particularly when their incomes were affected by the drought. These measures have enabled people to celebrate Deepavali and Pongal recently with great cheer. Despite being affected by drought and adverse seasonal conditions for three successive years, Tamil Nadu, unlike most other States, has coped most successfully with the crises and has provided relief and succour at every instance of need.

10. Thanks to the personal intervention of the Chief Minister, Indian Missions abroad have been alerted to provide legal assistance to Tamils languishing in prisons in Malaysia and Maldives. Similarly, 380 fishermen and 47 mechanized boats taken into custody by the Sri Lankan Navy have been released by the intervention of the Chief Minister.

11. The Twelfth Finance Commission has just concluded its visit to Tamil Nadu. The Chief Minister has highlighted the need for a complete restructuring of public finances, giving the States their due share. The Government has called for greater resource transfers to the States from the Union by stepping up the Share of States in the Central tax pool from the present level of 29.5% to 50%. The Chief Minister has insisted that the Twelfth Finance Commission should undo the injustice meted out to Tamil Nadu by the Eleventh Finance Commission.

States like Tamil Nadu, which perform well, should be rewarded for their efficiency and good governance. Comprehensive proposals on various issues such as debt reduction and restructuring, financing of local bodies and calamity relief have also been made to the Commission. The Commission has been requested to support the Government's effort to modernize the administration and in addressing the special problems of Tamil Nadu. It is hoped that the recommendations of the Twelfth Finance Commission will be more in tune with the needs and aspirations of the people of the State.

12. The Chief Minister has placed the highest emphasis on the perfect maintenance of law and order as the bedrock of the development process. Her strong leadership in Tamil Nadu has kept insidious and disruptive forces at bay and provided the assurance for citizens to feel safe and secure in Tamil Nadu. The connection between strong leadership, successful policing, perfect maintenance of law and order resulting in a favourable investment climate stands highlighted when we compare Tamil Nadu with other States.

13. This transformation of Tamil Nadu as a haven of peace and tranquillity has been brought about by a comprehensive action plan implemented by the Chief Minister. The series of measures initiated by the Chief Minister to improve the efficiency of the Police by way of modernization, improvement of Police logistics, including provision of new buildings, new vehicles and the latest information and communications technology equipment, housing infrastructure and training has enabled the Tamil Nadu Police to become the best State Police Force in India. Effective steps to correct a huge backlog in recruitment of Police personnel have also been taken and in the current year, 8431 Grade II Men Police Constables and 2306 Grade II Women Constables are being recruited.

14. The Chief Minister's campaign towards gender sensitization and control of crimes against women has been followed up with

the establishment of Mobile Counselling Centres in every district. There will be 188 All Women Police Stations across the State before the close of the financial year. The constitution of an exclusive All Women Commando Force and an All Women Police Battalion marks an important milestone in the history of the Tamil Nadu Police. A new office complex for the Director General of Police will be constructed at an estimated cost of Rs. 30 crores in 2004-2005.

15. The Chief Minister has taken pains to ensure that the morale of the Police Force is at its peak through well-designed measures of not only providing them with amenities and benefits, but also by directly addressing their grievances. The Chief Minister personally held five detailed sessions to hear the grievances of officers and ranks of the Tamil Nadu Police. This has toned up the morale of the Police Force and made it fully prepared to meet any challenge. The grievance redressal machinery for the Police personnel has now been completely revamped and made more meaningful. Creches have been opened in 6 Police Commissionerates for the children of women Police personnel. The Government has sanctioned the construction of 6000 houses for Police personnel during 2001-2003 at a total cost of Rs. 241.61 crores.

16. This Government has sanctioned the construction of a new prison complex with state-of-the-art facilities to house 3000 prisoners at Puzhal at an estimated cost of Rs. 77.09 crores. An outlay of Rs. 19.07 crores has been allotted for the scheme of modernization of prison administration in 2003-2004. Sub-jails at Nagercoil and Dindigul are being upgraded as district jails in this year. Video-conferencing system between prisons and the courts at an estimated cost of Rs. 8.61 crores is also being introduced.

17. The High Court Bench at Madurai constructed at a cost of Rs. 55.59 crores with state-of-the-art facilities will be opened on 13<sup>th</sup> April, 2004. A total of 49 Fast Track Courts have been set up in Tamil Nadu during 2001-2003.



This has enabled a record disposal of nearly 65,000 cases. Construction of Integrated Court Complexes at Theni and Srivilliputhur has also been sanctioned.

18. In the wake of the failure of the Monsoons in 2002 culminating in an unprecedented drought, the Government implemented a massive relief programme. Widely acclaimed, this has protected the people from want and deprivation. Both the South-West and the North-East Monsoon in 2003 were below the forecast, though a little better than the previous year. The State Calamity Relief Fund has already been exhausted. A detailed memorandum on the drought situation has been furnished to the Government of India with a request to sanction Rs. 1584 crores of assistance from the National Calamity Contingency Fund and 10.8 lakh MT of rice for the Food for Work Programme. The Government is hopeful of substantial support from the Government of India for various drought relief measures. Meanwhile, the Government has sanctioned Rs. 50 crores to alleviate drinking water scarcity problems in the affected districts.

19. The drought situation in Tamil Nadu has been further exacerbated by Karnataka's failure to release the State's genuine entitlement of Cauvery water. Mettur Dam has realized only 60.45 TMC ft of inflows up to the end of January 2004, as against the Tribunal's interim award of 193.59 TMC ft and even 89.771 TMC ft as per the distress sharing formula evolved by the Central Water Commission. Karnataka's repeated failure to abide by the directives of Constitutionally and legally authorized federal dispute settlement mechanisms like the Supreme Court, Cauvery River Authority and the Cauvery Water Disputes Tribunal is an unhealthy precedent. This Government will not relent in its efforts to take necessary action to



enable Tamil Nadu to ultimately realize its legitimate share from the waters of the river Cauvery.

20. Chennai has been facing chronic water scarcity as a result of failure of Monsoons both in 2002 and 2003. Consequently, the storage levels in the city's reservoirs are the lowest in the last 55 years of recorded history. This Government has taken steps to find long-term solutions. The Chennai Water Supply Augmentation Project-I (New Veeranam Project) will be completed on schedule in May 2004 at a cost of Rs. 730 crores. The Government proposes to establish desalination plants as the only durable solution to Chennai's chronic water shortages. The Chief Minister has written to the Prime Minister for support from the National Calamity Contingency Fund for Rs. 700 crores. The Union Government has already announced an initial assistance of Rs. 50 crores. More assistance is expected after a Central team makes an assessment. Lorry water supply has been stepped up to provide requisite supplies to all areas. Steps are being taken to tap the Araniar-Koratalliyar ground water aquifers to provide water supply. The Government is fully geared to meet the challenge.

21. In a major effort to conserve riverbeds and prevent their degradation by indiscriminate sand quarrying, the Government has successfully implemented exclusive sand

quarrying by the Public Works Department in an orderly manner. These operations will ensure preservation of the environment, protection of our water sources and will also generate more revenue for the Government.

22. The Chief Minister's 15-point programme, which constitutes the development vision of the State, seeks to secure equitable and all round development of Tamil Nadu. I am happy to inform this August House that this Government will achieve in full the Plan outlay of Rs. 7000 crores earmarked for the current financial year. This Government will be approaching the Union Planning Commission for the approval of an enhanced development Plan outlay of Rs. 8001 crores for 2004-2005. This represents a major step up over the development Plan outlay for 2003-2004.

23. Crop diversification with water conservation incorporating new technology has been the guiding principle in restructuring the farm sector. Precision farming to promote these concepts is being launched in the new Krishnagiri district and Dharmapuri district at a cost of Rs. 7.21 crores. The Government will promote crops like tapioca with precision farming to bring better value addition with lower consumption of water.

24. This Government's Comprehensive Wasteland Development Programme is being widely hailed as a pioneering effort in reclaiming wasteland for productive economic use. The achievements under this programme despite recurrent drought have been very impressive. About 70 lakh saplings have been planted and 1.19 lakh acres of wasteland have been brought under productive economic use till December 2003.

25. The New Anna Marumalarchi Thittam, another visionary effort aimed at encouraging development of rural agro-based industry, is making rapid progress. A total of 695 projects covering 369 blocks have been cleared for implementation. As many as 72 units have already commenced production.

26. The Government's bold initiatives in restructuring the milk co-operative sector in the State have infused new strength into this vital industry. Arrears of payment to dairy farmers amounting to Rs. 34.91 crores have been cleared. Arrears of payment to sugarcane farmers by co-operative and public sector sugar mills totalling Rs. 123.74 crores have been cleared by the intervention of this Government.

27. The welfare of the fishing community in Tamil Nadu has received attention of very high priority of the Government. The Government has sanctioned the construction of 11,389 houses for fishermen since May 2001 at a cost of Rs. 35.87 crores. Nearly 30,192 fisherwomen have been covered for the first time under the Savings cum Relief Scheme with an outlay of Rs. 1.73 crores. The Government is providing 10,000 life saving jackets to fishermen at a cost of Rs. 1 crore to protect them when they are on the high seas.

28. The Chief Minister has launched the path-breaking Rain Water Harvesting movement in Tamil Nadu. It is only in Tamil Nadu that all buildings in every city, town and village have rainwater-harvesting structures installed. This has been possible because of the commitment of the Chief Minister to putting through this programme mandatorily before the monsoon. In rural areas, rainwater harvesting to recharge ground water is now a major programme. This programme will be continued so that a water-starved State like Tamil Nadu can conserve precious water.

29. I am happy to inform you that Tamil Nadu stands first in utilizing funds under various Centrally Sponsored Schemes for rural development during 2001-2003. The Government of India has released additional funds to the State Government over and above the State's annual allotment during 2001-2003 on account of efficient performance.

30. The Government is ensuring comprehensive coverage under the Total



Sanitation Campaign in 28 districts at a project cost of Rs. 327.32 crores. The construction of 12,618 Integrated Sanitary Complexes for women and children in all the Village Panchayats across the State will be completed within this year at a total cost of Rs. 268.13 crores. The construction of 12,506 offices for Village Administrative Officers across the State will also be completed within 2004 at a total cost of Rs. 77.89 crores.

31. A major programme for upgradation, relaying and special repairs to 5850-Km of Panchayat and Panchayat Union roads that have

32. The Government has taken up rural water supply projects with an outlay of Rs. 572.16 crores in 2003-2004. This will enable nearly 6000 habitations to receive potable water supply by March 2004. Nearly 10,000 hand pumps are also being converted into mini-power pumps in the current financial year at a cost of Rs. 60 crores. Five major Combined Water Supply Schemes covering 3912 rural habitations, 21 Town Panchayats and 5 municipalities are being implemented at a total cost of Rs. 463.54 crores.

33. It is gratifying to note that the goal of Universalization of Primary Education and attainment of 100% enrollment in schools is being pursued with unrelenting vigour. During 2001-2003, this Government has opened 1112 elementary schools, 1075 middle schools, 260 high and 300 higher secondary schools. The Government has recruited 10,022 teachers in the last two years. An unprecedented emphasis is being given to upgrading the quality of educational

infrastructure in the State with an outlay of Rs. 401.84 crores under the 'Education for All' Scheme. As a result of these initiatives, the drop out rate among elementary school students has come down from 16% in 2001-2002 to 12% in 2002-2003.

34. The Government has introduced a major cash incentive scheme for honouring sportspersons from Tamil Nadu with impressive achievements at national and international level sporting events. So far 123 sportspersons have been given cash incentives amounting to Rs. 2.10 crores. The Tamil Nadu Sports Development Authority has introduced a battery of tests for broad-basing talent identification



not been maintained by any agency, including those where buses cannot ply, is being taken up at an estimated cost of Rs. 300 crores. In addition, the Government has also sanctioned Rs. 336.05 crores for improvements to 6492-Kms of Other District Roads, covering in particular, all bus routes. This massive programme will provide lasting benefits to the people and will be widely appreciated. The plan to amalgamate the Tamil Nadu State Transport Corporations into 7 Corporations has been completed. Nearly 2500 buses will be replaced in two phases. An amount of Rs. 30 crores has been allotted to carry out major repairs to 6000 buses.

and encouraging sports culture in schools. Over 50 sportspersons have so far been enrolled under the Champions' Development Scheme for assistance in the form of sporting kits, quality nutrition, psychological development and financial assistance. In the coming financial year, a major step up will be made in the outlay for sports development with a focus on infrastructure development, talent identification and training. With a view to promoting excellence in the entire spectrum of physical education and sports, this Government proposes to establish a new University dedicated to fostering physical education and sports in Tamil Nadu.

35. This Government's accomplishments in providing affordable and accessible health care facilities to the people are noteworthy. During 2001-2003, 746 health sub centres (HSCs) have been provided with new buildings at a total cost of Rs. 39.75 crores. 93 Primary Health Centres have also been upgraded to 30-bed hospitals at a total cost of Rs. 46.50 crores. This Government has increased the number of MBBS seats in five Medical Colleges by 315. Construction work in the first phase for providing necessary infrastructure to the five medical colleges has been taken up at a cost of Rs. 10.01 crores. Construction of 300-bed hospitals at New Government Medical Colleges in Vellore, Kanyakumari and Theni is making rapid progress. The approval of the Medical Council of India has been obtained for the medical college at Kanyakumari. Chennai has become the health capital of India. A new complex in the Government General hospital at Chennai being constructed at an outlay of Rs. 104.47 crores will be opened shortly.

36. The new "Industrial Policy" announced in September 2003, aimed at consolidating our strengths in the manufacturing sector and the roadmap of second generation reforms at the State level, has been widely welcomed. The Centre for Monitoring Indian Economy (CMIE) has reported that Tamil Nadu has received the highest quantum of new

investments in the manufacturing sector totalling Rs. 46,795 crores at the end of October 2003. Hon'ble Members of this House will be pleased to know that Saint Gobain, the global giant in glass manufacturing, would be expanding its base in Tamil Nadu. Pursuant to the signing of a Memorandum of Understanding (MoU) between the State Government and Tata Steel for setting up a titanium dioxide project in Tuticorin District, the company has already initiated preliminary prospecting work in the area. With the turn around in the economy and progress made in implementing the second-generation reforms outlined in the new Industrial Policy, substantial new investments can be expected as Tamil Nadu has verily become the destination of choice. A policy on public-private partnership in infrastructure development incorporating cross country expertise in this field is currently under preparation.

37. Information Technology has become the key driver of the services sector in Tamil Nadu. With exports crossing \$ 1.4 billion (Rs. 7000 crores) and over 1000 IT-export companies, the IT sector in Tamil Nadu holds impressive promise in terms of new opportunities. This Government has outlined a visionary "IT Policy" that places the highest emphasis on Information Technology Enabled Services and Business-Process Outsourcing (BPO) activities. TIDCO has signed a Memorandum of Understanding with M/s. Ascendas of Singapore to establish the second IT Park with 1.5 million sq.ft. of world class built up space. The concept of the Knowledge Industry Township (KIT) has been finalized and this will come up at Sholinganallur. Work will commence shortly on the 6-lane IT Expressway leading from Madhya Kailash to Mamallapuram. These initiatives will help form the IT Bay area in Chennai to rival that in California. Tamil Nadu has attained the distinction of having been rated as the 'Leader' in the 'e-Readiness Report-2003'. The 7th National e-Governance Conference was successfully conducted at Chennai. I am happy to inform you that the World

Bank has decided to locate its permanent back office in India at Chennai. This shows that Chennai has indeed become the most attractive destination for the IT industry.

38. The Government places the highest emphasis on building world-class infrastructure. The focus will be on roads. The Tamil Nadu Road Sector Project with an outlay of Rs. 2116 crores assisted by the World Bank has been launched. A special programme to relay and upgrade 2149-Kms of State Highways, Major District Roads and Sugarcane Roads has been launched at a total cost of Rs. 221.32 crores.

39. The Nagapattinam Port has recently been expanded at a project cost of Rs. 100 crores to facilitate the arrival of 5 lakh tonnes of crude oil. The Tamil Nadu Maritime Board is working out plans for expansion and upgradation of the Cuddalore Port at an estimated cost of Rs. 250 crores. It is hoped that the Union Government will accord early clearance for the implementation of the Sethu Samudram Project.

40. Members of this House may recall that the Tamil Nadu Electricity Board (TNEB) was saddled with a huge revenue gap of Rs. 5000 crores and was on the verge of fiscal collapse, when this Government took office in May 2001. Having arrested the rapid fiscal decline, the focus now is on augmenting generation capacities and enhancing distribution efficiencies in order to provide quality and uninterrupted power supply to the consumers. An additional 902 MW of generating capacity has been added during 2001-2003. New projects, namely, a 1000-MW plant at North Chennai, 1000-MW plant at Tuticorin and the 2000-MW plant in Kudangulam have been firmed up. Major load shedding in Tamil Nadu has become a thing of the past. The TNEB has earmarked Rs. 5914 crores from its total Tenth Plan outlay of Rs. 8000 crores to augment its distribution network. A roadmap for the future based on the Electricity Act, 2003, will be drawn up. The Government has taken action to

provide solar lighting in 154 remote habitations not connected to the supply grid in the current year.

41. Thanks to the professional tourism development policy of this Government, Tamil Nadu is fast becoming an enchanting destination for holidaying in Southern India. There has been a major step up in the outlay on tourism to create new infrastructure. Private sector participation is being encouraged in development of tourism. Chennai played host to the 64<sup>th</sup> SKAL World Congress in October 2003 for the first time in India. The selection of Chennai as a venue for the meeting has put the State on the international tourism map.

42. A Price Stabilization Fund to support small tea growers has been launched by the Government of India. Small tea growers can join this scheme by making a small initial contribution and will be eligible for price support when prices come down. Based on the request of small tea growers in Tamil Nadu, this Government has decided to make the initial contribution on behalf of 23,000 small tea growers to the Fund at an estimated cost of Rs.1.15 crores. Establishment of a new electronic tea auction centre, namely, "Teaserve" and sale of 'Ooty' tea through the public distribution system are some of the important measures undertaken by this Government to help tea growers realize better prices.

43. The Government's decision to grant exclusive privilege of retail vending of Indian Made Foreign Spirit (IMFS) to TASMAL in Tamil Nadu has effectively broken the cartels that had hitherto monopolized liquor sales in State, thereby causing revenue loss to the Government. This decision has also helped 36,200 unemployed youth across the State to get jobs in the TASMAL-run retail outlets.

44. An ambitious infrastructure investment plan titled the 'Chennai Metropolitan Development Plan with an investment of





Rs. 18000 crores is being implemented over a period of ten years. In the current year, investments in infrastructure covering various sectors such as power, water supply, drainage, traffic and transportation, housing etc., totalling Rs. 1780.75 crores have been mobilized. These works are under rapid progress. The pristine beauty of the world famous Marina Beach has been restored and people can now enjoy the sand and the sea without being troubled by anti-social elements and the din of all kinds of public meetings. Members of this August House will be happy to know that services under the Mass Rapid Transport System (MRTS) - Phase II have been extended up to Thiruvannamiyur recently. Nearly 67% of the total project outlay of Rs. 690 crores under the Phase-II programme of the MRTS is being borne by the State Government. The scheme for improving the waterways in Chennai with an outlay of Rs. 1700 crores is progressing well. I am glad that with all the programmes being taken up, Chennai is being restored to its position as the city premiere of the South.

45. The Government has taken effective steps to upgrade urban infrastructure in the State. Comprehensive sewerage schemes for 3 municipal corporations (Trichy, Madurai and Tirunelveli) and 4 municipalities (Mayiladu thurai, Kumbakonam, Thanjavur and Karur) are under

implementation at a cost of Rs. 575.30 crores. The Government proposes to take up a massive project for providing sewerage facilities at a total outlay of Rs. 844 crores so that all remaining district headquarters have a sewerage system.

46. The Chief Minister's policy on 'Malnutrition-Free Tamil Nadu' represents the Government's unswerving commitment to providing quality nutrition security for all. Drumstick tree leaves and curry leaf powder have been added to the food in the Noon Meal Centres to combat Vitamin A deficiency. The Government is in the process of establishing 4297 additional anganwadis in remote habitations to reach the unreached.

47. Women's empowerment has been carried to new heights in Tamil Nadu under the strong leadership of the Chief Minister. The Chief Minister's announcement of the Government's revolutionary policy that a child can carry the initial of the mother or the father or both parents has been a major boost to women's empowerment. The State has become a pioneer in the self-help group movement with coverage of about 25 lakh women in 1.52 lakh self help groups with savings estimated at Rs. 393.64 crores. Credit linkage now exceeds Rs. 564 crores. Under the Entrepreneurship Development Programme, 2.5 lakh women have

so far been trained in various avocations during 2001-2003 at a cost of Rs. 10 crores and this scheme would be continued in 2004. The revolutionary Cradle Baby Scheme has helped save the lives of 1221 girls and 1200 of them have also found foster homes where they are being brought up with love and care. The Revised Girl Child Protection Scheme introduced by this Government has enlisted 8188 beneficiaries at a total outlay of Rs. 12.48 crores during 2001-2003.

48. This Government is committed to ensuring economic and educational advancement of the Scheduled Castes and the Scheduled Tribes. Sanction has been accorded for the construction of 316 hostels for Scheduled Caste and Scheduled Tribe students at a total cost of Rs. 99.54 crores. This scheme will be continued in 2004-2005. The scheme of providing free bicycles to Scheduled Caste, Scheduled Tribes and Scheduled Caste convert girl students in the higher secondary classes has been a tremendous success. A total of 1.44 lakh cycles have been distributed among eligible beneficiaries. The food allowance in hostels has been increased from Rs. 225 to Rs. 300 per month. A new scheme of providing cultivable land to landless Scheduled Caste and Scheduled Tribe women beneficiaries is being launched.

49. The programmes launched to facilitate empowerment and welfare of the people belonging to the Backward Classes, Most Backward Classes, Denotified communities and the Minorities will be further strengthened. Construction of 214 hostels for students belonging to these communities has been taken up at a total cost of Rs. 68.49 crores. The food allowance given to students from these communities in hostels has also been enhanced from Rs. 225 to Rs. 300 per month. A scheme of special incentives

for encouraging girl students belonging to these communities is being implemented with an outlay of Rs. 12 crores in the current year.

50. The Government has always given importance to improving the quality of life of the weavers. The scheme of providing free sarees and dhotis to old age pensioners and the free uniforms scheme have been restructured to provide continuous employment to handloom weavers. A special project for upgrading skills and looms with an outlay of Rs. 25 crores has been launched in 13 districts. This scheme will come as a boon to nearly 25,000 handloom weavers in the State. The new scheme of providing free polycot sarees and dhotis has been widely welcomed. The quality of the sarees and dhotis has been greatly appreciated. This scheme now provides 1.11 crore sarees and 1.11 crore dhotis benefiting 2.22 crore people at a cost of Rs. 173 crores. This scheme also provides work to the powerloom weavers in the State. This scheme will be continued in the coming year and will form part of the social safety net. The Chief Minister has taken up with the Union Finance Minister the need to protect powerloom weavers in the State. The Chief Minister has suggested that either the optional Excise Duty system hitherto allowed to the powerloom sector be continued or full exemption from CENVAT should be given to the powerloom units with turnover less than Rs. 1 crore, just as in the case of small-scale industries. The





Kumbakonam will be completed in right earnest at an estimated cost of Rs. 50 crores. During 2001-2003, Kumbabhisekam was conducted in 2780 temples in Tamil Nadu. It is proposed to renovate 6,000 small temples in Adi-Dravidar habitations with contributions from bigger temples at a cost of Rs. 15 crores. The Chennai Museum, which was completely renovated at a cost of Rs. 4.60 crores during its centenary celebrations, has become a major tourist attraction.

Government of India has exempted the powerloom sector from payment of Excise Duty for the first clearance up to Rs. 25 lakhs, if the annual sales turnover does not exceed Rs. 35 lakhs. As this is not adequate, this Government requests the Union Government to enhance the exemption limit from Rs. 25 lakhs to Rs. 1 crore to benefit small powerloom weavers.

