

**Speech of Thiru D. Jayakumar, Hon'ble Minister for Fisheries, Finance and Personnel and Administrative Reforms, Government of Tamil Nadu, presenting the Budget for the year 2017-2018 to the Legislative Assembly on 16<sup>th</sup> March, 2017**

**Hon'ble Speaker Sir,**

ஒன்றா உலகத்து உயர்ந்த புகழல்லால்  
பொன்றாது நிற்பதொன் றில்

(குறள் 233)

**Save praise alone that soars on high,  
Nought lives on earth that shall not die**

**(Kural 233)**

There is nothing that stands forth in the world imperishable, except fame, exalted in solitary greatness. This eternal wisdom of the Divine Poet Thiruvalluvar was aptly fulfilled through the life of our revered leader the late Chief Minister **Puratchi Thalaivi J Jayalalithaa**. Today, her fame has reached worldwide through her commitment to the well being of the people whom she loved and for the progress of the State she made into a model welfare State in the country. We are proud, honoured and privileged to have lived during the times of our beloved leader Puratchi Thalaivi Amma, to have served the people under her sagacious leadership and to have got the opportunity by her grace to take her

mission forward. With her image in our hearts, in this august House, where she shone in all her glory, we re-dedicate our lives to realise her dream of making Tamil Nadu, the *numero uno* State in the country. With this resolve in mind, come what may, this Government is committed to fulfilling the aspirations of the people of Tamil Nadu, who have reposed their faith in our late leader and have given their mandate for continuity and stability. With the blessings of our beloved leader Puratchi Thalaivi Amma, I rise to present the Budget Estimates for 2017-2018.

2. A responsive Government must formulate and implement schemes aimed at enhancing the well being of the people, alleviating their hardships and protecting the vulnerable among them. At the same time, it must also create an environment needed to enable high levels of economic growth that is inclusive and equitable. Thus, this Government has spelt out **peace, progress and prosperity** as its development goal. Following this cardinal principle, since assuming charge, this Government has been formulating and implementing several socio-economic development programmes and infrastructure projects. The five priority missions formulated by the Government headed by our beloved leader Amma in its last budget speech, namely, **water resource management, poverty reduction, housing for the poor, skill building and**

**clean Tamil Nadu campaign** along with eleven focus areas of development will continue to form the bedrock of this Government's strategy for development. Keeping these priorities in mind, this Budget has been formulated for the overall development of the State and the welfare of the people.

3. On the very day of assuming office, our beloved leader late Chief Minister J Jayalalithaa had fulfilled five important electoral promises. Altogether, 164 electoral promises have been implemented already and action is underway on 55 promises. Immediately upon assuming charge, the Hon'ble Chief Minister has also issued Government orders to fulfill five more electoral promises, namely,

- ❖ **Enhancing the maternity assistance for pregnant women from Rs.12,000 to Rs.18,000**
- ❖ **Closing 500 more TASMACH retail outlets**
- ❖ **Distributing one lakh two wheelers to working women at 50 percent subsidy, not exceeding Rs.20,000**
- ❖ **Doubling the financial assistance to the unemployed youth**
- ❖ **Constructing 5,000 houses for fishermen**

Let me assure this august House that this Government is committed to fulfilling the remaining electoral promises.

4. The Economic Survey 2016-2017 has revised the Gross Domestic Product growth rate of India for the year 2016-2017 to 7.1 percent and has projected the growth rate for 2017-2018 between 6.5 percent to 7.5 percent. It is essential that our economy be rejuvenated to achieve a higher economic growth that would enable the Government to mobilize more resources to meet its commitment to redistributive justice and accelerated economic development. **The pace of economic activity is picking up and it is expected that Gross State Domestic Product will grow at 7.94 percent at constant prices during 2016-2017. We expect that the concerted efforts of this Government will further create a favourable environment for increased private and public investment in key sectors, thus boosting the economic growth to 9 percent during the year 2017-2018.**

#### **Goods and Services Tax (GST)**

5. The GST Council has reached a consensus on several significant issues such as fixing the threshold limit for registration; full compensation for five years to States for losses on account of GST implementation; adopting a growth rate of 14 percent per year over the

base year 2015-2016 for the purpose of calculating the revenue of the States for determining compensation; finalization of the draft legislation for Central Goods and Services Tax (CGST), Integrated Goods and Services Tax (IGST) and compensation; and cross-empowerment of Central and State Government officials to administer all GST statutes. The Government is committed to enacting State Goods and Services Tax (SGST) Act as and when the CGST and IGST laws are enacted by the Parliament.

### **Planning and Development**

6. The Government of India has done away with the distinction between Plan and Non-Plan allocations in Budget formulation from 2017-2018. We welcome this move, which has been the long standing demand of the late Chief Minister J Jayalalithaa, as it would simplify the budgetary process and keep the focus firmly on the functional classification of expenditure. **In consonance with the above approach, this Government will replace the State Planning Commission with the State Development Policy Council to advise the Government on policy coherence and formulation of programmes to guide the development of the State.**

7. Under the visionary leadership of the late Chief Minister J Jayalalithaa, the 'Vision Tamil Nadu 2023' document was formulated and released, which aims at promoting equitable and sustainable socio-economic

development of the State. For raising additional resources to realize this vision, the Tamil Nadu Infrastructure Fund (TNIF) has been promoted as an Alternative Investment Fund Category-I (AIF-I) through the Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC). TNIF has been registered with the Securities and Exchange Board of India (SEBI) and is now in the process of mobilizing Rs.6,000 crore with a first financial close of Rs.1,200 crore, which will be used to fund new infrastructure projects in Tamil Nadu. **The State Government has already released Rs.30 crore, as part amount of its commitment of Rs.300 crore i.e., 5 percent of the total fund as First Loss Catalytic Capital (FLCC). An amount of Rs.2,000 crore has been allocated in the Budget Estimates 2017-2018 for the Tamil Nadu Infrastructure Development Fund (TNIDF) which includes an allocation of Rs.270 crore towards the balance of First Loss Catalytic Capital. An amount of Rs.200 crore has also been allocated for the Project Preparation Fund of the Tamil Nadu Infrastructure Development Board (TNIDB).**

8. Under the State Balanced Growth Fund (SBGF) which was constituted to address regional imbalances and to bring about a balanced socio-economic development across the State, 472 projects have been approved at a cost of Rs.282.22 crore in 105 backward

blocks in rural areas since its inception. The Special Area Development Programme (SADP) is being implemented with State's own funds to address the needs of hilly areas. In the Budget Estimates 2017-2018, Rs.100 crore and Rs.75 crore have been allocated for the SBF and SADP respectively. Under the Tamil Nadu Innovation Initiatives (TANII) launched in 2015-2016 to promote innovation in Government and Government agencies, 70 innovative projects have been taken up at a total cost of Rs.138.39 crore during 2016-2017. In the Budget Estimates 2017-2018, Rs.150 crore has been allocated for this purpose.

### **Calamity Relief**

9. A sum of Rs.585 crore was sanctioned from the State Disaster Response Fund (SDRF) to undertake relief and restoration works after 'Vardah' cyclone which had caused extensive damage in Chennai, Kancheepuram and Tiruvallur districts. An unprecedented drought that followed the Vardah cyclone all over the State is causing unbearable hardship to the people resulting in widespread crop failure and drinking water shortage. A sum of Rs.615 crore has been sanctioned to tackle the drinking water crisis which includes Rs.105 crore from the SDRF. An amount of Rs.6.91 crore has been allocated to ensure adequate availability of fodder and cattle feed. After enumeration, 32.30 lakh farmers

have been identified as having suffered crop loss over an extent of 50.35 lakh acres. Input subsidy relief totaling Rs.2,247 crore has been sanctioned and is being released directly to the farmers' bank accounts. **The Government has also submitted a Memorandum to the Central Government seeking Rs.22,573 crore from the National Disaster Response Fund (NDRF) for restoration works for damages caused by Vardah cyclone and Rs.39,565 crore for drought relief measures.** The Central teams have also visited the State to make their assessment and this Government is hopeful that the Government of India will soon release the required assistance from NDRF.

### **Poverty Reduction**

10. The Government has launched the Mission for Poverty Reduction under the aegis of the Tamil Nadu Corporation for Development of Women (TNCDW). With a long-term objective of eradicating poverty from rural and urban areas, the Mission aims to promote socio-economic development of the poor, focusing on education, health and economic security. The Mission promotes micro-enterprises through women Self-Help Groups (SHGs) with appropriate skill training and credit and market linkages. Through this, the micro-enterprises are being networked to reap the benefits of economy of scale.

11. The Government has been implementing the 'Pudhu Vaazhvu Project' in 120 blocks covering 9.80 lakh poor households in 4,174 village panchayats. This project is coming to a close in June 2017. In the next phase, the World Bank assisted Tamil Nadu Rural Transformation Project (TNRTP) will be launched in 2017-2018 to cover an additional 120 blocks with an outlay of Rs.1,000 crore. With the Tamil Nadu State Rural Livelihood Mission (TNSRLM) also being implemented in the remaining 145 blocks, all 385 blocks in the State would come under the coverage of poverty alleviation programmes. This Government is determined to uplift all economically deprived families to make the State free from poverty. An allocation of Rs.469 crore has been made in the Budget Estimates 2017-2018 for these rural poverty alleviation programmes.

12. The National Urban Livelihood Mission (NULM) is being implemented in the urban areas, albeit only with limited allocations from the Government of India. During 2016-2017, an amount of Rs.58.45 crore was released so far to our State under this scheme by the Government of India. In order to tackle urban poverty comprehensively, the State Government is implementing the Tamil Nadu Urban Livelihood Mission (TNULM) with the State's own funds to supplement the NULM. In the Budget Estimates 2017-2018,

Rs.272.12 crore has been allocated for these urban poverty alleviation programmes.

### **Employment and Skill Development**

13. The Tamil Nadu Skill Development Corporation (TNSDC) has been set up as a nodal agency to co-ordinate skill development activities in the State. During the past six years, 2.46 lakh youth have been trained and 73,558 youth have been provided with gainful employment. A programme to test and certify one lakh skilled workers who do not possess skill certification is under implementation. **In the Budget Estimates 2017-2018, an allocation of Rs.150 crore has been made for the 'Tamil Nadu Skill Development Mission' to train one lakh youth. This Government intends to establish India International Skill Centres at Coimbatore, Madurai and Tiruchirappalli and would seek assistance from the Government of India. These centres will offer advanced training and foreign language courses and will assist those seeking job opportunities abroad through the Overseas Manpower Corporation.**

14. The monthly unemployment allowance has been doubled by this Government, thereby fulfilling yet another electoral promise. Accordingly, the monthly allowance has been enhanced from Rs.100 to Rs.200,

Rs.150 to Rs.300, Rs.200 to Rs.400 and Rs.300 to Rs.600 for the unemployed youth in the categories of 10<sup>th</sup> standard failed, 10<sup>th</sup> standard passed, 12<sup>th</sup> standard passed and graduate or postgraduate respectively. Special camps will be conducted to impart skill training to the beneficiaries who are getting allowances under this scheme based on their eligibility and aptitude so as to enable them to get suitable employment.

### **Tamil Development**

15. In order to rejuvenate research work in Tamil language, this Government has allocated a sum of Rs.4.36 crore to upgrade the facilities in the International Institute of Tamil Studies which was established by Perarignar Anna. It has also sanctioned Rs.37 crore to construct a Master Plan Complex building for the World Tamil Sangam, Madurai. **We now propose to establish a world class 'Tamil Cultural Heritage Museum' at World Tamil Sangam, Madurai to showcase the rich cultural heritage of the Tamil people.** In the Budget Estimates 2017-2018, Rs.48 crore has been allocated for Tamil Development including Rs.6 crore for the Tamil University.

