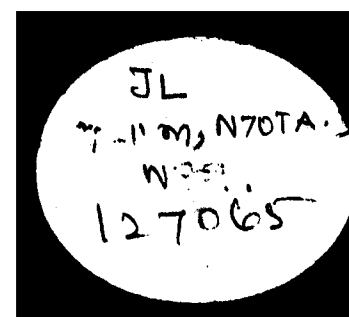






Hon'ble Chief Minister of Tamil Nadu
Dr. M. Karunanidhi called on the Hon'ble Prime
Minister Thiru. Rajiv Gandhi, in New Delhi
on 9th February 1989. Thiru Murali Maran, M.P.,

TAMIL ARASU

A Monthly Journal of the Government of Tamil Nadu

Thiruvalluvar Year 2020

March 1989

- Acceleration of Growth in all Spheres.
- An Inter-State Council Imperative.
- Ninth Assembly.
- Chief Minister's discussion with the Prime-Minister on the needs of the State.
- Chief Minister's Address to the Finance Commission.
- Chief Minister to seek Special Assistance of Rs 200 crores from the Centre.
- Chief Minister annuls action against Secretariat Association Members.
- Three Textile Mills to be re-opened.
- The Chief Minister and the Industrialists meet.
- Reception to the Chief Minister by Reporters' Guild.
- Kakatiya coins found in Tamil Nadu.

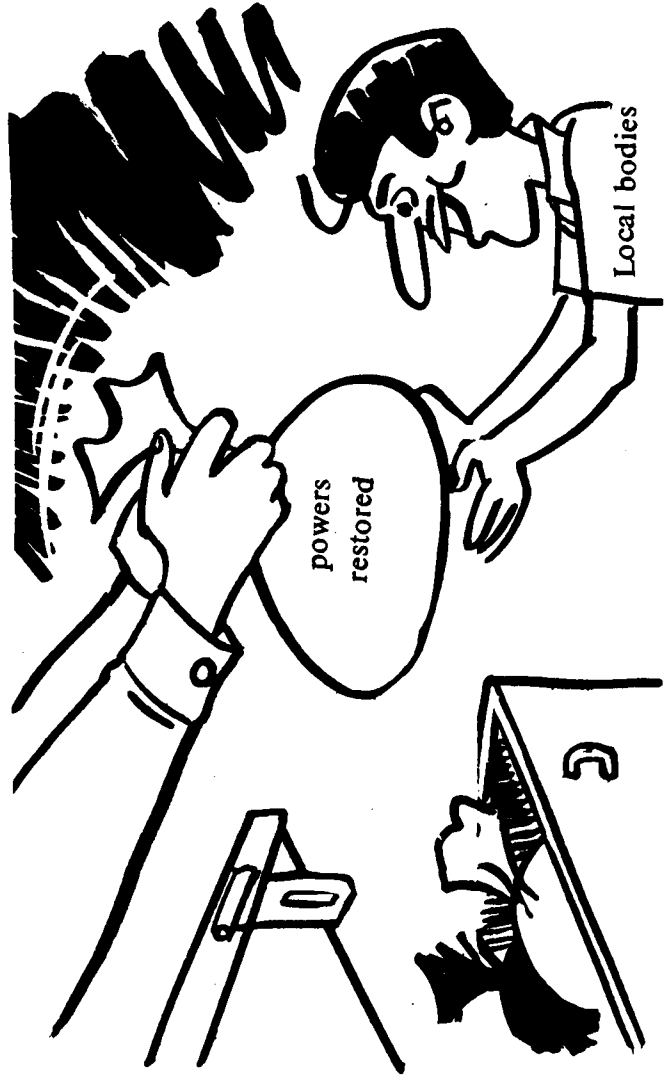
COVER PAGE

Hon'ble Chief Minister of Tamil Nadu
Dr. M. Karunanidhi, called on His Excellency the President
of India Thiru R. Venkataraman on 9.2.89 in New Delhi
during his visit to New Delhi.