51. The month-long retreat for 100 elephants at the Mudumalai Wild Life Sanctuary and Top Slip has been a tremendous success. This rejuvenation camp in a salubrious and cool environment was a welcome break for the pachyderms. This is an ample testimony to the Chief Minister's love and compassion for animals and indeed our entire eco-system.

52. Promotion of Tamil language, art and culture, and preservation of the State's rich cultural heritage have received the highest attention of this Government. Scientific Tamil has been introduced in all schools from LKG to standard XII from this academic year and text books on Scientific Tamil have been supplied free of cost to students at a cost of Rs. 5.42 crores. A Chair in Tamil Studies has been established at the Jawaharlal Nehru University, New Delhi, with a contribution of Rs.50 lakhs by this Government. By coining the word 'Kudimagal' to also connote the word 'citizen', the Chief Minister has infused a new intensity to the concept of gender equality. The innovative "Annadhanam Scheme" has been extended to cover 162 temples across the State. The arrangements for the conduct of the Mahamakham Festival in March 2004 at

53. In a major effort to provide good governance, the Government has installed video-conferencing facility between the State Secretariat and district headquarters. The decision to form the Krishnagiri district by bifurcating the existing Dharmapuri district has been widely welcomed. The new District will be inaugurated on 9th February, 2004. Improvements to the quality of service delivery in ten departments and agencies having extensive public interaction are being taken up for implementation in 2004 by adopting e-governance practices. The Government has been holding detailed discussions on the features of a new legislation on the Right to Information and this will be introduced in the Legislative Assembly shortly.

54. We can look back with pride on the splendid record of this Government on all fronts and be confident that under the strong and dynamic leadership of the Hon'ble Chief Minister, Tamil Nadu will surpass its excellent performance in all spheres in 2004. I hope that the deliberations in the House will be substantive, balanced and constructive in order to facilitate the economic progress of the State bringing prosperity to the people of Tamil Nadu.

**Vanakkam**

Address by His Excellency the Governor of  
Tamil Nadu Thiru. P.S. Ramamohan Rao,  
to the Tamil Nadu Legislative Assembly  
on 4.2.2004

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## BUDGET 2004 - 2005

Honourable Speaker Sir,

இடும்பைக் கிடும்பை படுப்பர் இடும்பைக்  
கிடும்பை படாஅ தவர்.

**(A person who does not meekly succumb to adversity but who faces it with unfailing heart will be able to cause the adversity itself to suffer its own weakness and quietly depart.)**

**I rise to present the Revised Estimates for 2003-2004 and the Budget Estimates of 2004-2005 with the blessings of my leader Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa, who, with great vision, grit, foresight and dynamism, has put Tamil Nadu back on the highroad to development and prosperity.**

2. The people of Tamil Nadu voted the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa back into office with a landslide

victory in May 2001 in the fervent hope that their State will see a return to its erstwhile glory, all round development and prosperity. Today, their hopes and dreams stand fulfilled. Tamil Nadu has left behind its troubled past of the late-1990s characterized by a debilitating fiscal decline leading to a total development collapse. The Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa, has made a supreme effort to set right the Government's finances with firm resolve, total dedication and absolute clarity in the face of extreme adversity. The results of this effort have been spectacular. Tamil Nadu has made a remarkable fiscal turnaround. The development agenda has been brought back to the centre stage. This has been achieved in a short span of less than three years. This is a remarkable achievement of this Government under the able and dynamic leadership of our leader, the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa.

**Speech of the Hon'ble Minister for Finance and Food, Thiru C. PONNAIYAN, presenting the Budget for 2004-2005 to the Tamil Nadu Legislative Assembly on 11<sup>th</sup> February 2004.**



3. Hon'ble Members may recollect the seemingly intractable fiscal situation prevailing in May 2001. Failure of Monsoons for three years in succession leading to the drought in 2002-2003 made the fiscal adjustment process even more difficult. The Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa, like a true leader, led the State from darkness to light overcoming these crippling adversities.

4. The Hon'ble Chief Minister has always believed that ensuring real improvements to the quality of life of the people is the ultimate purpose of governance. The Chief Minister's 15 point programme incorporates this vision and outlines the development goals of the State. These are being achieved through a comprehensive economic reforms programme consisting of fiscal reforms, improvements to the investment climate, good governance leading to better service delivery and reduction of poverty.

5. New growth momentum cannot be generated without an assurance of perfect maintenance of law and order. It is only due to the strong leadership and the personal attention to every aspect of law and order administration by our Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa, that the State is rightly hailed as a haven of peace and tranquillity. This has

provided an excellent foundation enabling us to set right the financial position and restructure the economy.

### **Medium Term Fiscal Plan**

6. Tamil Nadu's experience during 1996-2001 shows that unless the Government is committed to proper management of its public finances, the attainment of development goals of the State and welfare of the people will be jeopardized. From being a financially well-managed State till the mid-1990s, Tamil Nadu found itself going down by the end of 2000-2001 mired in a deep-rooted fiscal crisis. It is often thought that a fiscal crisis is nothing new. Unfortunately, this is not true and the crisis we had to face was like something never experienced before. The debt burden was alarmingly high. There was no scope for borrowing more to tide over the crisis. This Government had to act fast and decisively to prevent a total collapse. This was done, intelligently, without burdening the poor.

7. Hon'ble Members of this House may recall that this Government was forced to scale down the annual Plan outlay of 2001-2002 from Rs. 6040 crores to Rs. 5200 crores. We had to reckon with unpaid expenditure liabilities of over Rs. 4000 crores, which the previous Government had failed to meet. In addition, pay

and pension arrears of Government employees amounting to about Rs. 1800 crores had been impounded by the previous Government for payment beyond 31st March 2003. The previous Government had drawn in advance, in March 2001, the future revenues upto November 2003 accruing from lignite royalty to Tamil Nadu amounting to Rs. 250 crores. The rationale of governance was lost and the credibility of the State in meeting even the basic development needs of the people was called into question.

8. In less than three years, the Hon'ble Chief Minister has successfully tackled the unprecedented problems witnessed in 2001. An altogether new, bold and visionary development agenda has been forged. This is currently under implementation and is now taking Tamil Nadu forward to its well-deserved *numero uno* position. This turnaround has been possible only because of the Hon'ble Chief Minister's commitment to proper management of public finances. I take this opportunity to thank our visionary leader for setting right what was a hopeless situation.

9. Hon'ble Members of the House may recall that this House enacted the Tamil Nadu Fiscal Responsibility Act, 2003, in the last financial year. This legislation, as amended on 10th February, 2004, is a landmark step to ensure fiscal transparency and accountability. It enjoins upon the Government to prepare and present to the Legislative Assembly a Medium Term Fiscal Plan outlining a roadmap of reforms and development of Tamil Nadu.

10. In pursuance of the aforesaid obligation, a Medium Term Fiscal Plan has been prepared and is appended to the Budget Speech. This Budget is based on the reform and development targets enumerated in the Medium Term Fiscal Plan. Its salient features are as follows:

- This plan intends to wipe out the revenue deficit by 2008-2009. This is to be achieved by controlling unproductive revenue expenditure and by ensuring enhanced revenue receipts.

- The fiscal deficit, which represents the net borrowings of the Government, shall be contained to a level below 3% of the Gross State Domestic Product (GSDP) by the year 2008-2009 as a means to ensuring sustainable progress.

- This Government will seek to ensure a continuous step-up in its capital outlay from a



level of Rs. 1891.50 crores in 2002-2003. This prioritization will enable building infrastructure such as roads, bridges, water supply, sewerage systems etc.

- Operation and maintenance will receive higher priority to ensure proper maintenance of assets created.

- This Government's commitment to providing a comprehensive social safety net forms an integral part of the reform plan.

- On the whole, the Medium Term Fiscal Plan, together with a growth oriented economic reforms programme, will facilitate the attainment of a higher economic growth rate, while ensuring that the disadvantaged and the needy are protected and empowered to participate in the growth process.



▪ "Growth for all" is the motto behind this reform programme.

11. During the year 2002-2003, the Indian economy and the Tamil Nadu economy were severely affected by drought. The economic growth in Tamil Nadu was 3.46% in 2002-2003 over that in 2001-2002 at current prices. The reason for this slowdown in the State's economy was the sharp decline in the output of the primary sector affected by the drought and Karnataka's intransigence in not releasing our legitimate share of water in the Cauvery and the global economic downturn affecting all sectors.

12. The growth prospects in 2003-2004 are encouraging. It is now expected that Gross State Domestic Product (GSDP) in 2003-2004 will grow at 7.17% over that in 2002-2003 at current prices. Clearly, the economy is now recovering from the debilitating effects of the drought in 2002-2003. Even though the seasonal conditions in 2003 have not been entirely satisfactory, the economy has revived due to deft handling of major issues.

#### **Development Imperatives for 2004-2005**

13. The Hon'ble Chief Minister's commitment to provide "opportunities for healthy and productive life for all" to be achieved through the Hon'ble Chief Minister's 15 point programme forms an integral part of the development agenda for 2004-2005. This development agenda includes:

▪ The economic recovery seen in the primary sector in 2003-2004 will be consolidated with emphasis on crop diversification with new value addition, efficient use of water, precision farming, capital investment in agriculture to promote new irrigation, thrust to homestead farming, fisheries development and comprehensive rural infrastructure upgradation.

▪ Reforms to improve the investment climate, particularly for manufacturing, will be

pursued. This will include a new thrust to infrastructure development, quality power supply, taxation reforms, labour reforms and administrative deregulation.

▪ Tamil Nadu's core competence in the emerging sectors such as Information Technology, Tourism etc. will be strengthened.

▪ Emphasis will be placed on improving service delivery in 10 key areas with a high public interface as a key element of good governance supported by e-governance initiatives.

▪ Maximum emphasis will be placed on human resource development going forward to realize the "Millennium Development Goals".

▪ The Comprehensive Social Safety Net will be strengthened.

▪ A new Poverty Reduction Strategy will be implemented.

#### **Annual Plan**

14. The Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa, has secured the clearance of the Union Planning Commission for implementing a development Plan outlay of Rs. 40,000 crores during the Tenth Plan Period (2002-2007). This is a splendid achievement given the perilous position of public finances in 2001-2002. This has been followed by the spectacular performance of the Government in obtaining real increases in the annual development Plan outlay from Rs. 5200 crores in 2001-2002 to Rs. 7000 crores in 2003-2004. I am very happy to inform this House that the Plan target of Rs. 7000 crores for 2003-2004 will be fully achieved.

15. This Budget includes a Plan outlay of Rs.8,001 crores which is a record outlay. We will approach the Union Planning Commission for approval to implement this enhanced development Plan outlay of Rs. 8001 crores during 2004-2005. This constitutes a major

step-up in the development expenditure of the State Government, when compared to the outlay of Rs. 5200 crores in 2001-2002.

### **Twelfth Finance Commission**

16. The Twelfth Finance Commission has a crucial role to play in recommending the principles that should govern the transfer of Union resources to the States during 2005-2010. Significant changes have taken place in recent years in resource availability and development responsibilities of the Union Government and the States. While there is a pronounced shift towards increased development responsibilities of the State Governments, there has not been a concomitant increase in the resources available with them. The tax on services, which should legitimately come to the States, has been taken to the Union list. We have opposed this. This brings to fore the issue of ensuring a real and substantial enhancement in the size of the divisible pool of Union taxes for transfer to the States. The second issue relates to deciding the principles that should govern the *inter se* shares of the States in the divisible pool of Union Taxes.

17. Tamil Nadu suffered very badly at the hands of the Eleventh Finance Commission, which reduced the State's Share in Central taxes from 6.637% to 5.385%. This meant a reduction of 1.252% or a reduction of 18.86% on a year-to-year basis. Consequently, in 2001-2002, Tamil Nadu suffered a loss of Rs. 781 crores. In addition, the actual receipts of the Share of Central taxes in that year were lower by Rs. 512 crores than even the promised reduced share. Totally, the reduction was Rs. 1293 crores. No State can withstand this kind of fiscal shock. We have tried to overcome this major setback.

18. We have furnished a detailed Memorandum, forecasts and other information sought by the Twelfth Finance Commission.

We have spelt out the principles that should govern Union resource transfers to States during the period 2005-2010.

19. The meeting between the Government headed by the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa and the Chairman of the Twelfth Finance Commission, the eminent economist, Dr. C. Rangarajan and other Members, took place on 2<sup>nd</sup> February, 2004, at Chennai. The Hon'ble Chief Minister called for a complete restructuring of the principles governing resource sharing between the Union and the States. I take this opportunity to highlight the salient features of the submissions made by this Government to the Twelfth Finance Commission.

- Vertical Sharing of Union Taxes: This Government has sought an enhancement in the shareable pool of Central taxes made available to the States from the present level of 29.5% to 50%.

- Sharing of the pool of Central taxes amongst States: The Twelfth Finance Commission has been requested to ensure that distribution of Union taxes among States is done based on the following criteria.

- 40% for population as per 1971 census.
- 40% for Tax effort (Taxation as percent of GSDP).

- 10% based on per capita State Domestic Product on a distance basis computed using the 1971 population.

- 10% based on the State's contribution to Central taxes.

- The Twelfth Finance Commission has been requested to evolve a comprehensive debt reduction package to provide substantial relief to the State both in loan repayments and in the interest burden.

- A substantial enhancement in the quantum of the Calamity Relief Fund has been

requested to enable the State Government to take effective action and provide relief and succour to the people during times of natural calamities.

- Support to the extent of Rs. 4881 crores has been sought for improving and upgrading the quality of services rendered by local bodies.

- The Twelfth Finance Commission has been requested to provide grants amounting to Rs. 1856.80 crores for upgrading critical sectors such as district administration, police, fire and rescue services, prisons and e-governance initiatives among others.

- The Commission was apprised of the special problems confronting Tamil Nadu. A grant assistance of Rs. 6167.69 crores has been sought to enable the State Government to tackle special problems including restoration of water bodies such as tanks, ponds, ooranies, solving Chennai's chronic water scarcity by setting up desalination plants, comprehensive slum resettlement etc.

20. This Government hopes that the Twelfth Finance Commission will chart a new course in federal fiscal relations and that its recommendations will be in tune with the needs and aspirations of the people of Tamil Nadu.

### **Drought Relief Measures**

21. Notwithstanding the fiscal constraints, this Government headed by the Hon'ble Chief Minister responded to the three years of extremely adverse seasonal conditions leading

to the unprecedented drought of 2002-2003 by launching relief measures on a scale never seen before.

22. As soon as this Government assumed office, the Hon'ble Chief Minister announced a scheme of waiver of interest and penal interest dues of farmers amounting to Rs. 310.50 crores. This Government sanctioned income support to 47.83 lakh farmers to the tune of Rs. 324.32 crores. This was to enable them to take up planting of the next crop. A scheme of waiver of interest dues of small and marginal farmers on loans obtained from the co-operative banks was implemented at a cost of Rs. 20 crores. A further amount of Rs. 41.05 crores is being provided to meet the requirement.

23. We have ensured food and employment security for the needy households in the rural areas by taking up a massive Food for Work Programme with an outlay of Rs. 341.92 crores. A special programme to ensure food security was implemented where every needy rural household was given 30 Kg rice free of cost every month from February to August 2003. This benefited 9.71 lakh families and was implemented at a cost of Rs. 115.94 crores. During 2002-2003, this Government released Rs. 163.11 crores for taking up water supply works in the drought affected districts. An amount of Rs. 84.48 crores has been sanctioned in 2003-2004 to ensure provision of drinking water in the affected districts including Chennai.

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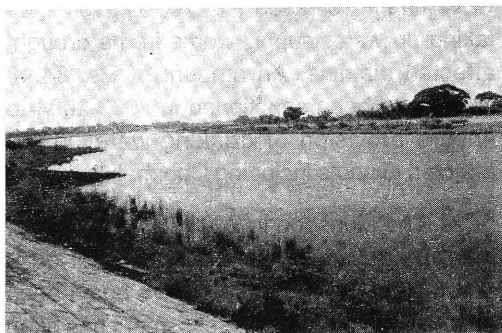
***“During 2002-2003, this Government released Rs. 163.11 crores for taking up water supply works in the drought affected districts. An amount of Rs. 84.48 crores has been sanctioned in 2003-2004 to ensure provision of drinking water in the affected districts including Chennai.”***

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24. The Monsoon in 2003 has been better than the previous year but again, not quite satisfactory. Some districts have again been affected and a detailed assessment has been made. This Government has given a detailed Memorandum to the Government of India. It includes a request for an urgent sanction of Rs. 1584 crores from the National Calamity Contingency Fund and also 10.8 lakh MT of rice for the Food for Work Programme. We

have sanctioned Rs. 50 crores to provide drinking water supply in various districts to mitigate the problem of water scarcity that may arise in the summer. A Central team has been constituted and this team will visit the State shortly. Based on their detailed assessment, further relief measures will be sanctioned.

25. Chennai City has been in the grip of chronic water scarcity. This year the position is even more serious. The storage levels in the City's reservoirs are the lowest in the last 55 years for which recorded data is available. We have launched a massive programme to ameliorate Chennai's immediate water scarcity problems. Supply of water is being made by tapping water from aquifers in Araniar-Koratalliyar and hiring private agricultural wells in Poondhamalli, Mamandur and Palur. Nearly 8500 lorry loads of water are being supplied to meet the City's needs everyday. Expenditure of Rs. 80 lakhs is being incurred daily to meet the water supply needs of Chennai city. A sanction of Rs. 700 crores from the National Calamity Contingency Fund has been sought to help tide over the immediate water crisis. An immediate release of Rs. 50 crores has been made from this Fund pending assessment by the Central team.



26. The Chennai Water Supply Augmentation Project-I (New Veeranam Project) being implemented at a cost of about Rs. 720 crores is making rapid headway and will be completed by May 2004. We believe that a long-term durable solution to recurrent water

shortages in Chennai lies in setting up desalination plants. An initial provision of Rs. 10 crores has been made in the Budget Estimates for this purpose. We welcome the recent announcement in the Union Budget to implement a comprehensive drinking water supply scheme for megacities including Chennai. We shall utilize this to find comprehensive long-term solutions to Chennai's chronic water scarcity problem.

27. I would like to assure this House that this Government will spare no effort in tackling the situation posed by the failure of the North East Monsoon. A provision of Rs. 200.98 crores has been made in the Budget to enable the State Government to continue with various relief measures in the next financial year.

### **Police**

28. Professional crime prevention, effective law enforcement, prison reforms, proper prisoner rehabilitation and a speedy judicial process are critical inputs in the perfect maintenance of law and order. This Government has comprehensively tackled all these issues.

29. The provision for the Police Department for 2004-2005 is being enhanced to Rs. 1327.15 crores as against Rs. 1262.60 crores provided in the Revised Estimates. It includes a provision of Rs. 112 crores for Modernization of the Police Force. A provision of Rs. 20 crores has also been made for the construction of a new office complex for the Director General of Police at an estimated cost of Rs. 30 crores.

### **Prisons**

30. A provision of Rs. 117.05 crores has been made for the Prisons Department in 2004-2005 as against Rs. 76.80 crores provided in the Revised Estimates.

31. The construction of a new prison complex at Puzhal at a cost of Rs. 77.09 crores is making rapid progress. A provision



of Rs. 47.09 crores has been made for this purpose. The scheme for Modernization of Prison Administration would be continued in 2004-2005 and a provision of Rs. 11.19 crores has been made for this purpose.

### **Judiciary**

32. There has been a substantial step-up in the outlay for Administration of Justice during the tenure of this Government. From Rs. 140.99 crores provided in 2001-2002, the provisions have been increased to Rs. 171.89 crores in 2004-2005.

33. We have made available, resources for computerization of the High Court and provision of basic infrastructure in other Courts. This Government has implemented the revision in the scales of pay of the subordinate judiciary in Tamil Nadu based on the directives of the Supreme Court. The High Court Bench at Madurai will be inaugurated on 13th April, 2004.

### **Towards a Resurgent Primary Sector Agriculture**

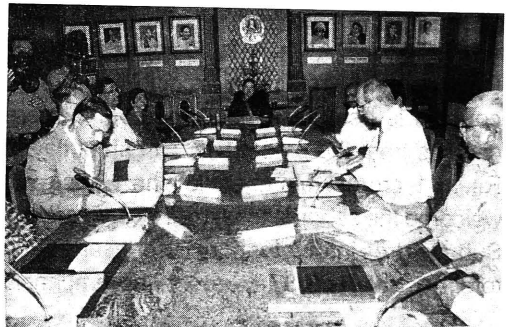
34. This Government is implementing a bold multi-pronged development strategy that aims at infusing a new growth momentum to the primary sector. This strategy comprises:

- Crop Diversification.
- Comprehensive Wasteland Development.
- Encouraging water-use efficiency.
- Precision Farming.
- Adoption of new technologies.
- Information Technology for quick knowledge dissemination.
- Free markets for best prices.
- Attention to rural non-farm sector.
- Revitalizing the co-operative credit structure.

35. This Government is making a major effort in encouraging farmers to shift from environmentally unsustainable water-intensive cultivation to high value/ low-water consuming crops. Horticulture and floriculture are being popularized in a big way. Emphasis is being given to cultivation of hybrid vegetables, biofuel trees and medicinal plants. Model Horticultural Villages will be established in the next financial year to provide on-field training to farmers in the adoption of precision farming and latest agronomic practices.

36. This Government is setting up Agri-Export Zones (AEZ) across the State. An AEZ for cut flowers is being established at Hosur at a cost of Rs. 25 crores. Another AEZ for flowers is coming up at The Nilgiris at a total cost of Rs.16 crores. A Mango AEZ is being set up at Theni covering six Southern districts at a cost of Rs. 25 crores. A Food Park will be established in Nilakkotai, Dindigul district, at a cost of Rs.13 crores. A turmeric marketing complex will be set up at a total outlay of Rs. 36.32 crores near Erode. The total provision for agriculture in the Budget Estimates 2004-2005 has been fixed at Rs. 882.41 crores as against a Revised Estimate of Rs. 707.95 crores in 2003-2004.

37. The Comprehensive Wasteland Development Programme is progressing well. In the coming agricultural season, it is proposed to take up 1.50 lakh acres of new planting with tree crops and fodder. The outlay for this programme is Rs. 34 crores in 2004-2005.



38. This Government will implement an efficient water-use strategy, including the use of drip and sprinkler irrigation, with an outlay of Rs.57 crores in 2004-2005 with funding support from NABARD. In addition, a pilot programme will be implemented covering farm pumpset owners with a focus on crop diversification, installation of drip and sprinkler systems, energy efficient pumpsets, and precision farming. This will ensure better incomes for pumpset owning farmers. This will be implemented in 2004-2005 with an outlay of Rs. 50 crores.

39. This Government will ensure that 45,000 farm pumpsets will be provided with electricity connections in 2004-2005. This will include a special quota of 15,000 connections for farmers in the districts of the Cauvery delta region with a special emphasis on the tail-end districts of Nagapattinam, Tiruvarur, Cuddalore and Thanjavur. This programme will provide a fresh impetus for new irrigation and also in tiding over the problems posed by not getting our legitimate share of water in the Cauvery.

### **Animal Husbandry**

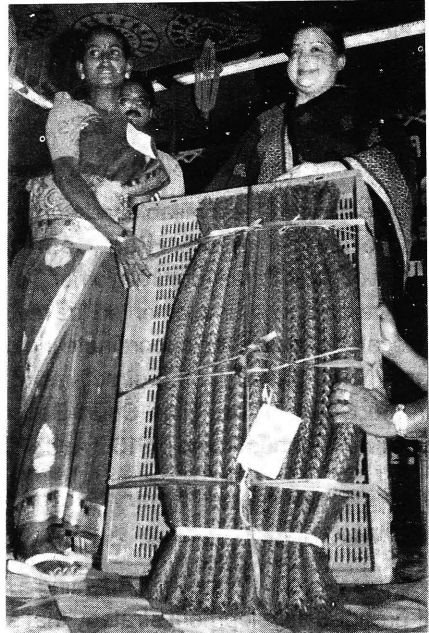
40. Livestock development is critical for increasing supplementary income for rural households. Nearly 9,432 animal health camps have been organized in the last two years under the Special Livestock Protection Programme. Tamil Nadu has been ranked first in India during the last two years for carrying out a record 64.62 lakh artificial inseminations for improving the genetic potential of cattle and buffalo in the State.