### **Law and Order**

16. This Government has been effectively maintaining public order in the State amidst several

challenges. It is committed to providing own buildings to all police stations. Since 2011, the Government has taken up construction of 141 police stations at a cost of Rs.77.42 crore. **The Government will take up construction of buildings for 49 more police stations in 2017-2018 at a cost of Rs.30 crore.** It is also committed to providing adequate housing facilities to the police personnel. Towards this end, housing projects have been taken up in a phased manner over the last six years. Construction of 14,172 houses was sanctioned at a cost of Rs.1,655 crore since 2011. **In 2017-2018, the Government will take up construction of 3,000 more houses for police personnel at a cost of Rs.450 crore through the Tamil Nadu Police Housing Corporation.**

17. To keep the morale of the police force high, additional staff, vehicles and equipment are being provided. The allowance for the police personnel for kit maintenance has been enhanced by Rs.100 per month, in addition to enhancing hardship allowance and risk allowance. Out of 10,099 persons recruited for youth brigade by the Tamil Nadu Uniformed Services Recruitment Board in 2014, 8,500 persons were absorbed as Grade II Police Constables in Tamil Nadu Special Police battalions. **The Tamil Nadu Uniformed Services Recruitment Board will recruit another 10,500 persons in 2017-2018 to the Tamil Nadu**

**Special Police Youth Brigade in the existing vacancies.**

18. The State Government has networked all the 1,913 police stations / special units and 488 higher offices throughout the State under the 'Crime and Criminal Tracking Network System'. This has facilitated quicker search and identification of criminals thereby improving the effectiveness of the police in solving criminal cases. Under the 'Modernisation of Police Force', this Government has provided additional vehicles and modern equipment for surveillance and communication to the police at a cost of Rs.51.33 crore during 2016-2017. In the Budget Estimates 2017-2018, a sum of Rs.47.91 crore has been allocated for the Modernisation of Police Force. In the Budget Estimates 2017-2018, Rs.6,483 crore has been allocated for the Police Department.

**Fire and Rescue Services**

19. The Government has been modernizing the Fire and Rescue Services Department continuously by regularly inducting modern equipment. During 2016-2017, the Government has sanctioned 15 water tenders and five small foam tenders. In the Budget Estimates 2017-2018, Rs.253 crore has been allocated for the Fire and Rescue Services Department.

**Prisons**

20. Prisons are corrective institutions that reform prisoners and facilitate their re-integration into the society by providing skill training and engaging them in production centres set up inside the prisons. In the Budget Estimates 2017-2018, Rs.282 crore has been allocated for the Prisons Department.

**Administration of Justice**

21. This Government has ordered for the constitution of 265 new courts since 2011 to improve the infrastructure for judiciary. Further, Rs.928.22 crore was sanctioned for the construction of court buildings and provision of additional staff. Digitisation of court records has been taken up at a cost of Rs.37 crore and is expected to substantially improve case file management and enhance the efficiency of the judiciary. A sum of Rs.229 crore has been provided in the Budget Estimates 2017-2018 for construction of buildings for the judiciary. In the Budget Estimates 2017-2018, Rs.984 crore has been allocated for Judicial administration.

**Governance**

22. At present, 140 public services are being provided through e-Sevai centres which include patta transfer, printing of EPIC cards, issue of life certificates to pensioners, application for social welfare schemes and

payment of utility bills. It is noteworthy to mention that these e-Sevai centres are truly getting transformed into 'one stop solution centres' for all services being provided by the Government. With the notification of 'E-Service Delivery Rules', more than 500 Government services will be made available online. The 'State Resident Data Hub' (SRDH), an integrated database of all residents in Tamil Nadu that enables the Government to ensure better identification of beneficiaries, greater accountability and efficient monitoring of schemes is operational. Under 'AMMA Thittam' launched by this Government, an average of 50,000 petitions are being resolved every month. Further, the Government has also set up the Amma Call Centre that works round the clock, receiving and resolving public grievances.

### **Revenue Administration**

23. Sixty five new taluks and nine new revenue divisions have been created during 2011-2016 and in 2016-2017, five more new taluks have been added. This has improved the accessibility and service delivery of the Revenue Department. The infrastructure of the Revenue Department has been substantially strengthened by providing new buildings for taluks, revenue divisions and collectors' offices. In 2016-2017, the Government has taken up construction of new buildings for 31 taluk offices along with tahsildar quarters

and five revenue divisional offices at a cost of Rs.108.34 crore. During 2017-2018, construction of buildings for 10 more taluk offices with quarters and five revenue divisional offices with quarters will be taken up at a cost of Rs.42.16 crore.

24. In 2016-2017, this Government has distributed 2.72 lakh free house site pattas so far. For the year 2017-2018, this Government has fixed a target of issuing 3.50 lakh house site pattas to poor families. Under the 'Chief Minister's Uzhavar Padhukappu Thittam', Rs.204.97 crore has been distributed to 3.03 lakh beneficiaries in 2016-2017. **At present, in the event of natural death of a maroon cardholder under this scheme, assistance of Rs.10,000 is being extended to the family. This amount will be enhanced to Rs.20,000, bringing it on par with the Distress Relief Scheme.** For the year 2017-2018, Rs.251 crore has been allocated for this scheme. A sum of Rs.5,695 crore has been allocated for the Revenue Department in the Budget Estimates 2017-2018.

### **Agriculture**

25. The Government has been taking concerted efforts to increase the production and productivity of agricultural crops and to enhance farmers' income. The State Government launched the Food Grain Mission

in 2012-2013 to achieve food security with a special focus on production of paddy, millets and pulses. Besides popularizing the System of Rice Intensification (SRI) technology, direct sowing of paddy is also being encouraged to overcome water shortage. A special package for pulses cultivation, based on cluster approach, was launched during 2016-2017 with an allocation of Rs.50 crore. **This Government has set a target of producing 100 lakh metric tonnes of food grains in 2017-2018.**

26. Considering the fact that sugarcane is a highly water intensive crop and the area under cultivation is coming down, special efforts are being made to increase the area under the Sustainable Sugarcane Initiative (SSI) method of cultivation and drip irrigation to enhance productivity and to compensate production loss due to area reduction. **Thus, this Government has set a target of extending drip irrigation to 35,000 acres under sugarcane and bringing 40,000 acres under SSI method of cultivation.**

27. About 57 percent of the area under cultivation in the State is rainfed. Considering its vulnerability to weather aberrations, a Mission on Sustainable Dry Land Agriculture has been launched during 2016-2017 that focuses on improving the production and productivity of millets, pulses, oil seeds

and cotton. This programme is being implemented at an estimated cost of Rs.802.90 crore over four years following a cluster based approach and seeks to establish 1,000 dry land clusters of 2,500 acre each, with Primary Agricultural Co-operative Credit Societies as nodal points. **In 2016-2017, this scheme is being implemented in 200 dry land clusters covering five lakh acres and another 400 clusters will be taken up in 2017-2018 covering 10 lakh acres of dry land.**

28. A new comprehensive crop insurance scheme, the Pradhan Mantri Fasal Bima Yojana (PMFBY) is being implemented in this State since Kharif 2016. Under this scheme, 15.20 lakh farmers have been enrolled during 2016-2017 covering an area of 30.33 lakh acres. This Government has sanctioned Rs.487.37 crore towards premium subsidy during 2016-2017. **During 2017-2018, efforts will be taken to bring more cropped area under this insurance scheme for which Rs.522.70 crore has been provided as premium subsidy in the Budget Estimates 2017-2018.**

29. The State focuses on diversification of crops and increasing the area under highly remunerative horticultural crops. **It is proposed to increase the area under horticultural crops from the present level of 34 lakh acres to 39 lakh acres in**

**2017-2018.** An innovative programme of supply chain management for perishable commodities is under implementation in 10 districts at an estimated cost of Rs.398 crore to reduce post-harvest losses and enhance value addition at the farm level. Under the National Horticultural Mission, several initiatives have been taken up to popularize high-end technology and to strengthen post-harvest infrastructure facilities.

30. This Government will continue to protect farmers from price fluctuations. Towards this, Rs.200 crore has been provided in the Budget Estimates 2017-2018 as production incentive paid over and above the Minimum Support Price fixed by Central Government for paddy. Similarly, this Government has provided Rs.137.26 crore to co-operative sugar mills as ways and means advance to settle the cane arrears as per the Fair and Remunerative Price to farmers.

31. The State is already in the process of upgrading agricultural marketing infrastructure and integrating important regulated markets and co-operative markets. The Agricultural Produce Marketing (Regulation) Act, 1987 has been amended in February 2017 to facilitate participation of our markets in the e-National Agricultural Markets (eNAM) Project. These initiatives will be continued so that markets function efficiently and farmers get remunerative prices.

32. Farm machinery and equipment are being distributed to farmers and primary agricultural co-operative credit societies and support is being extended to youth for starting Custom Hiring Centres to overcome shortage of agricultural labour. Subsidy of Rs.299.83 crore has been given for this purpose in the last six years. **During 2017-2018, it is proposed to spend Rs.100 crore towards this, of which Rs.30 crore will be earmarked for subsidy to farmers for procuring farm machinery and equipment. Already 513 Custom Hiring Centres have been established by unemployed youth with a subsidy assistance of Rs.49.59 crore. During 2017-2018, it is proposed to assist the setting up of another 590 Custom Hiring Centres.**

33. **In 2017-2018, a new programme will be launched with an outlay of Rs.50 crore for strengthening the seed production infrastructure that would cover the seed production chain from breeder seeds to certified seeds for important crops like paddy, pulses, oil seeds, cotton and vegetables.**

34. An area of 4.84 lakh acres has been brought under micro-irrigation at a cost of Rs.1,002 crore benefiting 1.50 lakh farmers in the last six years. **During 2017-2018, an additional one lakh acres**

**will be brought under micro irrigation with a special focus on sugarcane and horticultural crops with an allocation of Rs.369 crore.**

35. Fragmentation of land holdings is a major challenge to agriculture with 74.47 lakh out of the total 81.18 lakh operational holdings being small and marginal holdings. These small and marginal farms have limited capacity to mobilize credit, adopt latest technologies and to add value to their agricultural produce. **The Government of Tamil Nadu is therefore launching an innovative programme for organizing small and marginal farmers into 'Farmer Producer Groups' which will be federated into 'Farmer Producer Organisations' to promote collective farming for credit mobilization, better adoption of technology and to facilitate effective forward and backward linkages. In 2017-2018, as a pilot project, 2,000 such Farmer Producer Groups will be promoted, each comprising not less than 100 farmers so as to cover at least two lakh farmers this year. Each Farmer Producer Group will be given a corpus fund of Rs.5 lakh besides channelising grants and credit available to Farmer Producer Organizations from NABARD and Small Farmer Agri Business Consortium. A total allocation of Rs.100 crore has been made for this purpose for 2017-2018. This scheme will be scaled up in the**

**coming years to benefit 40 lakh farmers over the next five years.**

### **Animal Husbandry**

36. Continuing the pioneering initiatives of distributing milch cows and sheep or goats to the poor free of cost, **the Government will provide 12,000 milch cows to poor women and six lakh sheep or goats to 1.50 lakh poor families during the year 2017-2018. A sum of Rs.182 crore has been allocated for this scheme in the Budget Estimates 2017-2018.** The Government will continue to implement Poultry Development and Fodder Development schemes, each with a budgetary allocation of Rs.25 crore in 2017-2018. **With the objective of conserving native cattle breeds of Tamil Nadu, this Government will provide additional financial support for implementing 'Breed Conservation Programme' for Kangeyam, Bargur and Umbalacheri breeds and will also take up the conservation of other major local breeds like Pulikulam and Alambadi.**

37. This Government has been giving special attention to the development of veterinary infrastructure by upgrading 910 sub-centres into veterinary dispensaries, setting up 20 new veterinary dispensaries and 200 new sub-centres, since 2011. Availability of

veterinary service and infrastructure will be strengthened further. **In 2017-2018, it is proposed to upgrade 25 sub-centres to veterinary dispensaries and five veterinary dispensaries at taluk headquarters to veterinary hospitals, besides creating 25 new sub-centres.**

38. This Government has continuously supported Aavin for strengthening its dairy processing infrastructure. As a result, the average milk processing capacity of Aavin has increased from 30.72 lakh litres per day in 2011 to 40.22 lakh litres per day in 2016. Aavin will take up product diversification and other value addition activities to enhance price realization for milk producers. **A new Ultra Heat Treatment (UHT) plant for processing and packing flavoured milk and milkshakes will be established in Madurai with a capacity of 25,000 litres per day at a cost of Rs.40 crore. As a market promotion measure, 200 new sales outlets will be opened in colleges and universities to popularize the brand Aavin.** In the Budget Estimates 2017-2018, Rs.1,161 crore and Rs.130 crore have been allocated for the Animal Husbandry and Dairy sectors respectively.

### **Fisheries**

39. **This Government has fulfilled yet another electoral promise by sanctioning the**

**construction of 5,000 houses for fishermen during 2017-2018 at a cost of Rs.85 crore.**

The Government will continue to provide welfare assistance of Rs.5,000 per family during lean fishing season and Rs.5,000 per family during the fishing ban period. **The relief available under both the National Saving-cum-Relief Scheme for marine fishermen and the Tamil Nadu Saving-cum-Relief Scheme for fisherwomen will be enhanced from Rs.2,700 to Rs.4,500 by suitably increasing the State contribution.** In the Budget Estimates 2017-2018, Rs.357 crore has been allocated for these welfare schemes.