MARCH 1989

amil Arasu



electoral rolls have not as yet been prepared on this basis. It is necessary to hold elections to these Corporations at the earliest, viz., in April to provide ample opportunities to the people to represent their grievances and have them redressed speedily. Legislation will be introduced to retain temporarily the voting age as twenty-one years so that the elections can be held immediately as planned based on the electoral rolls as on 1st January 1989.

9. This Government stands firmly committed to the full involvement of local bodies in the development process. There has been a tremendous erosion in the responsibilities and authority of these bodies. Besides restoring these powers, it will be the immediate effort of the Government to enlarge their role in the development thrusts. Early decisions will be taken to provide for this path breaking effort.

Government intends to bring forward legislation in this session as also amendments to the rules to prevent loss and to augment the revenue.

16. While the south-west monsoon has been good, the north-east monsoon which is so important for the State's crop prospects has belied expectations. Honourable Members are aware that the short-term kuruvai crop was affected. In several districts the samba crop has also been affected. It is now clear that unlike the rest of the country, Tamil Nadu might at best register agricultural production levels only slightly higher than those reached in 1987-88, which was a drought year. Thanks to the release of some water in the Cauvery by the Karnataka Government, there are hopes of salvaging the crops in the tail end of the Thanjavur delta. Given the excellent agricultural production in the rest of the country this year, the Government has requested the Centre not to reduce the monthly allotment of 80,000 tonnes of rice to the State. The Centre needs to recognise this urgent need of the State and ensure that the requirements of the State are met in full to enable the public distribution system to function effectively.

17. Accelerated industrial growth is vital for the State's economy. There is immediate need to revitalise industrial growth in the State creating a new climate. This would have to include several measures including assured power supply. Detailed proposals will be drawn up. The problem of sickness in industry has to be tackled immediately. It is proposed to undertake a detailed analysis of this problem to enable revival of these industries to the extent feasible.

18. Tamil Nadu occupied the fifth place in terms of Central investment in the State in 1975-76. Central investment in the State has

10. Elections to Co-operatives have not been held for several years. Last year elections were postponed after an announcement was made. Elections to different tiers of Co-operatives will be held at the earliest to re-establish a strong co-operative movement in Tamil Nadu.

11. The disarray in village administration brought about by certain changes in the past few years and the difficulties experienced by people in the rural areas has blunted the cutting edge of the administration. It will be the effort of the Government to re-organise the village administration, assimilating the best features of the earlier system and the changes brought about more recently.

12. People have pointed out several deficiencies in the implementation of the Tamil Nadu Government Nutritious Meal Programme implemented with an enormous outlay. These deficiencies will be removed and the programme modified to make it truly effective. Necessary powers and funds will be given to local bodies to undertake this programme and provide direct supervision with the objective of ensuring that the goals are fully achieved.

13. More than two lakh employees involved in this programme have so far remained as temporary part-time workers. Although their work will continue to be part-time, they will be made permanent part-time employees of the respective local bodies.

14. Legislation to get over certain practical difficulties relating to the enforcement of prohibition will be introduced as also to ensure the early disposal of more than 6 lakh cases pending in Courts.

15. In the past, the rules under the Prohibition Act have been changed several times conferring several benefits to the distillers. This has resulted in heavy loss to the exchequer running to several crores of rupees, legitimately due to the State. The

not kept pace with the result that the State has slipped in 1986-87 to the tenth place. The Government would continue to press for a greater share of Central investment in the State as a catalyst to rapid industrial growth.

19. Certain directions that the Centre has been pursuing have curtailed the resource base of the States. It is only natural that the States, fully responsive to the needs and aspirations of their people, feel disappointed if financial stringency stands in the way. The Government of Tamil Nadu as also other States have been representing before several Finance Commissions the inequities in resource transfers and other related issues. This stand will be reiterated when the Ninth Finance Commission visits the State this month besides highlighting the various demands of the State.