41. The DANIDA-funded Livestock Development Project on training link worker couples is being extended to cover 6 more districts from the present 17 with an outlay of Rs.1.41 crores. Members of the House will welcome the scheme to upgrade 75 Veterinary Sub-Centres into Veterinary Dispensaries at a total cost of Rs.3.87 crores. The emphasis

on homestead farming will be continued in the next financial year.

### **Fisheries Development and Welfare of the Fishing Community**

42. This Government proposes to set up a fishing harbour at Thengaipattinam in



Kanyakumari district at a cost of Rs. 40 crores. A diversified programme for encouraging marine-culture covering farming of oysters, lobsters and crabs will be taken up at the Pulicat Lake to improve the livelihood of fishermen living in that area. A provision of Rs. 29 crores has been made for the relief scheme to support marine fishermen during lean seasons. Construction of 4,000 houses for fishermen will be taken up in 2004-2005. A provision of Rs. 15.65 crores has been made in the Budget Estimates for this scheme.

### **Irrigation**

43. Tamil Nadu has completely exhausted its entire surface water potential and even the limited ground water is depleting fast. Hon'ble Members are well aware of the obstinate stand

adopted by Karnataka in not releasing Tamil Nadu's legitimate share of water from the river Cauvery. We will not relent in our efforts to obtain our legitimate share of the Cauvery water. Nationalization of all water resources and implementation of the programme for interlinking rivers seem to be the only viable long-term solution. The Hon'ble Chief Minister has requested Mr. Suresh Prabhu, the Chairman of the Task Force on Interlinking of Rivers, to expedite preparation of the project for interlinking Mahanadhi, Godavari, Krishna, Cauvery, Vaigai and Gundar under the Peninsular Grid scheme. He has also been requested to finalise other smaller links which can provide some immediate solutions. This Government will insist that this project should be implemented in the Tenth Plan.

44. In order to encourage the participation of farmers in irrigation management and efficient water-use, elections to 1566 Water Users Associations have just been completed. It reflects our continued commitment to empower farmers and enable them to participate in the operation and maintenance of irrigation systems across the State. We hope to obtain the clearance of the World Bank for a new river basin-based comprehensive water resources management project in the coming year at a total cost of Rs.2900 crores.

45. This Government will undertake a massive scheme for desilting and upgrading of tanks with an ayacut of more than 100 acres in 2004-2005 with an outlay of Rs.100 crores



as a part of the Food for Work Programme. The total outlay for Irrigation in 2004-2005 is Rs. 967.45 crores as against Rs. 912.45 crores in the Revised Estimates.

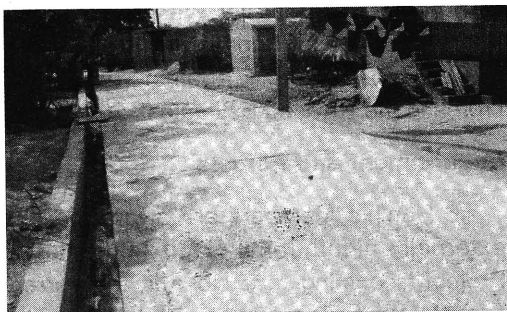
## Environment and Forests

46. Hon'ble Members are aware that the externally aided Tamil Nadu Afforestation Project is coming to a close in the current financial year. This programme has been an enormous success in joint forest management. The Phase-II of this project titled 'Tamil Nadu Natural Resources Management Project' has been formulated with an outlay of Rs. 779.33 crores for implementation over five years and posed to Japan Bank for International Co-operation for funding. Pending its approval, a provision of Rs. 65.63 crores has been made in the Budget Estimates. This Government has sanctioned a massive scheme for planting teak in the river padugais (beds) over a period of five year with a total outlay of Rs. 21.40 crores.

## Namadhu Gramam

47. I take the privilege of announcing the launch of a new programme, Namadhu Gramam, named and conceived by the Hon'ble Chief Minister, with the objective of ensuring all round development of our villages across Tamil Nadu. This bold initiative will be implemented with an outlay of Rs. 200 crores. An initial provision of Rs.52.21 crores has been made in the Budget Estimates for this purpose. We shall obtain the support of NABARD for funding this programme.

48. Namadhu Gramam embodies the principles of democratic decentralization and participatory approach to foster comprehensive development of every village in Tamil Nadu. Under this programme, the Gram Sabha will meet to draw up an action plan to ensure specific improvements in areas such as drinking water, sanitation, drainage, health, women's empowerment, nutrition, cleanliness and hygiene, elementary



education, environmental improvement, management of water resources, village roads and street lights. The Gram Sabha will be assisted by officials from every Department to render all necessary assistance. Specific monitorable indicators will be spelt out to enable the Gram Sabha to monitor the performance of its action plan. This includes attention to drop-out rates in local schools, village cleanliness and general health and hygiene. The purpose of this programme is to enable the Gram Sabha to focus on issues, which confer real benefits on the people and improve their quality of life and the living environment.

### **Empowerment and Poverty Reduction**

49. The Hon'ble Chief Minister has decided to launch another bold initiative with a focus on accelerated poverty reduction in the rural areas of the State. Under this new programme, in the first phase, twenty-five of the poorest of the poor households in each village will be identified through the Gram Sabha based on specific criteria. We will seek to address the basic lifetime concerns of these beneficiaries, which includes, concern for livelihood security, nutrition security, shelter security and health security. These beneficiaries will be trained in new and supplementary avocations for improving their household incomes. Access of the beneficiaries to the public distribution system, rural housing programmes and quality health facilities will empower them to

satisfactorily address their basic lifetime concerns. This revolutionary empowerment scheme will be implemented in 2004-2005 with an initial outlay of Rs.6.50 crores under Social Welfare and Rs.5 crores in Rural Development totalling Rs.11.50 crores. This programme will be further expanded into the Tamil Nadu Empowerment and Poverty Reduction Project (TNERP) to be taken up with assistance from the World Bank in 2004-2005. This project will be implemented over a period of 6 years with an outlay of Rs.650 crores.

### **Comprehensive Rural Infrastructure Development**

50. The Government has launched a comprehensive rural infrastructure development plan to not only improve living standards in the rural areas but also to provide adequate rural employment. It lays an unprecedented emphasis on providing housing, total rural connectivity, drinking water security, total sanitation and uninterrupted electricity supply for people living in the rural areas. The total provision for rural development in 2004-2005 has been stepped up to Rs. 1952.61 crores as against Rs. 1898.76 crores in the Revised Estimates.

### **Housing for the Rural Poor**

51. Housing for the poor will continue to receive high attention from the Government. Since May 2001, 1.04 lakh new houses have been constructed at a cost of Rs. 379.11 crores. Another 50,678 kutcha houses have been upgraded at a cost of Rs. 52.05 crores. A provision of Rs. 79.66 crores is being made under schemes for construction of new houses and upgradation of kutcha houses for rural families living below the poverty line in 2004-2005. A total of 36,426 new houses will be taken up for construction and 18,691 kutcha houses will be upgraded in 2004-2005. We shall also work out a new programme of rural housing with financing from commercial banks so that rapid progress can be made in this sector.



## Development of Rural Roads

52. This Government has laid an unprecedented emphasis on upgrading rural roads. A massive programme to improve rural roads in the State has been launched. It consists of the following main components:

- The Highways Department maintains a total of 41,125-Kms of Other District Roads, out of which a length of 4273-Kms has been upgraded in 2003-2004. A special programme for relaying 6492-Kms of Other District Roads covering in particular, all bus routes, has been sanctioned at a total cost of Rs.336.05 crores. The work on this programme has already commenced. Hon'ble Members of the House will see visible results before April, 2004.

- I am happy to announce that construction of 150 new small bridges in Other Districts Roads will be taken up at a total cost of Rs. 15 crores.

- Another major programme for upgrading, relaying and special repairs of 5850-Kms of Panchayat and Panchayat Union roads has been taken up at a cost of Rs. 300 crores. Under this programme, priority will be given to Panchayat Union roads taken up earlier by the Highways Department and not maintained thereafter, Panchayat Union roads where buses ply and other Panchayat and Panchayat Union roads, which were black-topped earlier, but have fallen into disrepair.

- Under the Prime Minister's Gram Sadak Yojana (PMGSY), 1216.57-Kms of village roads have been taken up at a cost of Rs. 164 crores. Thus, a comprehensive programme of providing good all-weather roads in rural areas has been taken up.

## Drinking Water Supply and Sanitation in Rural Areas

53. This Government has provided protected water supply to 13,365 rural

habitations during 2001-2004. A total of 14,449 hand pumps have been converted into mini-power pumps. Water supply facilities have also been provided to 14,550 Government schools and 1226 Primary Health Centres in rural areas. The Sector Reforms Project for provision of water supply is being successfully implemented in 6 districts. About 9900 water supply schemes have been taken up under this programme at a cost of Rs. 223.16 crores out of which 8877 schemes have already been completed.

54. This Government will take up schemes to ensure provision of drinking water supply to 6500 rural habitations in 2004-2005 at an estimated total outlay of Rs. 600 crores. The



Government is also ensuring comprehensive coverage under the Total Sanitation Campaign in 28 districts at a project cost of Rs. 327.32 crores. We are in discussions with the World Bank to implement a comprehensive rural water supply and sanitation sector project over a period of six years at an estimated cost of Rs.3,500 crores. We propose to take up this project in 2004-2005 for implementation.

## Rural Employment

55. The self-help group movement launched by the Hon'ble Chief Minister in 1992 has evolved into a major rural empowerment and self-employment programme. A total of 1.52 lakh self-help groups have been formed covering about 25 lakh beneficiaries with

savings estimated at Rs. 393.64 crores. The credit linkages of the self help groups exceed Rs. 564 crores. In 2004-2005, we shall focus on credit linkages under various programmes such as SGSY, TAHDCO-based schemes, NABARD-supported schemes etc.

56. This Government is providing wage employment, food security and creation of durable assets in the rural areas under the Sampoorna Grameen Rozgar Yojana (SGRY) with the assistance of the Union Government. An estimated 10.75 crore mandays of work has been generated under this programme during 2003-2004. A total of 7.08 lakh MT of rice is being utilized under this scheme. The total outlay on this programme in 2003-2004 is Rs. 392.13 crores towards wage and material components. This programme will be further stepped up in 2004-2005 with a focus on maintenance of water bodies.

57. Another revolutionary initiative of this Government is the New Anna Marumalarchi Thittam. This scheme aims at giving a fresh impetus to the rural non-farm sector. A total of 695 projects covering 369 blocks have been cleared for implementation. As many as 73 units have already commenced production. The outlay under the Scheme is being enhanced to Rs. 20 crores in 2004-2005.

### **Rural Electrification**

58. The Tamil Nadu Electricity Board (TNEB) is implementing schemes for upgrading the quality of rural electricity supply with an outlay of Rs. 150 crores in the current year. This will be stepped up to Rs. 192.58 crores in 2004-2005. The TNEB will install 12 new sub-stations, enhance transformer capacity in 22 stations and erect 2172 new distribution transformers to improve the quality of energy supply in rural areas.

### **MLA's Constituency Development Scheme**

59. A sum of Rs. 82 lakhs is allocated to every Member of the Legislative Assembly

under the MLAs' Constituency Development Scheme. This programme is being implemented with an annual outlay of Rs. 192.70 crores. In view of the completion of certain on-going programmes, a revised pattern, given below, will be adopted from 2004-2005 for distribution and utilization of the funds under this programme.

(Rs. in lakhs)

|                                                                   |              |
|-------------------------------------------------------------------|--------------|
| Drinking water supply Works                                       | 15.00        |
| Namadhu Gramam Thittam                                            | 15.00        |
| Construction of BC/MBC Hostels                                    | 5.00         |
| Construction of SC/ST Hostels                                     | 5.00         |
| Village Panchayat Roads including cement roads and street lights. | 10.00        |
| Untied outlay                                                     | 32.00        |
| <b>Total</b>                                                      | <b>82.00</b> |

Detailed guidelines on the revised pattern will be issued separately.

### **Towards a Vibrant Secondary Sector**

60. The Hon'ble Chief Minister has outlined a New Industrial Policy, 2003, for Tamil Nadu. This policy sets out the roadmap for improving the investment climate of the State with particular reference to the manufacturing sector. The key reforms being undertaken are:

- Provision of quality infrastructure.
- Quality energy supply.
- Simplification of procedures and deregulation.
- Reforms in State level taxation.
- Labour reforms.
- Technological modernization and upgradation.

## Infrastructure Development

61. Infrastructure development requires restructuring of public finances so that the capital outlay can be enhanced. We have also to encourage public-private partnerships. Presence of a large deficit in the revenue account of the State Budget does not allow adequate capital expenditure on roads, urban infrastructure, water supply, sewerage, drainage etc. A determined effort has been made to correct this situation through fiscal reforms and this will ensure greater public investment flows for creation of world-class infrastructure. Detailed consultation, including

*Development of highways is now being taken up in a planned manner. The Union Government is upgrading the National Highways in Tamil Nadu. Under a special programme launched by the Hon'ble Prime Minister, the Golden Quadrilateral project connecting the four metropolitan cities including Chennai is making rapid progress.*

cross-country expertise, is being taken up to evolve a suitable public-private partnership policy on infrastructure development.

## Highways Development

62. Development of highways is now being taken up in a planned manner. The Union Government is upgrading the National Highways in Tamil Nadu. Under a special programme launched by the Hon'ble Prime Minister, the Golden Quadrilateral project connecting the four metropolitan cities including Chennai is making rapid progress. In Tamil Nadu, 341-Kms of National Highways are being covered under this programme. Recently, the Hon'ble Prime Minister and the

Hon'ble Chief Minister inaugurated the work on the North-South corridor connecting Kanyakumari with Kashmir. Under this project, 851-Kms of National Highways are being developed in Tamil Nadu. In addition, 507-Kms of National Highways covering other areas in the State are also being upgraded.

63. The Tamil Nadu Road Sector Project has been launched with an outlay of Rs. 2160 crores. This will enable the construction of 393-Kms of State Highways between Arcot and Tiruvarur and 330-Kms linking Nagapattinam to Tuticorin. Nearly 2000-Kms of State Highways and Major District Roads will also be upgraded. An amount of Rs.500 crores is being provided in 2004-2005 for the Tamil Nadu Road Sector Project.

64. Proper maintenance of existing assets is equally important. This has been neglected in the late 1990s. In the Revised Estimates, provision for maintenance of roads has been increased to Rs. 314 crores from Rs. 248.56 crores in the Budget Estimates of 2003-2004. The provision for maintenance of roads in the State has been further enhanced to Rs. 413 crores in the Budget Estimates 2004-2005. Hon'ble Members of the House will welcome this specific intervention being made by the Government to ensure proper maintenance of roads.

65. Tamil Nadu has a total of 14,576-Kms of State Highways and Major District Roads. Nearly 723-Kms from this total is being covered under the Tamil Nadu Road Sector Project. A new project to upgrade a part of the balance length of State Highways and Major District Roads will be drawn up and posed to the Asian Development Bank/ World Bank for assistance. We will also take up a new programme to improve the high traffic density corridors of State Highways and Major District Roads on a public-private partnership model. Pending formulation of these new projects, this Government has launched a special

programme to relay and upgrade 2149-Kms of State Highways, Major District Roads and Sugarcane roads at a total cost of Rs. 221.32 crores.

### **Water Supply and Sanitation**

66. This Government has launched the following major Combined Water Supply Schemes since it assumed office.

- Combined Water Supply Scheme for 674 rural habitations in Tiruchirapalli District at a cost of Rs.69.20 crores.

- Combined Water Supply Scheme for Thiruvavur, Thiruthuraiipoondi Municipalities, 3 Town Panchayats and 642 rural habitations in Nagapattinam, Thanjavur and Thiruvavur Districts at a cost of Rs.133.05 crores.

- Combined Water Supply Scheme for Usilampatti Municipality, 4 Town Panchayats and 406 rural habitations in Madurai and Theni Districts at a cost of Rs.74 crores.

- Combined Water Supply Scheme for Dindigul Municipality, 7 Town Panchayats and 816 rural habitations of Dindigul and Karur Districts at a cost of Rs.85.04 crores.

- Combined Water Supply Scheme for Sankarankoil and Sivakasi Municipalities, 2 Town Panchayats and 401 rural habitations in Tirunelveli and Virudhunagar Districts at a cost of Rs.78.70 crores.

- Combined Water Supply Scheme for Nagapattinam Municipality, 2 Town Panchayats and 890 rural habitations in Nagapattinam District at a cost of Rs.98.85 crores.

- Combined Water Supply Scheme for 6 Town Panchayats and 1399 rural habitations in Namakkal District at a cost of Rs.126.85 crores.

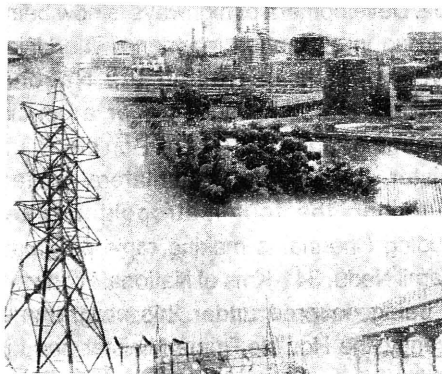
67. We will take up 50 water supply improvement schemes covering 8 Municipalities and 42 Town Panchayats in

2004-2005, at an outlay of Rs.200 crores. These measures will go a long way in providing safe and potable drinking water to an estimated 14-lakh people. This Government is taking appropriate action to take up the Avinashi-Athikadavu Drinking Water Project. Comprehensive sewerage schemes for 3 municipal corporations and 4 municipalities are under implementation at a cost of Rs. 575.30 crores. The Government proposes to take up a massive project for providing sewerage facilities to all remaining district headquarters at a total cost of Rs. 844 crores.

### **Power Sector**

68. The focused attention by the Hon'ble Chief Minister towards adding new generating capacity and improving distribution efficiency in the power sector has ensured supply of quality electrical energy without any load shedding. The Tamil Nadu Electricity Board (TNEB) has ensured an improvement in the quality of energy supply by changing over to the availability-based tariff system and as a result, the frequency of the supply has been stepped-up from 48 hertz to the stipulated 50 hertz.

69. The Hon'ble Chief Minister has taken several initiatives to ensure that Tamil Nadu consolidates its electricity generating capacity. A Memorandum of Understanding (MoU) has been signed between the National Thermal





Power Corporation (NTPC) and the Tamil Nadu Electricity Board (TNEB) to set up a 1000-MW plant at North Chennai. Likewise, progress is being made in establishing a 1000-MW Thermal Power Plant in Tuticorin based on an MoU between the Tamil Nadu Electricity Board and the Neyveli Lignite Corporation. Work on setting up the 2000-MW Atomic Energy Power Plant at Koodangulam is progressing well. A prototype fast breeder reactor with a capacity of 500-MW is being established at Kalpakkam. The Tamil Nadu Electricity Board will be investing Rs. 1305.46 crores on transmission and distribution in 2004-2005 to ensure improved quality and reliability in energy supply.

70. The Union Government has enacted the Electricity Act, 2003. A roadmap for the future, has to be drawn up. We will undertake due consultation and discussions on how to proceed further in the matter. A policy framework for encouraging private investment in the power sector will also be drawn up.

## **Ports**

71. This Government plans to take up the development of Cuddalore Port on a Build-own-operate-share-transfer (BOOST) basis at a project cost of Rs.250 crores. A new jetty has been constructed at the Nagapattinam Port at a cost of Rs. 56 crores. This is now enabling the movement of 5 lakh MT of oil. We are examining in detail the project concept of the Colachel Port so that its development can also be taken up. The Hon'ble Chief Minister had requested the Hon'ble Prime Minister on 2nd February, 2004, to implement the Sethu Samudram Project at the earliest. I am happy to inform you that the Hon'ble Prime Minister has agreed to take it up for implementation as part of the Sagar Mala Project.

## **Simplification of Procedures and Deregulation**

72. This Government has outlined a simplified system for obtaining clearance for

industries with an investment above Rs. 25 crores. Under this system, a common application form integrating 10 different forms has been introduced. The processing of the applications for new investments is being done at a single point, namely, the Guidance Bureau. The investor is not required to go to multiple agencies for obtaining clearances. The processing of the application is being done in parallel by different agencies so that the total time taken is reduced. We propose to introduce a similar system on a pilot basis to cover investments in small-scale units in two districts. This will be subsequently scaled up to cover all districts in Tamil Nadu.

73. At present, industries in Tamil Nadu are saddled with registers and forms totalling 53. This is an irksome burden involving loss of considerable managerial time and energy. The process of rationalizing these registers and forms has been taken up. The total number of forms and registers will be brought down to the minimum absolutely required. They will also be simplified so that they become user-friendly.

## **Tax Reforms**

74. This Government had constituted the Tax Reforms and Revenue Augmentation Commission under the eminent economist, Dr. Raja J. Chelliah. In the Budget for 2003-2004, based on the recommendations of the Commission on the structure of Electricity Duty and Tax on Consumption of Electricity a new legislation was enacted. Though the Commission recommended against granting of exemptions from the levy of this tax to any category of consumers, this Government with the intent of protecting small consumers granted exemption to farm pumpsets, hut services and domestic consumers.

75. The Hon'ble Chief Minister has taken a bold decision to rationalize and reduce the stamp duty and transfer duty on conveyance of property based on the recommendations of

the Commission. Thus, the rate for stamp duty and transfer duty totalling 13% for urban areas has been reduced to 8%. The total rate for other areas, which was 12% has also been brought down to 8% with effect from 21.11.2003. This reduction and simplification of rates is aimed at ensuring better compliance and transparency in the process of registration. Despite this substantial reduction in the rates, the revenues to Government have actually increased since its implementation.

76. We are aware that some modifications and rationalization of the Sales Tax structure will have to be undertaken. The Tax Reforms and Revenue Augmentation Commission has made certain recommendations including those on Value Added Tax. We have already taken the necessary initial steps. We shall take further preparatory measures to keep in readiness when a national consensus emerges. Based on the discussions at the national level on the roadmap for the future, a final view on this subject will be taken. Our whole approach will be to make taxation simple and transparent in Tamil Nadu.

### **Labour Reforms**

77. This Government is taking steps to review labour laws, regulations and rules applicable to Tamil Nadu based on the Second Labour Commission Report. A detailed roadmap of labour reforms will be drawn up after due consultation. We will seek to enhance employment potential in the State, while protecting the genuine interests of labour.

### **Technological Modernization and Upgradation**

78. Tamil Nadu has emerged as the hub for manufacturing in India. The quantum of investments committed in the manufacturing sector is the highest in the case of Tamil Nadu. This highlights the State's pre-eminence in this sector and also the need for consolidating this comparative advantage. Individual

manufacturing units in Tamil Nadu have to become efficient for being able to compete in the global market place. This requires technological upgradation and modernization. As indicated in the New Industrial Policy, 2003, new working groups will be constituted to facilitate technological modernization and upgradation in consultation with industry associations.

### **Development of the Small and Medium Industrial Sector**

79. The policy of according preferential treatment to small-scale industries in Tamil Nadu in Government procurement has helped several units to revive. A new policy for Small Scale Industries is being evolved and will be announced shortly. A Technology Development Centre for small and medium enterprises will be opened in collaboration with the Confederation of Indian Industry (CII) in 2004-2005. The Budget Estimates 2004-2005 include a provision of Rs. 75 lakhs to establish this Centre on a public-private partnership model. This project will encourage private entrepreneurial investments across the State, thus, creating new jobs and opportunities for the people.

