



Tamil Arasu

MAGAZINE OF THE GOVERNMENT OF TAMILNADU

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Editor and Publisher : N.S. Palaniappan, I.A.S., Director of I & PR, Govt. of TamilNadu.

Editorial Board : M. Shrinagesh, K. Mallika, R. Rajasekaran.

Photographs : Photo Section of I & PR Dept, Madras - 9. **Printed at :** Tamil Arasu Press, Chennai - 2.

Staff Artistes : N. Kumarasamy, C. Jayachandran, B. Kumar, T. Sampathkumar. **Photo Typesetting :** REPLIKA, Chennai 18.

“ WE ARE COMMITTED TO TRANSPARENT POLICIES TOWARDS THE INDUSTRY ”



Address by
Kalaingar M. KARUNANIDHI
Chief Minister of Tamil Nadu
at the Chamber of
Commerce and Industry
on 21-06-1996

I have to thank you, for the warm reception given to me on my arrival here and for your kind felicitations and greetings, on our very convincing election victory. Yes, it is true that the discerning electorate in Tamil Nadu have given us a decisive mandate. The overwhelmingly emphatic nature of the mandate shows the heights of expectations in the peoples' minds about our Government. This makes us also more responsible and our Government is very clear in its mind that we should not disappoint our people; we are determined to strive our best and rise to the occasion and present to the Citizens of Tamil Nadu a very honest, sincere, responsive, transparent and effective administration.

NEED FOR NEW POWER PROJECTS

Unfortunately, in our State, no new major power projects has been taken up during the last 5 years. The projects completed in the last 5 years like the Tuticorin Thermal Station expansion and the North Madras Thermal Station were really launched during the DMK's earlier stint. After that, except for signing a few MOUs (Memorandum of Understanding) with parties with little or no experience in the Power Sector, and that too, after selecting the parties arbitrarily, without following any transparent selection process, no further progress has been made. Nothing tangible has been done so, far, for exploiting the lignite reserves available in Jayakondacholapuram. Now the only

new projects which the TNEB has in hand are some small mini-hydel projects. Though the generation of power will stand still during the next 2 or 3 years, the demand will go up at least at the rate of 10 to 12% every year. So, the inaction during the recent past will land us in trouble after 2 or 3 years, except if we realise the danger and immediately take up new projects.

I can assure the industry that the Govt. of Tamil Nadu will immediately examine the possibilities of taking up new projects, either directly under TNEB, or by the Govt. of India's National Thermal Power Corporation, or under a joint partnership of the Industry and the Government or even directly by foreign or local businessmen. The financial outlays required are very large and perhaps foreign investment will become necessary if new projects of the order of 2000 or 3000 MWs are to be taken up without delay. We are also exploring the possibilities of setting a LNG (Liquefied Natural Gas) terminal near one of our minor ports and arrange for setting up of at least 2000 MW of power generation capacity there. We will ensure that Tamil Nadu continues to be comfortable on the power front. Though currently the power position in Tamil Nadu is satisfactory, there is no denying the fact that unless large number of new power projects are formulated and implemented it would not be possible to ensure sustained industrial growth in future. While the

State Government is fully aware of the role the Government and the public sector undertakings play in developing infrastructural facilities such as power, communication, etc. which are the foundation on which the whole edifice of development will have to be built upon, we are also equally aware of the key role the private sector can play in developing important sectors like power.

This Government will follow an Investor Friendly policy and encourage private sector to invest in power and other important fields. I request the help and participation of Industry in this venture to keep our flag flying, as far as power is concerned.

ACCENT ON SHIPPING AND PORT FACILITY

Another infrastructural facility as important as power is Shipping and Port facility. Many of our industries depend on the very inadequate Port facilities available in the country for exporting their products and importing essential requirements. Due to the limited capacities of handling, loading and unloading in the Port, they are put to difficulties. Tamil Nadu with a long coastline, has great potential to develop more ports. In this context, on the one hand, we are requesting the Central Govt. to improve the existing facilities like speeding up of the satellite port at Ennore, deepening of the Tuticorin Port and simultaneously pressing for new facilities to be created like the Sethusamudram Channel. We are also welcoming foreign investment in this sector.

Regarding Highway facilities, our aim is to link Madras to centres like Trichy, Madurai, Coimbatore and Hosur by at least four lane express highways. I am sure, trade and industry would benefit a lot in these facilities could be commissioned early. Here again, we look forward to private sector investments. Thanks to be unprecedented developments in the fields of Electronics and Telecommunications, satellite linked world-class telecom facilities can very easily be made available at every point in this State. We shall strive hard to make this also a reality soon.

Railways constitute yet another important infrastructural facility. We will press hard for the early conversion into Broad-gauge of the

Tamparam-Trichy-Dindigul sector and also the Madurai-Shengottai sector.

PRIVATE SECTOR'S IMPORTANT ROLE

Till recently, the major investment in the industrial fields were used to be made by the Public-sector, especially in the core-sector and infrastructure sector. But now, it has come to be recognised that the private sector also has to play an equally important role. While successful companies in the public-sector should be given more autonomy and enabled to develop into world-class companies, we wish to encourage the private-sector companies also to the maximum extent to launch new projects and manufacture new products. I am confident that once the infrastructure is upgraded, Indian as well as the private-sector investments will flow into our State. We have got a very intelligent and competent industrial worker community who work in a very disciplined fashion, at the same time picking up very fast the skills involved in most intricate of technologies. No wonder, the High-tech industries like Computer Software consider Madras now as their first destination. I request the cooperation of all sectors of the industry in working together for assuring a new era of development and prosperity.

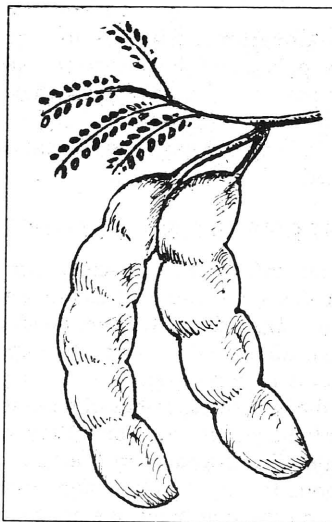
On our part, I can reiterate again our commitment for transparent policies and decision-making on the basis of rules which are already laid down. We also promise decisions without any delay at all levels. On your part, I appeal to the industry not to consider profit alone as the motive. No doubt, profit is important and is one of the reasons for the existence of the business. Kindly bear in mind the social responsibilities of the industry as well. Of late, in many parts of the country, the industries and the local community tend to develop frictions and tension, one finds. In our State, we have had some examples, where local communities have protested against the implementation of certain projects. We must realise that our people are not fools. They do not want to take undue advantage from the industry but they expect a just and fair deal from the industry. I agree that many of these frictions are caused for want of proper communications. Once the concerned parties sit down across the table and discuss the issues, solutions will flow easily, provided there is a will to make compromises. □

(Excerpts from the text of the speech)

SCIENCE UPDATE

Tamarind's Therapeutic Uses

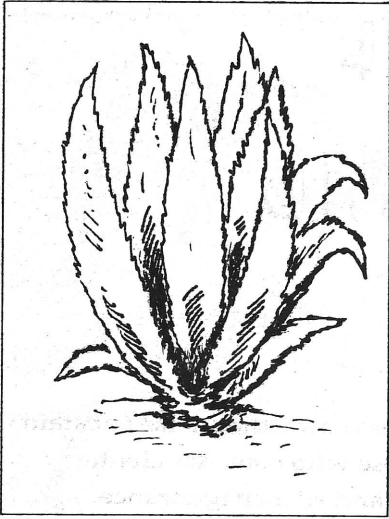
Widely cultivated in Asia for use in candy, bevarages and soup stock, the tamarind fruit also has important medicinal properties. Its high Vitamin-C content fights bacterial infections, fortifies bones and teeth, and helps prevent scurvy. When mixed with ghee (glarified butter) and black-pepper powder, tamarind juice flushes the upper respiratory system and drains nose and sinus blockages, reports Sri Lanka's Express magazine. Applied to sore joints, tamarind puree will reduce swelling and pain. The raw fruit also relieves digestive complaints such as flatulence and constipation. Applied to a burn, adds Express, powdered tamarind leaves suspended in sesame oil will hasten healing and prevent infection. And for those with sore throats, boiling a tamarind pod in water and drinking the solution provides natural, inexpensive relief.



An Agent That Unblocks the Blood

A stroke can lead to paralysis and speech problems, with rehabilitation a lengthy process. Now, doctors in Hong Kong have discovered a treatment that boosts patients chances for full recovery while minimizing complications. Stroke victims are injected with a blood-thinning agent called heparin, which occurs naturally in platelets, the cells that enable bood to clot. The team at the Prince of Wales Hospital found that injections within 48 hours of collapse fostered an exceptional recovery rate. Strokes are triggered by the clotting of blood vessels in the brain, which reduces flow to the organ and kills tissues there. In Hong Kong alone, hospitals admit more than 15,000 victims a year, with 2,000 fatalities. The researchers reported their findings in the New England Journal of Medicine. They believe that heparin, administered in proper amounts, could limit or even prevent brain damage in stroke victims.

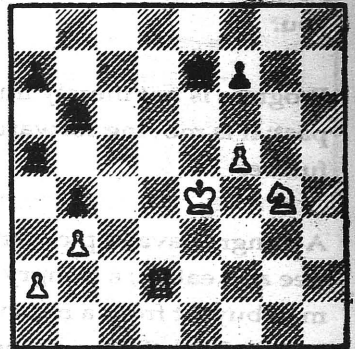
NEW USES FOR AN OLD PLANT



Long used to salve burns, the aloe vera plant has become a key ingredient in South Asian Ayurveda medicine, a herbal healing system. Dr. Upali Pilapitiya a veteran practitioner, says that juice from the succulent plant has a diuretic effect and can flush the kidneys of harmful toxins. Incorporated into an elixir called Kumari Asawa, the fluid apparently alleviates menstrual discomfort as well. The pulpy flesh scooped from the leaf can relieve eye irritations. And when made into a sherbet with sugar and water, the flesh supposedly even regenerates liver cells - which, says Dr. Pilapitiya, is "extremely beneficial for alcoholics". The plant also has cosmetic properties: an aloe vera masque reinvigorates tired skin and, claims the doctor, prevents hair loss by cooling the scalp. But he warns that those who suffer from asthma or sinus infections should avoid the plant, as it may make their afflictions worse. An inexpensive alternative to conventional drug therapy, aloe vera looks good in living rooms and has a long shelf-life.

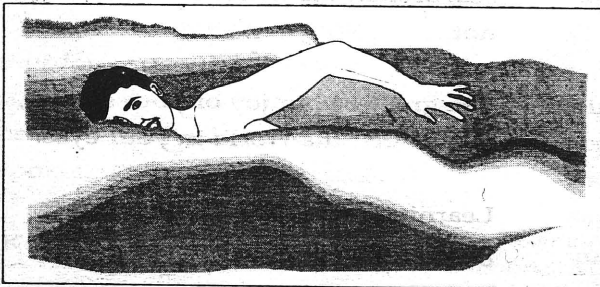
First Mate

Anyone Can Play Chess. Few play well. Now beginners can advance from just moving pieces to real strategy with an excellent new CD-ROM called "Maurice Ashley Teaches Chess". Ashley, ESPN's vivacious chess commentator who treats the game like a contact sport, is your "Coach". He walks you through basic strategy, narrates re-creations of master games through history and administers a variety of drills. When you finally challenge the computer to a game, the program - which has a smooth, intuitive interface - offers help if you get stuck for a move.



Swimming Could Help Asthmatics

For many asthmatics, swimming in a heated, indoor pool is an ideal form of exercise - Warm, humidified air does not irritate the respiratory tract and conditions remain static. Australian champion swimmers suffering from asthma have attributed significant improvements in their health to time spent in the pool. Samantha Riley, the world record holder in the 100 meter breast



stroke, began serious training at age 14. She found that by age 23, the number of times she required hospitalization for her asthma had decreased over 80%. Conversely, outdoor exercise in cold, dry air can aggravate airway linings, causing inflammation in the bronchial tubes and excess mucous production, health conditions which often lead to an attack.

HANDFUL OF BEACH SAND

Kahlil Gibran

When you tell your trouble to your neighbour you present him with a part of your heart. If he possesses a great soul, he thanks you; if he possesses a small one, he belittles you.

Progress is not merely improving the past; it is moving forward toward the future.

A hungry savage picks fruit from a tree and eats it; a hungry civilized man buys it from a man who, in turn, buys it from the man who picks it.

Art is one step from the visibly known toward the unknown.

The earth breathes, we live; it pauses in breath, we die.

Man's eye is a magnifier; it shows him the earth much larger than it is.

I abstain from the people who consider insolence, bravery and

tenderness cowardice. And I abstain from those who consider chatter wisdom and silence ignorance.

They tell me : If you see a slave sleeping, do not wake him lest he be dreaming of freedom.

I tell them; If you see a slave sleeping, wake him and explain to him freedom.

Contradiction is a lower degree of intelligence.

Bravery is a volcano; the seed of wavering does not grow on its crater.

The river continues on its way to the sea, broken the wheel of the mill or not.

The greater your joy or your sorrow, the smaller the World in your eyes.

Learning nourishes the seed but it gives you no seed of its own.



I use hate as a weapon to defend myself; had I been strong, I would never have needed that kind of weapon.

There are among the people murderers who have never committed murder, thieves who have never stolen and liars who have spoken nothing but the truth.

Keep me away from the wisdom

which does not cry, the Philosophy which does not laugh and the greatness which does not bow before children.

O Great intelligent Being! hidden and existing in and for the Universe, you can hear me because you are all-seeing; please drop within my soul a seed of your wisdom to grow a sapling in Your forest and to give of Your fruit. Amen!

Urban Basic Services for the Poor (U.B.S.P.)

We present here a document that, we believe, would be of immense help to planners and social workers to upgrade living conditions in urban areas. We would appreciate your response to such efforts at Tamil Arasu.

GOAL

To improve the quality of life of the urban poor, especially the unreached and marginalised.

WHO ARE THE URBAN POOR?

All those living below the poverty line :

- + in authorized slums
- + in unauthorised slums, both on government and private land.
- + at construction worksites
- + on streets and pavements
- + in peri-urban areas now part of the municipality
- + marginalised and deprived population, viz. SC/ST's, OBC's women-headed households, families with working children, and others in especially difficult circumstances.

HOW TO IDENTIFY THE POOREST OF THE POOR AMONG THE URBAN POOR ?

In addition to the annual household income being less than Rs.11,850/-, the following non economic parameters have been drawn up to identify the poorest of the poor:

- + Living conditions
 - Roof
 - Floor
 - Access to Water
 - Access to Sanitation
- + Level of Education
- + Type of Employment
- + Status of children in the household
 - Child below 14 years who is forced to work
 - family with two or more girl children
- + Prevalence of alcoholism / other abuse resulting in depleting income for the family

The UBSP Guidelines give details on how the above parameters should be used to ascertain eligibility. The city UPE Cell, in consultation with the NHC/CDS, can develop their own parameters to identify the poorest of the poor, based on local conditions.

OBJECTIVES

To facilitate achievement of social sector goals (maternal and child health, nutrition, primary education, women's literacy, safe water and environmental sanitation, and protection of children in especially difficult circumstances, with focus on street/working children) outlined in the State Plan of Action for Children (SPAC) through:

- targetting the poorest of the poor
- inter sectoral convergence
- community-based participatory processes

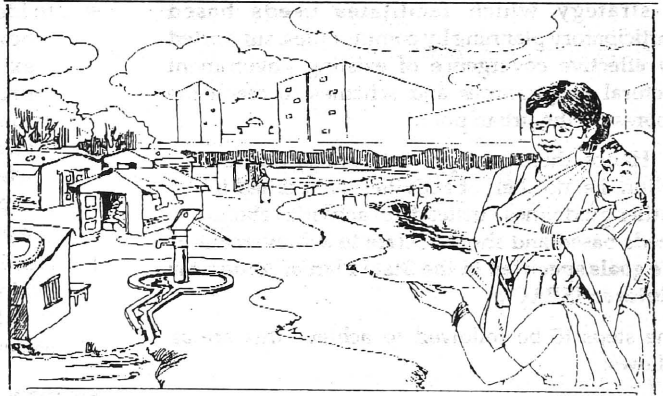
Note : The SPAC Goals cannot be achieved unless there is appropriate targetting of the urban poor across all sectoral programmes.

- + To make urban poor communities, especially women's groups, self-reliant and train/empower them to actively participate in planning, implementation and monitoring of programmes for their own development.
- + To ensure all sectoral schemes and programmes are adequately targetting and reaching the urban poorest. (i.e. convergence), with establishment of linkages with UBSP or other women's groups to ensure that this happens on a systematic basis.

PRINCIPLES

- + Coverage of all poor in the city, with focus on targetting the poorest of the poor, especially children and women.