20. The State is at present in the midst of a severe financial crisis. We used to be proud that Tamil





Acceleration of growth in all spheres

Honourable Members of the Legislative Assembly,

It is my pleasant privilege to welcome you all, Members of this august Assembly who, in accordance with the democratic principle, the voice of the people is in good measure the voice of God, have assembled here with the massive mandate of the people of Tamil Nadu. To those Members of the Legislature who have been re-elected, I extend my felicitations. To many others who have been newly elected, I specially extend my best wishes. I have every hope that you will endeavour through your deliberations in the House to work for the betterment of the people of the State.

His Excellency

Dr. P.C. ALEXANDER

The Governor of Tamil Nadu

2. The year-long President's rule in the State has been revoked and a democratically elected Government has assumed office after truly epoch making elections. Eschewing violence, the peaceful turnout of voters in these elections has demonstrated the sense of responsibility among the political parties, the devotion to duty of Government servants and the enlightened political maturity of the electorate. These elections provide ample proof that the people of Tamil

Nadu will extend their fullest support to this Government upholding the democratic traditions of the State.

3. It is the unshakable belief of this Government that the unity and integrity of our pluralistic society comprising different races, languages, diverse arts and cultures, can be safeguarded only by a truly federal polity anchored in the bedrock of State autonomy. It is our desire that this thought process should culminate in constitutional safeguards. It will be the endeavour of this Government to seek the realisation of this goal with the support of all like-minded organizations.

4. It has been our consistent stand that all the 15 national languages which find place in the Eighth Schedule of the Constitution should be the official languages. Until this is done this Government will reiterate in every forum that English should be retained as the official language. At the same time, this Government will not hesitate to oppose any effort to impose Hindi against the wishes of the people of Tamil Nadu.

5. This Government has assumed office when serious economic problems, not to mention other serious issues, confront the State. This Government will seek to make immediate structural changes to enable the allround development of the State.

6. The Tamil Nadu Legislative Council has had an illustrious history of more than sixty-five years. The Legislative Council, resplendent with the scholarly advice and guidance of many great men, had always been a treasure house of intellect and experience. Their mature advice had been instrumental in shaping the many new laws and programmes initiated by successive Governments. This Council was abolished

● 30% of job opportunities for women.

● Local bodies to administer noon meal scheme.

● Industrial growth to be revitalised.

● Legislative council to be revived.

● Temporary part-time employees of local bodies made permanent part-time employees

● Tenure of local bodies to be extended.

● Corporation election soon

● More powers for local bodies.

in 1986. Legislation will be immediately introduced in this House to revive the prestigious and historic Legislative Council.

7. The participation of local bodies in the development process has declined with their atrophy. This Government will proceed to undertake wide ranging reforms to create a new environment to enable the vibrant growth of local bodies. Legislation will be introduced to extend the term of office of the Chairmen and Councillors of Municipalities, Presidents and Members of Village Panchayats as also the Chairmen of Panchayat Unions from three years to five years.

8. The Municipal Corporations of Madras, Madurai and Coimbatore have been functioning without elected bodies. Although the Corporation Acts had been amended even in 1980 to provide for voting rights to those above eighteen years of age,

Address By
His Excellency
Dr. P.C. Alexander,
the Governor of
Tamil Nadu at
the Tamil Nadu
Legislative Assembly
on 11th February 1989.

AN INTER-STATE COUNCIL IMPERATIVE

Dr. M. KARUNANIDHI
Chief Minister of Tamil Nadu

Honourable Prime Minister, Honourable Chief Ministers,
Honourable Central Ministers, Friends and Comrades,

I have had the opportunity to participate in Conferences of Chief Ministers on many occasions in the past although on this particular occasion I am one of the new comers to this assembly. It is my privilege, at the outset, to offer our greetings and good wishes to the Prime Minister, Chief Ministers from other States, the Union Finance Minister and other Central Ministers.