80. Hon'ble Members of the House will be glad to know that an Industrial Infrastructure Upgradation Scheme is being launched to

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***“The Hon’ble Chief Minister’s  
visionary “IT Policy 2002” has enabled  
Tamil Nadu to reach new heights in the  
Information Technology sector. The  
share of Information Technology/  
Information Technology Enabled Service  
exports from Tamil Nadu has shown  
remarkable growth from 11% in  
2000-2001 to 17% in 2002-2003.”***

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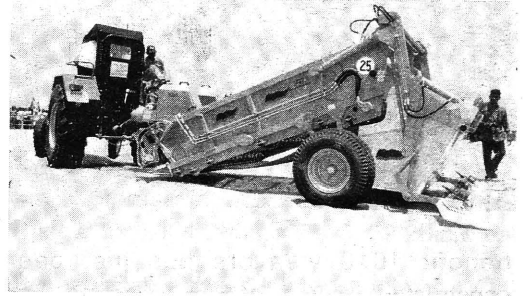
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cover clusters where industries are concentrated. This will provide essential infrastructure and market links. This programme will cover a garment and knitwear cluster, motor pump and foundry cluster, leather products cluster, automobile component cluster, Mango pulp and coir cluster and food grain cluster in Tamil Nadu. The scheme to support SSI units in obtaining ISO certification and undertaking research and development has been very well received. We have already launched a scheme to support technology upgradation and modernization of small-scale industries and this will be continued in 2004-2005.

### Chennai Metropolitan Development Plan

81. The Hon'ble Chief Minister's vision is to re-establish the pre-eminence of the Chennai Metropolitan Area in all spheres. The beautification of the Marina Beach has been

Metropolitan Development Plan, which is being implemented over 10 years at an outlay of Rs. 18,000 crores. I am happy to inform you that investments will exceed the original outlay of Rs. 1780.95 crores set out for 2003-2004 under the Chennai Metropolitan Development Plan. We are targetting an enhanced investment



outlay of Rs. 2010 crores in 2004-2005 for Chennai in sectors such as power supply and distribution, traffic and transportation, drainage, water supply and sewerage, housing, slum resettlement and solid waste management.

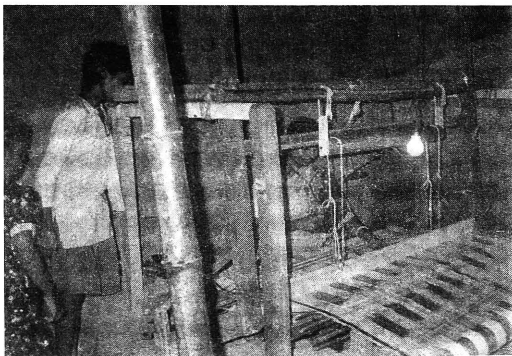
### Welfare of Weavers

82. The welfare of weavers has received the highest attention from the Government. The scheme for providing free uniforms to school children has been restructured to ensure that the cloth is purchased from handloom weavers. Similarly, the free sarees and dhoties, which are being distributed among old age pensioners are also being procured from handloom weavers. This has enabled the provision of continuous employment to handloom weavers in the State. The scheme for free distribution of high quality polycot sarees and dhoties among 1.11 crore women and 1.11 crore men has been widely welcomed. This scheme not only provides continuous employment to the handloom and powerloom weavers but clothing security as well to 2.22 crore people in Tamil Nadu. The Budget includes a provision of Rs.173 crores for continuing this scheme in 2004-2005.



widely welcomed. Provision of quality infrastructure and healthy living environment in Chennai is the highest priority for this Government. As soon as the on-going sewerage project is completed, the remaining roads will be re-laid and brought to standard in phases. A Comprehensive Traffic Management Plan for Chennai is being drawn up. Meanwhile, investments in improving the road network for cutting down travel time are underway. These initiatives form an integral part of the Chennai

83. Members of this House will be pleased to know that in the Chennimalai area of Erode district, a housing scheme with work-sheds to



benefit 1010 weavers has just been constructed at a cost of Rs.6.87 crores. This is one of the biggest housing colonies in India. The emphasis on construction of house-cum-work-sheds for weavers will be continued in the next financial year.

84. This Government proposes to restructure Co-optex at a cost of Rs. 73 crores with funding support from the Government of India. Four shuttleless Weaving Parks at Palladam, Tiruchengode, Erode and Andipatti are also being established. The outlay on Handlooms and Textiles in Budget Estimates 2004-2005 has been stepped-up to Rs. 304.51 crores.

### **Information Technology**

85. The Hon'ble Chief Minister's visionary "IT Policy 2002" has enabled Tamil Nadu to reach new heights in the Information Technology sector. The share of Information Technology/ Information Technology Enabled Service exports from Tamil Nadu has shown remarkable growth from 11% in 2000-2001 to 17% in 2002-2003. This Government will take further action to build on these strengths.

86. The Knowledge Industry Township (KIT) at Sholinganallur on the road to Mamallapuram



will take shape in 2004-2005. The Hon'ble Chief Minister has initiated the IT Expressway project, which will link Madhya Kailash junction to Mamallapuram at a total cost of Rs. 127.41 crores. This will provide a world-class road to connect the IT enterprises located on the proposed Expressway. A larger area in this zone will be taken up for planned development and will be called the IT Bay area. Apart from Chennai, Coimbatore will also be developed for Information Technology/ Information Technology Enabled Service investments. In a major effort to consolidate Tamil Nadu's comparative advantage in Information Technology Enabled Services, an ITES module is being introduced in the higher secondary school computer science syllabus to prepare our youth for the employment potential in this sector.

### **Tourism Development**

87. Thanks to the professional and visionary tourism development policy of the Hon'ble Chief Minister, Tamil Nadu has earned a place of pride as an enchanting tourism destination. This has given a major boost to the local service industry apart from generating new avenues of employment. The Budget outlay for Tourism development has seen an impressive step-up from Rs. 5 crores in 2000-2001 to Rs. 30.35 crores in 2004-2005. New infrastructure is being created through public and private sector participation. The hotel industry in Tamil Nadu is now growing fast with the reduction in luxury tax rates by this Government. The Tamil Nadu Tourism



Development Corporation has been turned into a profit-making company.

### **e-Governance for Good Governance**

88. Good governance entails efficient, transparent, participatory administration. This Government is adopting e-governance in a big way to improve administrative efficiency and service delivery. The State Secretariat has already been linked to district headquarters through video-conferencing. We are also linking prisons with Courts through video-conferencing.

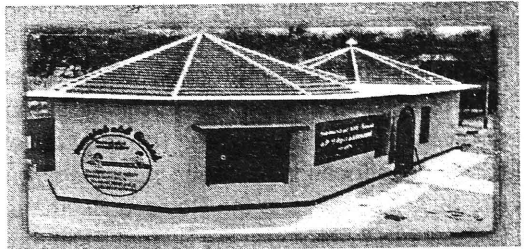
89. Ten departments and agencies with extensive public interface will be taken up under the e-governance programme to improve service delivery. The Budget includes a provision of Rs.23 crores for e-governance initiatives in Commercial Taxes, Registration, Treasuries and Accounts, Transport and Survey and Settlement Departments. A provision of Rs. 8 crores for establishing the Tamil Nadu State Wide Area Network (TNSWAN) has been made in the Budget for 2004-2005 to enable easy inter office communication and data transfer.

### **Comprehensive Social Safety Net**

90. In the early 1990s, when the stabilization of the economy and structural adjustment were initiated by the Union Government, it was our Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa, who propounded the concept of a comprehensive social safety net to protect the disadvantaged, the marginalized and the needy in the context of the structural adjustment process.

91. Fiscal reforms in Tamil Nadu have been put through without adverse effects on any section of the public. This has not been possible in any other State. This is a very significant achievement. The credit for this goes only to the Hon'ble Chief Minister who insisted that notwithstanding the nature and

gravity of the fiscal crisis facing the Government, there would not be any compromise in providing a comprehensive social safety net for the poor. In fact real improvements to the safety net have been



made during this process. The total outlay on the comprehensive social safety net in the Budget for 2004-2005 is Rs. 5329.28 crores.

### **Human Resource Development Education for All**

92. Tamil Nadu has attained the unique distinction of having a Primary School within a radius of 1-Km from every habitation in the State in 2003-2004. This Government will upgrade 364 Primary Schools into Middle Schools in 2004-2005. This will ensure that all villages in Tamil Nadu have easy and comfortable access to a Middle School. We will also upgrade 30 Middle and 30 High Schools into High and Higher Secondary Schools, respectively in 2004-2005.

93. This Government has provided Rs. 506.13 crores during 2002-2003 and 2003-2004 for upgrading infrastructure facilities in schools under the 'Education for All' Scheme. 600 High



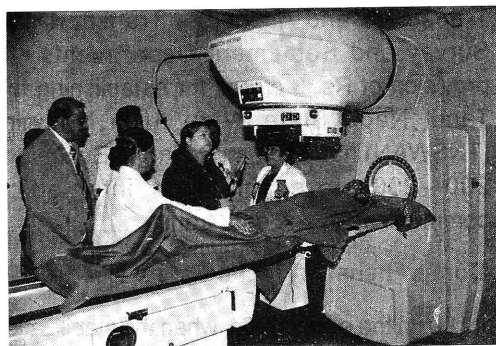
and Higher Secondary Schools are being provided with English Language Teaching Laboratories. Computer Science will be extended as an optional elective subject in 400 more Government Higher Secondary Schools in 2004-2005. With this, 1597 Government Higher Secondary Schools will be covered. Computer Literacy Programme will be taken up in 500 High Schools in the next financial year at a cost of Rs. 5.30 crores. The total outlay for school education has been increased from Rs. 3937.29 crores in the Revised Estimates to Rs. 4202.77 crores in the Budget Estimates for 2004-2005.

## **Tamil Development**

96. Promotion of Tamil language, has received the highest attention of this Government. Scientific Tamil, the brainchild of our Hon'ble Chief Minister, has been introduced in all schools from LKG to standard XII from this academic year. We have also provided free textbooks to students on Scientific Tamil at a cost of Rs. 5.42 crores. The Tamil Virtual University will take up projects to develop a universal Tamil search engine, web content for commercial Tamil and virtual Tamil classrooms in 2004-2005.

## **Health and Family Welfare**

97. Tamil Nadu has made remarkable strides in making available accessible and quality health facilities to the people. This is



reflected in improvements in core health indicators. The Infant Mortality Rate (IMR), which was 51 per thousand live births in 2000, has come down to 44 per thousand live births in 2002. 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.

98. Since this Government assumed office, 746 Health Sub-Centres have been provided with new buildings and 93 Primary Health Centres have been upgraded to 30-bed hospitals at a total cost of Rs. 86.25 crores. Seven Regional Diagnostic Centres with

94. Members of this House will be pleased to know that Tamil Nadu has obtained the approval for funding under the World Bank-assisted Technical Education Quality Improvement Programme. This programme will be taken up at an estimated outlay of Rs. 300 crores over 5 years. I am happy to inform you that Chennai will soon have a National Institute of Science on the lines of the Indian Institute of Science to foster excellence in basic sciences. This will be set up as a joint initiative of the University of Madras and Anna University. The total provision for Higher Education in 2004-2005 has been fixed at Rs. 649.81 crores as against Rs. 614.70 crores in the Revised Estimates.

## **Sports Development**

95. I am happy to announce that a major step-up is being made in the Budget outlay for Youth Welfare and Sports from Rs. 27.27 crores in the Budget Estimates for 2003-2004 to Rs. 48.14 crores in the Budget Estimates of 2004-2005. The focus in the next financial year will be towards upgrading the sports infrastructure across the State, talent identification and motivational training and hosting of sporting events in Tamil Nadu. A University of Physical Education and Sports will be set up in Tamil Nadu.

facilities such as MRI, CT Scan, ECG, EEG, ultrasound and X-Ray are being established at a cost of Rs. 21 crores. Special focus has been given towards reducing casualties in road accidents and 73 Accident and Trauma Service Units have been established across the State.

99. A total of 571 Speciality Health Camps benefiting 11.38 lakh people have been organized to take quality medical services to the doorsteps of the people at a cost of Rs. 9.34 crores. The School Health Camp Programme has been implemented in 2003-2004 to cover 56.65 lakh students.

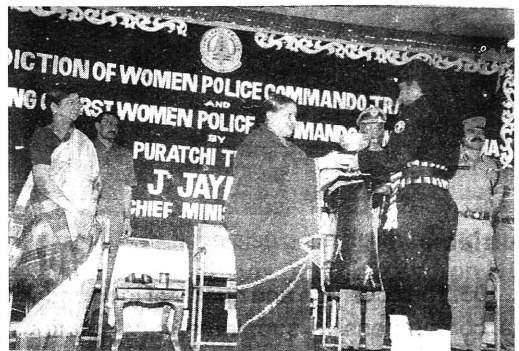
100. In a determined bid to reduce the Maternal Mortality Rate (MMR), which has remained at 1.3 per thousand live births, this Government proposes to operationalize 24-hour Comprehensive Emergency Obstetric Care, including caesarean services, in at least two health institutions in every district. To reduce the Infant Mortality Rate further, these institutions will also provide Comprehensive Emergency New Born Care round the clock.

101. We have made good progress in developing a Health Systems Development Project to be supported by the World Bank. This Rs. 500 crore project will be started in 2004-2005. The primary health care infrastructure in Tamil Nadu will be considerably strengthened once the externally aided Reproductive Child Health Project is taken up for implementation at a total outlay of Rs. 300 crores over 5 years.

102. We welcome the announcement by the Union Government to upgrade one medical college in Tamil Nadu to the level of the New Delhi based All India Institute of Medical Sciences under the Pradhan Mantri Swasthya Suraksha Yojana. The outlay under Health and Family Welfare has been increased from Rs. 1304.31 crores in the Revised Estimates of the current year to Rs. 1387.77 crores in the Budget Estimates.

## Empowerment of Women

103. The personal example of the Hon'ble Chief Minister has been the inspiration for lakhs and lakhs of women in the State. Women's empowerment in Tamil Nadu is a reality thanks to the shining example of the Hon'ble



Chief Minister. This new dynamism has spread to every nook and corner of the State. Women who were denied opportunities earlier are now marching ahead in every walk of life.

104. Tamil Nadu is one of the very few States in the country, which has taken steps to ensure 33% representation of women in all statutory and non-statutory Committees of the Government. Top posts such as Chairperson of the Tamil Nadu Public Service Commission and Chief Secretary of the Government of Tamil Nadu are held by women. The constitution of an All Women Commando Force and the raising of the First Women Police Battalion have further established that women can not only participate on an equal footing with men but also do better.

105. The Self-Help Group movement, which was launched by the Hon'ble Chief Minister in 1992, has grown rapidly and become a massive movement for empowerment of women. We have provided Rs. 20 crores for the Mahalir Thittam in the Budget Estimates 2004-2005. This will enable taking up training programmes, entrepreneurship development

programme and the formation of new groups. We hope to form 25,000 new self-help groups in 2004-2005 covering an additional 5 lakh women.



### **Nutrition**

106. The coverage and quality of food under the comprehensive supplementary nutrition programmes has been considerably enhanced because of the concerted action of this Government. Totally 77 lakh children are benefited under this programme. This Government has taken special efforts to sanction pay arrears to noon-meal staff as assured by the Hon'ble Chief Minister. The total provision for the nutritious noon meal programme in 2004-2005 is Rs.685.41 crores.

### **Welfare of the Scheduled Castes and the Scheduled Tribes**

107. This Government's strategy to empower people belonging to the Scheduled Caste and Scheduled Tribe Communities by enabling access to quality education, credit, training for self employment and houses has

been very well received. The process of development planning for the advancement of members of the Scheduled Castes and Scheduled Tribe communities has been decentralized. Under the Poverty Alleviation Action Plan, nearly 1.43 lakh people have been given assistance to the tune of Rs. 65.99 crores. A new scheme to provide land to the landless has just been launched to benefit 7000 landless women members of these communities with a total outlay of Rs. 70 crores.

108. Members of the House may note that 100 new hostels at a cost of Rs.31.50 crores will be built in 2004-2005. The Budget includes a provision of Rs.8 crores for the scheme of providing free bicycles to Scheduled Caste and Scheduled Tribe, and Scheduled Caste Convert girls in Standard XI. The total outlay for the Welfare of Scheduled Castes and Scheduled Tribes goes up from Rs. 429.09 crores in the Revised Estimates of the current year to Rs. 448.91 crores in 2004-2005.

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

109. The outlay for the welfare of people belonging to these communities has been enhanced to Rs. 159.79 crores in 2004-2005. This Government will continue its efforts to facilitate socio-economic and educational empowerment of the people from these communities.

110. 100 new hostel buildings will be built at a cost of Rs.31.50 crores in 2004-2005. An amount of Rs. 4.25 crores is being earmarked to enable free education in professional courses to children belonging to these communities. The scheme for providing incentives to girls belonging to these communities will be continued with a provision of Rs. 6 crores. An amount of Rs. 2.25 crores is being earmarked to provide house sites and other infrastructure facilities to the members





of these communities living below the poverty line.

## **FISCAL PROJECTIONS**

111. The Revised Estimates for the year 2003-2004 have been placed before this August House. We have been able to keep the revenue deficit in the Revised Estimates of the current year at Rs.3699.51 crores as against Rs.3933.47 crores in the Budget Estimates 2003-2004. The overall deficit has also been reduced in the Revised Estimates of the current year to Rs.245.52 crores, from Rs.1295.15 crores in the Budget Estimates 2003-2004. The total revenue receipts in Revised Estimates 2003-2004 is Rs.22,850.53 crores as against Rs.22,665.90 crores in the Budget Estimates 2003-2004. The overall revenue expenditure in the Revised Estimates 2003-2004 is Rs.26,550.04 crores as against Rs.26,599.37 crores in the Budget Estimates 2003-2004.

112. The revenue deficit in the Revised Estimates in the current year has been kept below the Budget Estimates. We can legitimately take pride in the fact that from the chaotic condition that we inherited when we assumed office, we have brought order to the situation today. The ways and means position of the Government has improved and bills presented are being honoured immediately. All these have taken extraordinary effort and Members of the House will appreciate the significant achievement of the Hon'ble Chief Minister, Puratchi Thalaivi J Jayalalithaa in restoring fiscal balance in Tamil Nadu.

113. The Budget Estimates for 2004-2005 are before this House. The total revenue expenditure of the Government in 2004-2005 is projected at Rs.28,128.73 crores as against the receipts of Rs.24,792.30 crores, leaving a deficit in the revenue account of Rs.3336.43 crores. The revenue deficit still constitutes 13.5% of the total revenue receipts. The overall

deficit at the end of 2004-2005 is estimated at Rs.590.47 crores. The fiscal deficit of the Government for the year 2004-2005 is estimated to be Rs.6921.77 crores. The policy of fiscal consolidation will be continued in 2004-2005 by further enhancing revenues through better compliance and by controlling non-productive expenditure.

## **Land Revenue**

114. The seasonal conditions have been adverse in three successive years leading to the drought in 2002-2003. While the overall Monsoon in 2003 has been better, the North East Monsoon has again failed in 2003. Ground water levels have also gone down. The Hon'ble Chief Minister has announced, on 10th February, 2004, that the land revenue payable by the farmers for Fasli 1413, that is, from July 2003 to June 2004, will be completely waived in all districts. In addition, the Local Cess and Local Cess Surcharge will also be waived. This has been done to provide relief to all farmers. The loss of revenue on account of this support extended to farmers is estimated at Rs. 60 crores.

## **Agricultural Income Tax**

115. Over the last few years, the plantation industry has been continuously incurring losses due to falling prices and increasing production costs. Consequently, the Agricultural Income Tax, which contributed Rs.39.40 crores to the State Exchequer in 1997-1998, dropped to Rs.1.6 crores in 2002-2003. In 2003-2004, the estimated tax yield is Rs.1.35 crores, while the expenditure on the tax collection machinery is Rs.1.6 crores. Thus, the collection costs now exceed the tax yield.

116. Taking into consideration the need to revive the plantation industry, giving the tea growers better prices and taking stock of the fact that collection costs now exceed the

collections, the Government has decided to abolish the Agricultural Income Tax with effect from 1<sup>st</sup> April 2004.

### Commercial Taxes

117. At present, if any Sales tax payment is in default, an interest on the tax amount due at 2% per month, that is, at an annual rate of 24% is being levied. This rate was fixed at a time when interest rates were very high. Since interest rates have come down, it is proposed to change the interest rate to a new pattern which shall be 1.5% per month on the tax amount due for the first 90 days and 2% per month thereafter. This will enable prompt payment. Necessary amendment will be made to the TNGST Act 1959 to give effect to this change.

118. Wet Dates are taxed at 12%. Generally food products are classified under the 4% rate schedule. Other items, which are in the 4% slab are milk powder, sweets, confectionery, pickles, chocolates etc. It is therefore proposed to bring the sales tax rate on wet dates down to 4% as it is a food product.

119. The Sales Tax rate for computer peripherals and spares is 4% and the Central Sales Tax rate is also at 4%. As part of our plan to establish Tamil Nadu as a hardware base, the rate under CST will be reduced from 4% to 2%.

120. A problem has arisen because of the amendment to the Central Sales Tax Act in 2002, which has made filing of 'C' form mandatory. Under this, if sales are made to unregistered dealers, C.S.T. at 10% has to be compulsorily collected. This has caused problems to the hosiery industry in Tamil Nadu which despatches goods to small buyers up country. The Hon'ble Chief Minister has also addressed the Union Finance Minister to find a solution. As this requirement is now statutory, we have decided to introduce a scheme by which tax will be collected at 10% and 9% will

be refunded on inter-state sales of hosiery products as a specific industrial incentive so that the effective rate will be 1%. This will be subject to the condition that there will be no branch or consignment transfer of Hosiery goods by the dealer in a year.

121. Life Saving drugs have already been exempted from tax. It is proposed to include Continuous Ambulatory Peritoneal Dialysis (CAPD) fluids used for treatment in renal failure cases in the list of life saving drugs and exempt it from tax. The following 10 drugs are used for the treatment of AIDS patients.

- i. ZIDOVUDINE
- ii. LAMIVUDINE
- iii. STAVUDINE
- iv. DIDANOSINE
- v. NEVIRAPINE
- vi. EFAVIRENZ
- vii. NELFINAVIR
- viii. INDINAVIR
- ix. SEQUINAVIR
- x. RETONAVIR

We will include these drugs in the list of life saving drugs and exempt them from Sales Tax.

122. Natural gas is produced in Tamil Nadu from gas wells by ONGC, which is a Government of India organisation and then sold to Gas Authority of India Limited (GAIL), which is also a Government of India organisation for marketing. As per the current practice, the gas will suffer tax at the first sale that is between the ONGC and GAIL at 8% and then between GAIL and TNEB at the second sale at 1%. The TNEB is, however, specifically entitled to pay tax at 4% on all its purchases. However, in the case of Natural Gas, this is not possible as TNEB pays tax only at the second point as gas has already suffered tax at the first point at 8%. It is therefore proposed to allow a reduced rate of tax of 4% on the sale made by ONGC to GAIL for supply to TNEB alone. Further, the resale tax payable

by GAIL on the sales to TNEB will be exempted. This will be applicable to sales to TNEB only.

123. In order to provide an incentive to install pollution control equipment, it is proposed to rationalise the tax rate on equipment used for Pollution Control measures and bring them to a common rate of 4%. The list of such items obtained from the Pollution Control Board will be modified separately..

124. As an incentive to artisans producing handicrafts, it is proposed to reduce the rate of tax on handicraft articles from 4% to 2%.