40. **Considering the request of the fisherfolk, the Government will enhance the quantity of sales tax exempted diesel from 15,000 litres to 18,000 litres per mechanised fishing boat per year and from 3,600 litres to 4,000 litres per motorised country craft per year. The Government will also enhance the quantity of sales tax exempted industrial kerosene supplied at the subsidized rate of Rs.25 per litre from 3,000 litres to 3,400 litres per motorised country craft per year. These measures will cause an additional expenditure of Rs.28 crore per year.** A special relief of Rs.5 lakh each was sanctioned to 18 fishermen, totaling Rs.90 lakh,

whose boats got damaged beyond repair and salvage in Sri Lankan custody.

41. The Government of Tamil Nadu is committed to the development of fisheries infrastructure in the State. Since 2011-2012, an amount of Rs.1,105 crore has been sanctioned for construction of three new fishing harbours namely Colachel and Thengapattinam in Kanniyakumari District and Poompuhar in Nagapattinam District; expansion and modernization of fishing harbours in seven places namely Kasimedu, Cuddalore, Nagapattinam, Pazhayar, Thoothukudi, Mallipattinam and Chinnamuttom. Further, 35 Fish Landing Centres have also been constructed across the State. During 2017-2018, infrastructure development works for Rs.171.12 crore, including the construction of a new fishing harbour at Mookaiyur in Ramanathapuram District at a cost of Rs.113.90 crore will be taken up.

42. The coastal villages bear the brunt of sea erosion. **The National Institute of Ocean Technology (NIOT), Ministry of Earth Sciences has designed an environmental friendly solution of submerged dykes made up of sand filled geo-synthetic tubes for coastal protection and a pilot project is being undertaken in Kadalur-Periyakuppam village of Kancheepuram District. This technique will protect the coast from wave**

**action and help to increase the fisheries potential. This strategy will be adopted for coastal protection works in critical locations affected by sea erosion at a cost of Rs.20 crore with NABARD funding in 2017-2018.** In the Budget Estimates 2017-2018, a total amount of Rs.768 crore has been allocated to the Fisheries Department.

### **Co-operation**

43. The compassionate leader, the late Chief Minister J Jayalalithaa, has waived all outstanding short-term crop loans, medium term (agriculture) loans and long-term farm sector loans extended by co-operative institutions to small and marginal farmers. Accordingly, **Rs.4,893.48 crore of principal and Rs.386.77 crore of outstanding interest as on 31<sup>st</sup> March 2016, both totaling Rs.5,280.25 crore, was waived. With the interest amount of Rs.760.49 crore due for phased reimbursement over five years, the State has taken over a financial burden of Rs.6,040.74 crore in total, which has benefited 12.02 lakh small and marginal farmers.** A sum of Rs.1,794.66 crore has been repaid during 2016-2017 and an amount of Rs.1,830.50 crore has been provided for this purpose in the Budget Estimates for 2017-2018. During the financial year 2017-2018,

co-operatives will extend total fresh crop loans of Rs.7,000 crore.

### **Public Distribution System**

44. The State Government has adopted the National Food Security Act, 2013 (NFSA) from 1<sup>st</sup> November, 2016. I am proud to mention that the Government has retained the universal character of the Public Distribution System in the State. Supply of tur dhal / lentil and edible oil will continue under the special PDS at the subsidised rate. An allocation of Rs.5,500 crore has been made in the Budget Estimates 2017-2018 for food subsidy.

45. A Price Stabilisation Fund with a corpus of Rs.100 crore has been constituted for market intervention measures to stabilize prices of essential commodities. Innovative initiatives like Farm Fresh Outlets, Amma Unavagam, Amma Marundagam and Amma Salt will continue.

### **Environment and Forests**

46. In the aftermath of Cyclone 'Vardah', the Government has launched a special 'Post-Vardah Greening Project' for restoring the greenery at a cost of Rs.13 crore in Chennai, Tiruvallur and Kancheepuram Districts on 24<sup>th</sup> February 2017, the birth anniversary of the late Chief Minister J Jayalalithaa. This project aims

at planting native trees along roads and in public spaces in co-ordination with community based organisations and also promotes planting of trees in private lands and homesteads.

47. Under the Japan International Cooperation Agency (JICA) assisted 'Tamil Nadu Biodiversity Conservation and Greening Project', the Government is undertaking biodiversity conservation activities at a project cost of Rs.686 crore for forest protection and socio-economic development of tribal and other communities living in forest fringe villages. An expenditure of Rs.398 crore has been incurred so far on the project and Rs.88 crore has been allocated for this project in the Budget Estimates 2017-2018.

48. The State Government will take up a wide range of projects under the Government of India's 'National Adaptation Fund for Climate Change' and 'Green Climate Fund'. To start with, Government of India has sanctioned Rs.24.74 crore for the management of coastal habitats and biodiversity in the Gulf of Mannar. **Projects for the protection and restoration of Appa and Koswari islands of the Gulf of Mannar; restoration of wetland eco-systems like Pallikaranai marshlands; and anti-sea erosion works are also being lined up for funding from the Green Climate Fund.**

49. In the Budget Estimates 2017-2018, Rs.567 crore has been provided for the Environment and Forests Department.

### **Water Resources and Irrigation**

50. The Government has been making concerted efforts towards conservation and optimum utilisation of water resources. The 'Mission for Water Resource Management' with initial outlay of Rs.100 crore to restore water bodies and revive the practice of Kudimaramath by user communities has already been launched. **The Government will undertake Kudimaramath with an increased allocation of Rs.300 crore during 2017-2018. Activities like removal of weeds and scrub jungles, maintenance of bunds, repair of sluices and other structures in tanks and channels are proposed to be taken up under this programme with community participation.**

51. The Government is implementing the first phase of the Asian Development Bank assisted 'Climate Change Adaptation Programme' at an estimated cost of Rs.960.66 crore in the Vennar sub-basin of the Cauvery delta from 2015-2016. Works have been taken up in six river drainage systems, namely, Harichandranadhi, Adappar, Pandavaiyar, Vellaiyar, Valavanar and Uppanar. During 2016-2017, an expenditure of Rs.71 crore has been incurred so far and Rs.400 crore has been

allocated in the Budget Estimates 2017-2018 for this project.

52. The successful implementation of the 'Irrigated Agriculture Modernisation and Water-bodies Restoration and Management project' (IAMWARM) has enabled us **to take up a second phase during 2017-2018 with loan assistance from the World Bank at an estimated cost of Rs.3,042 crore. This phase will cover 66 other sub-basins in 29 districts, rehabilitating 4,778 tanks and 477 anicuts and benefiting 5.43 lakh hectares of ayacut lands.** For the IAMWARM Phase-II project, Rs.814 crore has been allocated in the Budget Estimates 2017-2018.

53. The World Bank funded 'Dam Rehabilitation and Improvement Project' is being implemented in 107 dams in the State at an estimated cost of Rs.745.49 crore from the year 2012-2013. Works in 22 dams have been completed while works in other dams are in progress. The total expenditure incurred so far is Rs.195.30 crore. In this Budget Estimates, Rs.354 crore has been provided for this project.

54. A project linking Thamiraparani and Nambiyar rivers is being implemented in four stages and Rs.213 crore has been incurred in executing the first two stages. Land acquisition is in progress for implementing Phase III and IV and Rs.300 crore

has been provided in the Budget Estimates 2017-2018 for this project. **The Government has proposed to take up the Athikadavu-Avinashi irrigation, groundwater recharge and drinking water supply project under the 'Accelerated Irrigation Benefit Programme' component of the Government of India's 'Pradhan Mantri Krishi Sinchayee Yojana'. Anticipating Government of India's approval, an amount of Rs.250 crore has been provided in the Budget Estimates 2017-2018 for the Athikadavu-Avinashi project.**

55. This Government has taken up construction and rehabilitation of irrigation tanks, anicuts, canals and channels under NABARD's Rural Infrastructure Development Fund (RIDF). Since 2011, the Government has taken up 177 works with an outlay of Rs.935.21 crore, out of which 102 works have been completed at a cost of Rs.453.36 crore. A project for diverting flood waters from Chittar to fill irrigation tanks in Tirunelveli district at a cost of Rs.25 crore is in progress. In the Budget Estimates 2017-2018, a sum of Rs.279 crore has been allocated for NABARD assisted irrigation schemes. An allocation of Rs.4,791 crore has been provided for the Water Resources Department in the Budget Estimates 2017-2018.

## Highways

56. An announcement was made during 2011-2012 that all State Highways would be widened to a minimum width of two lane and all Major District Roads (MDRs) would be widened to a minimum width of intermediate lane. During the last six years, 864 km of State Highways has been widened to double lane at a cost of Rs.507 crore and 3,019 km of Major District Roads has been widened to intermediate lane or double lane at a cost of Rs.1,555 crore. **The remaining 115 km of State Highways and 107 km of Major District Roads will be widened during 2017-2018 at a cost of Rs.160 crore.**

57. During 2017-2018, widening of 1,000 km of roads, improvement of 3,000 km of roads and also 200 bridges / culverts will be taken up under the '**Comprehensive Road Infrastructure Development Programme' (CRIDP). A sum of Rs.3,100 crore has been allocated in the Budget Estimates 2017-2018 for this scheme.** Strengthening and maintenance works on State Highways and Major District Roads have been taken up under the 'Performance Based Maintenance Contract' (PBMC) system in Pollachi, Krishnagiri, Ramanathapuram and Tiruvallur divisions at an overall project cost of Rs.1,774.31 crore. **The PBMC system**

**will be extended to Virudhunagar division in the year 2017-2018.**

58. This Government is placing utmost emphasis on road safety. A comprehensive project for rectifying black spots costing Rs.1,130 crore was formulated, out of which 3,382 works for Rs.959.94 crore have been taken up for implementation so far. Further, **Road Safety works at a cost of Rs.200 crore under CRIDP scheme and Rs.100 crore under Special Road Safety Project fund will be taken up during the financial year 2017-2018.**

59. The Tamil Nadu Road Sector Project-II has been taken up at an outlay of Rs.5,171 crore with World Bank loan assistance. Works for upgradation of 427 km of roads and maintenance of 597 km of roads are in progress. Four laning of 146 km of roads with an outlay of Rs.1,400 crore under Public Private Partnership (PPP) mode will commence during 2017-2018. An amount of Rs.1,508 crore has been provided for this project in the Budget Estimates 2017-2018.

60. Considering the rapid urbanisation and industrial development **in and around Chennai city, 9 important roads inter-connecting major highways of a total length of 141.60 km have been identified for four laning / six laning and improvements at a cost of Rs.744 crore. Out of these, works for**

**Rs.232.20 crore will be taken up in the first phase during 2017-2018.** The Chennai Peripheral Ring Road at a cost of Rs.13,000 crore is under the consideration of JICA. **The land acquisition for Section-I of the proposed Chennai Peripheral Ring Road, i.e. Northern Port Access Road from Ennore Port to Thatchur on NH5 has commenced and Rs.951 crore has been sanctioned for this project.**

61. During 2017-2018, this Government will undertake construction of bridges at a cost of Rs.200 crore with NABARD assistance. An amount of Rs.10,067 crore has been provided in the Budget Estimates 2017-2018 for the Highways Department.

### **Energy**

62. It was under the visionary leadership of the late Chief Minister J Jayalalithaa that a power deficit Tamil Nadu has transformed into a power sufficient State. The annual per capita power consumption in Tamil Nadu was 1,040 units in 2011. This has increased to 1,280 units in 2015-2016, whereas the national average is 1,075 units only. The State has been successfully catering to this growing demand. It is a stellar achievement that 9,878 MW has been added to the State's power generation capacity through State and Central Government agencies since 2011. The Government is also expediting the establishment of

thermal power plants including the 660 MW expansion unit at Ennore, two units of 660 MW each in Ennore SEZ, 800 MW North Chennai Thermal Power Project Stage-III and two units of 800 MW each in super critical Uppur Thermal Power Project, five super critical units of 800 MW each at Kadaladi and six units of 660 MW each, in Stage I, II, III at Udangudi.