There are as many as 11 items in the agenda for the Conference. In my opening remarks, I propose to briefly state the position of my Government with respect to all of them. To the extent necessary, our representatives will elaborate our stands during the proceedings. I shall also take this opportunity to make a few broad observations on the overall frame work of Centre-State financial relations within which, in our view, specific issues such as those included in the agenda have to be considered.

The first item relates to the consignment tax. The 46th amendment of the Constitution was enacted as far

covering tobacco, sugar and textiles was introduced, that the centre should maintain a ratio of 2:1 between the yields from the basic including special duties on one hand and additional excise duties on the other. The National Development Council had also resolved that the incidence of additional excise duties should be raised to 10.8% as a percentage of the value of clearances. These ratios are yet to be achieved, although the present scheme has been in existence for more than three decades. This is a reflection on the Centre's lack of concern for meeting the reasonable demands of the States which had been agreed to several years ago in the highest forum of the Centre and the States.

Accordingly, both on grounds of principle and on the basis of past experience, I would reiterate that our Government is firmly opposed to any extension of additional excise duties in replacement of sales-tax. I would also like to point out that even when this scheme was first proposed in 1957-58, the then Government of Tamil Nadu was opposed to it. It is a matter of interest that that Government was not a Non-Congress Government. The then Chief Minister of our State was none other than Thiru K. Kamaraj.

ADDRESS AT THE TWO-DAY CONFERENCE OF CHIEF MINISTERS HELD ON 9TH AND 10TH FEBRUARY 1989 IN NEW DELHI.

back 1982 in order to enable the levy of tax on inter-State consignment of goods. The implementation of the consignment tax is long overdue and we strongly urge that it should be proceeded with expeditiously. The consignment tax became necessary in order to plug the large scale avoidance of Central Sales Tax which is leviable on the inter-State transfer of goods. In as much as the consignment tax is a complement to the Central Sales-Tax, it is logical that the rate of the consignment tax, the sharing of its proceeds, and the arrangements for extending exemptions should all be the same as what obtains in the case of the Central Sales-Tax. If this straight forward principle is accepted, there should be no need to reopen each one of these issues and to delay decisions on the introduction of the consignment tax.

I shall now turn to the second item in the agenda which relates to the proposal to extend the levy of additional duties of excise to a further list of commodities such as vanaspathi, drugs and medicines, cement, paper and paper board and petroleum products. We are firmly opposed to this proposal.

As all of us are aware, the National Development Council had resolved even when the present scheme

The problem of rate-war between States in sales-tax as has been discussed in several inter-State meetings and there has been a progressive effort to harmonise sales-tax rates. The problem particularly arises in Union Territories which seek to divert trade from neighbouring major States. We would urge the Centre to use their influence on Union Territories to avoid a competitive reduction of rates which only reduces the overall availability of resources to the nation as a whole. This can be done if the Centre can suitably augment the resources of Union territories while persuading them to maintain comparable tax rates with the neighbouring States. We do not however see any needs to set up a Central Sales Tax Tribunal which will intervene in the rates fixed by different States and we will not accept any such infringement of the powers of the State Governments.

The other items in the agenda do not raise any major issues of policy.

We support the suggestion that the Railways should obtain a clearance from sales-tax authorities before effecting deliveries and we are willing to co-operate with them in devising simple and speedy procedures in this matter.

We are as much interested as the Centre in the timely implementation of externally-aided projects. But these projects in general involve a large financial burden on State budgets. We would urge the Centre in this context to pass on 100 per cent of the rupee equivalent of the credit amount to the States on the same terms on which the external aid is received by them.

We shall co-operate in providing facilities for the opening of bank branches as per Reserve Bank of India guidelines and we shall examine the extent to which it might be feasible for the State Government to help the Banks in loan recovery. We agree also that State Financial Corporations and State Industries Development Corporations should be provided with adequate resources and should be run on sound professional lines. As one of our acts of our new Government, I have announced that such bodies will not be headed by political appointees.