125. As a gesture to artistes, I propose to fully exempt the tax on Indian Musical Instruments. The present rate of tax is 4%.

126. At present, poultry feed is exempted from tax. Limestone is mixed in a very small proportion in the manufacture of poultry feed. Limestone is charged at 12%. The tax on limestone used in the manufacture of poultry feed will be reduced from 12% to 4%.

127. Resale tax at 1% is being levied on sales of consumer goods effected by co-operatives. In order to benefit consumers who make purchases of consumer goods from co-operatives, exemption will be granted to the co-operative stores functioning under the control of Registrar of Co-operative Societies, which are dealing in purchase and sale of consumer goods from the resale tax under section 17 of the TNGST Act. 1959.

128. All the changes that I have proposed except those requiring amendments to the Acts will take effect from the date of notification.

## **STAMP DUTY**

129. This Government has already brought down the rates on stamp duty and transfer duty for conveyance of properties based on the recommendations of the Tax Reforms and Revenue Augmentation Commission headed by Dr. Raja J. Chelliah. This has been widely welcomed. This Commission has also

recommended simplification and reduction of rates in respect of several other instruments in order to facilitate better compliance and easier transactions. We have examined these recommendations in detail. We propose to introduce the following measures.

130. At present property transactions within the family take place through the following instruments, namely, Settlement, Release, Partition, Dissolution of partnership. In respect of Settlement and Release between family members, the stamp duty is charged at 4% on the value set forth in the document. In the case of partition, the stamp duty is 2%. In the case of partition on the dissolution of partnership, the stamp duty is 3% on the market value of the separated share. In addition, the registration fee in each case is 1% without any ceiling. The Commission headed by Dr. Raja J. Chelliah has recommended the reduction of the stamp duty rate to 1% subject to a ceiling of Rs. 2 lakhs. Based on these recommendations, we have decided to make certain changes. I am glad to announce that the stamp duty on all these instruments will be reduced to 1% on the market value of the property subject to a ceiling of Rs. 10,000. The registration fee will be 1% with a ceiling of Rs. 2000. In the case of partition, the ceiling will be applicable to each share. In case of partition involving agricultural lands, the present concessional rates will continue.

131. Mortgage is widely used as an instrument for advancing and availing of loans. Most of the financial institutions and commercial banks resort to mortgage for securing their loans. We have decided to thoroughly simplify the process in order to facilitate such transactions. The Commercial Banks have also requested the simplification of the levy of stamp duty and registration charges. It is therefore proposed to reduce the stamp duty on simple mortgage without

possession from 4% to 1% with a ceiling of Rs.20,000. The registration fee will be 1% subject to a maximum of Rs.5000.

132.In the case of mortgage deed with possession, it is proposed to reduce the stamp duty from the existing rate of 6% on the loan amount to 3% on the loan amount. The transfer duty will be reduced from the present rate of 2% on the loan amount to 1% on the loan amount. The total rate will thus be 4% on the loan amount. The registration charges will continue to be at 1% of the loan amount subject to a maximum of Rs. 2 lakhs.

133.Another important instrument of transaction with the financial institutions is the deposit of title deeds. In order to encourage the proper registration of these transactions, we propose to include Note or Memorandum or any other instrument to be also dealt with as deposit of title deeds. The present rate is 0.5% stamp duty and 1% registration fee on the loan amount. The present rate will be continued. However a ceiling of Rs.5000/- for stamp duty and Rs.1000/- for registration fee will be introduced. This will enable registration of these documents quite easily.

134.Lease is another widely used instrument. A duly stamped and registered document will be of great help in making the transaction clear and transparent. The existing system is very complex with many slabs. It is proposed to rationalize the duty structure as follows. This will be on the total rent and premium or fine or advance, if any, payable.

| Period of lease               | Proposed rate |
|-------------------------------|---------------|
| Below 30 years                | 1%            |
| Between 31 years and 99 years | 4%            |
| 100 years and above           | 8%            |

The registration fee will be a common rate of 1% of the total rent and premium or fine or advance, if any, payable subject to a maximum of Rs.5000/-.

135.Another popular instrument is the Power of Attorney for Consideration. The existing rate of 6% stamp duty is high and because of this Power of Attorney is not generally registered. Consequently, this can be misused causing hardship to gullible buyers. This can be corrected by buyers insisting on registered Power of Attorneys. To facilitate this, it is proposed to bring down the rate from 6% to 4% as recommended by the Tax Reforms and Revenue Augmentation Commission. The registration fee will continue to be at 1%.

136.Hon'ble Members of the House may recall that the Patta Pass Book scheme has been introduced in 9 districts. One of the conditions is that the Patta Pass Book has to be produced if documents have to be registered. This has caused some hardship. We have now introduced a new system of computerization of taluk offices through which it is possible to give the requisite chitta extracts on an updated basis. Hence there is no more any need to insist that the Patta Pass Book be produced at the time of registration. This condition will therefore be relaxed. This will greatly benefit farmers in getting their documents registered.

137.All the changes that I have proposed, except those requiring amendments to the relevant Sections of various enactments, will take effect from the date of issue of notification under the Indian Stamp Act, 1899 and the Registration Act. 1908 and various Local Bodies Acts.

### Overall Fiscal Position

138.I have outlined several measures for the benefit of the public in my proposals on taxes. Hon'ble Members of the House will note that this is a tax-free Budget and in fact on the orders of the Hon'ble Chief Minister, this Government has proposed several concessions. Even though we have to consolidate the fiscal situation further, this



Government has decided to extend these concessions to benefit the public and improve the investment climate. I am sure the Hon'ble Members of the House will greatly welcome the measures that I have just announced.

139. The revenue loss to Government on account of waiver of land revenue, abolition of Agricultural Income Tax, and other concessions to benefit the public is estimated to be about Rs. 140 crores. This will be bridged by stepping up collection of revenue arrears and control of non-productive expenditure. Consequently, the final closing deficit in 2004-2005 will remain at Rs. 590.47 crores. We expect to tackle this by proper cash management and by greater resource flows from the Union Government.

140. 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 consolidate the good progress already made in achieving fiscal balance. The process of fiscal adjustment has been quite complex. Hon'ble Members of the House will be glad to know that the measures we have already taken will provide the framework for further progress towards the goals we have outlined in the Medium Term Fiscal Plan.

141. I have outlined at length the plans and programmes of this Government to be implemented in the coming financial year 2004-2005 based on the rapid strides that we have made in 2003-2004. Some States which started on an economic reform programme much earlier have had the benefit of substantial assistance from various institutions. In Tamil Nadu, it is solely due to the untiring and dedicated hard work of the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa that we have covered so much ground on the road to growth and prosperity in so short a time with virtually no assistance. Had it not been for the

unwavering and totally dedicated work of the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa, Tamil Nadu could not have been rescued from the fiscal morass that it had sunk into in the period 1996-2001. A true leader stands out only in the face of adversity. Our leader, the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa has led us from the front, overcoming every obstacle, leaving no stone unturned in the quest for the well being and prosperity of the people of Tamil Nadu.

142. The reward for such hard work and total commitment in the cause of the people of Tamil Nadu will surely find expression shortly. People who are our real judges always unerringly discern the true leader who will stand by them through every adversity and take part in their joys and sorrows. The very fact that Tamil Nadu has marched ahead so resolutely under the leadership of the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa is now a matter of appreciation the world over. It is for this reason that institutions like the World Bank are now willing to come forward to assist the State in its development programme. All these have been made possible in so short a time due to the incandescent and inspiring leadership of the Hon'ble Chief Minister Puratchi Thalaivi J Jayalalithaa.

143. I welcome any constructive suggestion on the Budget for 2004-2005 which will help us to serve the people better. I take this opportunity to convey my heartfelt gratitude to Mr. N. Narayanan, IAS, Development Commissioner and Finance Secretary, for his assistance in the preparation of this Budget.

144. With these words, Honourable Speaker Sir, I commend the Budget Estimates 2004-2005 for the approval of the House.

Vanakkam

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**SPEECH OF HON'BLE CHIEF MINISTER  
SELVI J JAYALALITHAA  
AT THE MEETING WITH THE  
TWELFTH FINANCE COMMISSION ON 2.2.2004**

**I**t gives me great pleasure to welcome the distinguished Chairman and Members of the Twelfth Finance Commission on their visit to Tamil Nadu. It shall be our endeavour to present to you our perceptions and views on various aspects of management of public finances, Centre-State financial relations, and also the special problems confronting Tamil Nadu. Our Memorandum, detailed notes and financial forecast are already with you and will, no doubt, be the basis for our discussions today.

At the outset, I would like to draw your attention to the extremely serious fiscal crisis that enveloped Tamil Nadu in 2001 when my Government assumed office. This major fiscal decline, which began in 1998 in the wake of the Fifth Central Pay Commission's recommendations, followed by the State's Sixth Pay Commission's report, was exacerbated further in 2000-2001 by the Eleventh Finance Commission's recommendations, which affected Tamil Nadu badly. The result was unimaginable fiscal chaos.

It was an unprecedented crisis, virtually paralyzing all the operations of the Government. I took stock of the situation and launched a broad based Fiscal Reforms Programme. This has involved a far reaching exercise of fundamentally reassessing all expenditure priorities and mobilizing more resources. With great effort, we have put Tamil Nadu back on the path of planned development.

It was in this context that I had, in fact, called for a national consensus on fiscal reforms in the meeting of Chief Ministers held at New Delhi on 18th October, 2002. Unfortunately, no consensus was arrived at and the opportunity was, perhaps, missed. We have nonetheless successfully put through our own agenda of fiscal reforms, and it is this massive effort that has, to some extent, mitigated the situation. We have had virtually no support and, as you are aware, the fiscal reforms facility made available following the Eleventh Finance Commission's recommendations is hardly worth mentioning.

It will now be quite clear from our financial forecasts that the medium term structural problems confronting the State are indeed very challenging, and I hope the Twelfth Finance Commission will help us resolve these major issues.

You are, no doubt, aware that Tamil Nadu has the highest Own Tax to Gross State Domestic Product (GSDP) ratio in the country. This clearly shows we have done our very best. Despite this effort, our revenue deficit is very sizeable. In the last two years, we have made a valiant effort to control expenditure but you will agree this is not at all easy. Hard choices have had to be made, and we have not been found wanting. We have enacted a Fiscal Responsibility Act in 2003, so that such fiscal chaos is not repeated in future. However, we are clearly not out of the woods and there are greater challenges ahead.

I would like to draw your attention to some fundamental issues. First and foremost is the question of what share of net Central Taxes should be devolved to the States. Unfortunately, the last few Finance Commissions have not addressed the fundamental asymmetry between the resource endowments and functions of the States. This cannot brook any further delay.

Post liberalisation in 1991, the new paradigm of development we have adopted calls for an enhanced role of the States and a much smaller role for the Centre. It is the States which have to provide the Social Safety Net. It is the States which have to invest in Education, Health, Food Security, Welfare and Nutrition. It is the States which have to take up second generation reforms to improve the investment climate. States also have to invest in creating world class infrastructure. It is the States which are so much closer to the people in their everyday life. This has unfortunately not been given due attention by the recent Finance Commissions. As for resources, States have no potential left. Even the Service Tax, which should have legitimately been left to the States in the State list, has been taken to the Union list. We have opposed this. May I suggest a complete and unfettered reassessment of the relative roles of the Centre

and the States in the context of the new development paradigm that the country has adopted? I am sure it will lead you to the inescapable conclusion that 50% of the Centre's net tax collections should be passed on to the States.

The second issue concerns the horizontal distribution of the devolved tax pool between States. The recommendations of the Eleventh Finance commission for the period 2000-2005 came as a rude shock to Tamil Nadu. Our share in the total pool was reduced by 1.252%, which is equivalent to an 18.86% reduction on a year to year basis. This was among the sharpest reductions handed down to any State. I am totally unhappy with this unjust and unfair treatment. I am also determined that this shall be reversed. I would like to remind you that a Finance Commission as a Constitutional body should be evenhanded, operating on certain clear principles. The choice of factors in the past has been oriented to reward the laggard States and punish the efficient States. This should be given up. Article 275 enables the Commission to support States which are still weak and in difficulties, even after the devolution under Article 270. Tamil Nadu will require support under Article 275, given the extent of our fiscal stress. The principles adopted for devolution under Article 270 should be robust and simple. We have made certain suggestions - population on 1971 basis to be given 40% weight, State's Own Tax to GSDP ratio to be given 40% weight, per capita SDP to be given 10% weight, and contribution 10% weight. Every State will, no doubt, propose factors that suit it best. My suggestions are in the national interest. Reward performance and let the laggards learn their lessons. I am sure you will appreciate the logic and the spirit behind this formula. What I would like to caution you against is the total alienation of certain States, in the aftermath of the Eleventh Finance Commission's recommendations. This trend has to be corrected by the Twelfth Finance Commission, and failure to do so could have very serious implications in our polity.

In this context I would like to quote from an essay written by Dr. C. Rangarajan in his book, "Select Essays on Indian Economy". Quote



- "If the regional disparities have grown, it is at least in part a reflection of the quality of governance" - Unquote. I entirely agree with this observation. The natural corollary is that unless the quality of governance improves, giving these States more money will not help them.

I would therefore like to caution against too much reliance on per capita SDP as a factor. It has been the fashion to use this in the past overwhelmingly, with disastrous effect. A State which has some strength in manufacturing and the service industry may show marginally above average per capita SDP. This, however, conceals extreme income inequality. Tamil Nadu is a typical case, with the highest income inequality in the country. Tamil Nadu also has the third highest unemployment rate in the country. The impoverished in the drought prone areas of Tamil Nadu stand less chance than their brothers and sisters in other States, as they do not even have water resources.

A State with a per capita SDP slightly below average but with better water resources is easily better off than Tamil Nadu in tackling poverty. All this is missed in the per capita SDP. What about good governance? Is this to have no reward? States which have far less natural resources have done better by hard work, good governance, and fiscal prudence. The practice of the Finance Commissions has been to punish them. This has to stop. I am drawing all these

aspects to your attention, as the pitfalls of using per capita SDP with a very high weight can lead to debilitating results. And if at all it is to be used, it should be with a much lower weight, and should be computed on the basis of the 1971 population, as spelt out in the terms of reference, so that the effort at population control is not penalized.

Let me now turn to another important issue, namely, that of State debt reduction and debt restructuring. I am glad that your terms of reference require you to undertake a comprehensive debt reduction plan. It is extremely unfortunate that when the States were cartwheeling in fiscal turmoil, the Eleventh Finance Commission announced a totally ineffective scheme of debt relief. I am of the view that the Twelfth Finance Commission should comprehensively go into this question and provide genuine and substantial relief to the States.

In the recent past, due to the high salary and pension burden, debt has been used to bridge the huge gap in the revenue account. It should be recognized that this is a clear signal of high fiscal distress. A graded scheme of relief based on the extent of stress, as reflected by the revenue deficit as a percentage of fiscal deficit, can be developed. We have made detailed suggestions on debt reduction and the restructuring of debt in our Memorandum. May



I request you to give these suggestions serious consideration and provide some meaningful relief to the States? The problem is so serious that it merits an interim report by the Finance Commission, which can be operational from 2004-2005 itself.

The terms of reference require that corrective measures for debt should give weightage to the performance of the States in the fields of human development and investment climate. Tamil Nadu's record has been outstanding in both. This should be rewarded.

I would like to draw the specific attention of the Chairman of the Twelfth Finance

Commission, who has vast experience as a former Governor of the Reserve bank of India, that a solution should be found to the major problem of high interest burden carried by the States. It is quite inequitable and a matter of considerable anguish that a more meaningful scheme to reduce the interest burden of the States has not yet been evolved. While the debt swap scheme has covered some part of the outstanding small savings loans, it has only touched the fringe of the problem. The balance debt consisting of Open Market Borrowings, Plan loans, borrowings from various institutions such as Life Insurance Corporation, General Insurance Corporation, etc., carry extremely high rates of interest, which have no relevance to today's market rates. If Commercial Banks and the Government of India have to take some

revenue losses consequent to such a debt swap plan, so be it. The States cannot be expected to subsidise these bodies, suffer an intolerable interest burden, and then be castigated for poor financial management. This calls for urgent attention.

I find from the terms of reference that the Twelfth Finance Commission is specifically required to go into the augmentation of the Consolidated Fund of the State to supplement the resources of Panchayats and Municipalities in the State, on the basis of the recommendations made by the Finance Commission of the State. We have set out the requirements of local



bodies on the basis of the recommendations of the State Finance Commission. The challenge before you is to normalize the different patterns obtaining in various States and ensure that equitable allocation is made. It should be the effort to ensure that basic services in all local bodies can be undertaken without any break down, so that there is all round improvement in the quality of life.

While we have submitted proposals on how to tackle natural calamities, together with our suggestions on the Calamity Relief Fund and the National Calamity Contingency Fund, it seems to me that an historic average determination of the requirement is, perhaps, out of date. States end up having to finance substantial outlay from their own resources. In the Tamil Nadu context, I would like to go a step further and suggest that

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the continuing drought situation be factored in, and the highest level of expenditure in the last five years be taken as the basis for computing the requirements under the Calamity Relief Fund. This alone will enable the State to undertake meaningful relief and rehabilitation, given its experience of continuing drought.

Finally, I would like to draw your attention to the detailed requirements we have furnished on upgradation of standards of administration and the needs of Tamil Nadu to tackle certain special problems. You need not be deterred by the lack of a specific reference in the terms of reference in making such an assessment. The administration has to be completely modernized, right sized, and best practices incorporated, together with e-governance. May I suggest that this aspect be given due consideration? Good governance is a must if States are to grow faster, and neglect can cost us dearly.

I would also like to draw attention to the special problems faced by Tamil Nadu in particular. Tamil Nadu's annual per capita water availability is only 723 cubic metres as against the national average of 1820 cubic metres. May I request substantial assistance to implement a comprehensive plan of restoring our water sources to national standards, so as to benefit from rainwater harvesting?

We have also highlighted another special problem faced by Tamil Nadu, namely, the drinking water scarcity in the Chennai

Metropolitan Area. Chennai faces today, the worst water scarcity in 55 years for which recorded data is available. The Twelfth Finance Commission should provide a full grant to enable us to establish a modern desalination plant of adequate capacity to deal with Chennai's recurrent water scarcity. May I request your special intervention to see that this is provided to ensure that the Chennai Metropolitan Area survives the acute water scarcity situation it has been facing?

We have highlighted other special problems with specific reference to Tamil Nadu, such as slum rehabilitation in the Chennai Metropolitan Area and other Cities, protection of the coast line against sea erosion, and other issues. I do hope you will appreciate these special problems confronting Tamil Nadu and provide a meaningful programme of assistance.

I have outlined our major concerns and proposals. What I would like to emphasise is the need for a complete break from the past, which alone can bring meaningful relief to States like Tamil Nadu which have used their resources with skill and efficiency. A mere tinkering with the existing formulae will not do justice to the huge task before you. I hope that your stay in Chennai is both comfortable and rewarding. I look forward to your report with the hope and expectation that it will reverse the damage that Tamil Nadu has unfortunately had to face with the past few Commissions.





## **MY VISION IS TO ESTABLISH TAMIL NADU AS THE “NUMERO UNO” STATE IN INDIA**

**Hon'ble Chief Minister Selvi J JAYALALITHAA**

**I**t is with great pleasure that I extend my warm greetings to the people of Malaysia on the occasion of “Tamil Nadu Day” at the “Incredible India - 2003” event being hosted at Kuala Lumpur. I congratulate the Indian Trade Promotion Organisation (ITPO) for having organized this exquisite and well organized trade promotion event at Kuala Lumpur. Let me, at the outset, wish you all the very best in your endeavours.

Cultures have been mixing and meeting in Malaysia since time immemorial. Malaysia stands today, as a “Mini Asia”, culturally rich and vibrant, reflecting the capacity of Malaysian Society to assimilate the best from the world while retaining its very own and distinctive identity. I take this opportunity to pay my tribute to the dynamism, initiative and drive of the people of this great country for their splendid accomplishments. Malaysia stands today as a shining role model of a modern and vibrant economy, yet retaining its distinct identity. This has not happened by chance but by courage and determination. I greatly admire the path breaking and visionary leadership of the former Prime Minister the Hon'ble Mohammed Mahathir and the present Prime Minister Hon'ble Abdullah Ahmad Badawi, which has enabled Malaysia to emerge as a powerful and vibrant nation, recognized the world over as a dynamic economy with a multicultural society, marching ahead purposefully to play a major role in Asia. I am glad that the ITPO has chosen Kuala Lumpur as the venue for its “Incredible India - 2003” trade fair, as it gives us an unique opportunity to further the excellent trade relations between India and Malaysia.

Trade between India and Malaysia has grown rapidly. Trade between the two countries accounts for a quarter of India's trade with ASEAN. Bilateral trade between the two nations has reached 2.2 billion US Dollars in 2002-2003, reflecting a healthy growth of over 17% over the previous year. This trade fair is being held at an opportune time when we can build on this solid foundation. India is your dependable trading partner importing a substantial quantity of palm oil from Malaysia. Indian Engineers have built railways in Malaysia, and Indian software engineers have assisted in creating moden Malaysia. It is an excellent partnership which we have to nurture and ensure that we create the right environment so that it can flourish even more.

I am glad that today you are celebrating “Tamil Nadu Day” at the trade fair. I was particular that Tamil Nadu should participate in a big way as a partner State in this trade fair. I am glad that the Government of Tamil Nadu has indeed done this and is showcasing all that Tamil Nadu has to offer. I am also happy that the Federation of Indian Chambers of Commerce and Industry (FICCI) has organized a Seminar today at the trade fair, wherein the prospects of trade and development between Tamil Nadu and Malaysia will be discussed in detail and a road map drawn up to build upon the traditional ties that bind us together. I wish the seminar all success.

Let me turn to why these trade ties and economic co-operation are so important. The new millennium which is heralded by the 21st century,

will place knowledge and human capital at the centre stage. It is this knowledge explosion that verily gives strength to the emerging perception that the 21st century belongs to Asia. South-South co-operation is the bedrock on which this new Asian identity will be fashioned. It is in this context that I envisage stronger ties between Tamil Nadu and Malaysia. We have had Ministers and State level delegations from Malaysia visit Tamil Nadu and I have had the pleasure of meeting and interacting with them. This has reinforced my belief that we must press forward to strengthen the ties between Tamil Nadu and Malaysia. Our prominent participation in this fair is clear recognition of the immense possibilities of fruitful economic co-operation.

Tamil Nadu as part of the Indian Nation has tremendous potential for economic growth. We are seeking to achieve an economic growth rate of 8% per annum. This economic goal envisages high growth rates in the manufacturing and Tertiary Sectors. Tamil Nadu is truly the home of manufacturing in India. Chennai (formerly known as Madras) is often called the "Detroit of India" and can become the "Detroit of Asia" and a global automobile sourcing hub. It is emerging as a major export base for automobiles and auto parts. Multinationals like Ford and Hyundai have chosen Chennai as their base. Mitsubishi has also an Indian joint venture at Chennai. There are good opportunities for contract manufacturing and assembly at Chennai. Malaysian companies can certainly participate in the growth plan of Tamil Nadu's auto industry.

I believe that the investment climate in India and Tamil Nadu in particular has improved significantly. I have launched a New Industrial Policy in September 2003, which is clearly directed towards improving the investment climate in Tamil Nadu. The focus is on business deregulation, building world class infrastructure including the supply of quality energy, fiscal reforms and labour reforms. My intention is to integrate Tamil Nadu with the global economy. We are well on the way towards achieving that goal. Tamil Nadu, placed strategically on Asia's growth axis with a coast line more than 1000

kilometers long, is certainly India's Asian gateway. My vision is to establish Tamil Nadu as the "numero uno" State in India and may I invite you to participate in this exciting journey?