63. The total installed capacity of renewable energy in the State including solar, wind etc., is 10,206 MW, the highest in the country. During 2016-2017, the State realised 13,431.78 million units under wind energy and 1,721.37 million units of power from solar power generators so far. The State is taking pro-active steps and has been requesting the Government of India to develop a dedicated inter-state Green Energy Corridor to transmit surplus wind energy to energy deficit States.

64. The Government is implementing the Green Energy Corridor Project with the assistance of KfW at an estimated cost of Rs.1,593 crore for improving the transmission infrastructure in the State. Further, with the assistance of Japan International Cooperation Agency (JICA), the Tamil Nadu Transmission System Improvement Project is being implemented with an outlay of Rs.5,014 crore. An amount of Rs.974 crore

has been provided for these projects in the Budget Estimates 2017-2018.

65. The State has joined Government of India's Ujwal Discom Assurance Yojana (UDAY). Out of Rs.30,420 crore of debt of the Tamil Nadu Generation and Distribution Corporation (TANGEDCO), the State Government has taken over 75 percent of this debt i.e. Rs.22,815 crore and bonds are being floated in the open market to repay this debt. The remaining 25 percent of the loans considered under the scheme, i.e., Rs.7,605 crore will be converted into power bonds by TANGEDCO. Due to this debt takeover, TANGEDCO will get interest savings of Rs.2,882 crore per annum and savings of Rs.2,282 crore in principal repayment per annum as these liabilities shift to the State Government. Further, Rs.201 crore per annum will be saved by TANGEDCO due to the reduction in interest rates by converting 25 percent of the loans into TANGEDCO bonds. **The implementation of UDAY scheme is resulting in an interest saving of Rs.1,335 crore per annum for the State and TANGEDCO together.**

66. Apart from this, a total amount of Rs.4,523 crore, comprising loans, ways and means advances, interest and penal interest has also been converted into share capital assistance in the financial

year 2016-2017. This is expected to further improve the financial status of TANGEDCO. As many of the Hydel Power Plants of TANGEDCO have outlived their design life, this Government will undertake modernization of these plants, by raising resources through Revenue Bonds, an innovative financing instrument, which will be subscribed by the Tamil Nadu Investment Fund, managed by TNIFMC. An amount of Rs.16,998 crore has been provided for the energy sector including Rs.8,538 crore as power subsidy for agriculture and other purposes in the Budget Estimates 2017-2018.

### **Transport**

67. During 2016-2017, this Government has sanctioned Rs.275 crore for the purchase of 2,000 new buses and 100 small buses. An amount of Rs.800 crore has been provided as diesel subsidy, Rs.564 crore as subsidy for free bus passes to students and senior citizens and Rs.150 crore as share capital support in the Budget Estimates 2017-2018. A total amount of Rs.2,192 crore has been allocated for the Transport Department in this Budget.

### **Chennai Metro Rail Project**

68. Of the 45 km stretch of Phase-I of the Chennai Metro Rail project, passenger services have commenced on the 21 km elevated stretch from

Koyambedu to St.Thomas Mount and from Little Mount to Airport. Substantial progress has been made on the underground sections and passenger services will commence shortly in the first underground stretch from Koyambedu to Nehru Park. The nine km extension of the Corridor-I from Washermenpet to Thiruvotriyur / Wimco Nagar is under implementation at a cost of Rs.3,770 crore. **I am happy to inform that three metro rail corridors under Phase-II covering a total distance of 107.5 km have been included in the JICA Rolling Plan for which the Detailed Project Report has been prepared.**

### **Tourism**

69. The initiatives taken by the Government have enabled the State to attract the highest number of domestic and international tourists in the country for the last three years. The first phase of the Tamil Nadu Infrastructure Development Investment Programme for Tourism Project at an outlay of Rs.135 crore with Asian Development Bank (ADB) assistance will be completed soon. The Government will commence the second phase of this project at an outlay of Rs.403 crore in 2017-2018.

70. Under the 'Pilgrimage Rejuvenation and Spirituality Augmentation Drive' (PRASAD) scheme, tourism development works have been taken up in

Kancheepuram and Velankanni at a cost of Rs.22 crore. Further, **coastal tourism circuits in Chennai, Mamallapuram, Rameswaram, Manapadu and Kanniyakumari will be developed under the Swadesh Darshan Scheme at a cost of Rs.100 crore in 2017-2018. Tamil Nadu Tourism Development Corporation will soon launch a project for promoting culture and heritage tourism as a joint venture with Tamil Nadu Infrastructure Fund Management Corporation. Under this project, amenities and tourist facilities will be upgraded in collaboration with Local Bodies and Hindu Religious and Charitable Endowment Department to attract more domestic and international tourists.**

### **Hindu Religious and Charitable Endowments**

71. The Annadhanam scheme started by the late Chief Minister J Jayalithaa being implemented in 751 temples in the State will be continued. In 2016-2017, renovation has been carried out in 901 temples at a cost of Rs.54.46 crore and Kumbabhishekam has been performed. **In 2017-2018, the Government will provide financial assistance of Rs 1.00 lakh per temple and the number of village temples will be doubled from 500 to 1,000 village temples for taking up renovation works.** As a measure to protect temple lands and prevent their

misuse, the Government has been restoring patta in the name of the temples wherever the land has been erroneously registered to private individuals. So far, 5,473.64 acres of lands belonging to 889 temples have been protected from such misuse.

### **Information Technology**

72. Tamil Nadu has emerged as an attractive destination for Information Technology (IT)/Information Technology enabled Services (ITeS) companies and the Government is taking many pro-active measures to promote investment in software and hardware sectors. The software export from Tamil Nadu is growing steadily and is expected to touch Rs.1,00,300 crore by the end of 2016-2017. The Government has promoted IT parks in the Tier-II cities and in the current year, an additional IT park at Sholinganallur and a Start-up warehouse in Coimbatore, in addition to the one already functioning in Chennai are being set up. The State is taking initiative to promote electronic hardware industry hub at Sriperumbudur, with the support of Government of India. With the efforts taken by the Government, I am sure that Tamil Nadu will continue to retain its prime position in IT/ITeS. In the Budget Estimates 2017-2018, an amount of Rs.116 crore has been provided for Information Technology Department.

## **Industrial Development**

73. The Government has taken several initiatives in order to generate new employment opportunities by improving the ease of doing business to attract more investment and to make our State *numero uno* in the country. **According to the findings of the National Council of Applied Economic Research's (NCAER) State Investment Potential Index (N-SIPI) survey in March, 2016, Tamil Nadu stands 3<sup>rd</sup> in the country in medium investment decisions.**

74. **The single window system in the Tamil Nadu Industries Guidance and Export Promotion Bureau will be strengthened further by making it online so that investors can get all approvals expeditiously in a hassle free manner at one place.** In addition, to ensure timely clearances, a committee has been formed under the chairpersonship of the Chief Secretary to monitor the progress of clearances. A special package of assistance has also been unveiled to attract investments to the southern districts of the State. The efforts taken by the Government to implement the Madurai-Thoothukudi industrial corridor are expected to change the pace of industrial development in the southern districts of Tamil Nadu. The Government has also created an exclusive land bank of 3,957 acres for industries.

In the Budget Estimates 2017-2018, a sum of Rs.1,950 crore has been provided as investment promotion subsidy and soft loan.

75. To provide a further impetus to industrial development in the State, **the Government will undertake the second phase of the Tamil Nadu Investment Promotion Programme (TNIPP) with JICA assistance at an estimated project cost of Rs.1,295 crore from 2017-2018. Besides improving the policy environment to make the State investor-friendly, this scheme will further strengthen infrastructure for industrial development.**

76. The first ever Global Investors Meet in Tamil Nadu was conducted in a grand manner on the 9th and 10th of September 2015 in Chennai to showcase the potential of the State and retain its position as the most preferred investment destination in the country. The event attracted an investment of Rs.2.42 lakh crore capable of generating an employment for 4.70 lakh persons through 98 Memoranda of Understanding (MoU). **As already planned, the next Global Investors Meet will be held during 2017-2018 to attract further industrial investment and Rs.75 crore has been provided for this purpose in the Budget Estimates 2017-2018.**

77. **An Aerospace Park is being established on 268 acres of land in Vallam-Vadagal SIPCOT Industrial Estate, Kancheepuram at an estimated project cost of Rs.350 crore for advanced computing and design engineering centre for manufacturing aerospace components and providing maintenance and repair services. Tamil Nadu Industrial Development Corporation (TIDCO), in association with SIPCOT, is establishing a Plastic Industries Park in Ponneri Taluk of Thiruvallur District with an investment of Rs.264 crore. I am happy to inform that the Government of India has approved the Medi Park Project, which is to be established on 330 acres of land in Kancheepuram district at an estimated project cost of Rs.130 crore. Tamil Nadu Newsprints and Papers Limited, a leading State Public Sector Undertaking, will expand the capacity of its second unit with a total investment of Rs.2,100 crore. In the Budget Estimates 2017-2018, Rs.2,088 crore has been provided for the Industries Department.**

### **Micro, Small and Medium Enterprises**

78. The State has over 14.89 lakh registered Micro, Small and Medium Enterprise (MSME) units, the highest in the country, providing employment to

94.83 lakh persons. The New Entrepreneur-cum-Enterprise Development Scheme (NEEDS), a novel initiative of the late Chief Minister J Jayalalithaa has helped first generation entrepreneurs to start new enterprises in the State. Further, **to give a big thrust to start-ups and first generation entrepreneurs and to promote innovation in manufacturing, a strategic plan for entrepreneurship and innovation for the period 2017-2021 will be implemented by Entrepreneurship Development Institute (EDI). This programme will focus on building MSME entrepreneur competencies through high-end market training, mentoring, networking and information services across the enterprise life cycle. This will be funded from a sum of Rs.100 crore that is being allocated in the Budget Estimates 2017-2018 for NEEDS.**

79. **A special project to develop product specific integrated MSME clusters in four locations namely, a textile cluster each in Kancheepuram and Karur District, a food products cluster in Dharmapuri and a seafood cluster in Ramanathapuram will be taken up under the second phase of JICA assisted Tamil Nadu Investment Promotion Programme at a total estimated cost of Rs.100 crore. Development of three coir products clusters, one each at Negamam,**

**Boodalur and Erode at a total estimated cost of Rs.22 crore will be taken up for promoting value added coir products like construction material, eco-friendly geo-textiles, coir ply, coir pith blocks, etc.** Under the scheme to support private industrial estates, four projects have been sanctioned so far with a grant of Rs.30.45 crore. Five more projects with a grant component of Rs.42.56 crore are under consideration. The initiatives of the Government to develop new clusters, industrial estates and support to private industrial estates will continue.

80. This Government considers promotion of MSME sector a priority because they are critical for sustainable industrial development and they generate large scale employment opportunities. Hence, **the Government will take up the following special measures to boost the MSME sector:**

- **The allocation of capital subsidy to MSME units will be doubled to Rs.160 crore in 2017-2018 from the present level of Rs.80 crore.**
- **The Government will provide 50 percent grant, subject to an overall ceiling of Rs.5 crore to MSME associations for setting up Trade Facilitation Centres at Madurai, Salem**

**and Tiruchirapalli. An allocation of Rs.15 crore has been made for this purpose in 2017-2018.**

- An International Exhibition with Buyer Seller Trade Meet will be conducted annually in the State for promoting marketing opportunities for MSME units. A sum of Rs.10 crore has been set apart for this purpose for the year 2017-2018. A special export promotion and marketing support scheme will be launched at an outlay of Rs.10 crore to enhance the competitiveness of MSME units in domestic and international markets.**
- A special scheme will be launched to promote energy efficiency in MSME units with an allocation of Rs.5 crore. Under this scheme, suitable incentives will be given to MSME units based on energy audit.**
- Three quality control and testing labs will be set up in SIDCO estates to improve the quality and competitiveness of MSMEs.**
- A detailed study will be undertaken by the Government to assess the causes for the closure of MSME units sector-wise and to examine the possibility of supporting the revival of MSME sector in the State.**

81. I hope the above measures will encourage the MSME Sector to improve their performance. An amount of Rs.532 crore has been allocated for MSME sector in the Budget Estimates 2017-2018 which is 53 percent higher than the allocation made during 2016-2017.