- + Active participation of communities
- + Targeting of all sectoral programmes and schemes to reach the poorest of the urban poor, including linkages with UBSP and other women's groups
- + Focus on cost-effective, innovative and sustainable activities



COVERAGE AND PHASING

- + 500 cities/towns (700 million urban poor) to be covered during Eighth Plan, in a phased manner
- + From 1996, doubling of coverage in all current UBSP cities, except for those being taken up for universal coverage (i.e. two cities per State). Focus will be on Class I cities and metropolitan cities.

HOW WILL THIS BE DONE?

- + The objective is to make women's groups (NHCs/CDS) in the bold areas self-reliant and capable of taking over responsibility to sustain the programme, so that UBSP project staff on move can go to new areas.
- + The existing active women's groups could also assist by mobilizing communities in the new areas.
- + The town-level UPA Cell would facilitate linkages between the community groups and the sectoral departments even after UBSP funds are phased out.

ORGANIZATIONAL FRAMEWORK

Community-level

- + Neighbourhood group (NHG) (10-40 families) represented by one Resident Community Volunteer (RCV)

The NHG is the critical unit which is the basis of all community work. Each and every woman in the area must feel that she is a member of the neighbourhood group and can make a positive contribution.

- + Neighbourhood Development Committee (NHC) (10-12 NHGs)
- + Community Development Society (CDS):

Ward-level unit of all NHCs in that ward

- + One Assistant Project Officer/Community Organiser for every 2,000 urban poor households
- + Recommended that all NHCs and CDS be registered so that they are eligible to apply for grants/assistance.

CITY-LEVEL

- + City UPA cell within the urban local body, headed by a Project Officer
- + City-level UPA Co-ordination Committee

DISTRICT-LEVEL

- + District Urban Development Agency (DUDA)
- + District-level UPA Co-ordination Committee

STATE-LEVEL

- + State Urban Development Agency (SUDA)
- + State-level UPA Co-ordination Committee

NATIONAL-LEVEL

- + UPA division, Ministry of Urban Affairs & Employment
- + National-level Monitoring Committee
- + National Poverty Eradication Council
- + Inter-Ministerial Convergence Forum

PARTICIPATORY PLANNING PROCESS

UBSP is not to be seen as a government scheme which focusses on delivery of basic services to urban low-income communities. Instead, it is

strategy which facilitates needs based participatory planning by communities, supported by effective convergence of existing government sectoral programmes and schemes to reach the poorest of the urban poor.

Hence, there is no pre-determined formula for action, i.e. no shelf of activities as outlined in the earlier guidelines. Instead, all activities should be needs-based and should relate to achievement of the goals specified in the State Plan of Action for Children (SPAC).

The steps to be followed to achieve this are as follows:

AT COMMUNITY-LEVEL:

The NHC/CDS, with support from the APO/CO, to undertake:

- + Community-level mapping, using participatory processes, to identify:
 - Location of the poorest households
 - Availability of services (health centres/ services, primary schools, public distribution system outlets, ICDS, etc.)
- + Community self-survey/Needs assessment to identify and prioritise felt needs of the community, taking into account the needs of the poorest of the poor, with focus on achievement of SPAC Goals

The above steps would lead into the development of a Community Action Plan (CAP) which is to be prepared by the NHC/ CDS, facilitated by the APO/CO.

SALIENT FEATURES OF THE CAP:

- + to be based on felt needs and problems of the community and not on any pre-determined shelf of activities
- + to specifically target the achievement of goals outlined in the SPAC
- + to directly involve and benefit the poorest of the poor
- + to include community-level action alternatives to meet the prioritised needs which are:
 - Simple
 - locally relevant
 - low-cost
 - sustainable

- + to identify:
 - how community needs can be met from existing resources (government programme/schemes, private sector, community's own resources, etc.)
 - additional resources required and from where these can be made available.
 - gap-filling activities for which UBSP funds would be used
- + Needs-linked Credit Plans to be developed to explore possibilities of NHCs/CDS obtaining credit from external finance institutions such as banks, HUDCO, etc.

AT CITY-LEVEL :

The project officer/ City UPA Cell to undertake/ prepare:

- + Rapid appraisal of all low-income settlements in the city
- + Mapping of all urban poor localities (Whether registered or unregistered) in the city, with availability of services (health centres/ services, primary schools, public distribution system outlets, ICDS, etc.)
- + City Action Plan which is a compilation of the Community Action Plans
- + City Convergence Plain to include:
 - specific commitment (physical coverage and financial allocation) by each sectoral department/NGO/others for convergence possibilities at city level
 - resource mobilization/flow of funds
 - training needs
 - utilization of UBSP funds to meet critical gaps
- + Coverage Expansion Plan to include strategy



and financial implications for covering new areas so as to meet the objective of universal city coverage

AT STATE-LEVEL

SUDA to prepare:

- + State Action Plan detailing overall strategy to address urban poverty and reaching the poorest of the urban poor through UPA programmes
- + State Training Plan giving assessment of training needs, course content, budget, etc. (in consultation with identified training institutes)

AT NATIONAL-LEVEL:

The UPA Division, MOUA & E to prepare:

- + National Action Plan outlining national efforts for technical support, research, advocacy, information exchange, linkages with donors, etc.

MONITORING AND REVIEW

- + Specific monitoring committees to be established at all levels
- + Detailed MIS at all levels to support planning, convergence and monitoring
- + Concurrent participatory evaluation, viz. involvement of urban poor in feedback, impact assessment and monitoring which would assist future planning

FINANCIAL PATTERN

Govt. of India to State Governments:

- + allocations based on incidence of urban poverty (NSS estimates)
- + deductions : 2% for administrative expenses and 1.5% for direct NGO assistance
- + minimum floor amount : Rs. 10 Lakhs

At SUDA-LEVEL

- + 80% of total funds available, including State share of 40% to be allocated to cities/towns on basis of urban population covered and past performance
- + 15% to be retained SUDA for administrative expenses and training activities
- + 5% to be retained by SUDA for incentive to well-performing cities/towns and CDS

AT CITY/TOWN-LEVEL:

- + up to 20% for administrative expenses of city UPA Cell
 - + up to 1% as imprest for APOs/COs for community-level contingency activities
 - + up to 35% for support to convergence activities (gap-filling) innovation, technical support to NHC/CDS for SPAC goals achievement
- Note : the percentage allocation will be reduced over time since it is expected that these activities will take place through inter-sectoral convergence
- + minimum 24% for community action plans to be allocated to NHC/CDS on the basis of total target population, year of operation and performance
 - + minimum 15% as matching grant to NHC/CDS on the basis of loans generated by them
- Note : allocations to the NHC/CDS are expected to increase once the community groups become more self-reliant
- + 5% for local level training

CITY-LEVEL UPA FUND

- + local body to contribute 10% of the total allocation for UBSP (to be increased to 25% by the year 2000)
- + pooling together of resources available under UBS, UBSP, NRY, LCS, EIUS, PMIUPEP and other development schemes including the Special Component Plan

NGO INVOLVEMENT

Involvement of NGOs to be in conformity with UBSP principles and strategy, with focus on :

- + community self-reliance
- + potential for wider replicability and sustainability

AREAS FOR NGO INVOLVEMENT:

- + cost-effective and innovative service delivery (without duplicating government programmes)
 - + research, documentation, communications
 - + training and support in technical areas such as thrift/credit
 - + outreach activities (reaching unserved groups)
- Important :** registered community-based

organizations (NHCs, CDS, etc.) to be considered as NGOs and, based on performance, to be given priority over other NGOs.

DEMONSTRATION ACTIVITIES

- + To be in conformity with UBSP principles and strategy
- + Support to innovative creative and approaches to meet felt-needs of communities (subject to availability of resources from UNICEF/other donor agencies)

TRAINING

- + Training under UBSP to be:
 - in conformity with UBSP principles and strategy
 - needs-based and locally relevant
 - action - oriented
 - participatory
- + Training Advisory Committees to be step up at all levels to:
 - formulate comprehensive training strategy to address all UPA programmes
 - develop course contents for different categories of functionaries (RCVs women's groups, community leaders elected representatives, municipal functionaries, Inter Departmental Functionaries, NGO's UBSP project staff, etc.)
 - Monitor implementation of training
 - assess impact
- + Training funds are available under UBSP and PMIUPEP to support training at state and city levels

INFORMATION/COMMUNICATION/ADVOCACY

- + development of database inter/intra-urban differences) to identify status, needs and resources
- + documentation of existing schemes and programmes for information-sharing at all levels (community, city and district) to promote coverage
- + process documentation of case studies, innovations, etc. to promote replicability and sustainability
- + development of appropriate local language communication material (handbooks, leaflets,

videos, case studies, etc.) for use at different levels to promote the principles of UBSP, viz. community participation, coverage and targeting the poorest of the poor.

SOCIAL SECTOR GOALS OUTLINED IN THE STATE PLAN OF ACTION FOR CHILDREN (SPAC)

Maternal and child health

- + immunization of all eligible infants and pregnant women
- + eradication of poliomyelitis
- + elimination of neonatal tetanus
- + reduction in under-5 mortality due to measles
- + control of diarrhoeal diseases and use of oral rehydration therapy (ORT)
- + reduction in under-mortality due to acute respiratory infections

NUTRITION

- + reduction in incidence of malnutrition in children under 5
- + universal access to and use of iodised salt
- + elimination of Vitamin A deficiency

PRIMARY EDUCATION

- + Universal enrolment of all 6-year old children (especially girls) in primary school, and ensure their retention and achievement of minimum levels of learning
- + increase in female literacy

WATER & ENVIRONMENTAL SANITATION

- + Universal access to safe water
- + Universal access to safe means of excreta disposal, combined with adoption of personal hygiene practices, primary environmental care, etc.

CHILDREN IN DIFFICULT CIRCUMSTANCES

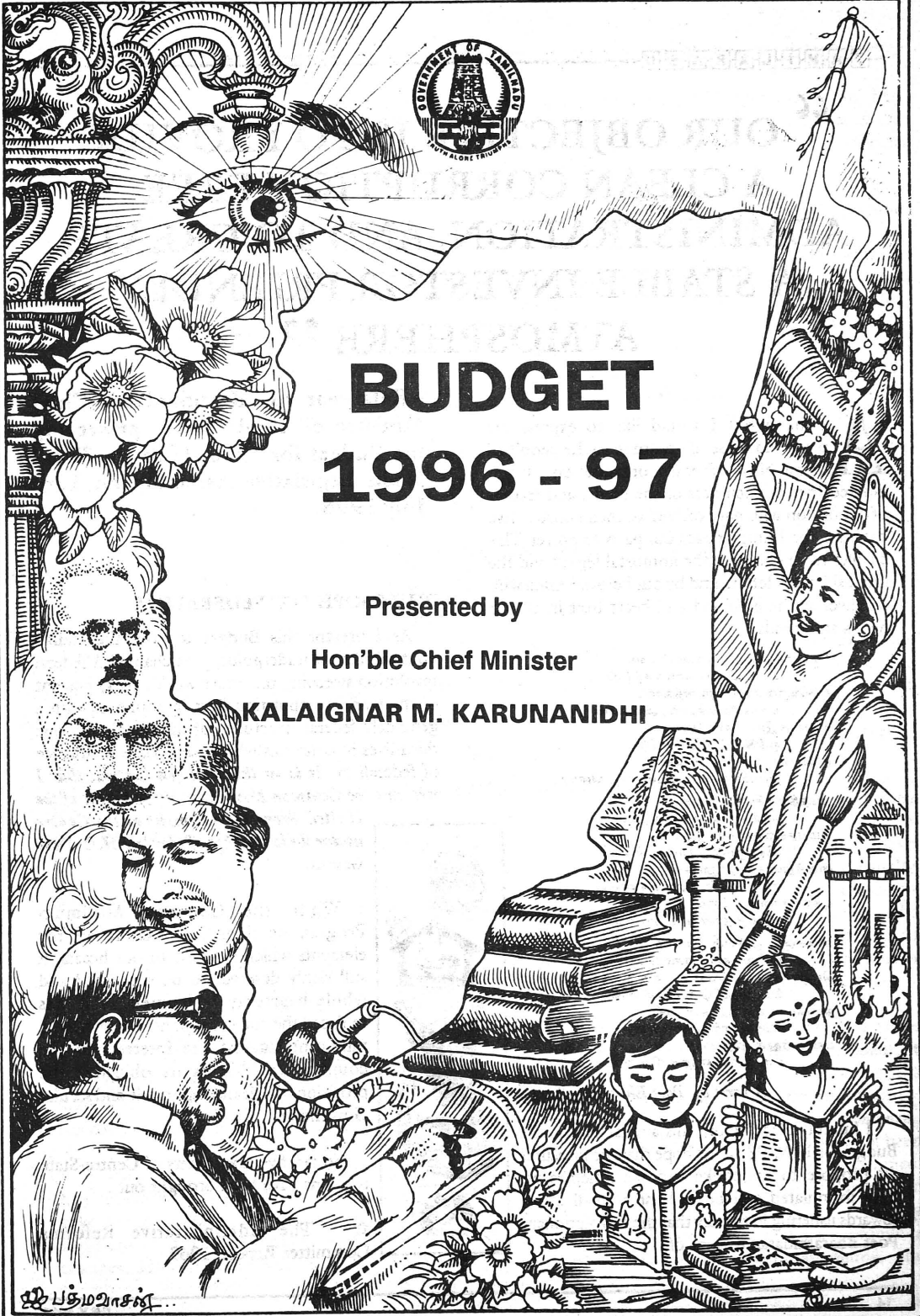
- + Prevention and phased elimination of child labour
 - + Mainstreaming of street children, juvenile delinquents, abandoned children, etc.
- In addition, to the SPAC Goals, other areas of attention could include:
- + Women's rights
 - + Prevention/rehabilitation relating to alcoholism, drug abuse, and other social problems
 - + Strengthening of skills of women for better interaction with elected representatives, government functionaries, teachers, doctors, bankers, etc.



BUDGET 1996 - 97

Presented by
Hon'ble Chief Minister

KALAINAR M. KARUNANIDHI



புத்தக விலை ரூ. 100/-

“ OUR OBJECTIVE IS TO PROVIDE A CLEAN CORRUPTION FREE ADMINISTRATION, AND TO CREATE A STABLE INVESTOR FRIENDLY ATMOSPHERE ”

At the outset I would like to express my profound sense of gratitude to the people of Tamil Nadu, friendly organisations, large-hearted friends, members of the media and leaders of opposition who have offered us their constructive criticism, for bringing back our party to power. This enables us to continue the immortal legacy and the unfinished task left behind by our beloved Anna who still lives as the lifeblood and heart beat in all our hearts and minds.

“என்னருந் தமிழ்நாட்டின் கண்
எல்லோரும் கல்வி கற்றுப்
பன்னருங் கலைஞர் னத்தால்,
பராக்கிர மத்தால், அன்பால்
உன்னத இம் மலை போல்
ஒங்கிடும் கீர்த்தி எய்தி
இன்புற்றார் என்று மந்திரோர்
இயம்பக் கேட்டிடல் எந்நாளோ?

கைத்திறச் சித்தி ரங்கள்
கணிதங்கள் வாண நூற்கள்,
மெய்த்திற நூற்கள், சிற்பம்,
விஞ்ஞானம் காலியங்கள்
வைத்துள தமிழர் நூற்கள்
வையத்தின் புதுமை என்னப்
புத்தக சாலை எங்கும்
புதுக்கு நாள் எந்த நாளோ?
கண்களும் ஒளியும் போலக்
கவிம்மலர் வாசம் போலப்
பெண்களும் ஆண்கள் தாமும்
பெருந்தமிழ் நாடு தன்னில்,
தன்கடல் நிகர்த்த அன்பால்
சமான்னத்தர் ஆணர் என்ற
பண்வந்து காதிந் பாயப்
பருகுநாள் எந்த நாளோ?”

A verse by Poet Bharathi Dasan

I humbly place before this august House the Budget for 1996-97, in the hope that the measures we propose to undertake and the schemes we have formulated will be at least a small effort towards ushering in the day that the Revolutionary Poet Bharathidasan dreamt of.

—Kalaingar M. Karunanidhi, Chief Minister of Tamil Nadu, presenting the Budget for 1996-97 to the Tamil Nadu Legislative Assembly on 17th July 1996.

PHILOSOPHY OF FEDERALISM

As I present this Budget to you, the Indian political scene is undergoing a sea change! A federal revolution sweeping the entire world. Forty percent of the world's population lives in countries with a genuinely federal structure. Of the remaining, one third lives in countries which have some semblance of federalism. *It is in this changed context, that I welcome the Common Minimum Programme of the United Front Government at the Centre under the leadership of Hon'ble H.D. Deve Gowda.*

While the Common Minimum Programme does not include all the elements which are dear to our hearts, it still richly deserves to be supported and whole-heartedly welcomed as it has replaced the anti-poor policies which were militating against the interests of the country, and has as its objective the provision of a clean, responsible and secular Government.

So far, five documents of Centre-State relations have been brought out :

☆ The Administrative Reforms Committee Report, 1969.