In the manufacturing Sector there are several opportunities. Tamil Nadu is traditionally strong in Textiles. May I invite you to participate in modernizing the Textile Industry of Tamil Nadu in a big way? There are opportunities in garments and in spinning and weaving. With a trained and skilled labour force, Tamil Nadu is an ideal location. Likewise, in leather products there is tremendous scope. I would like to invite Malaysian investors and industry leaders to choose Tamil Nadu as a second home and establish your manufacturing base here.

Tamil Nadu and Chennai in particular, have emerged as an IT powerhouse. Chennai has emerged as India's second largest exporter of software with an export performance of 1.4 billion US Dollars. Exports have more than doubled in the last 2 years. Our strengths in IT are complementary - in Malaysia you have a well developed hardware industry, in Tamil Nadu we have proven strengths in software development and IT education. ASEAN countries can outsource their operations to quality service providers in Tamil Nadu. Let us look at South-South co-operation as a mutually beneficial "win win formula". With huge opportunities in IT Enabled Services, may I suggest that you invest in Tamil Nadu, taking advantage of the huge talent pool that we have? Tamil Nadu is easily ranked first in India in terms of availability of skilled personnel. Our wide network of engineering colleges and polytechnics ensures that skilled personnel are always available. Chennai is the landing point for the i 2 i submarine cable from Singapore and with a bandwidth of 8.4 Terrabits per second, one of the largest in the world, connectivity is guaranteed. It is with these strengths that I have launched Tamil Nadu's Policy in 2002. The growth potential is immense and we can be partners.

I am committed to building world class infrastructure in Tamil Nadu. This calls for tremendous investment. I marvel at what Malaysia has done in so short a period. It would not be wrong



to say that I am a little envious to see how Malaysia has been transformed. Your venue Putra Jaya, Cyber Jaya, the highways and the new airport are symbols of the infrastructure strength of modern Malaysia. I have no hesitation in saying that I want this replicated in Tamil Nadu. May I invite you to invest in infrastructure projects in Tamil Nadu in roads, water supply, urban infrastructure, ports and so on? We have created the right climate for you to invest and I am sure your seminar will focus on Malaysian investment in infrastructure in Tamil Nadu.

I am greatly impressed by the way Malaysia has been positioned as a tourist destination. Your experience in this important sector is most important for us as we seek to build our Tourism Sector. May I invite you to help us build our Tourism Industry? It is well known that a large number of Malaysian tourists visit Tamil Nadu, and that Tamil Nadu is a favourite destination because the call of their ethnic roots is irresistible. We wish to go beyond this and make Tamil Nadu a natural choice for all tourists from Malaysia. We would like to hear suggestions from you on how we can spread the many splendoured appeal of Tamil Nadu to everyone in Malaysia and promote tourism.

The cultural ties that bind Tamil Nadu and Malaysia are strong and enduring. There are as many as 1.5 million persons of Indian origin in Malaysia and a sizeable part of them are Tamilians. Tamil rituals and festivals are well known in Malaysia. The Tamil Nadu cuisine is popular in Malaysia and Malaysian restaurants are popular in Chennai. I am glad that a Food and Film festival has also been organized alongside the trade fair and the distinctive Tamil flavour will I am sure, be appreciated.

As I address you now, my mind goes to what Albert Einstein once said, "I never think of the future-it comes soon enough". Change is inevitable. Geography is no more a constraint. The power of IT has shrunk distances. John F. Kennedy said "The One unchangeable certainty is that nothing is certain or

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***Tamil Nadu is truly the home of manufacturing in India. Chennai (formerly known as Madras) is often called the "Detroit of India" and can become the "Detroit of Asia" and a global automobile sourcing hub. It is emerging as a major export base for automobiles and auto parts. Multinationals like Ford and Hyundai have chosen Chennai as their base. Mitsubishi has also an Indian joint venture at Chennai.***

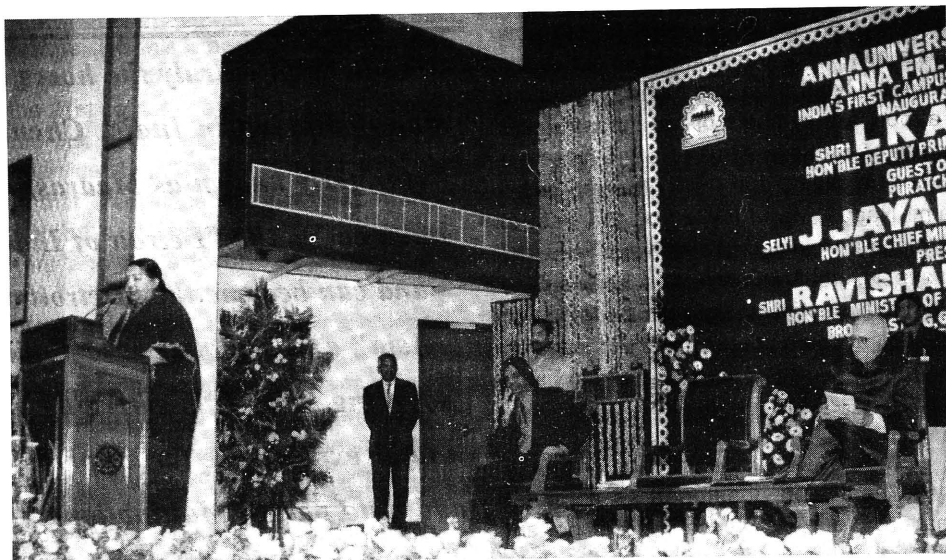
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unchangeable". What was inconceivable yesterday has become routine today. South-South co-operation which seemed a distant dream earlier is now a vibrant reality. It is in this spirit that we have to view economic and development co-operation between Malaysia and India, in particular Tamil Nadu. Let me conclude complimenting the ITPO, the High Commissionerate of India at Kuala Lumpur, the Federation of Indian Chambers of Commerce and Industry and Kuala Lumpur, and Selangor Indian Chamber of Commerce & Industry for their untiring efforts in organizing this excellent trade fair, seminar and festivals. I wish the "Tamil Nadu Day" at this fair a grand success and I have no doubt in my mind that this will be the platform to launch a new era in the economic and cultural relations between Tamil Nadu and Malaysia.

**Message of**

**Hon'ble Chief Minister of Tamil Nadu  
on the occasion of "Tamil Nadu Day"  
at the "Incredible India 2003" event at  
Kuala Lumpur on 4.12.2003**



## THE EMPOWERMENT OF THE POOR THROUGH THE MEDIUM OF COMMUNITY RADIO

Hon'ble Chief Minister  
**Selvi J JAYALALITHAA**

It gives me great pleasure to share the dais today with the Hon'ble Deputy Prime Minister of India on the occasion of the inauguration of the First Campus Community Radio in India for Anna University. The Anna University, which has a sterling academic record, is the first University to obtain the Community Radio Licence in India and we are thankful to the Government of India, particularly the Hon'ble Deputy Prime Minister of India and the Union Minister of State for Information and Broadcasting who have expedited the clearances for the sanction of this Campus Community Radio.

This is indeed a proud moment for us because in Tamil Nadu, we have always been at the forefront of bold new initiatives for the welfare of the people, particularly the weaker sections of Society. I am informed by the Vice Chancellor, Dr. Balagurusamy that Anna University proposes to utilise the Radio Station, which is to have a range of 10 kms, for education, health, science and technology, environment and community development. The Community Radio station will also be used as a Radio Tutor for the less

advantaged students and will entirely utilise the services of the faculty and students of Anna University, serving as the on-the-spot work experience for the electronic media students of Anna University. This Community Radio will also be used to disseminate information to the people in the area from various developmental agencies and can become instrumental in social mobilisation in the area.

The role of the radio in the life of the rural community is indeed a vital one. The affordable radio can reach communities at the very end of the development road, reaching people who cannot read or write. The possibility of using the Radio is best captured in the Report of the Independent Commission on Population and Quality of Life,

*"Literate people find it hard to grasp the full impact of illiteracy. In a world operating on written laws, rules and instructions, being illiterate is a severe handicap...It is tantamount to disability*



*affecting every aspect of living. It confines job opportunities to the most menial and low paid tasks. It means being unable to read instructions on a packet of seed, a tin of powdered milk, or an oral contraceptive. It means being unable to read newspapers, street signs, warning signs. It means the inability to check legal rights...And it means being exposed to fraud and expropriation."*

The empowerment of the poor through the medium of Community Radio thus assumes great significance in this context.

In Tamil Nadu, I have seen the power that Information Technology interventions can have, in impacting and improving the life of people in the rural areas. In the village of Ulagapitchanpatti, in Melur Taluk of Madurai District, a simple web camera image of an infected vegetable crop sent by a young woman Kiosk Operator under the Rural Access to Services through the Internet Programme (RASI), to the Tamil Nadu Agricultural University Extension centre in Madurai, resulted in a scientific solution being beamed back and the saving of vegetable crops worth over Rs.1.5 lakhs, a true example of bridging the Digital Divide and empowerment of women in the rural areas.

In Tamil Nadu, my Government has promoted women's Self Help Groups to spearhead change. The Self Help Group programme has now grown into a major movement in Tamil Nadu with a coverage of about 25 lakh women in 1.52 lakh Self Help Groups with savings estimated at

Rs.393.64 crores. Many of these groups are now being given training in the use of the Internet. Self Help Groups are joining to form Federations and a Community Radio can connect a few Federations. This can help in disseminating market intelligence and provide access to messages with relevant content for social mobilisation. Likewise, other groups such as fishermen, Water Users Associations, Parent Teachers Associations can be linked. The possibilities are immense.

The power of the spoken word conveyed through the Community Radio, by a participative process in an interactive mode can be most useful. However, to achieve the maximum results at the maximum speed, we should work towards a convergence of the Internet with the radio. The information downloaded from the Internet integrated with "radio browsing" can lead to multiple benefits.

Ultimately, the people will judge us by the quality of our governance and for a good Government to be close to the people, particularly those in the rural areas, it is a medium like the Community Radio that can be the vital link between the Government and the people and the people themselves. I request the Government of India to support the State Government in setting up vibrant Community Radio networks interlinked with public Internet Access facilities for the best results in good governance.

I once again thank the Hon'ble Deputy Prime Minister and the Union Minister of State for Information and Broadcasting for dedicating to the people of Chennai this unique and first-of-its-kind Campus Community Radio facility in the country. I congratulate the Anna University for pioneering this novel innovation.

- Speech delivered during the inauguration of India's First Campus Community Radio "Anna FM-90.4 MHz" at Anna University on 1.2.2004

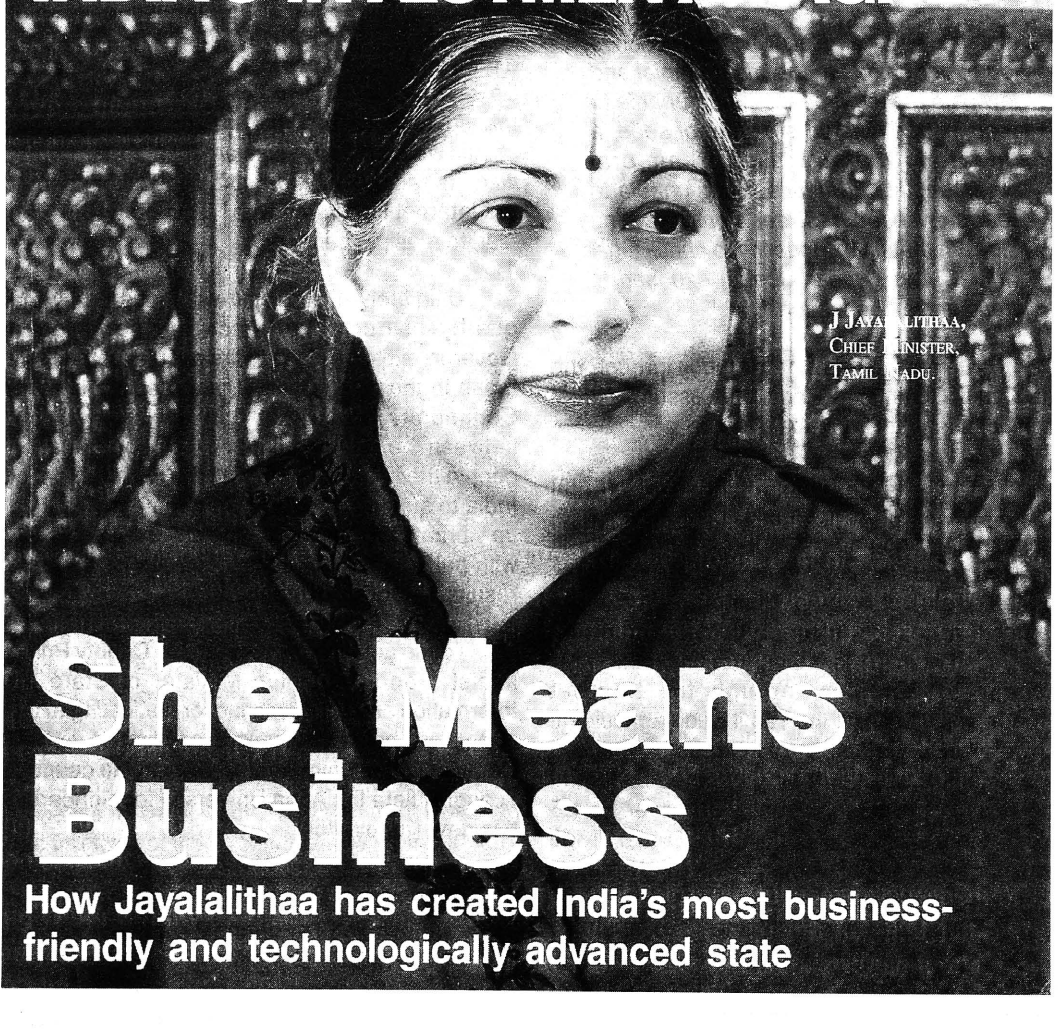
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# BUSINESS BARONS

THE MAGAZINE FOR CORPORATE LEADERS

[www.business-leaders.com](http://www.business-leaders.com)

## J Jayalalithaa's Tamil Nadu: INDIA'S INVESTMENT MAGNET

A black and white portrait of J Jayalalithaa, the Chief Minister of Tamil Nadu. She is shown from the chest up, wearing a dark sari with a ruffled border. She has a bindi on her forehead and is looking slightly to the right of the camera with a neutral expression. The background is dark and ornate, possibly a wall with carvings.

J JAYALALITHAA,  
CHIEF MINISTER,  
TAMIL NADU.

## She Means Business

How Jayalalithaa has created India's most business-friendly and technologically advanced state



# TAMIL NADU: India's Investment Magnet

Tamil Nadu Chief Minister J Jayalalithaa's government has just completed two years in office and already has some outstanding achievements to its credit. In this special survey, **Business Barons** talks to the Chief Minister and analyses how Tamil Nadu has, in a short period, become India's most attractive destination for Indian and global investors.

**U**NDER THE FARSIGHTED AND PRAGMATIC leadership of the Chief Minister, J Jayalalithaa, Tamil Nadu has emerged as the most industrially dynamic and successful state in India. It has attracted a record number of investors with new investments in the pipeline in the manufacturing sector totalling Rs. 54,559 crore (as at the end of April 2003). This is double the investment in this sector compared to Gujarat (Rs. 27,765 crore) and far in excess of Karnataka (Rs. 21,838 crore), Maharashtra (Rs. 20,906 crore) and Andhra Pradesh (Rs. 16,332 crore). This achievement has long-term growth implications and has catapulted the state into a position of pre-eminence as India's most favourite destination for foreign and domestic investments.

Setting out boldly and resolutely on pathbreaking fiscal reforms, Ms. Jayalalithaa's visionary second-generation reforms in the secondary sector, particularly in the manufacturing sector, aims at removing growth constraints and putting Tamil Nadu on a high-growth trajectory. Equally significant are the measures of the state government in streamlining administrative processes through single-window clearance systems, which have emerged as the cornerstone of the state's Western-style efficiency.

Jayalalithaa's track record in her earlier term as CM attracted multinationals like Ford, Hyundai and Mitsubishi with large investments in manufacturing facilities. This influx set the stage for many more such investments in the future.

Tamil Nadu has several inherent advantages. It has invested heavily in the development of infrastructure and has quality power

supply, excellent roads, accessible and modern ports, world-class health and educational facilities, and a responsive and efficient administrative set-up. Tamil Nadu's skilled manpower, the largest in India, has been its particular strength because of its superior quality.

Chief Minister J Jayalalithaa's avowed policy of providing a high-quality, world-class business environment to industries in Tamil Nadu has given foreign and domestic investors a unique advantage in competing in the liberalised economic environment. In 1992, Jayalalithaa established the one-stop shop, The Guidance Bureau, to aid investors in channelising their investments in various industrial sectors in the state. This agency, along with the efforts of TIDCO and SIPCOT, has given a special filip to the process of industrialisation in Tamil Nadu.

In the following 16 pages, **Business Barons** analyses in detail the following dimensions of Tamil Nadu's strengths as an investment magnet for manufacturing industries, IT, infrastructure, power and in the services sector. The focus in these pages is on:

1. Why major industries prefer to invest in Tamil Nadu.
2. Chennai's competitiveness as an IT and BPO centre.
3. The corporate culture in Tamil Nadu.
4. Tamil Nadu's development as a High-Tech Southern Corridor on the lines of Malaysia.
5. The establishment of a Cyber League in the state.
6. The strengthening of an Online Revolution in Tamil Nadu and the creation of a "digital state".
7. An investor's guide to Tamil Nadu with a special focus on NRI/FDI investors and top state-level PSUs.
8. A facitile on Tamil Nadu's industrial development paradigm and the competitive advantages of the state, including profiles of leading TN-based companies.

# State Of The Online Revolution

**W**ITH OVER 860 COMPANIES AND 40,000 highly qualified professionals employed in the information technology sector and with an export revenue of Rs. 5,223 crore (2001-02), Tamil Nadu has claimed its rightful place on the IT map of the country. Tamil Nadu is the first state in the country to come

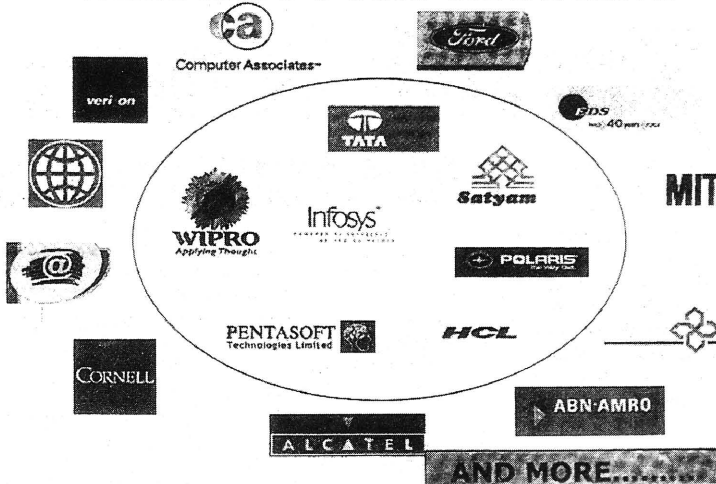
out with a comprehensive IT policy that has many firsts to its credit: it is the first state with a Right of Way (RoW) Policy, and the first state in the country to introduce computer education in higher secondary schools, among others. The state is well poised to attain the number one position in IT exports in the next three years.

Information technology offers great opportunities for the



CHIEF MINISTER J JAYALALITHA INAUGURATED CONNECT-2002 — THE 2ND INTERNATIONAL CONFERENCE ON IT, COMMUNICATION TECHNOLOGIES AND BIOINFORMATICS AT CHENNAI.

## TAMIL NADU'S CORPORATE ELITE



socio-economic transformation of Tamil Nadu in terms of employment opportunities, reduction in the cost of providing services and improved competitiveness of old economy industries, enhancement of efficiency, transparency and responsiveness in governance and digital connectivity between rural and urban areas.

Tamil Nadu's IT policy 2002 seeks to make the state a destination of choice for IT investments, upgrade the quality of life of its citizens through e-governance, empower people in rural areas to bridge the urban-rural digital divide, to develop research and development initiatives and to promote the use of Tamil in information technology.

The new IT policy is expected to generate immense employment opportunities and transform the state from 'an inline to an online state'. It also aims at empowering citizens, particularly rural womenfolk, with a knowledge base on resources and markets with the objective of creating wealth and employment opportunities throughout rural Tamil Nadu.

"My aim is to make Tamil Nadu a knowledge driven and digitally literate society. I perceive the role of IT as an instrument for widening access, rather than the gap between those who are linked and those who are not," says the chief minister. The state is making critical investments in training and computer education for making all its students digitally literate. The large base of engineering institutions — 234 engineering colleges, 204 polytechnics and 526 ITIs — in the state are being encouraged to interact with industry and create centres for excellence.

IT in governance is being viewed as a critical input for good governance. Transparency and improved service delivery are being seen as the objectives of the massive programme on e-governance being implemented by the government. It includes integrating the existing computerisation projects in different departments like transport, registration, sales tax and education. Serious plans are afoot towards introducing electronic delivery of services (EDS) as well. The

government believes that empowering the people through the power of information technology is an important step forward in promoting technocracy and opportunities in rural areas.

The unique advantage for Tamil Nadu lies in its varied base of manufacturing, agriculture and industrial sectors that are effectively applying IT to increase their international competitiveness. According to Jayalalithaa, Tamil Nadu is planning to utilise the domain expertise in these sectors to position the state as the Business Process Outsourcing (BPO) capital of the world.

To propel growth, the state plans to provide adequate infrastructure facilities to develop BPO centres in tier II cities like Coimbatore, Madurai, Tiruchirappalli, Tirunelveli and Salem. The strategy is to promote knowledge industry townships on the IT highway in Chennai through a public-private partnership. The government is also taking necessary steps to build a solid Internet backbone for the state so as to improve the speed, quality and reliability of Internet access. The i2i-based 8.4 thps submarine link established between Chennai and Singapore has gone a long way in strengthening the basic digital infrastructure in the state.

The quiet and substantive information revolution sweeping across the state has given it an enormous edge over its neighbours. One of the significant differences between Tamil Nadu and its immediate neighbours is its relative decentralisation in terms of IT and commerce in general.

If the export revenue from this sector is used as a proxy to estimate the size of the IT industry in Tamil Nadu, the state is twice as large as Andhra Pradesh. The state government's low-profile support for proliferation of IT-based businesses, IT-enabled education and governance reforms has given the state an unmistakable readiness to take on the networked world. There can be no doubt Tamil Nadu has emerged as a major hub for software and hardware development and has become India's IT corridor to South-East Asia and the Far East.

# Major Industries In Tamil Nadu

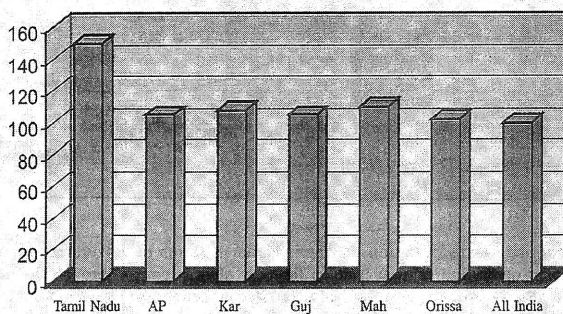
**T**HE FIRST DECADE OF THE 21ST century is going to be a make or break one for Tamil Nadu. The state has been a forerunner in India's industrial development accounting for over 11 per cent of national industrial output. The growth in the secondary sector ran out of steam towards the end of the last decade. Does Tamil Nadu have the political will, the requisite economic muscle and the collective sanction to ensure a big-ticket recovery and achieve an impressive growth run in the secondary sector?

The signs have been very positive. Chief Minister J Jayalithaa has outlined a series of impressive second-generation reforms to improve the performance of the secondary sector, particularly in manufacturing, and put it on a high-growth trajectory. While much of it is to come from the traditional, well-developed and diversified manufacturing sector, the focus has now shifted to creating solid, world-class physical infrastructure, providing transparent and efficient governance, setting clear policies and expanding entrepreneurial activity in the state.