### **Handlooms, Handicrafts, Textiles and Khadi**

82. The Government has been implementing the Free Distribution of Sarees and Dhoties Scheme and Rebate Subsidy Scheme to support handloom weavers. In the Budget Estimates 2017-2018, Rs.490 crore has been provided for the 'Free Distribution of Sarees and Dhoties' scheme. Considering the importance of promoting Khadi produced by **Sarvodaya Sangams, the Market Development Assistance (MDA) will be increased from the present allocation of Rs.15 crore to Rs.30 crore for the year 2017-2018. Similarly the MDA allocation for handlooms will be stepped up to Rs.100 crore and for Khadi and Village Industries Board it will be doubled to Rs.4 crore for the year 2017-2018.**

83. In continuation of the establishment of Urban Haats in Kanniyakumari and Mahabalipuram to promote marketing of handicrafts, **a third Urban Haat will be set up in Udhagamandalam during 2017-2018 at a cost of Rs.5 crore. Further,**

**for revival of languishing crafts, five clusters will be developed at a cost of Rs.2.50 crore.** In the Budget Estimates 2017-2018, Rs.1,235 crore has been provided for Handlooms and Textiles sectors and Rs.194 crore has been provided for Handicrafts and Khadi sectors.

### **Rural Development**

84. Tamil Nadu has been implementing the 'Mahatma Gandhi National Rural Employment Guarantee Scheme' (MGNREGS) effectively and the State has been appreciated for its performance by the Government of India. Innovative works like forming farm ponds, constructing toilets, planting trees, constructing cattle and poultry sheds, taken up by Tamil Nadu are being emulated now at the national level. Considering the prevailing drought, the number of eligible days for employment has been enhanced from 100 days to 150 days. Since November 2016, the Government of India is releasing the entire labour component directly to the bank accounts of the beneficiaries, while for the material component, 75 percent being the Central share is routed through the State Budget. This has resulted in a huge reduction in the provision under the MGNREGS in the State Budget. In the Budget Estimates 2017-2018, Rs.1,000 crore has been provided for the MGNREGS.

85. The Government will take up improvement and upgradation of 792 roads and 12 bridges under the Phase-XI of the Pradhan Mantri Gram Sadak Yojana (PMGSY). **In the Budget Estimates 2017-2018, Rs.758 crore has been provided under PMGSY and Rs.800 crore will be pooled from various ongoing schemes under Tamil Nadu Rural Roads Improvement Scheme for road works.**

86. Under the 'Member of Legislative Assembly Constituency Development Scheme' (MLACDS), a sum of Rs.470 crore has been provided in the Budget Estimates 2017-2018. A sum of Rs.16,665 crore has been allocated for the Rural Development Department in the Budget Estimates 2017-2018.

### **Municipal Administration**

87. Tamil Nadu is the most urbanised State in the country with 48.40 percent of the total population living in urban areas. I am very glad to inform the august House that Municipal Corporations of Madurai, Salem, Thanjavur and Vellore have been included under the 'Smart Cities Mission' in 2016-2017. Chennai and Coimbatore Municipal Corporations had already been included in 2015-2016, and Special Purpose Vehicles have been formed and identification of projects is underway in these two cities. In the Revised Estimates 2016-2017, an allocation of Rs.772 crore has been

provided under the Smart Cities Mission. Under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), works for Rs.3,316.22 crore have been taken up during 2015-2016 and for Rs.3,834.49 crore during 2016-2017 in 27 cities. **In the Budget Estimates 2017-2018, Rs.1,200 crore and Rs.1,400 crore have been allocated for the Smart Cities Mission and AMRUT scheme respectively.** Amounts of Rs.386 crore and Rs.400 crore have been provided separately to complete the spill over works under Integrated Urban Development Mission (IUDM) and Chennai Mega City Development Mission (CMCDM) respectively in the Budget Estimates 2017-2018.

88. In order to boost urban infrastructure development, the State Government has been implementing the 'Tamil Nadu Sustainable Urban Development Programme' (TNSUDP) since June 2015 with financial assistance from the World Bank at an estimated cost of Rs.2,451.84 crore. Under this programme, 13 projects have been taken up in seven urban local bodies at a cost of Rs.2,223.88 crore, and Rs.430.63 crore has been spent so far. In the Budget Estimates 2017-2018, Rs.563 crore has been allocated for TNSUDP.

89. In the Budget Estimates 2017-2018, Rs.13,996 crore has been allocated for Municipal Administration Department.

### **Water Supply**

90. As the State is reeling under severe drought, this Government faces a formidable challenge in meeting the drinking water needs. Due to 62 percent deficit in the rainfall collectively from the south west and north east monsoons, the groundwater table has gone down and storage in most of the reservoirs supplying water to Chennai is only 10 to 20 percent of their capacity. To tide over this drought situation, the Government is taking up works like erection of new deep borewells, rejuvenation of existing borewells and open wells, replacement of pump-sets and supply of water through lorries in needy areas at a cost of Rs.460 crore in rural areas and Rs.150 crore in urban areas.

91. Though the Government of India has substantially reduced its allocations under the National Rural Drinking Water Programme (NRDWP), the State Government will continue to take up water supply works with NABARD assistance and State funds. During 2016-2017, works have been taken up for Rs.319 crore under NRDWP, for Rs.186 crore under Minimum Needs Programme (MNP) and for Rs.500 crore with NABARD funding. **A sum of Rs.300 crore has been provided**

**under NRDWP, Rs.186 crore under MNP and Rs.600 crore under NABARD funded schemes in the Budget Estimates 2017-2018.**

92. Tamil Nadu Water Supply and Drainage (TWAD) Board is implementing 55 water supply schemes covering two corporations, 17 municipalities, 49 town panchayats and 14,218 rural habitations, benefiting a population of 101.67 lakh at an estimated cost of Rs.4,465.81 crore. Water supply projects are under implementation in 27 added areas in Chennai city at a cost of Rs.599.66 crore. Under the AMRUT scheme, seven water supply schemes covering five corporations and two municipalities have been taken up at an estimated cost of Rs.1,823.60 crore which will benefit a population of 23.17 lakh.

### **Mission for Clean Tamil Nadu**

93. The Government has launched the 'Mission for Clean Tamil Nadu' with an aim to create awareness among the public for using toilets and to establish solid waste management systems. This Government is determined to achieve the goal of 100 percent sanitation coverage in all the villages. During 2016-2017, this Government has taken up the construction of 15.17 lakh household toilets and 50 community sanitary complexes at a cost of Rs.1,821.40 crore in rural areas. **Under the**

**'Swachh Bharat Mission' (Gramin), 24.28 lakh household toilets and 50 community sanitary complexes will be taken up for construction in 2017-2018.** The Government will continue to engage 65,874 workers under MGNREGS as 'Thooimai Kaavalars' for collection, segregation and disposal of solid waste, thus covering all the 12,524 village panchayats in the State under solid waste management system. **In the Budget Estimates 2017-2018, Rs.980 crore has been allocated for Swachh Bharat Mission (Gramin).**

94. The Government is also extending support for construction of toilets in urban areas. So far, 1.76 lakh individual household latrines have been constructed during the current year and 89,866 individual household latrines are under construction. Besides this, 11,540 community toilet seats have been constructed and 3,678 community toilet seats are under construction. Integrated solid waste management projects have been sanctioned for nine corporations, 107 municipalities and 400 town panchayats at a cost of Rs.969 crore. Source segregation and recycling are being promoted in all urban local bodies to improve the solid waste management. **A sum of Rs.600 crore has been allocated for the 'Swachh Bharat Mission' (Urban) in this Budget Estimates.**

### **Mission for Housing for the Poor**

95. The Government continues to strive for creating hut-free villages and slum-free cities in Tamil Nadu. It has launched a Mission for Housing for the Poor in 2016-2017 by dovetailing funds from various schemes to pursue this vision.

96. Under the 'Pradhan Mantri Awas Yojana' (PMAY – Rural), the Government of India has allotted 1.78 lakh houses for Tamil Nadu during 2016-2017 for which works are in progress. Another 20,000 houses were taken up during 2016-2017 under the Chief Minister's Solar Powered Green House Scheme at a cost of Rs.420 crore. **Under the PMAY (Rural), the Government will construct 1.76 lakh houses during 2017-2018 at a unit cost of Rs.1.70 lakhs. Out of this, Government of India's contribution is Rs.72,000 per house, while the State contributes Rs.98,000 including the contribution of Rs.50,000 provided for concrete roofing. Hence, out of the total cost of Rs.3,082.39 crore, Rs.1,761.98 crore would be the State's contribution. Under the 'Chief Minister's Solar Powered Green House Scheme', another 20,000 houses will be taken up for construction in 2017-2018 at a cost of Rs.420 crore. Totally Rs.3,502.39 crore has been**

**allocated in the Budget Estimates 2017-2018 for the construction of 1.96 lakh houses.**

97. In urban areas, the Government is facing the twin challenges of providing affordable housing to the poor and middle class families and rehabilitating the poor and vulnerable families living in unhygienic slums, especially along water courses. Tamil Nadu Slum Clearance Board (TNSCB) has been taking up construction of tenements to rehabilitate such families. During 2016-2017, TNSCB has taken up construction of 9,888 tenements at an estimated cost of Rs.911.89 crore, besides supporting 1,77,791 units under Beneficiary Led Construction component at a total cost of Rs.5,503.08 crore. **In 2017-2018, an additional 20,000 tenements will be taken up for construction at a project cost of Rs.2,000 crore, besides supporting one lakh houses under Beneficiary Led Construction component at a total cost of Rs.3,250 crore. Further, the old slum tenements under the control of Tamil Nadu Slum Clearance Board will be taken up for reconstruction. This will enable the Government to increase the available housing units from the existing 33,000 to 50,000 tenements to accommodate more families.**

98. Tamil Nadu Housing Board (TNHB) has been taking up construction of houses for Low Income Groups

(LIG) and Economically Weaker Sections (EWS) to increase the availability of affordable housing. **During 2017-2018, TNHB will construct 3,300 new housing units at a cost of Rs.808 crore, in addition to completing the ongoing works of constructing 22,178 housing units at a cost of Rs.3,707 crore. The Government will task the Tamil Nadu Infrastructure Fund Management Corporation with the operation of the Shelter Fund and raise money through Innovative Financial Vehicles from private investors including impact investors, to increase the availability of affordable houses under the EWS and LIG categories. The National Housing Bank has agreed to partner with us in this endeavour.**

### **Devolution to the Local Bodies**

99. The Government has devolved Rs.21,951 crore to rural local bodies and Rs.15,499 crore to urban local bodies as devolutionary grants from 2012-2013 to 2016-2017. The Fifth State Finance Commission (SFC) has submitted its recommendations recently. The State Government has accepted the report and an Action Taken Report (ATR) on the SFC recommendations will be tabled in this Assembly session. **As per the recommendations of the Fourteenth Central Finance Commission, local bodies will receive Rs. 2,780 crore as General Basic Grants**

**and Rs.560 crore as General Performance Grants in 2017-2018. Further, Rs.5,159 crore and Rs.4,054 crore will be devolved to the rural and urban local bodies as per the Fifth State Finance Commission recommendations. In 2017-2018, the total devolutionary grants to rural and urban local bodies will be Rs.6,870 crore and Rs.5,683 crore respectively.**

### **Election to Local Bodies**

100. The Government has increased the reservation for women in local body posts to 50 percent as a measure to achieve gender equity and empower them politically. The State Election Commission is making necessary preparations to conduct the elections and an amount of Rs.174 crore has been provided in the Budget Estimates 2017-2018 for this purpose.

### **Health and Family Welfare**

101. The Government has been taking proactive measures to improve public health and health care services at primary, secondary and tertiary levels. The concerted efforts of the Government have improved the health indicators in Tamil Nadu substantially. The Infant Mortality Rate (IMR) has been brought down from 24 per thousand live births in 2010 to 19 in 2015 and the Maternal Mortality Ratio (MMR) from 79 per one lakh

live births in 2010 to 67 in 2016. Tamil Nadu has already achieved the national targets and the Millennium Development Goals, placing the State in a position to achieve the Sustainable Development Goals much ahead of the deadline.

102. To take these efforts forward, this Government will continue to strengthen the public health infrastructure and provide beneficiary oriented welfare programmes. To improve the accessibility of primary healthcare, **this Government will establish 30 new Primary Health Centres (PHCs) and upgrade 12 PHCs into 30 bedded PHCs in 2017-2018 at a cost of Rs.43.76 crore under the National Rural Health Mission (NRHM). The Government will also set up 96 polyclinics in Urban Primary Health Centres at a cost of Rs.15.09 crore under the National Urban Health Mission.**

103. Opening of four new medical colleges in the last six years and increasing the intake in existing medical colleges have ensured adequate availability of qualified doctors as the available MBBS seats in Government Medical Colleges in Tamil Nadu have increased from 1,945 in 2011 to 2,750 in 2016-2017. **Due to the efforts of this Government, the number of post-graduate medical seats has been increased from 1,188 in 2016-2017 to 1,362 in 2017-2018.**

104. The Government has been implementing the 'Tamil Nadu Urban Health Care Project' since 2016-2017 with loan assistance from JICA at a total cost of Rs.1,634 crore in order to enhance secondary and tertiary care services in urban areas. A sum of Rs.126 crore has been provided for this project in the Budget Estimates 2017-2018.