- ☆ The Rajamannar Committee Report of 1969, the first of its kind in India, prepared under the direction of the DMK Government under my leadership.
- ☆ The White Paper and the Resolution on State Autonomy passed by the Tamil Nadu Legislature in 1974.
- ☆ The Memorandum on Centre-State Relations prepared by the West Bengal Government in 1977 under the leadership of Hon'ble Jyoti Basu in which the need for a federal polity with a view to enshrine the "full majesty of federal principles" was emphasised, and
- ☆ The Report of the Sarkaria Commission, which was the first of its kind appointed by the Government of India in 1983, to examine Centre-State relations.

However, this Commission was not set up by the Government of India on its own initiative with a view to usher in a genuine federal system.

As far as the D.M.K. is concerned, the Commission's report was highly disappointing. No constructive suggestions on making India a truly federal State have been made in the report. While a few recommendations may have been made, the report does not contain any concrete ideas to transform India into a federal structure. I would call it an advocacy of status quoism with small changes.

The Sarkaria Commission report had been gathering dust. We thought that it had been put to eternal rest. The report only recommends a few changes to Article 356. Further, a large-hearted suggestion that the Government of India should share the proceeds of the Corporation Tax with the States had been made. Apart from this no mention has been made about true federalism.

For instance, in 1985, the Government of Canada had appointed the Macdonald Commission which gave its report "Canadian Federalism Past, Present and Future". This has brought about certain major changes. However, the Sarkaria Commission had

not suggested any changes. In spite of this, the then Central Government did not bring about even the minimal changes recommended by the Sarkaria Commission.

At present, the Common Minimum Programme envisages a two track policy. On the one hand, to provide State autonomy, more powers will be allocated to the States. On the other hand, it has been mentioned that a report will be obtained within three months from a High Level Committee by updating the recommendations of the Sarkaria Commission necessitated by the passage of time. It has been assured that the report would be obtained within three months and made public. This is a milestone in the history of federalism.

“
This Government would hold steady to its position, on the need for applying the principles of autonomy to the rights of States in order to strengthen the integrity of a multi-ethnic country like ours.
 ”

I have discussed the issue of Centre-State relations and the devolution of powers with the Union Home Minister, Thiru Indrajit Gupta during his recent visit to Madras.

The announcement of the Prime Minister that a meeting of Chief Ministers will be convened to discuss Centre-State relations is highly refreshing.

It should not be forgotten that India is a garden where several cultures have blossomed. This is usually realised only during the tourism week. However, in this context the change brought about by the Common Minimum Programme needs to be welcomed. ***This programme contains within itself continuity, change and pragmatism.***

As far as the economic policy is concerned, while we welcome the inflow of foreign investment, it should not be permitted to enter areas where it is not required. ***We would prefer foreign investment to be a garland around the neck and not a tightening noose.*** Nationalised public sector units have not been privatised blindly. This also deserves to be welcomed. There will be no secrecy attached to disinvestment in public sector undertakings. Decisions regarding disinvestment of shares will be taken through a Disinvestment Commission to be appointed. The

funds so generated will not be used to bridge the budget deficit but will be used for poverty alleviation programmes and provision of basic services.

As far as social justice is concerned, reservation is assured only in Central Government employment. The Common Minimum Programme does not refer to the extension of this reservation to Central educational institutions. While this is a shortcoming, I am hopeful that this would be rectified shortly.

None of the constituent parties of the United Front have sacrificed any of their policies through this Programme, which is the reason why it is known as the Common Minimum Programme.

I would be emphatic in stating that this Government would hold steady to its position, on the need for applying the principles of autonomy to the rights of States in order to strengthen the integrity of a multi-ethnic country like ours; in not yielding to Hindi imperialism; on making all the official languages of the States, official languages of the Union, and as a first step, making Tamil an official language of the Union.

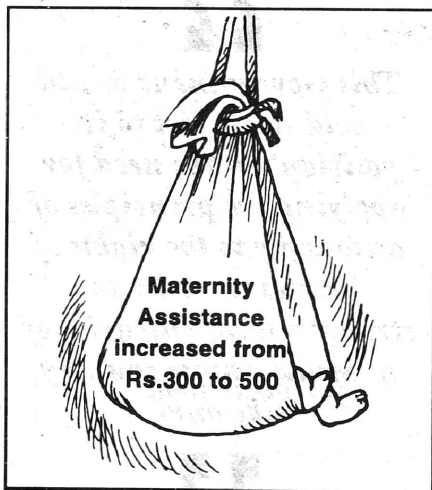
This budget has been prepared against the backdrop of these policies, principles and objectives.

It is also my duty to draw the attention of the Members of the House to the fact that since the detailed Demands for Grants for various Departments have to be presented and debated in this House, the Budget Speech only seeks to highlight certain significant schemes to be implemented by different departments.

ELECTION PROMISES

In our election manifesto, we had made several promises. As you are aware, within a period of two months of assuming office, we have taken all the necessary steps to implement the following promises.

- ☆ Abolition of ground rent;
- ☆ Abolition of visitors' fee in hospitals;
- ☆ Elections to all local bodies before the end of September 1996;
- ☆ Elections to all primary cooperative societies before 30th September 1996;
- ☆ Conversion of crop loans to the tune of Rs. 112.33 crores due from drought affected farmers into medium term loans;
- ☆ Provision of Rs. 2.40 crores for the Patta Pass Book Scheme;
- ☆ Specific Government Order for an assured supply of quality power at specified timings to farmers;
- ☆ Adequate financial allocation to ensure that there is not a single habitation without drinking water supply.



☆ Intensive efforts to bring Krishna water to Madras city before end of this year.

☆ Besides the 169 Industrial Training Institutes (I.T.Is) in the State, I.T.Is in the remaining 218 Panchayat Unions will be opened in a phased manner over the next three years.

☆ Financial assistance under the Moovalur Ramamirtham Ammaiyar Memorial Marriage Assistance Scheme increased from Rs. 5000 to Rs. 10,000.

☆ Financial assistance under the Dr. Muthulakshmi Reddy Ammaiyar Memorial Maternity Assistance Scheme increased from Rs. 300 to Rs. 500.

☆ Financial assistance under the Family Distress Relief Scheme payable on the death of the family bread winner increased from Rs. 5000 to Rs. 7500.

☆ Financial assistance under the Accident Relief Scheme to the families of accident victims increased from Rs. 10,000 to Rs. 15,000.

☆ Irregular concessions granted by the previous Government resulted in private buses not serving rural areas. New legislation enacted to rectify this situation.

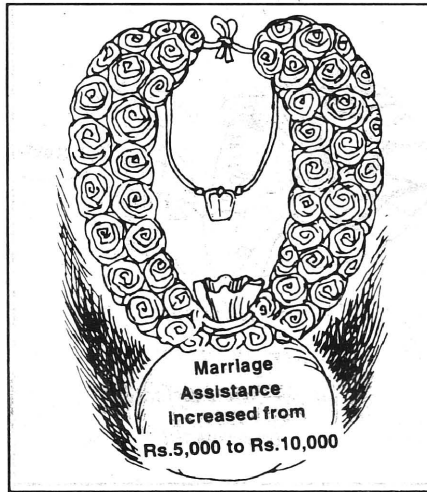
☆ Large scale corruption in the award of tenders eliminated

☆ Vend fee has been enhanced to fetch the exchequer

- an additional revenue of Rs. 75 crores per year which had earlier been diverted elsewhere, ensuring that the retail prices do not increase.*
- ☆ *Service fee levied to prevent the corruption that took place in the annual export of molasses leading to receipt of Rs. 6 crores to the Government.*
 - ☆ *The extent of dis-repair of the tenements of Tamil Nadu Slum Clearance Board to be assessed and repairs to be carried out on the basis of priority. A provision of Rs. 5 crores made for this purpose.*

ELIMINATION OF CORRUPTION

The people have voted this Government to power mainly to eradicate corruption, take severe action against those who indulged in corrupt practices and bring them to book. At the same time, we have not forgotten that it is necessary to take appropriate measures to prevent corruption in the future as well. In this context, certain changes need to be made in Government procedures and administrative practices. I had announced before the elections, that necessary means to achieve this end would be explored. Therefore, to study this problem in an integrated manner and to make recommendations on the required reforms, a high level committee would be constituted immediately.



CENTRE STATE ECONOMIC RELATIONS

While we welcome the alternative scheme of devolution recommended by the Tenth Finance Commission that the major tax receipts of the Government of India should be pooled and the States given a specified share out of the overall pool as opposed to the present system of giving shares in specified taxes alone, the States' share of 29% recommended by the Commission falls short of our expectations. We are of the firm view that at least one-third of the gross tax revenue of the Centre should be shared with the States.

In 1970, out of the Centre's total investment of

Rs. 3885 crores, Tamil Nadu's share stood at Rs. 312 crores, i.e., 8.03%. After 1980, even as Central investment rose substantially to Rs. 1,73,501 crores in 1993, Tamil Nadu's share did not increase proportionately and was less than 5% of the all India investment. We would urge the Government of India to step up investment in key infrastructure projects with a view to bring about a total change in this area. As a first step, we have requested that the expansion of the Tuticorin Port should be accelerated and we are hopeful that this request will be fulfilled. We have also requested the Government of India to take up at the earliest the execution of the Sethu Samudhram Project which is closely linked to the expansion of Tuticorin Port.

The Mass Rapid Transport System Phase-II being implemented in Madras city by the Ministry of Railways has to be extended from Luz to Velachery. Based on the commitment given by the previous Government to meet two-thirds of the cost of the project, a provision of Rs. 50 crores has been made in the Budget to expedite its implementation. Thiru Ram Vilas Paswan, Minister for Railways, in his speech presenting the Railway Budget for 1996-97 in the Parliament yesterday has assured that the project would not be starved of funds. I have to point out

that fulfilling this assurance is the responsibility of the Government of India.

ANNUAL PLAN

This is the last year of the Eighth Plan period. In the Revised Estimates for 1995-96, the previous Government had provided for a plan outlay of Rs. 3,316 crores. However, the actual expenditure during 1995-96 was only Rs. 3,281 crores. Nevertheless, we are confident that there would not be any difficulty in fully achieving the approved outlay of Rs. 10,200 crores for the Eighth Plan period.

The plan size for the current year is yet to be finalised in consultation with the Union Planning

Commission. In the Interim Budget for 1996-97, a provision of Rs. 3,550 crores has been made for the Annual Plan. The plan outlay for 1996-97 will now go to up to Rs. 3,700 crores due to the revival of a number of schemes started when our party was in office during 1989-91 but subsequently given up, as well as due to the introduction of several new schemes in the Budget. We have deliberately restricted the over all plan size to Rs. 3,700 crores since only 8 months are left in the current financial year. Had the full financial year been available, the plan size would have crossed Rs. 4,000 crores. Even then, the current year's plan outlay is 15.63% higher than the approved outlay for 1995-96.

FOOD SITUATION

The 'Kuruvai' and 'Samba' harvests in the Cauvery delta were substantially lower last year. The cultivated area in the Kuruvai season has declined considerably this year as well. Rice production has declined from 76.86 lakh tonnes in 1994-95 to 52.06 lakh tonnes in 1995-96. This phenomenon is mainly due to the non-receipt of the due quantum of water in the Cauvery river as well as the failure of the monsoon in the State.

Since the public distribution system has to fully cater to the needs of the people, we have requested the Government of India to increase Tamil Nadu's allotment of rice from the Central pool to 2.25 lakh tonnes per month. Apart from this, to build up the buffer stocks of the Tamil Nadu Civil Supplies Corporation, measures have been taken to purchase additional quantity of rice from the Food Corporation of India and from neighbouring States following due procedures. *A provision of Rs. 1000 crores has been made towards subsidy for the supply of 20 kgs. of rice per family card.*

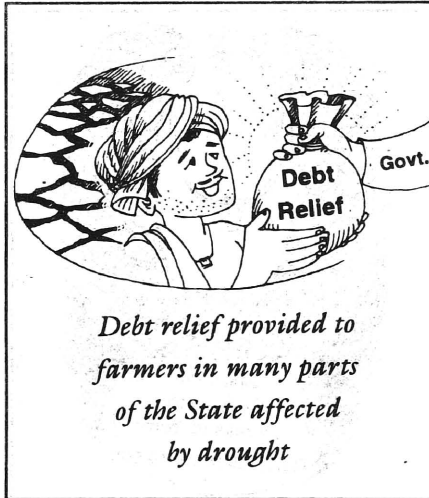
To further improve the functioning of the Public Distribution System, a committee consisting of Government officials, representatives of consumer forums and Members of the Legislative Assembly will be deputed to study the functioning of the

system in neighbouring States, and necessary action will be taken based on the recommendations of this Committee.

DROUGHT AND FLOOD RELIEF

In many parts of the State affected by drought, drought relief works were implemented expeditiously after this Government assumed office with a budgetary provision of Rs. 36 crores and *debt relief provided to farmers. Remission of Rs.22.30 crores of land revenue has been ordered for the Fasli year 1405.*

Further following the severe cyclonic storm which affected the northern coastal districts of the State, *the quantum of relief available for fully damaged houses has been enhanced from Rs. 500 to Rs. 1000 and from Rs. 250 to Rs. 500 for partially damaged huts, uniformly in all parts of the State without any differentiation. For the first time relief has been sanctioned for the loss of livestock, at the rate of Rs. 5000 per adult head of cattle, Rs. 3000 for calves and Rs. 1000 for sheep and goats.* Such relief will continue towards the occurrence of similar calamities in the future. This will also apply to fire accidents besides floods and cyclones.



AGRICULTURE

Against the total foodgrain production of 97.52 lakh tonnes during 1994-95, the production in 1995-96 declined to 72.60 lakh tonnes.

An Expert Committee under the chairmanship of Dr. V.C. Kulandaiswamy has been appointed to formulate plans and to make recommendations on appropriate technologies for waste land development, improvement of irrigation facilities, poverty alleviation and the upgradation of the standards of living of the farmers, thereby ushering in a Second Green Revolution in the State. This Expert Committee will include Dr. M.S. Swaminathan, Thiru S. Guhan, Dr. A. Vaidyanathan, Dr. Sambandamurthy, Dr. Rani Perumal, Thiru Mohanakrishnan, Dr. T. Natarajan

and Dr. C.A. Pundarikanthan. The Secretary to Government, Agriculture Department will be the Member Secretary of this Committee.

Despite low rainfall, agriculture in Israel has been made high yielding and profitable, thanks to the adoption of superior technology. Therefore, we shall establish contact with that country and with their technical assistance, improve farming technologies and thereby increase yields in areas of the State, which receive low rainfall.

The Tamil Nadu Agriculture Development Project will be implemented during the current year with an outlay of Rs. 96.87 crore. The Agricultural Human Resources Development Project will be implemented during the current year with an outlay of Rs. 23.80 crore.

This Government will enunciate a commercial floriculture policy to provide the necessary thrust for the development of floriculture. A Flower Auction Centre is proposed to be set up in the vicinity of Madras airport to cater to the needs of both domestic and export markets at a total cost of Rs. 20 crores. The Tamil Nadu Agro Industries Corporation Limited will set up an integrated coconut processing unit in Kanyakumari district in the associate sector with an equity participation of Rs. 1 crore.



repairing and modernising these 30,000 tanks. Based on the recommendations of this Committee, these tanks will be upgraded with assistance from international financial institutions within the next 3 or 4 years.

The Water Resources Consolidation Project will be implemented over 5 years with World Bank assistance, at a total cost of Rs. 1140 crores. The outlay for the current financial year will be Rs. 164.22 crores. This project will provide for the rehabilitation of all major and medium irrigation schemes in the State except the Cauvery system. The project would enhance agricultural production in 17.30 lakh acres, which is 50% of the total surface water irrigated area of the State and will benefit 40 lakh persons including farmers and agricultural labourers. The details of the schemes will be mentioned in the Demands for Grants of the Public Works Department.

The Periyar dam has been strengthened at a cost of about Rs. 18.50 crores so that the storage could be increased by an additional 16 feet. Consequently it has been decided to make the increased water available to 58 villages in Usilampati Taluk of Madurai District by excavating a canal from the Vaigai Dam and thereby fulfilling a long standing request of the people of the area.

This scheme will be implemented over a period of 4 years at a total cost of Rs. 33.81 crores.

A new reservoir across the Andiyappanoor Odai in Vaniyambadi Taluk of North Arcot Ambedkar District will be constructed over the next 3 years at a cost of Rs. 18.28 crores.

A reservoir will also be formed across the Varattar and Kuppathu odai in Tenkasi and V.K. Pudur taluks in Tirunelveli Kattabomman district at a total cost of Rs. 8.78 crores over a period of 3 years.

The Shenbagathope reservoir scheme in Polur taluk of Thiruvannamalai Sambuvaram District

IRRIGATION

There are nearly 40,000 tanks in Tamil Nadu. Out of these 20,000 tanks with an ayacut of less than 100 acres under the control of Panchayat Unions and 10,000 Ex-zamin tanks have traditionally been repaired and maintained under the "Kudimaramathu" system. These tanks have not been covered under any project and have been ignored for the past several years.