Modern manufacturing demands high-quality infrastructure at reasonable costs to the investor and the Tamil Nadu government

## Infrastructure Development In Tamil Nadu

- Tamil Nadu ranked better than most other Indian States by CMIE study
- Infrastructure Index of Tamil Nadu is 145.6 (All India average = 100)
- CMIE index includes Eleven components of Infrastructure like power, roads skilled manpower availability & education, communication, health care, etc.

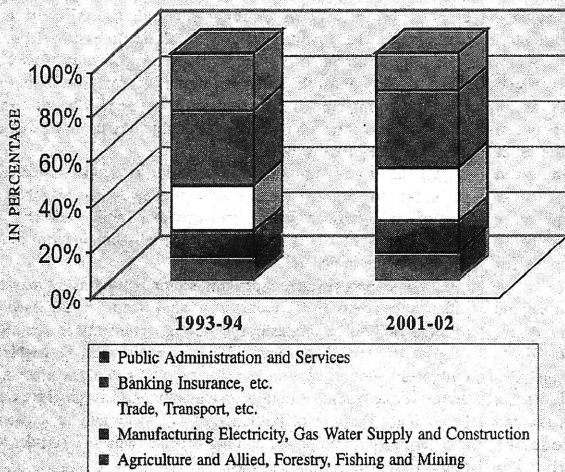


has shown remarkable realism in ensuring this. Special Economic Zones in the port towns of Ennore, Tuticorin and Chennai are being established. The government proposes to develop integrated industrial townships to meet the ever-increasing demand for quality social infrastructure under public-private partnership. The Tamil Nadu Urban Infrastructure and Financial Services Limited is the nodal agency for encouraging public-private investment interface in urban infrastructure development. The government has also announced a comprehensive infrastructure development plan for the Chennai Metropolitan Area with an outlay of Rs. 18,000 crore. The reforms in the power sector have ensured a spectacular turnaround for the TNEB and the focus now is on adding additional generation capacities to meet the growing energy needs in the state. The educational infrastructure in the state has been geared up to meet the demands of the new manufacturing industries.

Let us take a look at the advantages that have put Tamil Nadu in the fast and sustained growth lane. Tamil Nadu's greatest opportunity lies in its core strengths: strong manufacturing capabilities in areas like engineering, textiles and leather — which also form the largest employment base in manufacturing; a high-quality workforce with a large segment of workers trained in science and technology; and a strong R&D tradition.

The state has been focusing on improving productivity, which includes a thrust towards international production standards, export development, improved market penetration and

## Sectoral Contribution To GSDP At Constant (1993-94) Prices





strengthening the supply chain through the rapidly growing services sector. Shaping competitiveness in new growth sectors such as information technology, biotechnology, etc., also forms an integral part of the state's comprehensive secondary sector growth strategy.

The proactive development strategy enunciated by the Jayalalithaa government has paid rich dividends. In less than five years, Tamil Nadu has gone from producing no cars to being the base of three international automobile majors: Ford, Mitsubishi and Hyundai. Not only does the state also play home to India's leading auto component manufacturers, it also boasts of some of the most discerning car and two-wheeler buyers in the country. Ford's Josh machine, for instance, enjoys a home advantage since it is rolled out from a plant near Chennai, giving it around 40 per cent marketshare among mid-size sedans in the south.

**T**AMIL NADU'S PROVEN STRENGTH IN textiles and apparels can be gauged from its large manufacturing capacity which contributes over 25 per cent of the country's export in cotton yarn and fabrics. About 23 per cent of India's exports of readymade garments originate from Tamil Nadu.

With the success of the hosiery and textile industry, Tiruppur has emerged as the apparel capital of India. The state government is stepping in in a big way to improve production competitiveness which includes setting up a state-of-the-art textile and apparel parks in Tiruppur, Perundurai and Chennai. Infrastructure is being spruced up through public-private partnership under the aegis of the New Tiruppur Area Development Corporation Limited. With Tamil Nadu retaining its top position in this industry,

### Contribution Of Secondary Sector In NSDP

| ECONOMIC ACTIVITY                        | 1993-94<br>(%) | 2001-02<br>(%) |
|------------------------------------------|----------------|----------------|
| AGRICULTURAL & ALLIED, FORESTRY, FISHING | 24.82          | 16.65          |
| MANUFACTURING AND CONSTRUCTION           | 33.72          | 34.02          |
| TRADE, TRANSPORT, ETC.                   | 20.40          | 23.83          |
| BANKING INSURANCE, ETC.                  | 11.01          | 13.63          |
| PUBLIC ADMINISTRATION & SERVICES         | 10.05          | 11.85          |

Source: Department of Economic and Statistics, Chennai - 600 006.

important international majors are looking at the state as a global outsourcing centre for high-quality output at competitive rates.

Similarly, the state's comparative strength in leather and leather-based industries is no match for others. Out of the total installed capacity of around 225 million pieces of hide and skins in India, the state alone contributes an impressive 70 per cent. Tamil Nadu also accounts for more than 45 per cent of the export of leather and leather-based products from India. To further improve its marketshare in leather and leather products, the state government is setting up an exclusive rubber industrial estate at Nagercoil in Kanyakumari District.

The state also enjoys a strong base in the chemical industry and has developed a chemical belt at Manali on the outskirts of Chennai. It has a product range covering petrochemicals, fertilisers, polyols, nylon, chips and polybutanes. Major chemicals and fertiliser plants have come up in Cuddalore and Tuticorin districts.

Tamil Nadu's seafood industry meanwhile is in the throes of a sea change. With growing emphasis on value addition

and quality-consciousness, Tamil Nadu with its rich marine diversity has an unequivocal advantage in the country's food processing industry. Rapid urbanisation, changing lifestyles and a proliferation of tastes have made this sector big. With over 1,000-km coastline bordering nine districts and a contribution of over 20 per cent of total seafood exports from India, Tamil Nadu offers an enormous strategic advantage to potential investors. The state government is seeking to consolidate this strength through the Fisheries Development Mission.

Agro-based industries are the source of rural employment in Tamil Nadu. Realising its importance in improving the purchasing power of rural households, the government of Tamil Nadu is implementing the 'New Anna Marumalarchi Thittam' aimed at encouraging one rural agro-based industry in every 385 blocks in the state. Horticulture and floriculture are being given an unprecedented thrust in a determined bid to wean farmers away from cultivating water intensive crops. To its advantage, Tamil Nadu has an ideal climatic condition for growing fruits and vegetables in the Madurai-Dindigul belt, making it ideal for locating agriculture and floriculture industries. Coimbatore is being rapidly developed as a floriculture zone. The government has announced plans to set up a Floriculture Park at Ooty and a Horticulture Park in Dharmapuri District. An Eco-Enterprises Park is slated to come up in Nilakottai in Dindigul District.

### Tamil Nadu — Human Resources

- High Literacy rate of 73.5%
  - 245 Engineering colleges, 204 Polytechnics & 526 ITIs
  - Abundant availability of skilled manpower: 75,125 Engineering Graduates per year including 26,000+ in Mechanical, Automobile and production Engineering
  - Cordial Industrial Relations and peaceful industrial climate: man days lost < 1.0% of total availability during 2001-02
- Labour productivity and value-addition in factory sector in Tamil Nadu highest among Indian states
- Relatively lower wage rates in comparison with other Indian Metros

**T**HE TELECOM SECTOR, PARTICULARLY basic telephony, is being seen as a major investment sector in Tamil Nadu. There are around 3.6 million connections with a total investment of around Rs. 3,600 crore per annum in the state. This sector has been registering an



J JAYALALITHAA ADDRESSING THE NATIONAL EXECUTIVE COMMITTEE MEETING OF THE FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY (FICCI) LAST JULY.

impressive growth of 16 per cent per annum. The state's tele-density of 5.3 is well above the national average of 3.7. Chennai alone has the tele-density of 19.5, which is above that of Hyderabad at 13.2 and Bangalore 18.7.

Private telecom operators, including Bharti, Reliance and Tata Tele Services, plan to cover 100 towns in seven years in basic telephony network. The i2i-based 8.4 thps submarine link established between Chennai and Singapore has gone a long way in strengthening the basic digital infrastructure in the state.

Tamil Nadu has emerged as the southern IT-gateway of India, opening up the country to the Asia-Pacific and the Far East. The state has over 860 IT companies and is widely regarded as a leader in software exports. The government is also collaborating with industry groups in setting up a Knowledge Industry Township as a part of its vast IT corridor between Chennai and Siruseri. Analysts believe that the completion of the IT corridor will give Tamil Nadu an unprecedented advantage in attracting IT and ITES investments. The growth potential

in this sector can be gauged from the fact that IT exports from Tamil Nadu increased from Rs. 3,116 crore in 2000-01 to Rs. 5,223 crore in 2001-02 — a growth rate of 68 per cent and constituting 14.7 per cent of all India IT exports. The state government has also ambitious plans to develop Tier II cities for broad basing IT

and ITES investments in the state.

Potential investors need to approach only one agency in Tamil Nadu to set up shop. The Guidance Bureau now offers this facilitation on a single format, providing a single-point forum for all regulatory agencies to accord their approvals within a stipulated timeframe. A Common Return

Form to reduce all the 51 return forms now being filed by entrepreneurs is also on the anvil. These are some significant initiatives from the government to reduce transaction time and costs.

There is clearly no looking back for Tamil Nadu. With determined and proactive leadership, Jayalalithaa has put Tamil Nadu into a high-growth orbit. The chief minister has proved that fiscal reforms are the means to ensure accelerated development of the state. Her development strategy, which integrates well with reform priorities, is clearly intended to make Tamil Nadu an economic powerhouse. The reform process in Tamil Nadu carries conviction not only with the people of the state but also with potential investors who agree that the state government is very serious about business.





## Hon'ble Chief Minister Selvi J JAYALALITHAA inaugurates new Krishnagiri District

**H**on'ble Chief Minister Selvi J Jayalalithaa inaugurated new district with Krishnagiri as its headquarters at a function held at Krishnagiri on 9th February 2004. The new Krishnagiri district carved out of Dharmapuri district is the 30th district in Tamil Nadu.

While speaking at the function the Hon'ble Chief Minister recalled the historical background and cultural heritage of the district. Hon'ble Chief Minister said that the new district has been created with a view to ensure better administration and also to fulfil the aspirations of the people. The Krishnagiri district comprises of 2 Municipalities, 10 Panchayat Unions, 7 Town Panchayats and 337 Village Panchayats.





Hon'ble Chief Minister also said that she had ordered to allocate a sum of Rs 10 crores to construct a Master Plan Complex so as to

accomodate all Government offices under one roof.



She also said the Government is giving top priority to agriculture since 62 percent of people of Tamil Nadu depend on agriculture. Considering the welfare of the farmers, the Government have recently ordered to implement schemes for improving the water resources at a cost of Rs10.71 crores to benefit 10 districts including Krishnagiri and Dharmapuri. With a view to develop the horticultural crop in Krishnagiri and Dharmapuri Districts, it has been ordered to develop **precision farming** in an area of 1000 acres at a cost of Rs 7.21 crores. With a view to convert all waste lands into cultivable lands and to bring about a green revolution, my Government has introduced a Comprehensive Wasteland Development Project, she added.



Hon'ble Chief Minister said the Government had sanctioned Rs 5 crores for implementing new socio economic schemes in order to prevent the unemployed youth from pursuing militant activities in Dharmapuri district.

The Hon'ble Chief Minister inaugurated 3,754 developmental works completed at a cost of Rs 23.33 crores in Krishnagiri



function. Hon'ble Minister for Public Works Thiru O. Panneerselvam and Hon'ble Minister for Social Welfare Tmt. B.Valarmathi also spoke. Tmt.Lakshmi Pranesh IAS ,Chief Secretary, Government of Tamil Nadu welcomed the gathering.

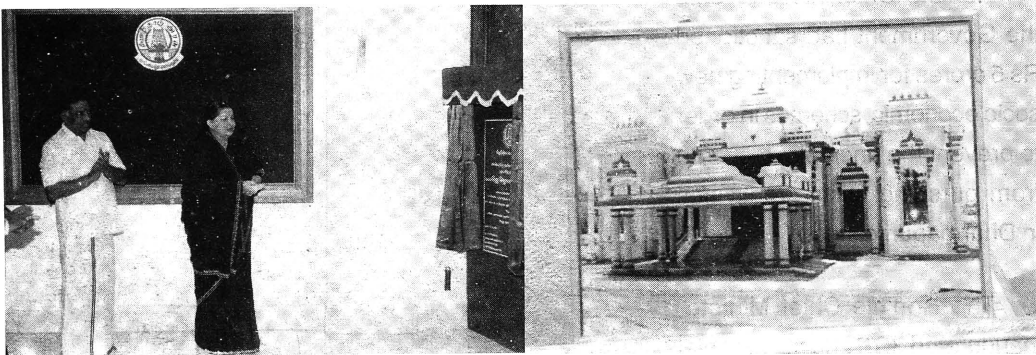
district and 3,314 works executed at a cost of Rs17.34 crores in Dharmapuri district. She also laid foundation stones for 373 works to be executed at a cost of Rs 25.32 crores in Krishnagiri district and 263 works at a cost of Rs 21.91 crores in Dharmapuri district.



Hon'ble Chief Minister also distributed welfare assistance to 18,568 beneficiaries belonging to Krishnagiri and Dharmapuri districts. Hon'ble Minister for Information Publicity and Local Administration Thiru K.P. Anbazhagan presided over the

Dharmapuri district Collector Thiru M.A.Siddique, IAS, Krishnagiri district Collector Thiru Mangatram Sharma, IAS, and public representatives also participated in the function.

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## **Hon'ble Chief Minister inaugurates a massive Mahamaham Kalaiarangam constructed with architectural beauty**

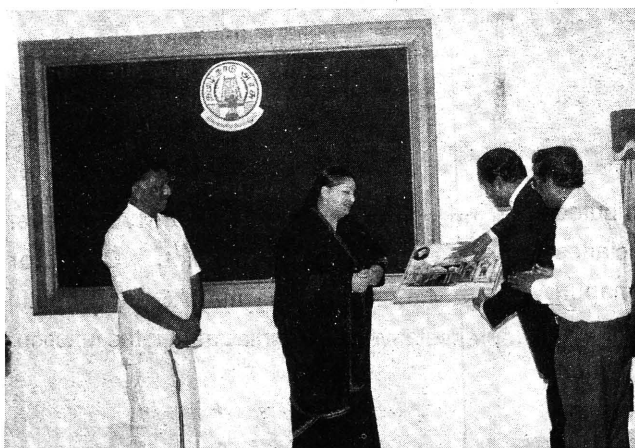
**T**he Mahamaham festival celebrated once in twelve years will be held on 6th March 2004. Elaborate arrangements have been made and various works were executed to create permanent infrastructure facilities and also to give a facelift for the Kumbakonam town. In view of the Mahamaham festival a big Kalaiarangam reflecting the dravidian architectural beauty has been constructed at a total cost of 1.65 crores. The Kalaiarangam has a beautiful stage and a hall with a seating capacity of 1,000. It has been constructed at an important place in Kumbakonam in an area of 3.5 acres.

Hon'ble Chief Minister Selvi J Jayalalithaa inaugurated the Kalaiarangam at Secretariat, Chennai on 20.2.2004. Hon'ble Minister for Public Works Thiru. O. Panneerselvam, PWD secretary Thiru. N.S. Palaniappan, PWD (Buildings) Chief Engineer Thiru. Jayachandra Mohan were also present during the occasion.

Hon'ble Chief Minister also inaugurated a bypass road for Kumbakonam laid to a length of 8.75 kilometers with an incurred expenditure of Rs.24.09 crores. Two major over bridges were built across the river Cauveri and another one across Arasalaru river. 17 small bridges and 28 culverts have also been constructed on the bypass road.

Needless to say that the Kalaiarangam and the bypass road will be a permanent asset for the people of Kumbakonam and also remind the glorious event of this festival.

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# Assessing the drought situation in Tamil Nadu

**Meeting of the  
Central Inter- Ministerial Team  
with Hon'ble Chief Minister**

In view of the severe drought condition prevailing in the State, a detailed drought Memorandum was prepared and sent to Government of India by the State Government, requesting for release of cash assistance of Rs.1,584 crores from the National Calamity Contingency Fund and also 10.8 lakhs M.T. of rice for the Food for Works Programme. A separate memorandum was also sent to the Government of India requesting to release a cash assistance of Rs.700 crores to tackle the drinking water crisis in Chennai City. The Hon'ble Chief Minister had personally written to the Hon'ble Prime Minister and the Hon'ble Deputy Prime Minister and also handed over the memorandum to the Hon'ble Deputy Prime Minister requesting them to sanction the assistance sought for immediately.

In response to the request of the Hon'ble Chief Minister, the Government of India has deputed a Team of Senior Officers of the Government of India to assess the drought situation in the State. The Team is headed by Thiru. Dinesh Rai, Managing Director, N.C.D.C. The other members of the Team are :-

- 1) Thiru. C. Ganapathy  
Additional Advisor  
Ministry of Rural Development and  
Employment, New Delhi
- 2) Thiru. M.S. Narayanan  
Assistant Advisor  
Ministry of Urban Development,  
New Delhi
- 3) Thiru. K. Manoharan  
Director (Crops) Ministry of Agriculture  
Shastri Bhavan, Chennai

- 4) Thiru. K. Vivekanand  
Under Secretary (SGRY)  
Ministry of Rural Development,  
New Delhi
- 5) Thiru. Jitesh John  
Research Officer, Planning Commission,  
New Delhi
- 6) Dr. A.K.C. Patnaik  
Director (CCBF)  
Department of Animal Husbandry &  
Dairy, Chennai
- 7) Lily Mitra  
Deputy Commissioner (Horticulture)  
Ministry of Agriculture, New Delhi

The Hon'ble Chief Minister explained to the team that the State received a deficit rainfall during the years 2000, 2001 and 2002. The State faced a severe drought in 2002 due to unprecedented deficit rainfall. During the year 2003, during the South - West Monsoon 9 districts received deficit rainfall and during the North - East Monsoon, as many as 11 districts received deficit rainfall. Because of the continuous failure of monsoon in the previous seasons, the ground water level had gone down deeply.

The Hon'ble Chief Minister also pointed out that out of 16 major irrigation reservoirs in the State, the storage in as many as 13 reservoirs is even lower at present compared to last year's position. More than 90% of the lakes and ponds have dried up. The failure on the part of Karnataka to release water in the Cauvery System had also adversely affected both the agricultural prospects and the drinking water position. Due to this, the Kuruvai Paddy cultivation (June to August) could not be taken up by the delta farmers. During Samba season (October to March),



crops could be raised only in an area of 9.516 lakh hectares in the State as against the normal area of 14 lakh hectares. 13.88 lakh coconut trees were fully damaged and 22.44 lakh trees were partly damaged. The anticipated production loss in both Agriculture and Horticulture is about Rs.3,795.25 crores and the total loss of mandays in Agriculture is 1,969 lakh mandays.

The Hon'ble Chief Minister informed the Team that the State Government has declared all the 29 districts in the State, except Chennai as drought affected for the purpose of undertaking employment generation works under the special component of Sampoorana Grameen Rozgar Yojana and water supply works. The Hon'ble Chief Minister brought to the notice of the Team that Land Revenue along with Local Cess and Local Surcharge have been waived for the Fasli year 1413.

The Hon'ble Chief Minister apprised the Team of the various steps taken by the State Government to tackle the drought situation. She requested the Team to make a thorough assessment of the drought situation in the State and to present the true picture to the Government of India so that the State could get a reasonable relief package.

Thiru. Dinesh Rai, Leader of the Team assured the Hon'ble Chief Minister that the Team would submit the report to the Government of India immediately after inspections.

During the meeting Hon'ble Minister for Public Works, Prohibition & Excise and Revenue, Hon'ble Minister for Finance and Food, Hon'ble Minister for Law, Information Technology & Electricity, Hon'ble Minister for Agriculture, Hon'ble Minister for Information & Publicity and Local Administration, Chief Secretary, Special Commissioner and Commissioner of Revenue Administration, Secretary, Municipal Administration & Water Supply, Secretary, Rural Development, Secretary, Agriculture and Secretary, Revenue were also present.

The team visited in three groups on 21st and 22nd of February and assessed the drought situation.







## **HON'BLE CHIEF MINISTER RELEASES A BOOK "WOMEN'S OWN" ON EMERGENCE AND GROWTH OF SELF HELP GROUPS**

**T**he dynamic Self Help Group Movement of Tamil Nadu has created a revolution and has become the 'Women's Own Movement' leading to their social, economic and political empowerment. The programme which made a humble beginning in 1989 as an IFAD-assisted pilot project in 2 blocks in Dharmapuri District in Tamil Nadu, today covers all the 29 Districts, 385 Blocks and 12,619 Panchayats in Tamil Nadu and will soon make its presence in all the hamlets and habitations in the State. This is a remarkable phenomenon, which is unique to the Tamil Nadu State and is, perhaps, the first State Government-sponsored initiative of this magnitude in the country. The women are indeed surging forward with great force.

The programme is growing from strength to strength with each passing day

and has been a guiding lamp to many other state-sponsored initiatives, which are implemented throughout India. The Sampoorna Gram Samriti Yojana-rural women's development and empowerment programme of the Rural Development Ministry, Government of India, was conceived on the basis of the Tamil Nadu model. Similarly, the Swashakti and Swyam Sidha programmes of the Department of Women and Child Development of the Government of India have also relied mainly on the training and convergence strategies of the Mahalir Thittam.

On the one hand, the story of the Self-Help Movement in Tamil Nadu is a story of struggle and hardship of women and on the other hand, it is a dream-come-true story of devotion, dedication, and achievement. It is

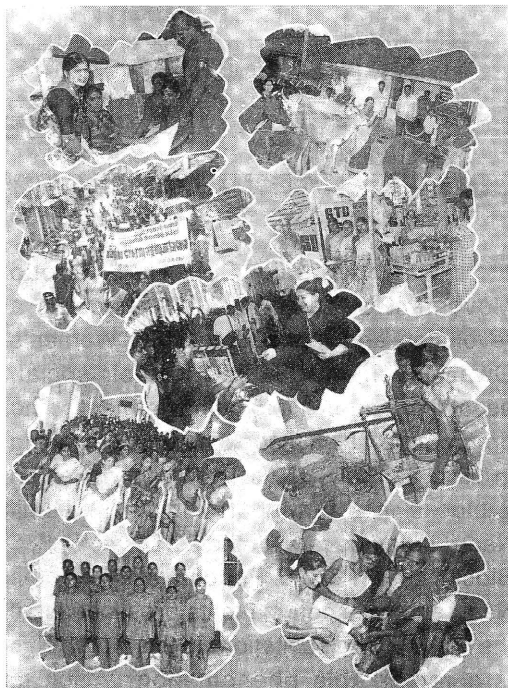


*“A silent economic revolution” has taken place in rural areas of Tamil Nadu following empowerment of women with the formation of Self Help Groups. Gone were the days of bankers’ reluctance to provide loans to the SHG members. On the contrary, they were now asking the SHGs to deposit their savings with them. The SHGs gave women a “top place” in society and they were not dependent on men anymore”.*

- Hon'ble Chief Minister  
Selvi J JAYALALITHAA

indeed a Government programme done well. It is a saga of the struggle of women to come into their own. It is also a tale of the agony of transformation our traditional rural society is undergoing to pave the way for women's participation and to accept their independence from cultural shackles.

With the sole objective of inspiring such a movement of women in every part of the world, the book 'Women's Own'- the Self Help Group Movement of Tamil Nadu has been written by Tmt.C.K.Gariyali, Social Welfare Secretary and the Chairperson and Managing Director, Tamil Nadu Corporation for Development of Women along with Dr.S.K. Vettivel a senior development consultant and head of India NGO Centre, New Delhi.