We welcome the initiative that the Central Government has taken to introduce the Group Insurance Scheme for landless labourers and the Hut Insurance

in so many Electricity Boards is the severe resource crunch that they face. Basically, this is due to two factors. The first is inadequate financial assistance from the Centre to the States, including the severely limited extent to which States and Electricity Boards are allowed to make open market borrowings. In this context, we fully endorse the recommendation made in the recent Calcutta Conference of Six Chief Ministers for the setting up of a National Credit Council which will decide on an equitable share for the States in credit mobilisation. The second basic reason for the poor financial situation of Electricity Boards lies in successive increases to administered prices by the Centre on inputs costs of coal, oil, railway freight, generation and transmission equipment and so on. Unless we are prepared to go into these issues, it is not possible to restore Electricity Boards to sound financial health.

The suggestion has been made in the agenda note that State Electricity Board overdues could be deducted from Central assistance to States. This is totally unacceptable and any such idea should be abandoned forthwith. Central assistance to States is our legitimate entitlement.



Scheme for poor families in rural areas. While extending our co-operation to implement these schemes, I would like to point out that the benefit of Rs. 1000 provided in the Group Insurance Scheme for landless agricultural labourers is far from adequate. This amount may not be sufficient even to meet immediate funeral expenses while what is required is to provide a quantum of survivor benefit that will help the bereaved family to resettle itself after the death of the bread-winner. I would therefore urge the Central Government to enhance the benefit to a higher amount which is not less than Rs. 3,000.

The last item in the agenda relates to the recovery of overdues from the State Electricity Boards to Central undertakings such as Coal India, N.T.P.C. and BHEL. The underlying reason for the existence of large arrears

ment in national resources. In no way-legal, moral or logical should it be linked to contractual dues which are owed by one commercial undertaking to another.

I shall conclude with some general observations which are relevant to the issues that have come up before this Conference. Issues in Centre-State financial relationships whether they relate to taxation or the strengthening and expansion of the banking net work or social security or commercial transactions—all require constant and intensive consultation.

Major policy issues cannot be combined with routine administrative matters and brought up at long intervals and in a piece-meal fashion to Chief Ministers' Conferences. To do this amounts to maintaining an appea-

Nadu would always perform a Plan higher than the approved outlay. It has now become inevitable that the unattainable approved plan outlay of Rs. 1,457 crores is reduced.

21. Besides taking immediate measures to improve the finances of the State, policies to encourage economic growth have to be drawn up. The people of the State have great expectations from this Government. Their hopes and aspirations have to be met. The Government is fully conscious of the need to draw up the Plan for the coming year to reflect these priorities. It will be a Plan that meets the priorities shown by the people. It will also be a Plan that will be performed.

22. The Plan will seek to step up both agricultural growth and industrial production thus providing increased job opportunities.

23. "We see God in the smile of the poor" so said Arignar Anna. This Government will implement many welfare measures to bring cheer to the deprived and the downtrodden.

24. In pursuance of the assurances given, the Government stands committed to implement welfare programmes and legislative measures to benefit most backward classes, Adi-dravidars, backward classes and others. The detailed proposals will be placed before this House and will also be outlined through the Budget Estimates.

25. The Government stands committed to enhance the status of women in society. The Government have decided to reserve 30 per cent of job opportunities arising in the various departments, local bodies, public sector undertakings, etc., for women. These will be filled up by following the usual communal rotation. As it is well recognised

welfare of the public, unnecessary schemes will be dropped, beneficial schemes and programmes will be further improved and new schemes with an accent on efficiency will be introduced.

27. The administrative machinery will be geared to ensure the prompt implementation of new legislation enacted by the Hon'ble Members and the plans and programmes drawn up by the Government. Decentralisation of powers will revitalise the administration from the top to the cutting edge resulting in speedy implementation of decisions, plans and programmes.