The Government has appointed a high level committee to study in depth, the alternatives for

will be undertaken at a cost of Rs. 21.33 crores. This scheme will be implemented in 4 years.

CAUVERY DISPUTE

The Cauvery dispute has been eluding a solution for almost 30 years now. With a view to prevent the politicisation of what is basically an issue between the farmers of Tamil Nadu and Karnataka and to obtain an impartial verdict, the Government of Tamil Nadu had impleaded itself in the case filed by the Thanjavur Delta farmers and thereby ensured the constitution of the Cauvery Water Disputes Tribunal in 1990, when the National Front Government held office at the Centre. Our established position is that we are always in readiness to extend our hand for cordial relations while at the same time would not be hesitant to raise our voice for our genuine rights. Accordingly, we are determined to take every possible legal action to protect Tamil Nadu's rights to Cauvery water within the overall framework of the Tribunal and in accordance with its orders, and in a politically non-partisan manner. It will be appropriate that this matter is viewed not as a dispute between two nations, but as an issue between two States of India, with the spirit of integration and a humane outlook.

EDUCATION

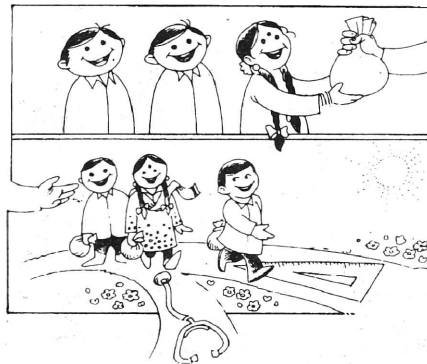
During this financial year 85 new primary schools will be started in the very few areas which do not have primary schools at present. To avoid malpractices and irregularities, the recruitment of teachers will only be through the employment exchanges based on the seniority of registration. The syllabus for the primary classes will be revised based on the Minimum Levels of Learning. A massive Teachers' Training programme will also be launched during this year at a cost of Rs. 50 lakhs.

The District Primary Education Project at a cost of Rs. 125.80 crores is being implemented in four district viz. South Arcot Vallalar, Villupuram Ramasamy Padayatchiyar, Thiruvannamalai

Sambuvarayar and Dharmapuri. The project is to be extended to cover three more districts at an additional cost of Rs. 120 crores. The outlay under the project in the current year will be Rs. 25.51 crores and the Budget provided Rs. 4 crores as the State's share.

21 primary schools will be upgraded as middle schools, 99 middle schools as high schools and 80 high schools as higher secondary schools in the current year. A programme to provide additional class rooms and basic amenities in high schools will be undertaken. For this purpose a budget provision Rs. 6 crores has been made. The Government has taken up a programme to construct laboratory buildings in all higher secondary schools in the State within the next three years.

A new scheme to encourage meritorious students



This Government has announced a new scheme to encourage students who display keenness in their studies. Under this scheme, for the students who have secured the first three ranks at the State level in SSLC, the entire educational cost in pursuing studies upto the plus 2 stage will be borne by the Government. Similarly, for students who have secured the first three ranks at the State level in plus 2, the entire cost of their education in medical, engineering or any other degree course that they wish to pursue will be borne by the

Government. This scheme is being implemented from the current year onwards. The scheme will be extended to the districts as well from next year onwards to encourage students.

When this party was in power in 1989-90, orders were issued to add 5 marks to the marks secured by the students who were from families without any graduates and who wanted to pursue professional courses. This greatly benefited students belonging to all communities. However, due to a High Court Stay order, this scheme could not be continued. This Government will now introduce a new scheme to encourage students from families who do not have any graduates and are interested in pursuing professional courses. Under this scheme, the

Government will bear the full cost of education in professional courses including medicine, dentistry, engineering, agriculture and veterinary sciences for those who secure the first 10 places, amongst students from such families without any graduates based on the marks obtained out of the total of 300 marks.

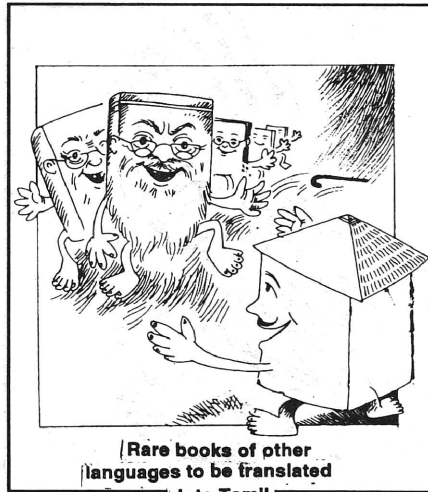
This Government has lifted the ban imposed by the previous Government on admitting Sri Lankan Tamil students to higher education courses and has created opportunities for such students to pursue all courses including professional courses.

LAW UNIVERSITY

A site has been selected for locating the bench of the Madras High Court at Madurai. The High Court will be requested to give its approval for temporarily locating the bench of the High Court in the Madurai District Court complex.

A bill will be introduced to form the Dr. Ambedkar Law University in the current session of the Legislative Assembly and all action taken so that the University can start functioning from the current year itself.

Fulfilling a long standing request, a new Law College will be set up at Tirunelveli in the current year itself.



TAMIL OFFICIAL LANGUAGE AND TAMIL CULTURE

This Government is committed to the growth of Tamil in various fields. Therefore, with specific focus on Tamil development, a separate Ministry has been created. Very soon, it will be ensured that Tamil becomes the full official language. Even after the enactment of the Official Language Act in 1956 and the issue of several Government orders, the use of Tamil as the official language is yet to be fully accomplished. In order to rectify the situation this Government had decided to provide 500 Tamil typewriters in the Secretariat as a first step.

The Tamil Etymological Dictionary project was

started in 1974 when this party was in power. The project has suffered a severe set back in the intervening period. Special attention has been given to revive and expedite the project during this financial year with a view to complete the remaining volumes within the next five years.

The Government has decided to nationalise the invaluable works of the great scholar of Tamil, the late Devaneya Pavanar who is revered in the hearts of the Tamils as "Mozhi Gnyayiru", a leading advocate of the usage of chaste Tamil, who helped start the Tamil Etymological Dictionary Project when this party was in power. A sum of Rs. 20 lakhs will be provided for payment to his family.

We are firm believers in Anna's pearls of wisdom that "the jasmine blossoming in the enemy's garden also has its fragrance". Accordingly we continue to honour and respect late leaders of all hues without any expectation of reciprocity. Accordingly, this Government has written to the Government of India to release a commemorative stamp to coincide with the centenary celebration of one of the gems of the resplendent necklace of Tamil culture, Sardar Vedarathinam (Pillai) also known as "Patel of Tamil Nadu", which falls on 25th February 1997.

The monthly pension paid to 1,935 Tamil stalwarts, 441 aged Tamil scholars and 4,267 indigent artists will be increased from Rs. 400 to Rs. 500. Likewise the monthly pension paid to 1,778 ulemas will be increased from Rs. 400 to Rs. 500. The monthly pension paid to 100 odhuvans, 100 vedhaparayanans who have recited Vedas or Dhivyaprabhandam and those who have performed Aryar Sevai and 500 Archagas will be enhanced from Rs. 300 to Rs. 500. The scheme will be extended further to cover 1,500 village priests who will also be paid Rs. 500 per month.

We have released Rs. 50 lakhs as a first instalment of our share for setting up the

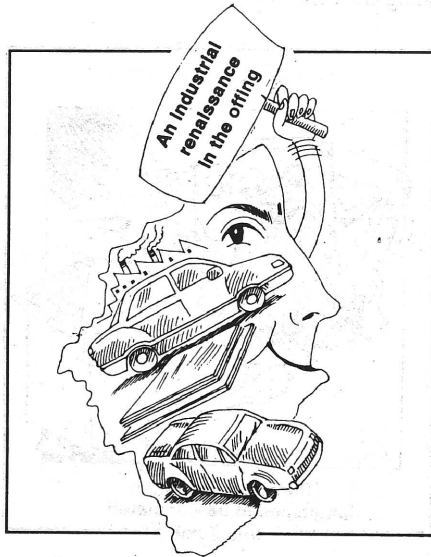
Dravidian University at Kuppam in Andhra Pradesh.

A provision of Rs. 5 lakhs has been made this year for the scheme to translate rare old books into Tamil from other languages.

The name "Madras" traces its origin to some other language. I am happy inform this House that this Government has decided that Madras will hereafter be known in all languages by only one name, "Chennai", and we would take appropriate action to give effect to this new measure.

HEALTH AND FAMILY WELFARE

136 Primary Health Centre buildings were constructed in just 2 years from 1989 to 1991. Thereafter, in the 5 years from 1991 to 1996 only 93 primary Health Centre buildings were constructed. At present in Tamil Nadu 600 Primary Health Centres are without buildings. *In the current year provision has been made for the construction of 300 Primary Health Centre buildings at a total cost of Rs. 18 crores as against the provision for the construction of only 70 Primary Health Centre buildings during 1995-96. Thus, buildings will be constructed for all the remaining 600 Primary Health Centres within a period of 2 years.*



We are approaching the Government of India for setting up a National Institute of Siddha Research at Madras at a cost of Rs. 10 crores.

The third phase of the Danida Health Care Project at a cost of Rs. 57.51 crores will be implemented from September 1996 to cover Dharmapuri, Thanjavur and Nagapattinam Quaid-e-Milleth Districts.

RENAISSANCE IN INDUSTRIAL DEVELOPMENT

Several large industries will be set up in the

State generating substantial employment opportunities. Ford Mahindra Ltd will set up a plant to manufacture 1 lakh cars per year at Maraimalainagar, which will generate direct employment opportunities for 2000 persons and indirect employment for 20,000 persons.

I am happy to announce that a Memorandum of Understanding has been signed in my presence yesterday, the 16th July 1996, with Pilkington of England to set up a plant to manufacture the best quality float glass in the world with an investment of Rs. 550 crores generating direct employment for 500 persons and indirect employment for 5000 persons, at Redhills in Chengalpattu District.

Hyundai Motor Company of Korea will set up a plant to manufacture 2 lakh cars per year at a total cost of Rs. 2450 crores near Sriperumbudur. I am happy to announce that the memorandum of understanding for this will be signed tomorrow on 18-7-96. This will generate direct employment for 3000 persons and indirect employment for 30,000 persons.

Thapar Du Pont Limited are setting up a Rs. 600 crore Nylon 6.6 project, currently under construction at the SIPCOT Complex at Gummidipoondi. To dispel fears of the local people, the

Government has insisted on the strict observance of all pollution control norms and the setting up of an effluent treatment plant which have been complied with.

A fully export oriented modern abattoir near Pollachi at a total cost of Rs. 168 crores will be set up by TIDCO in the associate sector with Enkay Group of Abu Dhabi.

TIDCO will also set up an integrated coconut processing project at a cost of Rs. 38.40 crores in association with Rai Surana Ltd.

We will revitalise the proposal to set up a permanent Trade Fair Centre in the State. TACID in collaboration with the Federation of Indian Export

organisations will set up a Trade Fair Centre near Madras at a total cost of Rs. 120 crores.

The new Tiruppur Area Development Corporation Ltd., with the equity participation of TACID, the Tiruppur Exporters' Association, (IL & FS) and the Central Government will implement the Tiruppur Area Development Project with an outlay of Rs. 1313.20 crores.

A regular forum for industrialists to represent their grievances and requests at the highest level will be formed. *An Apex level Standing Committee on Industrial Development will be constituted with the Chief Minister as the Chairman*, and it will consist of 12 nominees of various Chambers of Commerce and Industry, 6 prominent industrialists nominated by the Government and officials representing different departments.

The B & C Mill labour problem has been resolved amicably through negotiations held in the presence of our Labour Minister, which is one more instance that reveals the concern that this Government has for relieving the distress and securing the rights of the working class, who assist in industrial development.

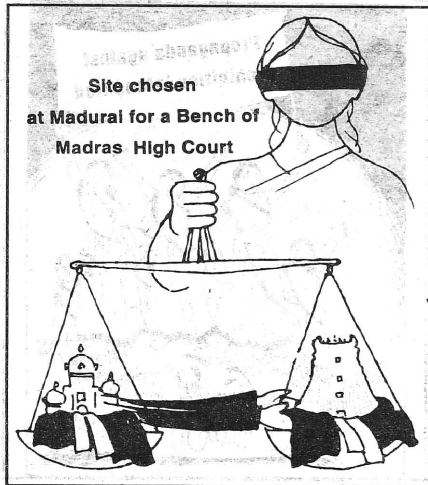
MINING AND MINERALS

This Government has consistently followed a Granite Policy which ensures both the proper exploitation of the mineral wealth of Tamil Nadu and increased revenue to the exchequer. When our party was in office in 1989-90, it had been laid down that only the sealed tender system should be adopted for the lease of granite quarries and that the lease holder should start quarrying and set up a granite polishing unit within two years of the receipt of the lease deed.

Based on this policy, during 1989-90, tenders were called for in two stages and quarrying leases were granted for an area of 262 hectares, and in a period of just two years, the Government received Rs. 20 crores as revenue.

However, the successor Government changed this system by introducing a new Rule-39 in the Tamil Nadu Minor Minerals (Concession) Rules and did away with the tender system. As a result, in the three year period from 1993-1996, for an area of 160 hectares, the revenue realised was only Rs. 5.12 crores. As against this, the revenue received in the two years when our party was in office was four times higher.

The new Granite Policy of this Government will permit leases for 20 years instead of 10 years. Quarrying will have to be commenced and polishing units set up within a period of 3 years. This new policy will not only fetch more revenue to the Government but will also ensure industrial development.



POWER DEVELOPMENT

The 630 MW North Madras Thermal Power Project-I and the 120 MW Basin Bridge Gas Turbine Project which had been conceptualised and commenced when this Government held office during 1989-91 have only recently been commissioned. The 7.5 MW Sathanur Hydro Electric Project and the 8 MW Lower Bhavani Hydro Electric Project will be commissioned during 1996-97.

Further development of generation capacity in Tamil Nadu will be mainly in the private sector. The Tamil Nadu Electricity Board has identified 16 private promoters to establish a generating capacity of 10,878 MW in the next 10 years. The power purchases agreements for the 500 MW North Madras Thermal Power Project - Stage III, the 330.5 MW gas-based power project at Pillaipermanallur, the North Madras-State-II and Cuddalore Thermal Power Projects and the diesel based projects at Basin Bridge and Samayanallur are under examination.

With a view to reduce the dependence on the private sector for setting up new power projects, a 2000 MW South Madras Thermal Power Project will be set up at Cheyyur as a joint venture with the

National Thermal Power Corporation. As a short term measure to tackle the immediate shortage of power, the Government is examining proposals to set up liquid fuel based power plants.

Co-generation plants will be set up in all the sugar mills in Tamil Nadu. 83.32 of additional capacity will be created in co-generation plants in 5 Sugar Mill during the current financial year and a further capacity of 87 MW is likely to be commissioned during 1997-98.

ROADS

Provision of good roads in rural areas will be accorded very high priority. Under the Rural Roads Programme, villages with a population of more than 1000 as per 1991 census will be covered. *The outlay for this programme in the current year has been stepped up to Rs. 28 crores as against the outlay of Rs. 18.50 crores during 1995-96.* The outlay this year on the Bus Route Roads Improvement Programme will be Rs. 14 crores. The component for providing roads to rural marketing centres under the Tamil Nadu Agricultural Development Programme will be implemented this year with an outlay of Rs. 30 crores. In addition, a provision of Rs. 10 crores has been made for improving the roads and bridges damaged by cyclones and floods under the Tamil Nadu Agriculture Development Project.

A provision of Rs. 35 crores has been made in the current year for the roads component of the Tamil Nadu Urban Development Project. A provision of Rs. 20 crores has been made for the implementation of the East Coast Road Project with the assistance from the Asian Development Bank.

TRANSPORT

Hon'ble Members of the House are aware of the critical financial situation faced by several transport corporations in the State. All the transport corporations put together are likely to incur a total

loss of Rs. 300 crores during the current year. The loss is likely to increase further due to the recent diesel price hike announced by the Government of India. All attempts will be made to improve the physical and financial performance of the transport corporations by enhancing efficiency and reducing waste.

When our party was in office during 1989-91, free travel concession was introduced for students upto class-VIII in State owned buses. I am very happy to announce that this concession will now be extended to students studying upto Class-X.

PORT DEVELOPMENT

Tamil Nadu has a very long coast line with tremendous potential for developing international trade, coastal shipping, marine fisheries and related activities. This Government will accord high priority to ensure that this potential is utilised and minor ports are developed. *Accordingly, the Government has constituted a statutory Maritime Board* which will chalk out a strategy for the development of ports and attract investment from the private sector and financial institutions. Based on the recommendations of the Transport Minister who had studied the functioning of the Maritime Board in Gujarat, this board will prepare a "Port

Expansion Policy", which will cover the expansion of minor ports like Rameswaram, Pamban, Valinokkam, Colachel, Kanyakumari, Ennore and Punnakayal, besides examining the possibility of establishing new ports at places like Thondi, Korkai and Mamallapuram. The expansion of existing minor ports and the establishment of new ports will be based on these recommendations. The Government will take all necessary action to revive the ship breaking yard at Valinokkam.