Hon'ble Chief Minister Selvi J Jayalalithaa released the book 'Women's Own' containing the full gamut of information on and the success stories of Self Help Groups, on 25.2.2004 at the Secretariat.

The Chief Secretary Tmt.Lakshmi Pranesh I.A.S., and the Social Welfare Secretary Tmt.C.K.Gariyali I.A.S., and other senior officials were present on the occasion.

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## THE HON'BLE CHIEF MINISTER LAYS FOUNDATION STONE FOR THE SOFTWARE DEVELOPMENT CAMPUS OF INFOSYS TECHNOLOGIES LIMITED

The Hon'ble Chief Minister of Tamil Nadu Selvi J Jayalithaa, on 25.2.2004 laid the foundation stone for the Software Development Campus of Infosys Technologies Limited to be constructed at Mahindra City in the presence of Thiru. N. R. Narayana Murthy, Chairman of Infosys Technologies Limited and Thiru. Anand G. Mahindra, Vice Chairman & Managing Director, Mahindra & Mahindra. This sprawling campus, to be built on an area of 129 acres, will be 10 times larger than the current campus of Infosys in Chennai.

Briefing the Hon'ble Chief Minister about the resounding success of Infosys at Chennai, Thiru. Narayana Murthy informed the Hon'ble Chief Minister about the investment plans in the new facility **which will become the world's largest development centre** in which Infosys plans to make a total investment of Rs.1,250 crores by creating employment for 25,000 persons in a total built up area of 3.5 million sq. ft.

Infosys, which started operations at Chennai in 1995 with 100 employees has achieved phenomenal growth from its operations and currently employs 2,800 persons. Software exports from the Chennai centre were of the value of Rs.742 crores for the financial year ended December 2003.

Thiru. Narayana Murthy indicated that Tamil Nadu and Chennai provided the ideal ambience for rapid expansion in the IT and ITES industry. He expressed tremendous confidence in the growth potential of Chennai in the IT Sector and stated that Chennai had all the attributes required and with the low attrition rate Chennai was best poised for rapid growth.



With an investment of Rs.250 crores in the first phase, this campus will employ over 5000 people in a built-up area of 1 million sq.ft. Thiru N.R. Narayana Murthy informed the Hon'ble Chief Minister that Infosys proposes to take the 'modular route to construction' and will keep on adding to the constructed space and employment based on business needs and demands.

Mahindra City, promoted by the Mahindra Group and TIDCO, is one of the first planned and integrated private-public-partnership Business Cities in the Country and was inaugurated by the Hon'ble Chief Minister in September, 2002. Thiru Anand G Mahindra informed the Hon'ble Chief Minister that Mahindra City encompasses both business and lifestyle spheres.

The Hon'ble Chief Minister appreciated the massive growth plans of Infosys in Chennai and assured Thiru N.R.Narayana Murthy of full

support and assistance from the Government of Tamil Nadu to speed up the implementation of the proposed software development campus of Infosys.

Thiru N.R.Narayana Murthy and Thiru Mahindra were accompanied by Thiru S. Gopalakrishnan, Chief Operating Officer, Infosys Technologies Limited, Thiru Shiv Shankar, Development Center Head, Infosys Technologies Limited, Thiru Arun K. Nanda, Executive Director, Mahindra and Mahindra and Thiru B.G.Menon, Chief Operating Officer, Mahindra Industrial Park Limited. The Hon'ble Minister for Law, IT and Electricity, the Hon'ble Minister for Industries, the Chief Secretary, the Development Commissioner and Secretary, Finance, the Secretary, Industries and the Secretary, Information Technology were also present.

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## REPUBLIC DAY CELEBRATIONS IN CHENNAI

**T**he Republic Day celebrations was organised in Marina at Chennai on 26th January 2004 on a grand scale.

His Excellency Governor of Tamil Nadu Thiru. P.S. Ramamohan Rao unfurled the National Flag. At the moment the Helicopter showered rose petals and Coast Guard Aircrafts flew past.

His Excellency the Governor of Tamil Nadu took the salute at the dais for the Ceremonial March past by the contingents of the Army, Navy, Air Force and Ex-Service men, Police, NCC and Bharat Scouts and Guides.

Hon'ble Chief Minister Selvi J Jayalalithaa presented Anna Medals for

Gallantry to two persons for their acts of bravery. The award carried a medal worth of Rs.2,000 each and a cash certificate for Rs.10,000. Selvan K. Veeramani of Vedaranyam in Nagapattinam District received the Award for his bravery in saving the life of Selvi. Sulekha aged 11 when she accidentally fell into a lake in Vedaranyam.

The second person who received Anna Medal was Selvan P. Durai Murugan of Vaguthalvarpatti village, Tiruchirappalli District, who had climbed down a 36 feet deep well to bring out Selvan Palaniyandi who had fell into the well and became unconscious due to head injury.

"Kottai Ameer Communal Harmony Award" named after Thiru Kottai Ameer who



of Police, Krishnagiri, and Thiru G. Chakkaravarthi, Sub-Inspector of Police, Tenkasi Police Station.

This was followed by the carnival of school children and college students. Students of GPT Mahalakshmi Vidyalaya Matric Higher Secondary School, Children Garden Higher Secondary School, Balalok Matric Higher Secondary School,

worked for promoting Communal harmony, presented every year to a person who works for promoting communal harmony was presented to Thiru Ahmed Khan (aged 70 years) of Kanniyakumari District.

Maharishi Vidya Mandir Higher Secondary School, Queen Mary's College, Women's Christian College and Ethiraj College for Women presented a colourful carnival of traditional dance, bamboo dance, fisherman's dance, Gujarati-Garba and Dandia Raas, Natiya nadagam, Oyilattam and Kummi and folk dance, respectively.

This carnival was followed by a spectacular show of cultural programme by the cultural groups of Andhra Pradesh, Karnataka, Gujarat states and from Madurai and Vellore districts.

Thiru Ahmed Khan had organised several communal harmony rallies and inter-religious meets. An advocate by profession, he was selected by the Government as a special delegate for an inter-religious dialogue with Pope John Paul II when the latter visited Chennai on 5.2.1986. Thiru Ahmed Khan is respected by all for his valuable service in promoting humanism and communal harmony.

Hon'ble Chief Minister also distributed the Mahatma Gandhi Police Medal to two police personnels who have done outstanding work in curtailing illicit liquor. This Medal carries a lumpsum grant of Rs.10,000. The Hon'ble Chief Minister gave away this award to Thiru R. Karunakaran, Inspector



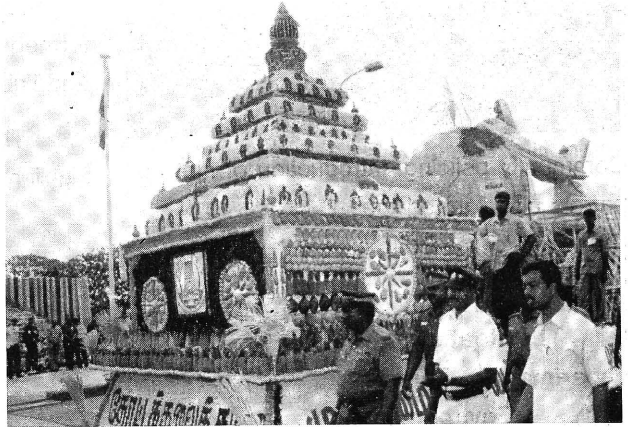


The Government's new strides in the field of e-Governance and forming of Self Help Groups for the empowerment of Women and a replica of Bharat Ratna Dr.MGR Memorial.

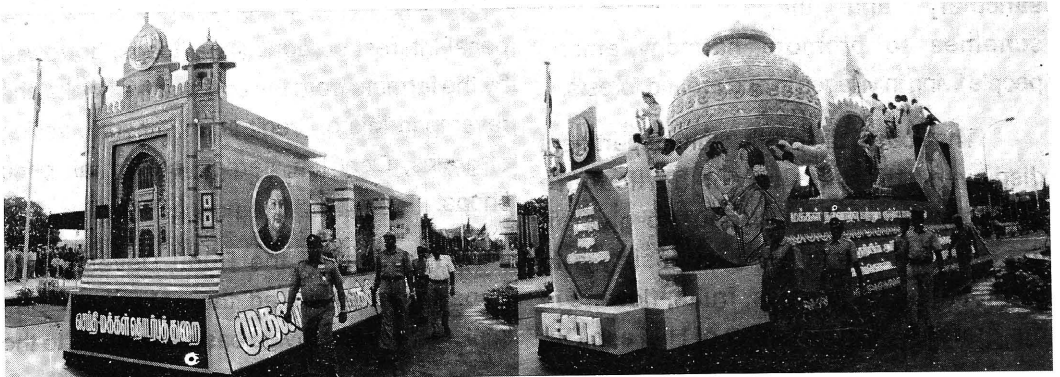
The float of Tamil Nadu Water Supply and Drainage Board highlighted Rain Water Harvesting, the innovative mini power pump scheme, schemes to provide drinking water to all Government schools and supply of potable water to all habitations in the state.

This spectacular cultural programme was followed by a pageantry of floats highlighting the achievements and activities of the Government. The pageantry of floats was led by the float arranged by the Information and Public Relations department, with the live Nadaswaram Music performance by the students of the Government Music College, Chennai.

Another float of the Information and Public Relations department highlighted the Heritage of the Chennai Government Museum, Tamil Arasu, the Government journal which publishes the schemes and achievements of the Government.



The Police department float highlighted the formation of Women Commando Force first of its kind in India, introduced by the Hon'ble Chief Minister. Formation of boys Club,





Community policing, introduction of highway patrols also formed the theme of Police department float.

The float of the department of Forests and Environment highlighted afforestation Project, the rejuvenation camp for elephants in Theppakkadu in Mudumalai Wiild Life sanctuary and the schemes to promote harmony among people living in villages in and around forests.

The float of the Horticulture department displayed the mission for horticulture development in Tamil Nadu to give an impetus to cultivation processing and marketing of vegetables, fruits, flowers in the State. A grand display of Hi-Tech Cut

flowers which are being grown and exported forms the rear wing of the float.

Development of industrial estates for women entrepreneurs, formation of TICEL BIO PARK, sale of Ooty tea through fair price shops, inauguration of electronic auction centre, TEASERVE for the benefit of small tea growers in the Nilgiris District were the highlights of the Industries Department.

Construction of new hostels for SC boys and girls, construction of schools, construction of additional class rooms in schools, provision of infrastructure facilities to benefit tribals, formed the theme of the float of Adi-Dravidar and Tribal Welfare department.

The float of the cooperation department highlighted the scheme to waive the interest and



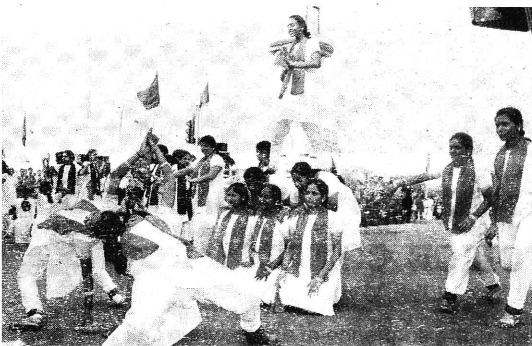
penal interest on agricultural loans, borrowed by the farmers from the cooperative banks, the revamped Micro Credit Loan scheme, selling of grains, Ooty tea, sarees, etc. in fair price shops.

The float of the Rural Development Department exhibited the schemes being implemented to provide basic amenities to the



rural poor for their economic development. Swarnajayanthi Gram Swarozgar Yojana, upgradation of unserviceable kutcha houses, Total Sanitation Campaign, integrated Rural Housing Scheme, renovation of village tanks, formation of threshing floors and construction of buildings for SHGs .

The Tourism potentiality of



Tamil Nadu was aptly displayed in the float of the Tourism Department.

A host of efficient services available to the people of Tamil Nadu are symbolically depicted in the float of the Health and Family Welfare Department.

The float of the Agriculture Department was bedecked with cumbu, paddy, sugarcane and coconut. "Crop diversification" programme, Pulses village scheme, organic farming - Panchakavya and Nutkca application, System of rice intensification, improved soil research activities were the theme of the float.

The float of the Fisheries Department displayed the inauguration and implementation

of Fisheries Development Mission in Tamil Nadu. The scheme of 'Sea Ranching', supply of ice boxes with transparent lid also formed theme of the float.

The welfare schemes for the upliftment of the weaker sections viz. women, children handicapped and old age people, eradication of female infanticide and cradle baby scheme formed the theme of the float of Social Welfare Department. These floats of various departments were followed by the water tender, foam tender and emergency rescue tender of the Fire and Rescue Services Department.

After the passing of the colourful floats of various departments, the Chief Secretary Tmt. Lakshmi Pranesh, I.A.S., introduced the Parade Commander to His Excellency the Governor of Tamil Nadu. And the grand show came to an end with the National Anthem.

Hon'ble Ministers, dignitaries and a large gathering of general public witnessed the historic event of the Republic Day celebrations organised by the Government of Tamil Nadu.

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## **HON'BLE CHIEF MINISTER SELVI J JAYALALITHAA INAUGURATES MODEL POLICE CONTROL ROOM**

Hon'ble Chief Minister **SELVI J JAYALALITHAA** inaugurated Model Police Control Room, first of its kind in the Country, setup at a cost of Rs. 3.50 crores in Chennai, on 18.02.2004. The salient features of this unique setup are presented below :

The Control Room is the first of its kind in the country wherein there is total integration of ACD (Automatic Call Despatch) system for the 100/103 emergency calls received in the Control Room and the GPS based AVL (Automatic Vehicle Location) system for locating patrol vehicles moving in different parts of city and directing them to the places of emergency/places of crime.

2. Following is the sequence of action when call is received

- i. All the 100/103 emergency calls received at the Control Room are automatically recorded in a voice logger.
- ii. The Operator handling the call simultaneously processes the call, prepares a challan in the computer and forwards it to the wireless operator of the zone from which the call has emanated.
- iii. The integration of telephone number and address Data Bank in the ACD system enables the operator to immediately identify the location from where the emergency call has originated.
- iv. The wireless operators monitor the movement of patrol vehicles fitted with AVL modems on the computer screens. For the purpose of such monitoring, the system has a digitized map of Chennai City with several layers of information such as the road network, important hospitals, vital installations, High security zones, the communal and crime prone sensitive place etc.



v. The operator incharge, on receiving the information about the call on the Computer Screen, identifies the nearest patrol vehicle and the shortest route for reaching the location and alerts the patrol vehicle through wireless system.

3. The system also provides for handling calls, relating to traffic emergencies, distress calls received from women/ Children through telephones 1091 and 1098 respectively. As the entire system is computerized, the analysis of the emergency calls on various parameters can be done very quickly, which helps in taking appropriate preventive steps. The public interface of the Police with the citizens improves to a great extent because of the automatic recording and processing of the calls. The effectiveness of the functioning of the patrol vehicles can also be closely supervised with the help of the system.

4. The control room will also have the following exclusive toll free telephone lines.

1. One general line for lodging of complaint/information from Public.

2. Help line for senior citizens.

3. Green line provided by touchtel for lodging complaints relating to air/noise pollution.

5. 50 patrol vehicles have been equipped with AVL modems and 10 more are kept as reserve for specific requirements.

6. The Control Room building has provision to house fully equipped striking force with lethal / Non lethal weapons and bomb detection and disposal squads to attend to any emergency, rescue and relief operations.

7. The briefing cum projection room in the ground floor can be used for briefing Police Officers during major bandobusts/operations. It has online projection facility with state of the art projection equipment.

8. Total cost of the projection Rs.235.07 Lakhs (Rs.108 Lakhs for building + Rs.127.07 Lakhs for communication and equipment)

## **E.BEAT SYSTEM**

The E.Beat system replaces the traditional beat system wherein beat constables sign the patta books kept in residences/commercial establishments while performing beat duty. Under this system, electronic chips are embedded in a wall at important places. The beat constables carry a reader. When brought within 6 inches of the electronic chip, the reader records the identity of the specific chip, thereby the time and place of the beat check are recorded. There is a provision for the supervisor



to carry a smart electronic card for recording the checking of the beats. Besides doing away with the system of disturbing the inmates of the patta book holders at the odd hours, the system enables, instantaneous analysis of the beat performance, which, in turn, helps in taking appropriate steps for crime prevention. In the first phase 23 units have been installed in South Zone at a cost of Rs.14.5 Lakhs. This system will be monitored from the Control Room.

### **CLOSED CIRCUIT TELEVISION FOR JUNCTION MONITORING**

The system is first of its kind to be installed in the country wherein traffic situation at important junctions will be monitored from a remote location with connectivity through 2 Mbps (Millions bytes per second) lease line provided by a telecom service provider. The system has one PTZ (Pan Tilt and Zoom) Camera and 3 or 4 fixed cameras installed at the following 8 important junctions.

Anna Salai: (i) Spencer

(ii) Eldams Road

(iii) Anna Fly over

(iv) Nandanam

EVR Salai: (v) Central Railway Station

(vi)Ega junction

(vii) Koyambedu

Kamarajar Salai: (viii) Gandhi Statue

2) The recording of movement of vehicles is done live at the intersections. The same images are transmitted over the 2 Mbps line to the Control Room and a continuous video stream can be watched on monitors.

The system provides for monitoring of all the 8 junctions simultaneously. The junctions can also be monitored by COP and any other authorized person from their offices on computers, even through internet.

Traffic violations at the intersection can also be recorded and challans can be sent to the offenders through post using the vehicles Data Bank of more than 55 Lakhs already available with the traffic Police. The cost is Rs.1 Crore.

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# COMPREHENSIVE WASTELAND PROGRAMME IN TAMILNADU

**T**amil Nadu is an agrarian State where nearly 70% of the Population depends directly upon agriculture for its main livelihood.

Owing to high pressure on land and the existing land owner practices, the average size of land holding is too small to make agriculture a profitable business. The common concerns that deserve national attention are issues associated with food security and efficient utilization of the available natural resources.

These concerns call for adoption technologies that allow higher return per unit application of inputs and promote the concept of value addition in the agricultural sector. There is urgent need for meaningful management of our natural resources not only for the sake of the distant future but even to tackle our immediate needs.

Comprehensive Waste land Programme in Tamil Nadu is believed to be one very important step towards the sustainable development of our agriculture system. Rainfed areas are those areas which have practically no irrigation facilities rendering agriculture completely dependent on rainfall. This implies that the crop production in such areas is likely to be seriously affected in bad rainfall year. Areas where rainfall is a common constraint for normal agricultural production are also referred to as dryland areas.

All the lands which are taken up for cultivation but are temporarily put off cultivation for a period of not less than one year and not more than 5 years are treated as other fallow lands.

In Tamil Nadu, an extent of 12.28 lakh ha which is 9.50% of the total geographical area was recorded in this category. There was an increase of 7.80% under this category of land as compared to previous year.

Conventionally, an average rainfall higher than 800 mm are categorized as rainfed areas and those below 800 mm as dryland areas. Dryland in Tamil Nadu are believed to constitute a 60% - 70% of the total cultivated area and contribute @ 45% to the food basket. Sorghum, millet, pulses and oil seeds are the main dryland crops. Tamil Nadu

state's total geographical area of 130 lakhs ha includes 25.60 lakh ha (19.70%) of fallows, culturable waste and permanent pasture. The Chief Minister desired during the review of Agriculture department, the formulation of a project to develop 20 lakhs ha of waste and fallow lands in 5 years through Watershed Development using appropriate agro-silvi-horti-pastoral strategies including large horticultural farms with efficient systems of water utilization and treatment of problem soils.

Chief reasons for wastelands being fallow are reduced soil moisture and loss of soil fertility.

Tamil Nadu has fully utilised its surface water and over exploited its groundwater in many blocks. The problem of the wastelands is a symptom of neglect of the watersheds in which they are located. While tackling the watershed and assisting land owners, it is important to provide for the stake that poor, landless and women possess in the watershed and help them also to share in the benefits and thereby improve livelihoods and help generate the social pressure for community involvement. The watershed programme is therefore, multidisciplinary and rests on community organisation. In

Comprehensive Wasteland Programme, the higher grade wastelands with assured rainfall will be used for cultivating medicinal and aromatic plants and creating horticulture orchards. In medium grade wastelands, oil seedplants comprising paradise tree and *Jatropha* will be planted for producing edible and fuel oil. Bio mass plantations of *prosopis* and *Casuarina* will help in generating electricity in marginal wastelands.

The primary objective of Comprehensive Wasteland Programme is to conserve, restore and manage the available natural resources so as to meet the needs of the present generation without degrading the environment and thus cause hardship for future generation.

It is obvious that in addition to the application of technically sound physical measures for resource utilization, Comprehensive Wasteland Programme also create awareness and development of village institutions which are in a





position to manage the natural resources in the larger interest of communities.

It is obvious that the management of common lands / properties is just not possible without the active participation of those who supplement their resources from these lands. Even judicious management of privately held resources like land and water is not possible through mere individual efforts.

Management of natural resources is a task of the community, for the community, by the community. The key socio managerial ingredients of Comprehensive Wasteland Programme therefore are mobilization of community participation, capacity building of groups and establishment of institutions for community based management practices.

The Project Implementing Agencies According to current practices, usually adopts the following major steps for mobilizing sustained community participation.\*

- ❖ Establishment of support through entry point activities.
- ❖ Creation of village level implementation plan in consultation with the communities.
- ❖ Formation of user groups and management committees.
- ❖ Development of capacities within the usergroups and management committees.
- ❖ Implementation of project components through user groups and management committees as far as possible.
- ❖ Conflict resolution and follow up.

As on 1.2.2004, more than 1 lakh acres have been planted with Agroforestry and horticultural seedlings from 2001 onwards. During 2004-05 it is proposed to cover 60 thousand hectare under plantation in 23 districts in patta lands.

In respect of leasing of Government wastelands to corporate Houses, the high level committee has

recommended to the Government for the lease of Government Wastelands to an extent of 1054.06 ha in the category of 8 ha and above.

### **Expected benefits**

The direct benefits expected to accrue from the successful implementation of Comprehensive Wasteland Programme are many. The extent of benefits will, however, depend upon the size of watershed, effectiveness of the measures and efficiency in the utilization of the benefits. Some of the community perceived benefits are

- ❖ Degradation of the natural resource base is retarded, neutralized and reversed.
- ❖ Reclamation measures adopted in degraded lands initiate the process of improvement of the land, giving rise to increased production of bio- mass. This in turn improves the soil fertility and the cycle of improvement continues.
- ❖ Improvement in land capability brings about improvement in agricultural practices giving rise to increased crop yield and options for a wide crop variety.
- ❖ Degraded lands successfully planted with useful trees and grasss become useful sources of the much needed fuel, fodder, food, fibre, fertilizer and employment for the village communities.
- ❖ Reduced biotic interference on forest lands helps them regenerate to their normal health which inturn aids in maintaining flow in the streams for a longer duration.
- ❖ Improvements in agricultural productivity trigger growth in other agrobased and other related income generating and saving activities.
- ❖ Availability of increased drinking water, fuel wood, fodder and other raw materials reduces drudgery and brings about an improvement in quality of life, specially for local women.

It should however be noted that while the objective of Comprehensive Wasteland Programme is to achieve higher production from the existing natural resource base, this does not mean over exploitation of the resource base. The concept of Comprehensive Wasteland Programme is based on conservation, development and efficient utilization.

Sustainable management of natural resources would, therefore mean increase in productivity without further degrading the natural resource - base.

\* \* \*

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| 500                       | 4,500                                 | 500                                        | 5,000                    | 1,250           | 6,250                                       |
| 600                       | 5,400                                 | 600                                        | 6,000                    | 1,500           | 7,500                                       |
| 700                       | 6,300                                 | 700                                        | 7,000                    | 1,750           | 8,750                                       |
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