105. The Chief Minister's Comprehensive Health Insurance Scheme (CMCHIS), a flagship programme of this Government, has provided insurance cover for high-end medical care to 1.58 crore families in private and Government hospitals. In 2016-2017, 3.39 lakh patients have availed treatment costing Rs.662.86 crore and the Government hospitals have earned Rs.225.28 crore through claim settlement under the scheme, which has been utilized for the development of their infrastructure. **I am delighted to inform that this insurance scheme has been further continued from January 11, 2017 with an additional 312 new procedures and an increased coverage of Rs.2 lakh per annum for specialized procedures. An amount of Rs.1,348 crore has been provided in the Budget Estimates for this purpose.**

106. The 'Dr.Muthulakshmi Reddy Maternity Benefit Scheme', which is aimed at reducing MMR and IMR in the State has extended financial assistance of

Rs.551.61 crore in 2016-2017 to 5.81 lakh pregnant women. **In order to fulfill an electoral promise, the Hon'ble Chief Minister has issued order enhancing this assistance from Rs.12,000 to Rs.18,000. In the Budget Estimates 2017-2018, an amount of Rs.1,001 crore has been provided for this scheme.** This Government will continue to implement the 'Amma Baby Care Kit' scheme and the 'Amma Magapperu Sanjeevi' scheme. A sum of Rs.61 crore has been provided in this Budget Estimates for the distribution of sanitary napkins under the Menstrual Hygiene Programme.

107. **This Government is giving medicines, free of cost, in all Government hospitals and primary health centres. Further, in order to make medicines affordable, the use of generic drugs will be promoted and Tamil Nadu Medical Services Corporation will set up 10 sales outlets to sell generic medicines. Such generic drug selling stores will also be put up at major locations in towns and rural areas by cooperative institutions. This initiative will substantially reduce the burden of public on account of the expenses on drugs and medicines.**

108. In the Budget Estimates 2017-2018, Rs.10,158 crore has been provided for the Health Department.

### **School Education**

109. The focus of this Government is to improve accessibility and quality of education in schools and to enhance the learning of students through better teaching methods and learning aids. Through Geographic Information System (GIS) based mapping of schools, the Government had identified unserved habitations and has opened 226 new primary schools since 2011. Wherever opening of a new school has been unviable due to sparse population, transport facilities have been provided to ensure the enrolment of children from such habitations in nearby schools. Further, the Government has upgraded 113 primary schools to middle schools, 829 middle schools to high schools and 402 high schools to higher secondary schools since 2011. **I am happy to announce the upgradation of 150 middle schools to high schools and 100 high schools to higher secondary schools during 2017-2018. This Government has identified 36,930 out of school children who will be brought under the mainstream education systems during 2017-2018.**

110. This Government has placed special emphasis on providing necessary infrastructure facilities in schools

that include classrooms, science laboratories, drinking water facilities, compound walls and ramps and separate toilets for boys and girls. In 2016-2017, Rs.440.98 crore has been allocated for providing such required infrastructure facilities. Local bodies have provided Rs.57.63 crore in 2016-2017 exclusively for maintaining school toilets hygienically. This will be continued in 2017-2018 also. **An amount of Rs.352 crore, including loan assistance from NABARD, has been provided in the Budget Estimates 2017-2018 for infrastructure development in schools.**

111. The Government is committed to removing all obstacles to achieve universal coverage in education by imparting free and compulsory education to all children and motivating them through various welfare schemes. **It will continue to provide four sets of uniform, school bags, footwear, study materials like textbooks, notebooks and geometry boxes in addition to cycles and bus-passes free of cost. In the Budget Estimates 2017-2018, Rs.1,503 crore has been provided for these welfare schemes. Further, Rs.758 crore has been provided for the supply of laptop computers.**

112. The Government has provided access to private schools to the children belonging to disadvantaged and weaker sections of the society

under the 'Right of Children to Free and Compulsory Education Act'. Since inception, this scheme has benefited 3,28,910 children and in 2016-2017 alone, 97,506 children have been admitted to private schools. In the Budget Estimates 2017-2018, a sum of Rs.201 crore has been provided for this purpose.

113. This Government is providing a special cash incentive of Rs.5,000 to all girl students studying in Government and Government aided schools as a measure to reduce dropouts from classes X, XI and XII. In the Budget Estimates 2017-2018, a sum of Rs.314 crore has been provided for the special cash incentive scheme.

114. Though the Government of India is yet to release its share of about Rs.1,476 crore under the 'Sarva Shiksha Abhiyan' (SSA) and Rs.1,266 crore under the 'Rashtriya Madhyamik Shiksha Abhiyan' (RMSA) as arrears for the previous years, the State Government will continue to provide adequate funds to implement these schemes effectively. In the Budget Estimates 2017-2018, Rs.2,656 crore and Rs.1,194 crore have been provided for SSA and RMSA respectively.

115. In the Budget Estimates 2017-2018, Rs.26,932 crore has been allocated for School Education.

**Higher Education**

116. Access, equity and quality constitutes the foundation of the higher education policy of the State. Tamil Nadu has 584 engineering colleges, 518 polytechnic colleges and 1,486 arts and science colleges with a total capacity of admitting 9.46 lakh students annually in Government and private colleges. In order to increase the accessibility of higher education to rural and remote areas, the Government has established 20 new Government arts and science colleges, 4 new Government engineering colleges and 16 new Government polytechnic colleges since 2011. Further, the Government has introduced 959 additional courses in Government arts and science colleges.

117. This Government is currently implementing the scheme of reimbursement of tuition fees to first generation graduate students to encourage students from educationally backward families to pursue higher education. Under this scheme, 2.29 lakh students have benefited during 2016-2017 and to implement this scheme in 2017-2018, a sum of Rs.680 crore has been allocated in the Budget Estimates. The efforts taken by the Government have increased the Gross Enrolment Ratio (GER) in higher education to 44.30 in 2015-2016 and the number of girls and Scheduled Caste students enrolled in higher education has increased from

2,51,293 and 60,854 in 2010-2011 to 3,02,522 and 1,07,013 in 2016-2017 respectively.

118. The Government has allocated Rs.320 crore in the Budget Estimates 2017-2018 for providing grants to universities, including Rs.139 crore for Annamalai University. In the Budget Estimates 2017-2018, Rs.3,680 crore has been allocated for the Higher Education Department.

### **Youth Welfare and Sports Development**

119. The Government will continue to take special efforts to develop sports in the State. A High Altitude Training Centre is being established at Udhagamandalam at a cost of Rs.5 crore to develop stamina and fitness in athletes and to enhance their performance. The Government is currently revamping the Aquatic Complex, Velachery for hosting national and international competitions. **It has provided a sum of Rs.25 crore for the year 2017-2018 to hold village level games in all the 12,524 village panchayats. In the Budget Estimates 2017-2018, a sum of Rs.165 crore has been allocated for the Youth Welfare and Sports Development Department.**

### **Adi-Dravidar and Tribal Welfare**

120. The Government is taking all measures to protect Scheduled Castes and Scheduled Tribes and is

striving hard for their welfare and socio-economic development. There are 1,324 Adi-Dravidar hostels with a strength of 98,539 students, 42 Tribal hostels with 2,782 students and 314 Government Tribal Residential (GTR) Schools with 31,069 students. **In order to implement another electoral promise, this Government will enhance the food charges for college hostel students from Rs.875 to Rs.1,000 per month and for school hostel students from Rs.755 to Rs.900 per month.** This Government is committed to providing own buildings for all hostels and towards this end, construction of 30 hostels is currently in progress. **The Government will take up the construction of buildings for 24 more hostels at a cost of Rs.30.73 crore during 2017-2018. In the Budget Estimates 2017-2018, a sum of Rs.189 crore has been allocated for construction of buildings and Rs.120 crore has been allocated for food charges.**

121. An amount of Rs.69 crore has also been provided in the Budget Estimates 2017-2018 for providing bicycles free of cost to Scheduled Caste and Scheduled Tribe students studying in 11<sup>th</sup> Standard in Government and Government aided schools. To encourage the enrolment of girls in schools, this Government has provided incentives to 4.92 lakh girl students belonging to Scheduled Castes and

Scheduled Tribes during 2016-2017 and accordingly Rs.55 crore has been allocated for this scheme in 2017-2018. This Government has provided scholarships to 2.50 lakh Scheduled Caste students and 14,000 Scheduled Tribe students under the pre-matric scholarship schemes during 2016-2017. In the Budget Estimates 2017-2018, Rs.125 crore has been allocated for the pre-matric scholarship schemes.

122. In 2016-2017, 1.23 lakh students in Government and Government aided colleges and 2.27 lakh students in private colleges have benefited from the post-matric scholarship scheme. The Government of India has to release a balance of Rs.1,927.32 crore, which is the arrear receivable up to 2016-2017. The State Government has allocated Rs.1,580 crore during 2016-2017. **In the Budget Estimates 2017-2018 also, Rs. 1,580 crore has been allocated for the post-matric scholarship schemes.**

123. The Government is supporting Scheduled Caste and Scheduled Tribe families for their socio-economic development by extending financial assistance through the Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO). In the Budget Estimates 2017-2018, Rs.150 crore has been allocated under the Special Central Assistance for this purpose.

124. To improve infrastructure in 157 GTR schools and schools run by the Forest Department, works have been taken up during 2016-2017 with NABARD assistance at a total cost of Rs.49.84 crore. The Government has been implementing the 'Comprehensive Tribal Development Programme' (CTDP) since 2011-2012 for taking up various infrastructure development activities in tribal areas and for providing financial support for the socio-economic development of Tribal families. **This Government has decided to establish two Model Residential Schools, along with staff quarters, in Jawadhu Hills at a total cost of Rs.24 crore, to ensure the accessibility of quality education to tribal students. This will augment the existing school facilities in that area and provide opportunity to students to complete their schooling upto higher secondary level.** In the Budget Estimates 2017-2018, Rs.50 crore has been allocated under CTDP and Rs.37 crore has been provided for the development of Particularly Vulnerable Tribal Groups.

125. In the Budget Estimates 2017-2018, an amount of Rs.3,009 crore has been allocated for Adi Dravidar Welfare Department and Rs.265 crore has been allocated for Tribal Welfare Department.

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

126. The Government is determined to support Backward Classes (BC), Most Backward Classes (MBC) and De-Notified Communities (DNC) for their socio-economic development and welfare. In 2016-2017, pre-matric scholarship has been provided to 72,000 students and post-matric scholarship has been provided to 7.02 lakh students. In the Budget Estimates 2017-2018, Rs.23 crore and Rs.182 crore have been provided for Pre-Matric and Post-Matric Scholarship schemes. **This Government will continue to distribute bicycles free of cost to students belonging to Backward Classes, Most Backward Classes and Denotified Communities, studying in 11<sup>th</sup> Standard in Government and Government aided schools. In the Budget Estimates 2017-2018, Rs.180 crore has been provided for this scheme.**

127. The Government is running 1,338 hostels with a strength of 84,314 students. **In order to implement another electoral promise, this Government will enhance the food charges for the college hostel students from Rs.875 to Rs.1,000 per month and for school hostel students from Rs.755 to Rs.900 per month.** In the Budget Estimates 2017-2018, Rs.24 crore has been provided for

construction of hostels and schools, and Rs.84 crore has been provided for food charges. An amount of Rs.988 crore has been provided in the Budget Estimates 2017-2018 for the Backward Classes, Most Backward Classes and Denotified Communities Welfare Department.

### **Labour Welfare**

128. There are 17 unorganized workers welfare boards under the Labour Welfare Department with a membership of 68.52 lakh workers. This includes 17,556 inter-state migrant workers who have been registered with the Tamil Nadu Construction Workers Welfare Board. In 2016-2017, a sum of Rs.115.25 crore has been distributed to the members of the unorganized workers welfare boards as welfare assistance. An amount of Rs.70 crore has been provided as grants to these boards in the Budget Estimates 2017-2018.