RURAL DEVELOPMENT

The Jawahar Velai Vaippu Thittam will be implemented with an outlay of Rs. 157.05 crores in the current year, of which the State's share will be



Rs. 31.41 crores. When this party was in power in 1972, the D.M.K. Government introduced for the first time in India, a scheme for constructing free concrete houses for Scheduled Castes which today goes in the name of the Indira Awas Yojana. *Under this scheme, Rs. 100.24 crores will be available for the construction of 71,597 tiled houses. The State Government will make a further allocation of Rs. 50.81 crores to ensure that free concrete houses are provided to all categories of beneficiaries. As part of this, 60,000 free houses with concrete roofs will be constructed at a cost of Rs. 126 crores for Adi Dravidars. The "Million Wells Scheme" will be implemented at a cost of Rs. 39.25 crores.*

HOUSING

At present the Tamil Nadu Housing Board caters to the requirements of Government servants and the middle class only. It does not undertake construction of houses for people living in rural areas. *To correct this situation, this Government will set up a Rural Housing Board.*

URBAN DEVELOPMENT

We have sought an extension of three years for the Tamil Nadu Urban Development Project since a substantial unutilised amount is still available. The project will be implemented during the current year with an outlay of Rs. 260.50 crores including a budgetary support of Rs. 146.25 crores. A Tamil Nadu Urban Development Fund with contribution from the State Government and financial institutions is to be set up to finance infrastructure schemes in municipal areas in the State.

An allocation of Rs. 9.15 crores has been made in the Budget for providing basic amenities for the newly added areas in various municipalities in the State. *In the Governor's address, it has been announced that Rs. 100 crores will be provided for the development of the Corporations of Coimbatore, Madurai, Tirunelveli, Tiruchirappalli and Salem. A provision of Rs. 25 crores has been made this year for this purpose.*

A special allocation of Rs. 25 crores has been made in the current year for providing basic services including street lights, improvements to roads, better conservancy services and drinking water supply in town panchayats.

The Tamil Nadu Slum Clearance Board will utilise a special grant of Rs. 60 crores, recommended by the Tenth Finance Commission for upgradation of Slum areas. A provision of Rs. 12 crores has been made for this purpose this year.

The Tamil Nadu Slum Clearance Board was established in 1970 when our party was in office. The tenements constructed by the Board will be transferred to the residents at their option on payment of a fair price in easy instalments.

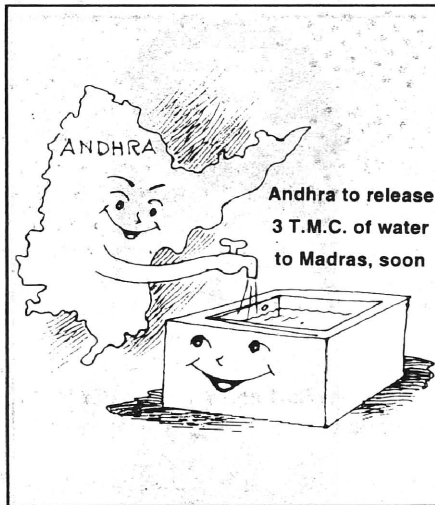
MADRAS CITY DEVELOPMENT

An investment of Rs. 200 crores will be made for upgradation of infrastructure in Madras city. Accordingly, Rs. 50 crores have been provided for the Metropolitan Infrastructure Development Corporation in the current year. This corporation will utilise this amount and raise funds from financial institutions for investment in infrastructure development and provision of basic services.

The budget includes a provision of Rs. 9.80 crores for land acquisition for forming the Outer Ring Road.

DRINKING WATER SUPPLY TO MADRAS AND OTHER AREAS

Recently, after I had spoken to the Chief Minister of Andhra Pradesh, our Minister for Public Works visited Hyderabad and concluded an agreement with him, according to which, we have been assured that as per the original agreement in 1983, 12 tmc of water will be provided to Madras city. As a first step, both States are taking all measures on a war footing to ensure that 3 tmc ft of water is delivered to Madras city before the end of this year. Through



this agreement, the Government of Andhra Pradesh has undertaken to supply 4 tmc ft of water in the second phase and 5 tmc ft of water in the third phase. To expedite these works, the budgetary provision for the payment to Andhra Pradesh has been enhanced to Rs. 50 crores and Rs. 25 crores has already been released.

A Pumped Storage Scheme at Manali for recharging the well fields around the area will be taken up at a cost of Rs. 26 crores. In the current year a provision of Rs. 5 crores has been made in the Budget.

A provision of Rs. 5 crores has also been made for the extension of sewerage facilities to unsewered streets in Madras city, subject to the house owners paying the usual charges for the new connections.

An allocation of Rs. 5 crores has been made for providing sewerage facilities free of cost to Adi Andhra colonies in Madras city.

A special provision of Rs. 30 crores has been made in the budget to upgrade 2770 power pump schemes in rural areas. A provision of Rs. 12.50 crores has also been made for upgrading 289 Combined Water Supply Schemes. In addition, for the first time, a budget provision of Rs. 15 crores has been made for the maintenance of Combined Water Supply Schemes by TWAD Board. To maintain these Combined Water Supply Schemes, TWAD will appoint 2000 persons.

ENVIRONMENT

Protection of the environment will be accorded the highest priority by this Government. It is proposed to construct a total number of 57 Common Effluent Treatment Plants to cover 3130 units including tanneries, textile dyeing units, sago units, hotels, hospitals and chemical units. In the budget a provision of Rs. 2.50 crores has been made towards the State's share of subsidy for setting up Common Effluent Treatment Plants.

The Budget provides for the establishment of two continuous air quality monitoring systems at Tuticorin and Cuddalore at a cost of Rs. 40 lakhs each.

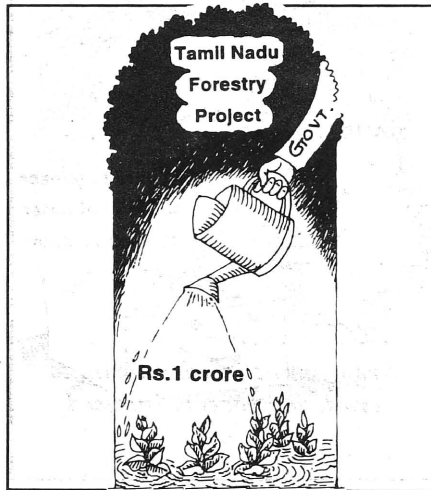
A detailed strategy for the prevention and management of pollution by different sources will be developed. A provision of Rs. 50 lakhs has been made in the Budget for this purpose.

ANIMAL HUSBANDRY

During this financial year 10 veterinary dispensaries will be upgraded to veterinary hospitals, while 10 new veterinary dispensaries will be opened. Ladies hostels will be constructed at the Fisheries College at Tuticorin and the Veterinary College at Namakkal under Veterinary and Animal Sciences University.

FORESTS

A comprehensive Tamil Nadu Forestry Project at a cost of Rs. 496 crores has been prepared and the approval of the OECF (Japan) for this project will be received during the current year itself. The Budget provides Rs. 1 crore to commence implementation of this project.



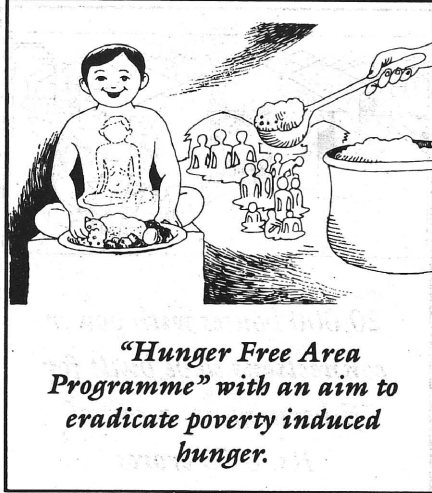
SCHEME FOR CONSTRUCTION OF FREE HOUSES AND UPGRADING BASIC SERVICES FOR FISHERMEN

I am delighted to inform the House that a special scheme will be launched to construct 20,000 houses with one electric light connection each over a period of 5 years, for fisherman families living in thatched huts in 442 fishing villages in the State. The outlay on this scheme to provide basic services like the construction of 4000 free houses per year, making improvements to houses which are in a state of disrepair, provision of link roads and street lights, will be Rs. 75 crores over a period of 5 years. An initial provision of Rs. 6.73 crores has been made in the budget for this purpose.

EMPLOYMENT

The number of youth registered in employment exchanges has increased from 26,07,092 in 1988 to 34,79,202 in 1995. However, the number of those provided employment has progressively declined from 54,388 in 1988 to 16,592 in 1995. This Government will accord high priority to ensure that this situation is improved and unemployed persons both in rural and urban areas are provided with employment.

The "Makkal Nala Paniyalargal" scheme will be revived to provide employment to educated youth in rural areas who have completed 10th standard and are in search of employment. Those employed under this scheme will be paid an honorarium of Rs. 500 per month and will be engaged in activities such as adult literacy, continuing education, running of libraries to promote awareness, helping to protect village common property resources and to encourage small savings. Two persons will be appointed as Makkal Nala Paniyalargals in each panchayat, giving employment to 25,000 persons in all. Similarly, 10,000 persons who have passed "Plus-2" will be employed in municipalities and town panchayats.



"Hunger Free Area Programme" with an aim to eradicate poverty induced hunger.

EMPLOYMENT AND WOMEN'S DEVELOPMENT

The Government will replicate the efforts of a few private individuals involved in propagating the evils of drinking through women groups. A provision of Rs. 5 crores will be made for this scheme which will involve 25,000 women and provide them employment.

When our party was in power in 1989, a major scheme called the Tamil Nadu Women Development Project was launched in Dharmapuri District. This scheme is currently under implementation in some parts of six districts benefiting 55,000 poor women. *This Government had decided to extend this scheme to the whole State, at a total cost of Rs. 1420 crores*

including the contribution of financial institutions, banks and the Government's share, so that more income generating activities and employment opportunities are available to rural women below the poverty line. This year, the scheme will be implemented in 10 districts to benefit 3 lakh women. The implementation of this scheme will be integrated with several other schemes like the Integrated Rural Development Programme, Development of Women and Children in Rural Areas (DWCRA), Prime Minister's Rozgar Yojana, Entrepreneur Development programme for women, Indira Mahila Yojana, Special Component Plan, Waste Land Development programme and the Watershed Development Programme. By the phased extension of the scheme to other districts in the next five years, 10 lakh women will be benefitted.

NUTRITION

The total outlay on the nutrition scheme introduced by the former Chief Minister MGR. has been enhanced from Rs 360 crores in 1995-96 to Rs. 401 crores during 1996-97.

"வயிற்றுக்குக் சோர்டு வேண்டும் - இங்கு வாழும் மனிதருக்கெல்லாம், பயிற்சிப்பல கல்விதந்து - இந்தப் பாகரை உயர்த்தி வேண்டும்"

To fulfil this dream of Mahakavi Bharatiyar, this Government will launch a new

"Hunger Free Area Programme" with an aim to eradicate poverty induced hunger. A number of schemes are already under implementation to alleviate poverty and to cater to the nutrition requirements of different groups of the population. Gaps in this coverage will be identified which can then be specifically targeted under the Hunger Free Area Programme. Provision has been made in the Budget for preparing a detailed strategy to implement this programme in association with Dr. M.S. Swaminathan.

WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES

This Government will pay special attention to

the welfare of the Scheduled Castes and Scheduled Tribes. *The outlay on the welfare of Scheduled Castes and Scheduled Tribes has been stepped up substantially from Rs. 208.10 crores in 1995-96 to Rs. 267.39 crores in the current year.*

- ☆ A post graduate student's hostel will be opened for the first time during 1996-97.
- ☆ A three year programme to construct hostel buildings for all Adi Dravidar girl's hostels will be implemented. The Budget for 1996-97 provides Rs. 8.50 crores for this purpose.
- ☆ 40 new hostels for Adi-Dravidar students will be opened during this year.
- ☆ All Adi-Dravidar higher secondary schools will be provided with laboratory buildings and equipment in the current year at a total cost of Rs. 72 lakhs.
- ☆ 25 high schools will also be provided with laboratory facilities in the current year.
- ☆ Computer courses will be started in 10 Adi-Dravidar welfare higher secondary schools.

WELFARE OF BACKWARD CLASSES AND MOST BACKWARD CLASSES

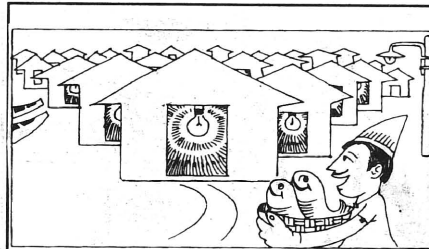
Before 1969, only a few lakhs of rupees were provided every year for the welfare of the Backward Classes. Only when this party was in office in 1969, was a separate Ministry created for the welfare on the Backward Classes. The outlay for the welfare of the Backward Classes, Most Backward Classes and Denotified Communities has been stepped up from Rs. 47.27 crores in 1995-96 to Rs. 54.31 crores this year. Special importance will be accorded for promoting the welfare of the Backward and Most Backward Classes in education and employment. *In continuation of the sustained services rendered by Thanthai Periyar, Perarinar Anna and Perunthalaivar Kamarajar, this Government is fully committed to ensure that the Backward Classes and Most Backward Classes realise the full benefit of the 69% reservation.* A total number

of 45 new hostels will be opened for the benefit of students of Backward and Most Backward Classes and Denotified Communities this year, 9 Hostel buildings will also be constructed at a total cost of Rs. 58.32 lakhs in the current year.

A new scheme for the supply of all text books free of charge of Class X students belonging to Backward Classes and Most Backward Classes will be implemented from the current year onwards at an annual cost of Rs. 45 lakhs.

WELFARE OF HANDLOOM WEAVERS

When this Government held office earlier, it had introduced the scheme of free supply of sarees and dhoties to the families living below the poverty line for the benefit of handloom weavers. However a number of irregularities crept into the implementation of this scheme in the recent past. *The scheme of free distribution of sarees and dhoties to all those below the poverty line will be implemented in a manner that will promote the welfare of handloom weavers in Tamil Nadu. The Budget provides Rs. 65 crores for implementation of the scheme.*



20,000 houses with power connections to be built for fishermen, at a cost of Rs. 6.73 crores

The Cooperative Spinning Mills which were making profits during 1989-91 have incurred heavy losses during the last five years. Due to several managerial irregularities, the total cumulative loss of the 18 Cooperative Spinning Mills has increased to Rs. 181.43 crores at the end of 1995-96. Before this Government took office, *it had been promised in the election manifesto that speedy action would be taken to re-open the closed spinning mills, revive the sick mills and thereby rehabilitate the workers.* Based on this, this Government has taken action to re-open the closed Cooperative Spinning Mills and to revive the sick mills.

A savings cum insurance scheme for handloom weavers who are members of cooperative societies has been implemented since 1975-76. Under this scheme, the amount paid to the heirs of member

weavers who died before the age of 58 by the Life Insurance Corporation of India was Rs. 3,000 upto 1989-90. In the Budget for 1990-91 this amount was increased from Rs. 3,000 to Rs. 10,000. At present the insurance amount is Rs. 15,000. *Based on the requests of associations of weavers to increase the amount, the insurance amount will be now enhanced to Rs. 25,000/- This will benefit, 1.10 lakh handloom weavers who are enrolled under this scheme.*

ENCOURAGEMENT TO FILM INDUSTRY

All of you are aware that soon after this Government assumed office, the Information Minister and I amicably settled the problems that has arisen between the film producers and workers in the film industry. The Government has received several representations that the film industry in Tamil Nadu is in the doldrums. The Government has decided to extend some concessions to ensure that this industry which employs lakhs of people does not suffer.

At present the charges for film shooting in buildings under the control of the Department of Archeology, ancient monuments, Government offices, etc. is Rs. 5,000 per day, and in reserved forest areas, coastal roads, highways, dams and other public places, Rs 2,500 per day. *Since these charges are considered to be very high, they will be reduced from Rs, 5,000 per day to Rs. 1,000 per day and from Rs. 2,500 per day to Rs. 500 per day respectively.*

Under the scheme for providing financial assistance to quality, small budget Tamil films with less than 25 prints, introduced to 1989 when this party was in office, the assistance will now be increased from Rs. 3 lakhs to Rs. 5 lakhs. Such films will also be exempted from Entertainment Tax for the first four weeks after their first release.

WELFARE OF GOVERNMENT EMPLOYEES

As assured in our election manifesto, the

Government Employees' Family Security fund will be enhanced from Rs. 60,000 to Rs. 1 lakh. The additional commitment to Government on this account will be Rs. 3.20 crores per annum.

This Government has decided to introduce a Health Fund Scheme for the employees of Town Panchayats, Panchayat Unions, Municipalities and Corporations in Tamil Nadu as is available to Government employees. A separate fund will be set up for this purpose. The Government will contribute Rs. 20 lakhs every year as its share to this fund. Rs. 5 per annum will be recovered from these employees as is done in the case of Government employees. Under this scheme assistance of Rs. 1 lakh or 75% of the cost whichever is lower will be given for special surgeries and for medical treatment.



The bicycle advance, largely availed of by low paid employees will be enhanced from Rs. 1000 at present to Rs. 1500. Similarly, taking into account the present cost, the advance for the purchase of a new car will be enhanced from Rs. 1.4 lakhs to Rs. 2 lakhs and the advance for the purchase of motor cycles will be enhanced from Rs. 25,000 to Rs. 35,000. The advance for the purchase of second-hand vehicles will be accordingly enhanced.

The present restriction on the drawal of a second marriage advance by a Government employee who already has an outstanding marriage advance drawn for the marriage of his son or daughter, will be removed and he will be made eligible for a second advance. At present, Independence Day and Republic Day are not included in the list of festivals eligible for the drawal of festival advance. Hereafter, these two days will be added to the list.

Employees retiring from services are presently entitled to surrender a maximum of 240 days of earned leave and draw leave salary in lieu. *This Government has decided to accept the long pending demand of Government employees to surrender "Half Pay leave on Private Affairs". At the time of retirement Government employees will be permitted*

to surrender 50 percent of the leave on private affairs standing to their credit, at the time of retirement up to a maximum of 90 days, in lieu of leave salary. Further, House Rent Allowance, City Compensatory Allowance and Other Allowances will be paid along with the leave salary hereafter, on the surrender of earned leave exceeding 180 days at the time of retirement. The above mentioned benefits will enable the drawal of a maximum of 8 months of full leave salary on surrender of earned leave and a maximum of 3 months full leave salary on surrender of leave on private affairs. This benefit will also apply to All India Services Officers serving under the State Government. This concession will cost the Government Rs. 17 crores per annum.

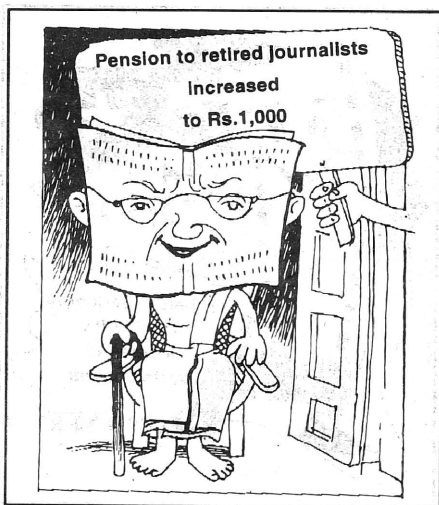
As per the rules in force, employees should render 33 years of qualifying service to get full pension. With the age limit for entry into Government service raised to 28 years, an employee entering service at the age of 28 is not eligible for full pension. Taking into account the representation of association of Government employees, this Government has decided to reduce the qualifying service to get full pension from 33 years to 30 years and to make certain changes in the methodology for calculating of pensions. For example, 50 percent of the pay last drawn will be fixed as pension instead of the present system of fixing pension based on the 10 months average basic pay. At the same time, taking into consideration the fact that in certain departments, employees are likely to face reversion just before retirement, the Government have decided to grant pension either at 50 percent of 10 months average pay drawn or 50 percent of the pay last drawn whichever is higher. This will be implemented with effect from 1.7.1996.

I am proud and happy to point out that the above two schemes announced for the benefit of retiring employees are not in existence either in the Central Government or in other State Government and that these are pioneering schemes introduced by the Government of Tamil Nadu.

WELFARE OF PENSIONERS

As regards pensioners and family pensioners, the interim relief granted to them with effect from 1.10.1995 will now be given with retrospective effect from 1.4.1995 as in the case of Central Government pensioners. The merger of dearness allowance at 97 percent of pay for the calculation of the Delhi-cum-Retirement Gratuity and the enhanced maximum limit of Gratuity at Rs.2.50 lakhs which was given effect to only from 1.10.1995 by the previous Government, will now be given effect to retrospectively from 1.4.1995 on par with the employees of Central Government. Similarly, the enhanced medical allowance of Rs. 50 per month given to Government employees from 1.12.1995 will be extended to pensioners. These concessions will cost the Government Rs. 7 crores as recurring expenditure and Rs. 57.50 crores as non-recurring expenditure.

There are about 2 lakh pensioners in Tamil Nadu. A separate fund will be created deducting Rs. 20/- per month from their pension uniformly. In case the pensioner dies after making such deductions for one year, financial assistance of Rs. 25,000/- will be paid to his family. Final shape will be given to the scheme discussions with representatives of pensioners.



JOURNALIST'S PENSION

When this party was in power in 1989, the monthly pension paid to journalists was enhanced from Rs. 250 to Rs. 400. This was raised to Rs. 500 in 1992. Now, accepting their request, it has been decided to pay a monthly pension of Rs. 1000.

PROBLEMS OF FORMER VILLAGE OFFICERS

In addition to the scheme to provide employment to former village officers, payment of pension to them was also under consideration of this Government when it held office earlier. The Government was dismissed before this scheme could be implemented. The Tribunal had ordered the

payment of pension to former village officers. But the previous Government did not initiate any action on the order of the Tribunal and when the Village Officers filed an application for contempt of court, the Government went on appeal to the Supreme Court.

This Government will take necessary steps to withdraw the appeal petition filed by the previous Government in the Supreme Court and extend the payment of pension to Village Officers benefiting 8,500 persons.

FINANCIAL POSITION

In the Interim Budget for 1996-97, presented by the previous Government, the total revenue receipts had been estimated at Rs. 10,543.52 crores and the total expenditure at Rs. 11,505.61 crores resulting in a revenue deficit of Rs. 962.09 crores. In this Budget while the total revenue receipts are estimated to be Rs. 11,068.07 crores higher by Rs. 524.55 crores, the total expenditure has increased by Rs. 601.09 crores to Rs. 12,106.70 crores. The revenue deficit has thus widened to Rs. 1038.63 crores. The main reasons for this include, the provision of payment of an additional sum of Rs. 90 Crores over and above the Interim Budget provision for payment of dearness allowance, the increase in the provision for food subsidy by Rs. 150 crores over the Interim Budget Estimate, the inclusion of new Part-II schemes and the increase in the plan outlay.

In the Interim Budget for 1996-97, it had been estimated that the net effect of all transactions will be a deficit of Rs. 270.66 crores. The deficit incurred during the year has widened to Rs. 334.89 crores in the Revised Budget Estimates for 1996-97. Along with the closing balance in the Revised Estimates for 1995-96 estimated at (-) Rs. 410.16 crores. The closing balance at the end of 1996-97 is now estimated at (-) Rs. 745.05 crores.

The size of the revenue deficit and the overall deficit is a matter of serious concern. Therefore, it is essential to undertake suitable taxation and expenditure management measures to bridge the deficit to some extent.

MOTOR VEHICLES TAX

In pursuance of the High Court's observation made in 1990, that it would be reasonable to levy a

tax of Rs. 1500 per seat per quarter on omni buses, the Government have decided to levy Rs. 1500 per seat per quarter on all omni buses.

We propose to make certain changes in the tax on light motor vehicles. It has been decided to enhance the tax on only imported luxury vehicles, the details of which are as follows.

Unladen weight	Imported Vehicles	
	Present Rate	Revised Rate
	(in Rs per annum)	
Not more than 700 kgs	1500	1800
701 kgs to 1500 kgs	1950	2350
1501 kgs to 2000 kgs	2250	2700
2001 kgs to 3,000 kgs	2400	2900
More than 3000 kgs	2700	3300

COMMERCIAL TAX POLICY

When this party was in office earlier, most of the commodities were removed from multi-point taxation and brought to single point taxation. However, the previous Government re-imposed multi point sales tax on several commodities. I am happy to inform the House that in response to the representation from traders' associations, it has been decided to remove all such items from multi point taxation and bring them back to single point taxation.

LONG TERM TAXATION POLICY

It is our primary objective to provide a clean and corruption free administration to the people of Tamil Nadu. In order to achieve this and at the same time stimulate industrial growth and commerce, it is necessary that there should be a stable, investor-friendly atmosphere devoid of any uncertainty. It is with a view to achieve this noble objective that I wish to place before you a Long Term Taxation Policy. I am sure that both the trading community and industrial houses will whole-heartedly welcome this major step.

In order to avoid frequent changes in taxation, both in policy and in rates, this Government has decided to adopt a stable policy on commercial taxes with a long term objective. As a first step I would like to announce the following measures:

The minimum turnover limit for sales tax is being raised from Rs. 1 lakh to Rs.3 lakhs per annum.

For assessee whose turnover is Rs.3 lakhs or more but is less than Rs.10 lakhs an optional compounding system for payment of sales tax will be introduced:-
 Rs.3 lakhs and above, but less than Rs.5 lakhs = 3 %
 Rs.5 lakhs and above, but less than Rs.10 lakhs = 5 %

It would be enough if such assessee maintain accounts for the total turnover. Detailed accounts need not be maintained.

SELF-ASSESSMENT

At present the scheme of Self - Assessment is applicable only to those assessee whose turnover is less than Rs.5 lakhs. This ceiling is being raised to include industries and traders with a turnover of upto Rs.10 lakhs. Under this scheme 25% of the accounts will be selected through the computer by the Commissioner of Commercial Taxes on a random sample basis and will be subject to detailed review. The local commercial tax officials would not have any individual discretion to inspect the accounts of remaining of the 75 % of the assessee. Under this scheme more than 70,000 assessee would stand to benefit and various obstacles faced by the small traders would totally vanish. Based on the response of the business community to this new scheme., The question of upward revision of this ceiling would be examined subsequently.

TAX CONCESSIONS

Although the state Government is not responsible for the increase in prices, realising its responsibilities, this Government unmindful of the revenue loss of Rs.55 crores, has decided to totally exempt from Sales Tax basic food commodities which are used by people in their daily life including pulses, chilli, coriander (dhaniya), turmeric, tamarind, jeera, asafoetida, jaggery and soapnut (Seekkai).

Apart from this, silver toe-rings (Metti), anklets, waist cords, handmade matches, paddy husk, broken rice and coconut husk will also be totally exempted from tax.

The tax on cooking gas (LPG) will be reduced from the effective rate of 11.6 % to 8%.

The purchase tax on sugarcane is at the basic rate

of 11% the total incidence of which, along with other taxes, is 14.7%. Sugar factories cannot avail of the concessional tax available to other manufacturers using raw materials under section 3(3). Therefore, as a measure to encourage the sugar industries, in the new tax structure, the tax on sugarcane will be reduced to 8%. Although, the loss of revenue to the Government as a result of this measure is Rs. 57 crores, this concession is being extended in the hope of encouraging the sugar industry.

The earlier Government had effected a steep increase in the tree tax levied on 2(C) patta trees. Considering the people's opposition to this measure the tree tax will be reduced to the rates levied prior to the revision.

MERGER OF SALES TAXES

Of the four elements of Sales Tax viz., Sales Tax, Surcharge on Sales Tax, Additional Surcharge on Sales Tax and Additional Sales Tax *the Surcharge on Sales Tax and Additional Surcharge on Sales Tax will be totally abolished throughout the State. Additional Sales Tax will be totally abolished for all firms with a taxable turnover of less than Rs. 100 crores per year.* As a result of this, more than 70,000 dealers will benefit from the substantial reduction in workload and reduction in the number of tax assessment forms.

The existing levies will be merged and the following changes effected:

Current Rate of Tax	The actual incidence of tax including Surcharge, Additional Surcharge and Additional Sales Tax	New Rate of tax
1	3	2
3	5.6	4
5	8	8
8	11.6	12
12	16.4	16
16	21.2	20

There will be no change in the rate of tax for petrol and liquor. The rate of tax on diesel is being reduced from 19.2% to 18%

VALUE ADDED TAX

We have examined certain tax reform measures within this short period of two months of assuming office and have decided to introduce the system of Value Added Tax in Tamil Nadu, on the lines of the system obtaining in States like Maharashtra.

Though manufacturing inputs are subject to only 3% sales tax, the actual tax incidence on inputs due to the levy of surcharge and additional sales tax works out to 5.6%. *With the merger of all the sales taxes into one composite tax as already indicated, we have also decided to actually reduce the sales tax on manufacturing inputs to 3%.* This measure will benefit the manufacturers in the State to the extent of 1 Rs. 200 crores per annum. Further, this will lead to reduction in prices of products which would greatly facilitate the removal of obstacles in competing with other States and thus lead to better opportunities for industrial development.

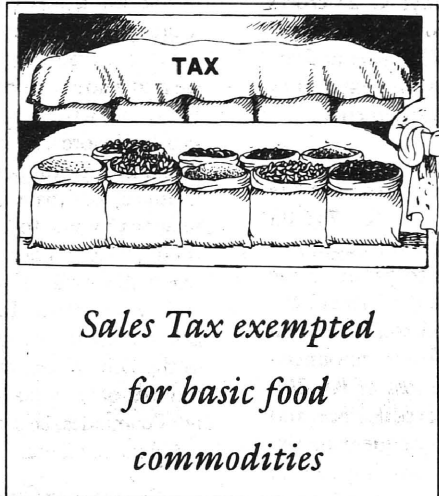
The tax on capital goods for power generation purchased from within the State for Government approved power generation projects will be reduced from 12 percent to 3 percent.

The concessional 3% rate of tax for manufacturing inputs would also be extended to various types of machinery, power pumps, power factors and shunt capacitors, oil engines, furnaces and boilers, generator sets and all the associated accessories and spare parts. Government will lose revenue of Rs. 55 crores due to these measures. However, this would facilitate industrial growth and create better opportunities for employment and thus strengthen the State's economy.

With a view to encourage exports from Tamil Nadu, all raw materials purchased within the

State by registered 100% Export Oriented Units and units located in the Madras Export Processing Zone (MEPZ) will be fully exempted from payment of sales tax.

This Government, which has provided so many tax concessions with a view to promote industrial development, also intends introducing Value Added Tax on resellers. In the first stage, this system will be made applicable to all dealers with a total turnover of more than Rs. 75 lakhs. This system will apply to only 8000 of the total of approximately 3 lakh registered dealers in the State. The dealers who come under this system will be required to pay Value Added Tax at the same rate as the sales tax on the goods. The sales tax payable at the time of resale will be levied only on the value addition at the reseller's stage. Further, it would be sufficient if the Value Added Tax is paid after deducting the tax already paid on the purchases made.



The detailed revised Schedules with the new rates which will take effect from 17th July 1996 are being notified separately today. Copies of the notifications are placed on the Table of the House. Certain amendments to existing Acts are also necessary to give effect to some of the changes proposed. These amendments will be brought forward in the current Session itself.

We have decided to implement various tax reforms that I have outlined above, even though it would result in a very substantial loss in sales tax revenue amounting to Rs. 306 crores, keeping in view the development of industry and commerce in the State. At the same time, such a large loss of revenue is likely to adversely affect development works and welfare schemes taken up by this Government. Therefore, it is very essential to compensate this revenue loss by levying new taxes, our only request to the

Government of India now is that suitable enabling legislation should be enacted to give the States the power to levy Service Tax. Just as Services Tax is levied in several foreign countries, we have introduced Value Added Tax which is also levied in a number of foreign countries, unmindful of the revenue loss. Therefore, in our view it is very essential that the states are given the power to levy Service Tax.

To bridge the deficit to some extent, this Government has undertaken measures to drastically reduce the ostentatious expenditure incurred by the previous Government. I assured the House that this Government will not be extravagant in the manner in which Rs. 27 crores were spent in five years on the functions in which the Chief Minister participated, excluding the World Tamil Conference and the South Asian Federation Games held recently; Rs. 21 crores were incurred over five years on providing excessive security arrangements for the Chief Minister and the way in which crores of rupees of Government money was squandered on a variety of advertisements.

CONCLUSION

Earlier in my speech, I had indicated that the closing deficit for 1996-97 would be Rs. 745.05 crores. There are very few proposals for additional taxation, while several concessions to promote the growth of industries in the State and to secure the well being of the poor and middle classes have been given. The net effect of all the measures announced in this budget would be a revenue loss of Rs. 306 crores. By ensuring economy in expenditure and with a better tax compliance and consequent on the major tax reforms undertaken, I am hopeful of neutralising the anticipated loss of revenue substantially. Even then, the loss is not likely to be bridged fully and the closing deficit for 1996-97 is likely to increase further by Rs. 106 crores and go up to Rs. 851.05 crores.

The Budget that I have presented before you is like a palmleaf fan with which the poor, fan themselves; a clay lamp lit in the house of the working classes; a towel which wipes the sweat of farmers and agricultural labourers; industrial development which is the elixir for the welfare of workers and the alleviation of the unemployment problem; a little relief to weavers and fishermen who toil every day for their living; a brief flash of lighting for placed at the feet of Mother Tamil

who is dearer to us than our lives. On the whole, I am aware that it has not been possible to provide liberal bounties, but a little relief has been given to all. In any case, the Tamil people should not be angered by our inability to fulfil all their needs, and I would assure them that, as we still have in our hearts a number of schemes to be implemented for them in the future, they should not lose hope.