**129. As a measure to ameliorate the plight of the migrant construction workers living in unhealthy conditions at construction sites, the Government is constructing temporary accommodation at major locations around Chennai and other cities in Tamil Nadu on need basis. These residential units will be made available on rental basis to employers to accommodate their construction workers.** In the Budget Estimates

2017-2018, Rs.1,010 crore has been allocated for the Labour Welfare Department.

### **Social Welfare**

130. Deeply committed to the values of a Welfare State, social security pension is being provided to vulnerable and economically poor sections of the society by providing Rs.1,000 every month to senior citizens, widows, destitute, differently-abled and transgenders. This monthly pension is being disbursed through the bank accounts of individual beneficiaries. **In the Budget Estimates 2017-2018, Rs.3,790 crore has been provided for these social security pensions.**

131. The pioneering schemes - the 'Girl Child Protection Scheme' and the 'Cradle Baby' scheme launched by the late Chief Minister J Jayalalithaa, have ensured adequate protection of girl children. In the Budget Estimates 2017-2018, a sum of Rs.140 crore has been allocated for these schemes. Under the Marriage Assistance Schemes, eight gram of gold coin for Thirumangalyam along with a cash assistance of Rs.25,000 for non-graduates and Rs.50,000 for graduates and diploma holders are being provided. In the Budget Estimates 2017-2018, Rs.723 crore has been provided in total for all the Marriage Assistance Schemes. **Fulfilling another electoral promise, Hon'ble Chief Minister has issued orders extending support**

**to one lakh working women per annum for purchase of two wheelers with 50 percent subsidy, not exceeding Rs.20,000. A sum of Rs.200 crore is provided in the Budget Estimates for this scheme.**

132. The Government has been implementing the 'Puratchi Thalaivar MGR Nutritious Meal Programme' for improving nutritional levels and for increasing the enrolment of children in schools through 43,143 noon meal centres. With the objective of providing nutritious meal and supplementary nutrition to children below five years of age, pregnant women, lactating mothers and adolescent girls, the Government is implementing the Integrated Child Development Services (ICDS) scheme through 54,439 Anganwadi Centres. A sum of Rs.1,687 crore and Rs.1,779 crore have been provided for the Nutritious Meal Programme and ICDS scheme respectively in the Budget Estimates 2017-2018. In the Budget Estimates 2017-2018, Rs.4,781 crore has been allocated for Social Welfare Department.

### **Welfare of Government Employees and Pensioners**

133. The Government has increased the maternity leave from six months to nine months to fulfill another electoral promise. **The Government has now constituted a Committee of Officials to study the recommendations of the Seventh Pay Commission**

**in all aspects and to recommend appropriate pay revisions. Based on this report, revised pay scales will be fixed by the Government.** For the implementation of the New Health Insurance Scheme, Rs.290 crore has been allocated in the Budget Estimates 2017-2018.

134. This Government has extended the New Health Insurance Scheme to benefit the pensioners and Rs.123 crore has been allocated in the Budget Estimates 2017-2018 for the payment of premium for this scheme. In the Budget Estimates 2017-2018, Rs.22,394 crore has been allocated for pensions and other retirement benefits.

### **Welfare of Sri Lankan Tamil Refugees**

135. The Government has extended various welfare schemes like health insurance, marriage assistance and social security pensions apart from providing cash assistance to Sri Lankan Tamils living in refugee camps. This Government will continue to press for dual citizenship to Sri Lankan Tamil refugees. In the Budget Estimates 2017-2018, Rs.116 crore has been allocated for the welfare of Sri Lankan Tamil refugees.

### **Welfare of the Differently Abled**

136. The State is committed to providing all support and to extending welfare measures to the

differently abled persons in order to enable them to lead a normal life. The State Government has issued disability certificates to 11.79 lakh persons so far. A detailed enumeration will be carried out to ensure cent percent coverage of differently abled persons under various welfare measures. This Government is running 435 special schools and 42 vocational training centres for the benefit of differently abled persons. The State Government provides maintenance allowance of Rs.1,500 per month to the severely orthopaedically affected persons, persons with muscular dystrophy and the mentally challenged. **Now, we propose to extend this enhanced monthly maintenance allowance of Rs.1500 to persons cured of leprosy but have suffered severe permanent disability.**

137. It is our commitment **to improve the quality of life for the differently abled persons and towards this the following announcements are made:**

- ❖ **The number of retrofitted scooters being distributed will be increased from 1,000 to 2,000 per annum at a cost of Rs.11.97 crore.**
- ❖ **The conveyance allowance of Rs.1,000 per month being provided to the visually challenged and persons with locomotor**

**disabilities will be extended to the hearing impaired Government employees.**

- ❖ **Smart canes will be distributed to 10,000 visually impaired persons in the year 2017-2018 at a cost of Rs.3.16 crore.**
- ❖ **Motorised Mobility Assistive Devices will be distributed for the first time to 1,000 persons affected by muscular dystrophy and paraplegia at a cost of Rs.6.50 crore.**
- ❖ **Skill development training will be imparted to 10,000 differently abled persons in all the districts at a cost of Rs.5 crore during the year 2017-2018.**
- ❖ **A pilot project for screening new born babies to identify hearing impairment will be launched in Chennai and Sivagangai at a cost of Rs.3.31 crore.**

138. The allocation for the Welfare of Differently Abled Department has been increased by 17.68 percent over the Revised Budget Estimates 2016-2017 to Rs.466 crore for the year 2017-2018.

### **Welfare of the Minorities**

139. The Government is committed to protecting the minorities and ensuring a sense of security among

them, besides extending support for their welfare. The Government has been providing assistance to Christians for undertaking pilgrimage to Jerusalem and to Muslims for the Hajj pilgrimage. The monthly pension to the ulemas has been increased from Rs.1,000 to Rs.1,500 from 2016-2017. A sum of one crore rupees has been allotted by this Government during 2016-2017 to take up repair and renovation of churches.

## **Part B**

### **Resources for financing the Budget**

140. We will now look into the resources that have been identified to finance the projected expenditure in the Budget Estimates 2017-2018.

141. The State's Own Tax Revenue (SOTR) constitutes the major part of the revenue receipts of the State. The national and the global economies continue to be sluggish, particularly in the manufacturing sector, and this has affected SOTR significantly. These negative impacts on the economy will eventually constrain the State's own tax resources.

142. Commercial Taxes is the largest contributor to the State's resources. The State will be undergoing a major change in the indirect taxation system in 2017-2018 when the Government of India rolls out the Goods and Services Tax (GST). Though it is expected

that the GST regime will affect the resources of a manufacturing State like Tamil Nadu considerably, the Government of India has agreed to compensate the loss for a period of five years. Since the Value Added Tax (VAT) regime is being replaced by the GST regime, no tax concessions are being announced in the Budget Estimates 2017-2018. Considering the above factors, revenue from Commercial Taxes has been estimated at Rs.66,522 crore in the Revised Estimates 2016-2017, and at Rs.77,234 crore in the Budget Estimates 2017-2018.

143. The Government has closed down 500 TASMAL shops in February 2017, in addition to the closure of 500 shops in 2016. This will have a significant impact on the State's resources. Keeping this in view, the Excise Duty collection has been projected at Rs.6,903 crore in the Budget Estimates 2017-2018. The State has registered a negative growth this year in the collection of Stamp Duty and Registration Fees and the receipts have been estimated only at Rs.8,220 crore in 2017-2018. The revenue from Motor Vehicle Taxes is projected at Rs.5,418 crore during 2017-2018.

144. The SOTR estimate has been revised downward to Rs.87,287 crore in the Revised Estimates 2016-2017 and has been fixed at Rs.99,590 crore in the Budget Estimates 2017-2018. The receipts under the

State's Own Non-Tax Revenue have been estimated at Rs.12,318 crore in 2017-2018.

145. The adverse impact of the Fourteenth Finance Commission's recommendations continues to severely affect our resource availability. The Government of India has reduced its own commitment and increased State's share in Centrally Sponsored Schemes since 2015-2016, resulting in additional burden to the State Government. The State received Rs.20,354 crore as Central devolution in 2015-2016, which recorded a growth rate of only 20.98 percent over 2014-2015. When we discount this growth rate with the normal growth in Central Tax collections of 18 percent in 2015-2016, the net increase stands at 2.98 percent only. In the Revised Estimates, the share in Central Taxes has been estimated at Rs.24,538 crore during 2016-2017 and Rs.27,224 crore in the Budget Estimates 2017-2018. The Grants-in-Aid have been estimated at Rs.20,709 crore in the Revised Estimates 2016-2017 and Rs.20,231 crore in the Budget Estimates 2017-2018.

### **Fiscal Indicators**

146. While the Total Revenue Receipts (TRR) of the State have been projected at Rs.1,59,363 crore in the Budget Estimates 2017-2018, the Revenue Expenditure is estimated at Rs.1,75,293 crore, leaving the Revenue Deficit at Rs.15,930 crore. Despite an

increase in Revenue Expenditure due to the additional commitment of the Government towards interest payments under the UDAY scheme, free power up to 100 units for domestic consumers and cooperative loan waiver scheme, the Revenue Deficit in 2017-2018 will be contained at the previous year level.

147. In 2016-2017, the Government has taken over the debt of TANGEDCO to the tune of Rs.22,815 crore, which has increased the Fiscal Deficit beyond the Tamil Nadu Fiscal Responsibility Act norm of 3 percent of GSDP. However, Government of India has given specific authorization to exceed the limit to the extent of debt takeover from TANGEDCO and allowed the State to borrow beyond three percent to absorb the burden of this debt. In view of this, a bill to amend the Tamil Nadu Fiscal Responsibility Act, 2003 will be introduced in this august House in this session.

148. In 2016-2017, the Fiscal Deficit will be Rs.61,341 crore which is 4.58 percent of the Gross State Domestic Product. If the debt takeover from TANGEDCO by Government is excluded, the Fiscal Deficit in 2016-2017 will be Rs.38,526 crore, which will be 2.88 percent of the Gross State Domestic Product. The Capital Expenditure has been estimated at Rs.27,789 crore in the Budget Estimates 2017-2018. The Fiscal Deficit has been projected at Rs.41,977 crore,

which is about 2.79 percent of GSDP in the Budget Estimates 2017-2018. This will be within the norms prescribed. It is estimated that Rs.41,965 crore would be raised as net borrowings, as against the permissible limit of Rs.45,119 crore. The net outstanding debt at the end of 31<sup>st</sup> March, 2018 will be Rs.3,14,366 crore including the debt taken over from TANGEDCO and the Debt-GSDP ratio will be 20.90 percent which is well below the Debt-GSDP norm of 25 percent.

149. The Medium Term Fiscal Plan has been given as an annexure to this Budget Speech and I request that this may be taken as read as part of this speech.

150. These Budget Estimates have been prepared under severe resource constraints. The uncertainty in the domestic economy continues. This Government is working hard to overcome this and to reverse the economic downtrend. Though the Revenue Deficit remains high, which is above norms, the Debt-GSDP ratio continues to remain within the prescribed norms. However, the Revenue Deficit will be contained during 2017-2018 at the same level of 2016-2017. The Fiscal Deficit breaching the norms in 2016-2017 is only temporary due to TANGEDCO's debt takeover. In 2017-2018, Fiscal Deficit will be brought within norms. The Government will leave no stone unturned to bring the State back on the path of fiscal consolidation.

We hope, with the efforts taken by the Government, the economic growth will get revived, bringing more resources to the State and paving the way to move forward on the path of development.

Hon'ble Speaker Sir,

**Even though misfortune may rise like a flood  
A wise man overcomes it by thoughts bold**

**(Kural 622)**

151. These are the unfailing words of Thiruvalluvar who says that a wise man with a determined mind will conquer even a flood of troubles. Our revered leader Puratchi Thalaivi J Jayalalithaa, the saviour of poor who guided, led and protected us like a divine light is no more with us. Her loss is irreparable to all of us and for the State. She has handed over the lamp of governance to us for dispelling the darkness of ignorance and poverty from this land and light up the lives of poor and the downtrodden. Amidst the political turbulence created by some of our brothers, who have been misguided by some, that lamp has been protected and it is our duty to keep it as an eternal lamp to continue our journey towards progress. Under the leadership of our Hon'ble Chief Minister, who is a man of practical wisdom, we will march forward and implement all the schemes initiated by our revered leader Puratchi Thalaivi J Jayalalithaa and formulate many more people-friendly programmes.