The Dravidian movement is the incomparable movement which shines with the spirit of being Tamil by language, Dravidian by race, Indian by nationality, and in the world, human. The movement had made innumerable sacrifices, offered up so many lives, overcame opposition, defeated treachery and passed through sufferings and agony, in order to protect the Tamil language; bring peace to the life of the Tamil people living in various parts of the world; prevent language imperialism from reducing Tamils to second grade citizens; safeguard democracy, which is like a lamp in a house, from being extinguished by the forest fire of autocracy; establish social justice with equity, equality before the law and fraternity; and to adhere to secularism, guarding the interests of the minorities like Muslims, Christians and people belonging to different religions coming to any harm whatsoever. The D.M.K. is the socio-political vanguard of this movement. I would request all of you who are present in this House and the people of Tamil Nadu who have sent you as their representatives while fully realising that the services of the D.M.K. are still required for Tamil Nadu for a number of years, to render advice as teachers; standby us as comrades; be a mother bestowing affection and a disciplinarian father.

“மடுத்தவா செயல்லாம் பகடன்னான் உற்ற
இடுக்கண் இடர்ப்பா டுடைத்து”

In keeping with the above words of Thiruvalluvar, that like an ox pulling its burden over an uneven path full of obstacles, unstinted efforts will result in an end to difficulties and ultimately in success, this Government has prepared this Budget with the same determination. I would like to place on record my heartfelt gratitude, to the Finance Secretary Thiru. S. Gurumurthi who has untiringly toiled day and night, and to the Secretaries of other departments for assisting me in preparing this Budget. With this I humbly request the acceptance of the Budget for 1996-97. □

Government functions shall be austere



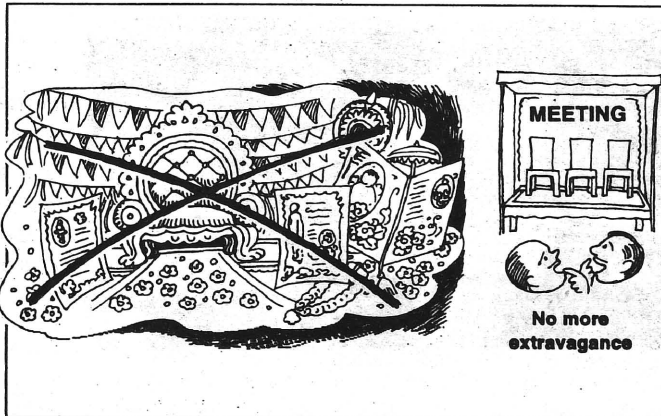
Chief Minister Kalaignar M. Karunanidhi has issued a set of 10 guidelines on organising Government functions / celebrations and meetings in a simple manner without any extravagance and unnecessary expenditure.

According to the direction the officials have been asked to organise functions within the budget. Invitations should be simple and preference should be given to sketches and photographs pertaining to the function. Invitations for important functions in the Districts should be printed only at 'Tamil Arasu' press after getting permission from the Director of Information and Public Relations.

The other guidelines and conditions are :

☆ Lavish wall-posters, electric illumination, cut-outs and wall graffiti should be avoided.

☆ Festoons, illuminated arches and welcome arches would not be allowed; particularly the digging of roads for arches would be never be allowed.



☆ The dais should be simple with minimum spending. Construction of thatched pandals should be avoided as also ornamental chairs. 'Shamiana' could be provided, where ever necessary.

☆ Flower decorations and welcoming VIPs and guests by showering flower petals would not be allowed.

☆ Garlanding and presenting shawls by too many persons on the dais should be avoided.

☆ Government programmes like Manu Needhi Scheme (where people's grievances are heard in public), IRDP and awareness camp should not be organised like a celebration.

☆ No one should receive donations or assistance in any form from individuals/ private firms for organising functions.

☆ Big advertisements should not be released to the press.

PHOTO



The Union Minister for Finance, Thiru. P. Chidambaram called on the Chief Minister, Kalaigñar M. Karunanidhi at the Secretariat on 6.6.96.

The Former Prime Minister of India Thiru A.B. Vajpayee called on the Chief Minister, Kalaigñar M. Karunanidhi on 8.6.96. The Union Minister for Industries, Thiru Murasoli Maran was also present.

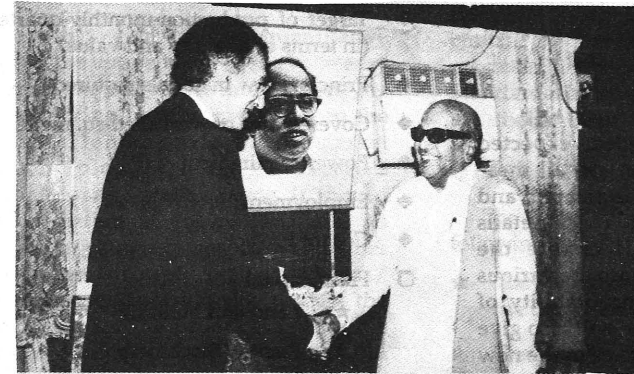


The High Commissioner for Canada in India Thiru. Stanley E. Gooch called on the Chief Minister Kalaigñar M. Karunanidhi at his residence (21.6.96).

FEATURE



A Delegation of American Industrialists called on the Chief Minister, Kalaigñar M. Karunanidhi on 25.6.96.



The French Ambassador to India Thiru Petit called on the Chief Minister, Kalaigñar M. Karunanidhi at his residence on 22.6.96.

The Minister for Revenue, Thiru Nanjil K. Manoharan, distributed food grains, sponsored by Sri Maheswari Food Bank, Chennai to the people affected by the recent heavy rains. The Minister for Housing Thiru K. Pichandi also participated in the function (24-6-1996)



HOW TO START A SMALL INDUSTRY?

Preparation of Project Report

Last month, we had published an article on How to start a Small Industry. We continue the same spirit with another useful article.

The importance of and imperative need for a clear cut project Report before setting the project on the anvil hardly needs any over emphasis. The Project Report must spell out in unequivocal terms the requirements of various inputs for the Project viz.

Land and Factory Space

Raw Materials

Labour (Skilled and Unskilled)

Capital

Organisation

The capital investment needed, expected return thereon, market situation etc. all these and more should be clearly indicated and discussed in the Project Report. These details well incorporated there will enable the entrepreneur to gain an insight into the various input requirements, cost and profitability of the venture. Besides, the exercise will also give him or her sufficient self confidence in the new venture to steer through successfully.

Today, without financial aid from the Banks and other financial institutions, it is difficult to start new industries. The project report should, besides details of the project, contain details of financial assistance required with reference to the quantum, mode and period of repayment, number of instalments, etc. It is only natural that the banks, the financial institutions would like to know about the techno-economic viability of the project. It is in the interest of the entrepreneur himself or herself to give a perfect, self explanatory, Blue print containing all essential details of the project to the banks and financial institutions. The need for the Project Report arises not only for getting financial aid for banks etc. but also for getting other assistance like Registration Certificates,

allotment of scarce raw materials etc. from other agencies like the District Industries Centres.

PROJECT REPORT - AT A GLANCE

The Project Report should be a self explanatory document capable of evoking positive response. It should contain the following items of information about the Project each of which should be delineated further.

- ◆ Name of the industry to be started
- ◆ Address of the unit
- ◆ Product to be manufactured
- ◆ Target of production-monthly-quarterly etc. (in terms of quantity and value)
- ◆ Principal raw materials required
- ◆ Covered area of workshed-sq. metre
- ◆ Power requirement - HP
- ◆ Employment
- ◆ Cost of Project
 - Fixed capital
 - ★ Land and building
 - ★ Plant & Machinery
 - ★ Furniture, Product Development cost
 - Working Capital
 - Carry on trade - 3 months requirements
 - (or as suitable to the line of manufacture)
 - Total Cost in Rs.
 - ◆ Sources for financing the project.
 - ◆ Turnover - Sales Expected per year in Rs.
 - ◆ Expected Profit
 - ◆ Expected profit as percentage of expected sales
 - ◆ Expected profit as percentage of capital invested
 - ◆ Breakeven point

GENERAL CHARACTERISTICS OF THE PROJECT

□ Market Potential / Outlook:

What is the basis for selecting the product for manufacture?

Obviously because the product is very vendiable and the demand outlook is bright. Hence, the Project Report should throw light on the following aspects:

- ★ The demand in the local markets.
- ★ The demand in the national markets.
- ★ The demand in the international markets.

It is necessary to give sufficient quantitative data covering the above aspects, to evoke easy response from the banks. In this section, the report should bring out the gap between the present demand for the product in the market and its present production and the expected future demand, say 5 years hence. It should spell out the extent of competition and its nature, marketing strategy proposed (whether direct sales or through selling agents/intermediaries) etc. It should also discuss the export prospects for the products giving the names of the countries to which these could be exported and the estimates of requirements therein.

ENTREPRENEUR'S DETAILS

The Project Report should indicate the organisational pattern proposed for the unit viz. proprietary/partnership/private limited etc. The biodata of the proprietor/partner Directors giving their names, age, qualifications and experience (technical and business) including previous experience in the line of manufacture proposed should also be given to substantiate the technical and managerial competence of the men behind the project. The project report should also give the Registration Certificate Number (if it is registered by DIC) and enclose an attested copy of the Registration Certificate.

TECHNICAL CHARACTERISTICS OF THE PROJECT

PRODUCT DETAIL

Detailed description of the product proposed to be manufactured, standard specifications, usefulness or utility of the product, end user and their approximate numbers etc. should be given.

MANUFACTURING PROCESS/METHODS/ FLOW PROCESS CHART

It is necessary to give a brief description of the manufacturing methods/processes, right from the stage of raw materials to that of the finished product, production envisaged in the first year, and in the next 5 years or so whether any phased increase is planned-these and other relevant details should be discussed, quality control and inspection methods, procedure proposed to be adopted viz. whether Indian Standards Institution (ISI) Standard proposed etc. should be presented clearly.

OTHER DETAILS

The Project Report should also contain the following details:

- ★ The parts/components to be manufactured in the unit itself.
- ★ The parts/components to be farmed out or sub-contracted to outside units for assembling later.
- ★ Maintenance methods to be followed to ensure continuity and regularity in production.
- ★ The layout of the machinery taking into consideration the statutory regulations regarding safety, public health, sanitation etc.
- ★ 'Modus Operandi' for effluent disposal, etc.

LOCATION

A brief description of the proposed location of the factory, the location advantages inherent viz. cheap rent, good infrastructural facilities, like electrical power, affable climate, good network of communication facilities, quick transport of raw materials and finished products, availability of skilled labour nearby, availability of government

subsidy etc. is to be given. The location advantages that had weighed with the entrepreneur in the site location should also be indicated.

PLANT AND MACHINERY

It is necessary to give a brief description in the Project Report about the plant and machinery required for the manufacturing activity with detailed specifications, quality, cost and availability, whether indigenous or imported, names and address of supplier, whether it is envisaged to acquire the machinery in a phased manner etc. Since it may not be necessary to acquire all the machinery at one point of time, in the beginning itself, some machines need not be purchased by the entrepreneur but can be hired on rental basis from others. The entrepreneur may like to get machines on hire purchase basis, in easy instalments from organisations like National Small Industries Corporation (NSIC) some machines may have to be imported from other countries. All these facts and the details thereof should be mentioned in the Project Report.

TESTING EQUIPMENTS

A list of testing equipments with detailed specifications, purpose, usefulness, cost, name and address of suppliers is to be given. It is also necessary to state clearly why those equipments are considered necessary for the unit.

PROJECT COST

Fixed Capital : Land and Building

The extent and cost of the land proposed to be acquired, total cost of the buildings to be constructed and the covered area, future expansion if any, indicating the additional covered area, proposed to be constructed, its cost etc. should be given. If the land and building are to be taken on rent/lease, the details thereof should also be given.

Plant and Machinery

A list of machinery utilised in the process with price should be given. The total cost is to be indicated.

Testing Equipments

The cost of equipments should be given.

Furniture

A list of furniture, office equipments, typewriters, etc. required for the unit indicating their price/value should be given.

Product Development Cost

Details of Expenditure to be incurred for undertaking market study, procuring foreign collaboration/exchange, development of new business, training of personnel and payment to consultants etc. are to be given.

Pre operative expenses

Details of expenditure initially involved in preparing the project, setting up the factory, obtaining approval, raising sufficient capital, obtaining electric power and water supply, erection and installation of machinery and other incidental expenditure during the gestation period of the project should be given.

Recurring expenditure

The requirements of raw materials, components, parts, sub assemblies for carrying on production continuously for one month should be given or listed out, both in terms of quantity and value. If some of these materials are to be procured from abroad or from other units, the details thereof are to be given. The different consumable items like cotton waste, lubricants, files, taps, dies, hacksaw blades etc. are also to be listed with quantity required and price.

Personnel/labour required

The list of personnel of different categories to be employed, their number and monthly salary, allowances, total salary/wage bill is to be furnished.

Utilities

Expenditure on utilities like electricity fuel and water is to be indicated.

Other Contingencies

The monthly expenditure on rent, postage, stationery, transport, selling and distribution, repairs to machinery is also to be furnished and the total arrived at.

Working capital

The expenditure on raw materials, components, parts, sub assemblies, consumables, salaries, wages, utilities and other contingencies etc. as outlined above, if totalled up will give the capital required for running the industry for a month. On this basis the requirements for a 3 month period should be worked out which will be the minimum working capital needed for running the industry. It has been borne out by experience that only if an entrepreneur is able to meet the working capital requirements for a minimum 3 months period he will be able to make it a running proposition.

COST OF PRODUCTION

In the above paragraph we have indicated the working capital requirements, component-wise for running the unit for one month, which multiplied by 12 will give the cost per year.

There are certain other cost components like interest on capital (fixed capital and working capital for 3 months requirements) say about 15% which might have been paid by the entrepreneur, depreciation on machinery say 10% per year, a similar depreciation on certain assets like furniture, typewriters etc. which will also have to be computed for arriving at the total cost of production per year (Depreciation will be on a continuing basis. In the 2nd year of production, machinery will be valued at only 90% of its original cost, on which 10% depreciation is to be worked out for the subsequent year). The cost of production has to be tabulated year by year for a period of 5 years in the Project Report.

BREAK EVEN POINT

The main aim of any business enterprise is to make profit. What is profit? It is the revenue received over and above the cost of production. Even if there is no profit, it should be able to

recover all expenses without incurring any loss. Break even point for the unit is that quantum of sales at which the unit is able to recover all expenses. In other words, it is a point at which neither profit is made nor any loss incurred. It is thus the minimum level of activity at which any unit should operate. Once the level of operation of a unit is above this point, it then starts generating a surplus.

CALCULATION OF BREAKEVEN POINT

The expenses incurred by a unit can be classified into 2 categories viz., fixed and variable expenses. Fixed expenses are those that are independent of the level of activity in the unit and have to be willy nilly incurred expenses such as utilities at zero production, salaries of permanent labour, factory and administrative overheads, depreciation and interest on long term loans etc. Variable expenses on the other hand have a direct relation to the level of activity. Expenditure on raw materials, packaging materials, utilities, selling expenses, interest on short term loans, wages of casual labour etc. are to be reckoned under this head.

Break Even Point can be defined as
$$\frac{\text{Fixed Cost} \times 100}{\text{Contribution}}$$

Contribution = Total Sales - Variable expenditure

FOR EXAMPLE

Total Sales Realisation in a unit = Rs. 34.92 lakhs

FIXED EXPENDITURE

This is expenditure at zero production	Rs.
Utilities	2,720
Salaries	3,600
Factory overheads	14,160
Admn. Overheads	8,400
Depreciation	11,125
Interest on long term loans	39,057
	70,062

VARIABLE EXPENDITURE

Raw materials, Consumables	24,00,000
Packing materials	1,16,669
Utilities	43,200
Casual Labour wages	16,000
Selling expenditure	1,00,009
Interest on ST loan	90,600

Rs. 27,66,478

Contribution = Total Sales - Variable expenditure
= Rs. 34,92,000 - 27,66,478 = Rs. 7,25,522

Break Even Point = $\frac{\text{Fixed Cost} \times 100}{\text{Contribution}}$
i.e., = $\frac{70062 \times 100}{725522} = 9.66\%$

It is inferred that at 9.66% of capacity utilisation the unit could break even. The industry can boast of high returns if the production is increased beyond this level. This is only a hypothetical basis. In many cases, break even point may be above 40% of capacity utilisation. There are other methods of calculation of break-even also. Whatever be the method, the break even analysis should be given in the Project Report.

It sometimes becomes very difficult to exactly judge the figures of variable cost in a project at the planning stage itself. The Small Industries Service Institute, adopts the following method of calculating breakeven point:

It can be mathematically shown that the breakeven point as a percentage or turnover will work out to:

Percentage Breakeven = $\frac{F}{F + P} \times 100$

where F = Fixed cost of the project
and P = Profit anticipated when the whole of the total production is sold.

COST OF PRODUCTION AND PROFITABILITY ESTIMATES

ITEM	Operating Years				
	I	II	III	IV	V
A. Installed Capacity (Qty)					
B. Capacity Utilization (%)					
☆ Raw materials & Consumables					
☆ Packing material					
☆ Utilities					
☆ Wages & Salaries					
☆ Repairs & maintenance					
☆ Rent					
☆ Depreciation					
☆ Miscellaneous expenses towards manufacturing					
C. Total					
D. Income by Sales					
E. Gross profit (D-C)					
F. Interest					
☆ Interest on term loan					
☆ Interest on working capital					
☆ Interest on other borrowings					
G. Selling and General Administrative Expenses					
H. Profit before tax : E - (F+G)					
I. Provision for tax					
J. Net profit (H-I) Add depreciation					
K. Net Cash Accrual					

F. FIXED COST PER ANNUM

- ◆ Depreciation on machinery per year (normally computed as 10% of the purchase value) +

- ◆ Depreciation on tools (normally computed as 25% of the purchase value) +
- ◆ Depreciation on furniture (normally computed as 20% of the purchase value) +
- ◆ Annual rent for the shed and workshop are +
- ◆ Interest on total investment, i.e. fixed capital and working capital for 3 months (normally computed as 15%)
- ◆ 40% of the annual salary of all the employees (inclusive of staff and workers) +
- ◆ 40% of annual the expenditure on other consumables (excluding rent) - like electricity, water charges.

It may be seen that this method of working is a simpler way for arriving at the breakeven point even at the planning stage of the project.

It is needless to add that the term 'Fixed' in the case of 'Fixed cost' is itself not that much rigidly fixed as it will get affected by any increase in the wages paid to employees or expenditure against consumables. Similarly profit anticipated may also vary according to the fluctuations of the price of the end product in the market and raw material and other inputs. This break even point may vary from period to period and as such strict vigil has to be kept up by the concerned on the current breakeven point by working out periodically.

PROFITABILITY

The profit is to be worked out year by year for a period of 3 to 5 years. The percentage of profit, the rate of return on investments and repayment schedule is to be indicated.

Profit = Sales - Cost of Production

% of profit = $\frac{\text{Profit} \times 100}{\text{Sales}}$

Rate of return = $\frac{\text{Profit} \times 100}{\text{Total Investment}}$

A statement of cost of production and profitability may be appended to the report as shown in the table on the left.

CASH FLOW ANALYSIS

The cash flow statement serves the following purposes. To the unit, it gives an understanding of the cash readily available and serves as a guide for profiting funds for growth, improving return on investment, planning repayments etc. To the banker, it gives an insight into (a) the sources of finance and their utilisation, (b) the internal

generation of funds and the extent of borrowing, (C) net income, (d) repayment capacity. The cash flow statement, has to be worked out for at least 3 to 5 years. The following format may be useful

Necessary Aid

The help and assistance expected from the Bank for the Project may be indicated.

CASH FLOW ANALYSIS

Item	Preparative Period	Operating Years				
		1	2	3	4	5
A. SOURCES OF FINANCE						
★ Net profit						
★ Share capital						
★ Depreciation						
★ Investment allowance reserve/Tax concessions/Subsides						
★ Long term loan						
★ Short term loan (Working capital)						
★ Deferred payment facilities						
★ Others (indicate details)						
B. DISPOSITION OF FUNDS						
★ Preparative expenses						
★ Increase in capital expenditure Fixed assets						
★ Increase in current assets						
★ Repayment of Term loans						
★ Repayment of Deferred payments						
★ Interest on all loans						
★ Taxes						
★ Dividend						
★ Others						
Opening Balance						
Net Surplus (A-B)						
Closing Balance						
Capacity Utilisation						

N.B. ● Before taxes with interest added back but after depreciation and development rebate reserves)

A Zen Short Story

Finding a Diamond on a Muddy Road

Gudo was the emperor's teacher of his time. Nevertheless, he used to travel alone as a wandering mendicant. Once when he was on his way to Edo, the cultural and political center of the shogunate, he approached a little village named Takenaka. It was evening and a heavy rain was falling. Gudo was thoroughly wet. His straw sandals were in pieces. At a farmhouse near the village he noticed four or five pairs of sandals in the window and decided to buy some dry ones.

The woman who offered him the sandals, seeing how wet he was, invited him to remain for the night in her home. Gudo accepted thanking her. He entered and recited a sutra before the family shrine. He then was introduced to the woman's mother, and to her children. Observing that the entire family was depressed, Gudo asked what was wrong.

"My husband is a gambler and a drunkard," the housewife told him. "When he happens to win he drinks and becomes abusive. When he loses he borrows money from others. Sometimes when he becomes thoroughly drunk he does not come home at all. What can I do,"

"I will help him," said Gudo, "Here is some money. Get me a gallon of fine wine and something good to eat. Then you may retire. I will meditate before the shrine."

When the man of the house returned about midnight, quite drunk he shouted, "Hey, wife I am home. Have you something for me to eat."

"I have something for you," said Gudo, "I happened to be caught in the rain and your wife kindly asked me to remain here for the night. In return I have bought some wine and fish, so you might as well have them."

The man was delighted. He drank the wine at

once and laid himself down on the floor. Gudo sat in meditation beside him.

In the morning when the husband awoke he had forgotten about the previous night. "Who are you, where do you come from," he asked Gudo, who still was meditating.

"I am Gudo of Kyoto and I am going on to Edo," replied the Zen master.

The man was utterly ashamed. He apologized profusely to the teacher of his emperor.

Gudo smiled: "Everything in this life is impermanent", he explained. "Life is very brief. If you keep on gambling and drinking, you will have no time left to accomplish anything else, and you will cause your family to suffer too,"

The preception of the husband awoke as if from a dream. "You are right," he declared. "How can I ever repay you for this wonderful teaching. Let me see you off and carry your things a little way".

"If you wish," assented Gudo.

The two started out. After they had gone three miles Gudo told him to return. "Just another five miles," he begged Gudo. They continued on.

"You may return now," suggested Gudo.

"After another ten miles," the man replied.

"Return now," said Gudo, when the ten miles had been passed.

"I am going to follow you all the rest of my life," declared the man.

Modern Zen teachers in Japan spring from the lineage of a famous master who was the successor of Gudo. His name was Mu-nan, the man who never turned back. □

Internet Jargon Made Easy

The Internet is a global network of computers linked by exclusive and regular phone lines and microwave and satellite signals. To understand how it works it helps to think of a system of highways that connect "communities" of linked computers, called *networks*. Smaller groups of PCs in an office or building are called *LANs* (local area networks). Larger groupings, known as *intranets*, are comprised of perhaps hundreds of computers in several places that belong to, say, a large company or university.

Most networks have one thing in common: at least one machine works as a *server*, storing most, if not all, of the files that members share. (Server is also the term for the software that runs such a machine). Programmes that reside on member computers to help them access the server are called *clients*. Think of the server as a central post office that receives files and sends out copies of any document you want, and the client as a device that helps you get them.

A big part of the network of networks known as the *World Wide Web*. A server on the web often contains many *sites*, which in turn are composed of *pages*. Sites and pages can be identified by their addresses, or *URLs* (Uniform Resource Locators), which are strings of words, characters and numbers. <http://WWW.Pathfinder.com/Asiaweek/> is one example. Web sites are popular with users because in addition to text they can offer pictures, sound, graphics and movies. They are also relatively easy to use. The varied components are formatted using *hypertext*, which produces documents in the form of pictures or text that contain *links* to other documents. To activate a link, just click on a highlighted word

or picture and you are transported to another page or site with related information. Client programmes designed to work with Web servers are called *browsers*.

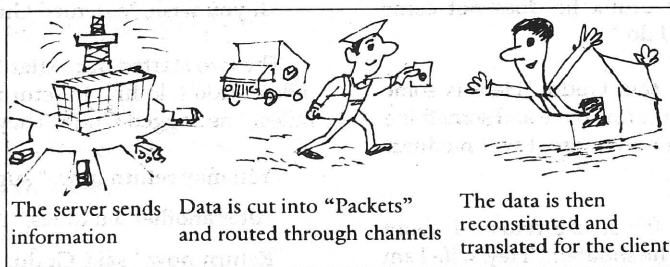
Web servers use Internet expressways to deliver data through a process called *packet switching*. Each file is broken into small packages, tagged with their origin and destination, and sent to you through any number of connections- one part may travel through a computer in New York, another through California. certain computers along the way, called *routers*, function like mail handlers, sending each package they receive through various routes. The client programme on the other end reconstitutes the pieces. The speed at which the data travels is measured in *bits-per-second* (bps). The faster a line can send data, the larger its so-called *bandwidth*. Fiber-optic lines can convey 10 million bps, enough for full-screen video.

This complicated process is possible because computers connected to the Internet speak the same language. That is, they follow the same protocol: TCP/IP, the Transmission Control Protocol/Internet Protocol built into *UNIX*, the operating system the most Internet servers use.

Since personal computers use different operating systems, such as DOS, Mac OS and OS/2, browsers use programmes such as *PPP* (Point to Point Protocol) applications, which allow your computer to make its own

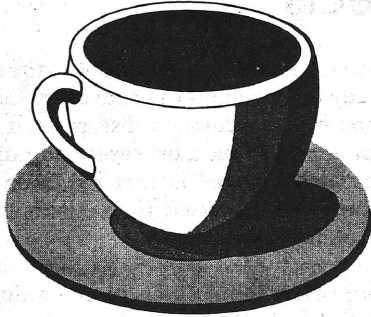
TCP/IP connection to the Internet-Your own private chauffeur/translator, so to speak, to the infobahn. You'll need a driveway, though: a *modem* connects your computer to all the action. A good one these days has a *baud* rate (basically, a measure of the speed at which it sends or receives data) of 28,800 bps. Happy site-seeing.

- Courtesy : Asia Week



Stories from the Far East

A Cup of Tea



Nan-in, a Japanese master during the Meiji Era (1868-1912) received a university professor who came to inquire about Zen.

Nan-in served tea. He poured his visitor's cup full, and then kept on pouring.

The professor watched the overflow until he no longer could restrain himself. "It is over full. No more will go in".

"Like this cup," Nan-in said, "you are full of your own opinions and speculations. How can I show you Zen unless you first empty your cup". □

ON THE WRAPPER

I - Hon'ble Chief Minister presenting the Budget for 1996-97 on 17.7.96.

II - A Memorandum of Understanding was signed between Tamil Nadu Government and Hyundai Motor Corporation of South Korea for the establishment of a car manufacturing plant at Chennai on 18.7.96. The Chief Minister Kalaingar M. Karunanidhi was present.

IV - Perunthalaivar Kamarajar, whose birthday falls on July 15.

Is That So?

The Zen master by name Hakuin was praised by his neighbours as one living a pure life.

A beautiful Japanese girl whose parents owned a food store lived near him. Suddenly, without any warning, her parents discovered she was with a child.

This made her parents angry. She would not confess who the man was, but after much harassment at last named Hakuin.

In great anger the parents went to the master. "Is that so," was all he would say.

After the child was born it was brought to Hakuin. By this time he had lost his reputation, which did not trouble him but he took very good care of the child. He obtained milk from his neighbours and everything else the little one needed.

A year later the girl-mother could stand it no longer. She told her parents, the truth - that the real father of the child was a young man who worked in the fishmarket.

The mother and father of the girl at once went to Hakuin to ask for his forgiveness, to apologize at length, and to get the child back again.

Hakuin was willing. In yielding the child, all he said was : " Is that so?" □

“ Progress is impossible without change; and those who cannot change their minds cannot change anything ”

- George Bernard Shaw

PROTECT YOUR FAMILY

Vitamins and their side effects

Amongst the many causes for prolonged ill health is the casual use or misuse medicines. The increasing popularity of over the counter drugs especially vitamins is definitely a threat to responsible consumerism.

It is unfortunate that hardly anybody reject the statement that Vitamins are good for you. Hence, the increasing sale of vitamins that accounts for billions of dollars around the World. In a carefully orchestrated campaign, the pharmaceutical

companies are propagating both directly and indirectly that vitamins can cure every thing from common cold, baldness to diseases and debility. This is unproved on most cases and quite false. The greatest danger is that by these claims, consumers are distracted from dealing with the causes of their problems.

We present here some of the side effects the indiscriminate use of vitamins may bring about.

SIDE EFFECTS OF VITAMINS

Vitamin A	:	Headache, nausea, visual disturbance, general weakness, hairless, dryskin and dry lips, bone pain (joints) and liver damage.
B 6 (Pyridoxine)	:	Toxicity, clumsiness of arm/leg movement, tingling pains, muscular incoordinate.
Niacin	:	aggravates asthma, activates peptic ulcer, impairs glucose tolerance and damages liver.
Vitamin C	:	forms stones in Kidneys
Vitamin D	:	Hyper calcemia (excess calcium in blood), hyper calciuria (excess calcium in urine), muscle weakness, headache, nausea, raised blood pressure, bone pain, and kidney damage.
Vitamin E	:	Toxicity, headache, blurred vision, nausea, muscle weakness
Vitamin K	:	Allergic reaction in some, infantile jaundice,

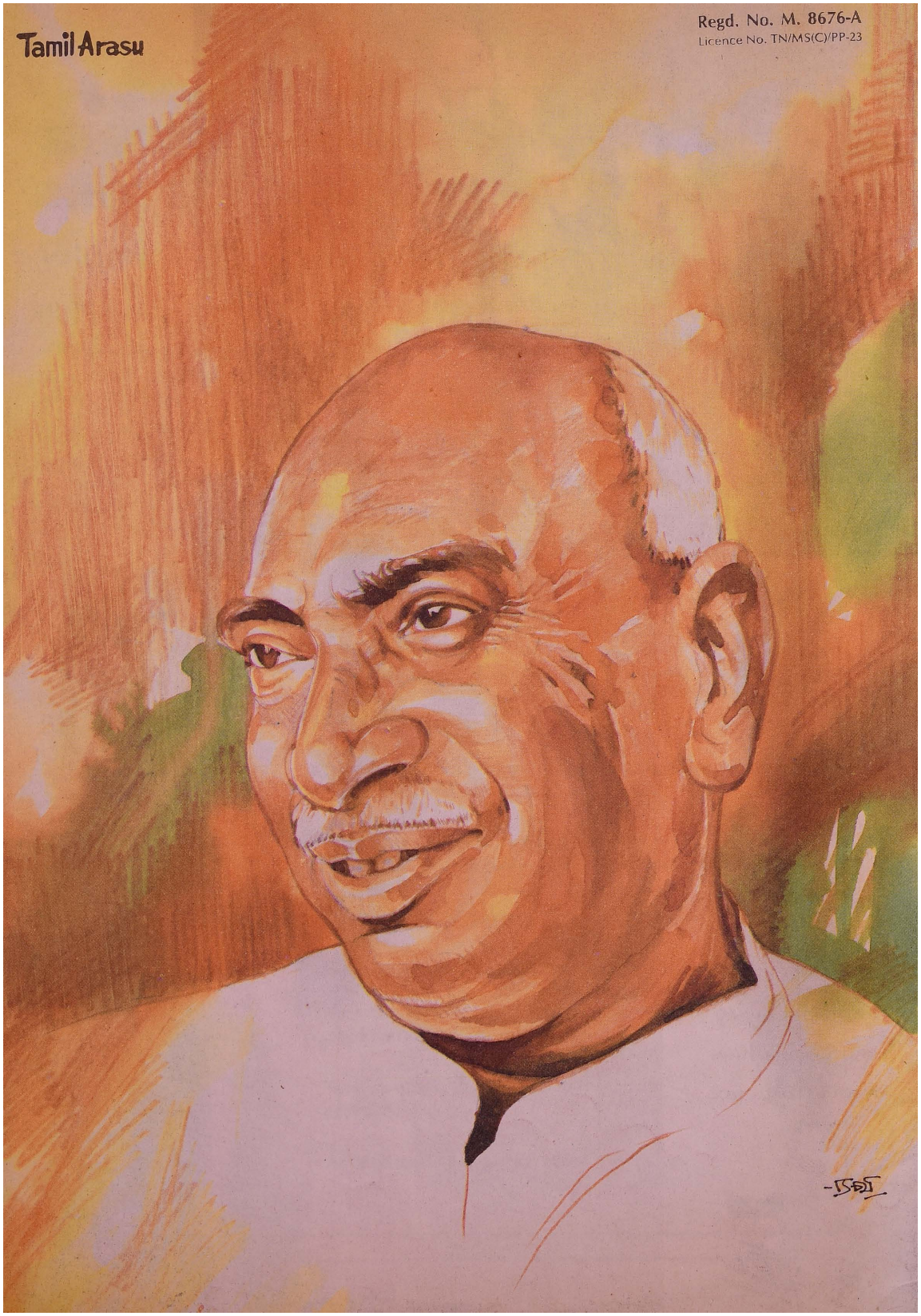


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