152. I thank the Hon'ble Chief Minister and all my cabinet colleagues for guiding me in formulating this Budget. This Budget has been prepared within the framework that has been given by our revered leader Puratchi Thalaivi J Jayalalithaa who has mingled in our life and always guiding us. I am always indebted to her guiding spirit.

153. I convey my thanks to Thiru K. Shanmugam, I.A.S., Additional Chief Secretary, Finance Department and all other officials of the Finance Department who have been working tirelessly on the preparation of the Budget Estimates.

154. With this, Hon'ble Speaker Sir, I commend the Budget Estimates for the year 2017-2018 for the approval of this august House.

**Nanri**

**Vanakkam**

**D. JAYAKUMAR**

Minister for Fisheries,  
Finance and Personnel and  
Administrative Reforms

Chennai,  
16<sup>th</sup> March 2017,  
Thunmugi, Panguni - 3,  
Thiruvalluvar Aandu 2048

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

The State Government shall lay a Medium Term Fiscal Plan (MTFP) before the Legislative Assembly along with the Budget in accordance with section 3(1) of the Tamil Nadu Fiscal Responsibility Act, 2003 (TNFRA). As per Section 3(2) of the said Act, the MTFP shall also set forth a multi-year rolling target for the prescribed fiscal indicators like Revenue Deficit, Fiscal Deficit, etc., with specification of underlying assumptions made to arrive at those projections. Complying with the said provisos under the Tamil Nadu Fiscal Responsibility Act, 2003, a Medium Term Fiscal Plan for the current financial year and next two years, i.e., from 2018-2019 is hereby placed before the Legislative Assembly.

**Objectives**

The MTFP has been structured with the objectives of balancing the developmental expenditure and fiscal prudence, facilitating high economic growth that would create enough fiscal space for investments in key sectors. The State Government is implementing large number of welfare schemes for improving the social security, education, health, etc. Simultaneously, the State has to meet the ever increasing administrative expenditure, mainly due to periodic hike in Dearness Allowance, increments, creation of new posts and

filling up of vacancies. Apart from spending heavily on the welfare schemes and administrative expenditure, due importance is being paid to capital expenditure for building roads and bridges, irrigation and power projects. Despite all these constraints, the State Government is committed to achieving fiscal consolidation by complying with the roadmap set forth by the Central Finance Commission.

The MTFP will ensure compliance with the norms of fiscal prudence, such as, containing the Revenue Deficit to the minimum, maintaining Fiscal Deficit within three percent of Gross State Domestic Product (GSDP) and limiting Outstanding Debt to GSDP ratio within the prescribed limits of the Central Finance Commission during 2017-2020 and thereafter, with the exception of the year 2018-2019.

### **Future Prospects**

The nominal growth of GSDP is projected based on the new 2011-2012 series at constant prices and is adopted in the Budget. As per the present trend, it is expected that the State's economy will grow at a higher pace in the coming years.

#### **I. Revenue Receipts**

The Total Revenue Receipts of the State Government, including the Central Transfers, are

estimated at Rs.1,59,363 crore in 2017-2018. Its important components and their growth trends are discussed below.

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

The State economy is slowly picking up, which is evident from the improvement in GSDP growth rates from 4.85% in 2012-2013 to 8.79% in 2015-2016 at 2011-2012 constant prices. During 2016-2017, GSDP is expected to grow at 7.94% at 2011-2012 constant prices. It is also anticipated that the economy will grow faster due to the concerted efforts of the Government and thereby enabling the State to achieve a higher economic growth rate during the current financial year.

However, the continuing sluggishness of the global and domestic economies and the demonetization of specified bank notes have affected the State economy in a significant manner. The negative impacts on the economy have eventually limited the State's Own Tax Revenue.

The State's Own Tax Revenue is estimated to be Rs.87,287 crore in the Revised Estimates 2016-2017. It is estimated to increase to Rs.99,590 crore in the Budget Estimates for 2017-2018. A growth rate of 15.20% and 13.78% is assumed for the years 2018-2019 and 2019-2020 respectively.

Salient features of the major components of the State's Own Tax Revenue are discussed below.

- Considering the roll out of Goods and Services Tax (GST) during 2017-2018, which is expected to have an impact on the resources of the State, the receipts from the Commercial Taxes are estimated to be Rs.77,234 crore in the Budget Estimates 2017-2018.
- Taking into account the impact of the recent closure of 500 more TASMALC shops and an over all of 1,000 shops, during the current financial year and the present trend of receipts, the State Excise Duty collection has been estimated at Rs.6,903 crore during 2017-2018.
- The low economic growth, demonetization and the ban on sale of property in unapproved layouts have dented the receipts from Stamp Duty and Registration Charges severely. Considering these factors, receipts from Stamp Duty and Registration Charges are expected to be Rs.8,220 crore during 2017-2018 as against Rs.7,985 crore estimated in Revised Estimates 2016-2017.

- The collections under the Taxes on Motor Vehicles is estimated in the Budget Estimates for 2017-2018 at Rs.5,418 crore as against Rs.4,733 crore estimated in the Revised Estimates 2016-2017.

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

The State's Own Non-Tax Revenue has been estimated at Rs.12,318 crore in the Budget Estimates for 2017-2018. Since the Government services are either delivered free of cost or at nominal fees and the mining potential of the State being limited, the Non-Tax Revenue has been estimated to be marginally higher than the Revised Estimates 2016-2017. A growth rate of 8% is assumed for 2018-2019 and 2019-2020.

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

The Central Finance Commissions, one after the other, have gradually decreased the inter-se-share of Tamil Nadu. The inter-se-share of Tamil Nadu from Thirteenth Finance Commission to Fourteenth Finance Commission has witnessed a slide down from 4.969% to 4.023% in the general divisible pool and from 5.047% to 4.104% in case of Service Tax pool. However, increased flow of resources is expected to be devolved to the States on account of the resource augmentation by the Central Government through revision of taxes and duties.

The Share in Central Taxes for the State has been estimated at Rs.27,224 crore during 2017-2018 in the Budget Estimates based on the projection given in the Union Budget 2017-2018. A growth rate of 14% is assumed for the financial years 2018-2019 and 2019-2020 also.

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

The Grants-in-Aid from the Government of India have been estimated at Rs.20,231 crore in the Budget Estimates for 2017-2018 by taking into account the provisions made in the Union Budget 2017-2018 towards Centrally Sponsored Schemes and Fourteenth Finance Commission grants. For the financial years of 2018-2019 and 2019-2020, a growth rate of 10% has been assumed.

## **II. Revenue Expenditure**

The revenue expenditure during 2017-2018 is estimated at Rs.1,75,293 crore which shows a growth of 10.06% over Revised Estimates 2016-2017. The main components are explained below:

- The allocation for salaries is Rs.46,332 crore and for pensions and other retirement benefits is Rs.20,577 crore in the Budget Estimates for 2017-2018. This estimation doesn't include the expenditure that will arise due to implementation of

Seventh Pay Commission recommendations. The allocation forms 38.17% of the Total Revenue Expenditure. Considering the additional expenditure due to Pay revision based on the Seventh Pay Commission recommendations, periodic hikes in Dearness Allowance, increments and filling up of vacancies, a growth rate of 31.58% for salaries and 34.37% for pensions and other retirement benefits for 2018-2019 and 10% for both salaries and pensions for 2019-2020 are assumed.

- For Subsidies and Grants, Rs.72,616 crore is allocated in the Budget Estimates for 2017-2018. The allocation includes expenditure for various ongoing welfare schemes like food subsidy, power subsidy, scholarships, housing schemes, etc., and additional commitments to new schemes like co-operative loan waiver and free power to domestic consumers up to 100 units, etc. Further, the devolution to Local Bodies has been increased and included in the Budget Estimates towards implementation of the Fifth State Finance Commission recommendations, based on the assumption of the growth in State's Own Tax Revenue. A growth rate of 6.5% is assumed for 2018-2019 and 7.05% for 2019-2020.

- Expenditure on Non-wage Operations and Maintenance is projected at Rs.9,764 crore in the Budget Estimates for 2017-2018. This is mainly on account of maintenance, administrative expenses, fuel cost, distribution of uniform to school students, etc. A growth rate of 5.22% is assumed for 2018-2019 and 2019-2020.
- In the Budget Estimates 2017-2018, the Interest Payments have been estimated at Rs.25,982 crore, which is 14.82% of the Total Revenue Expenditure. It is estimated at Rs.21,397 crore in the Revised Estimates 2016-2017. The increased estimation in the Budget Estimates for 2017-2018 over the Revised Estimates 2016-2017 is due to additional commitment of the Government towards payment of interest under the UDAY scheme. The ratio of Interest Payments to Total Revenue Receipts will be 16.30% in 2017-2018. This is expected to be 16.77% in 2018-2019 and 17.38% in 2019-2020.

### **III. Capital Expenditure**

The State is paying special attention to capital expenditure. This is once again proved by the increased allocation of Rs.24,193 crore in the Revised Estimates 2016-2017 for Capital Expenditure as against Rs.22,369 crore in the Revised Budget Estimates and Rs.27,789 crore in the Budget Estimates for 2017-2018.

This is expected to grow further at 8.06% in 2018-2019 and 10.07% in 2019-2020.

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

The tax revenue growth has been lower than that estimated in the Revised Budget 2016-2017 due to the uncertainty in domestic economy. There is significant drop in State's Own Tax Revenue growth rate, especially in the receipts from Stamps and Registration charges. Thus, the Revenue Deficit for 2017-2018 is expected to be at Rs.15,930 crore. Fiscal Deficit for 2016-2017 is estimated at Rs.61,341 crore in the Revised Estimates 2016-2017 as against the Budget Estimation of Rs.40,534 crore and this is 4.58% of the GSDP, breaching the norm prescribed in the TNFRA. This breach in FRBM norms is only due to TANGEDCO's debt takeover and is temporary. Therefore, Fiscal Deficit for 2017-2018 is expected to come down to less than 3% of the GSDP and estimated at Rs.41,977 crore, which is 2.79% of the Gross State Domestic Product (GSDP). The implementation of Seventh Pay Commission recommendations based on the report of the officials committee will increase the burden on State's finances for a year or two. In the forthcoming years, Fiscal Deficit to GSDP ratio will be 3.18% in 2018-2019 and 2.82% in 2019-2020.

**V. Borrowings**

The estimates for receipt and repayment of borrowings have been finalized on the basis of overall borrowing ceiling fixed by the Government of India based on the formula indicated by 14<sup>th</sup> Finance Commission. The Government plans to borrow a net amount of Rs.41,965 crore only against the estimated Net Borrowing Ceiling of Rs.45,119 crore in 2017-2018. The outstanding debt including provident fund will be Rs.3,14,366 crore as on 31.3.2018. This will constitute only 20.90% of GSDP.

**VI. Guarantees**

The outstanding guarantees for each year have to be restricted at a level of 100 percent of the Total Revenue Receipts in the preceding year or 10 percent of the GSDP, whichever is lower. The outstanding guarantees as on 31.3.2016 was 42.14 percent of Total Revenue Receipts in the preceding year and 4.25 percent of GSDP. The outstanding risk weighted guarantees for each year have to be kept at a level of 75 percent of the Total Revenue Receipts in the preceding year or 7.5 percent of GSDP whichever is lower. The outstanding risk weighted guarantees as on 31.3.2016 stood at 8.29 percent of Total Revenue Receipts in the preceding year and 0.84 percent of GSDP.

**Conclusion**

The economy is slowly picking up which is evident from the increase in GSDP growth rate in real terms, from 4.85% in 2012-2013 to 7.94% in 2016-2017.

However, there is a significant fall in the growth of the State's Own Tax Revenue, especially due to the fall in Stamps and Registration, which has negatively impacted the revenue receipts. Further, the decrease in share of Central Taxes due to Fourteenth Finance Commission's recommendations, and the increase in States' share in Centrally Sponsored Schemes have also hampered the State's Finances. The tax realisation in commercial taxes is expected to improve due to the revision of tax rates on petrol and diesel. The trends in expenditure are steady except for the hike in salaries and pensions due to implementation of Seventh Central Pay Commission recommendations based on the report of official committee constituted for this purpose. In spite of these constraints on Revenue Receipts, the overall Fiscal Deficit, net borrowings and outstanding debt-GSDP ratio will be within the permissible limits except Fiscal Deficit during 2018-2019. The State Government will continue to take concerted efforts for faster economic recovery, which will pave way for enhancing the State's fiscal position and improve the fiscal consolidation.

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