28. The untinted co-operation of Government employees, teachers and local body employees is a must for the sustained implementation and



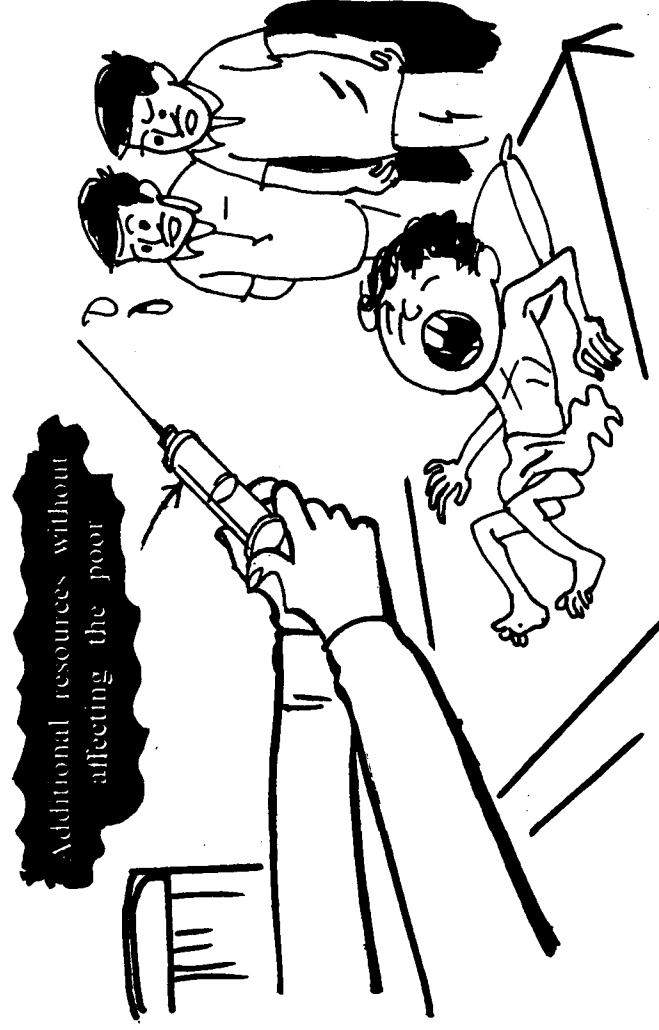
30 Percent Reservation for women in Government service

The Tamil Nadu Government has issued an order reserving 30 per cent of all future vacancies in Government department, State undertakings/corporations, societies and local bodies which are to be filled through direct recruitment, to be set apart for women.

This will apply irrespective of the fact whether the rule of reservation applies to the post or not in respect of posts for which the rule of reservation applies, 30 per cent of the vacancies shall be set apart for women candidates following the existing reservation for SC and ST, Backward Classes and Open competition.

Women will also be entitled to compete for the remaining 70 per cent vacancies along with men candidates.

If a qualified and suitable women candidate belonging to SC/ST or Backward classes or open competition is not available for selection in the turn allotted for them in cycle, the turn so allotted shall go to the male candidate within the respective category. In the posts to which the rule of reservation does not apply the turn so allotted shall go to the next male candidates. This order has taken immediate effect.



that women teachers are particularly well suited for teaching in Standards I and II, all future vacancies will be filled up by appointing only women teachers. It is also proposed to draw comprehensive programmes for the improvement of the status of women in our society.

26. The present financial crisis can be attributed to the failure to raise additional resources without affecting the poor and failure to strengthen the resource base. Measures will be taken immediately to improve the resources position of the State. These efforts will be so designed as not to cast burden on the poor classes. Economy, efficiency and prudent financial management would be the watchword of the Government. With the objective of ensuring that every rupee from the exchequer is well spent for the



qualitative upgradation of plans and programmes. A Pay Commission has been constituted to go into their demands. On receipt of its report, careful consideration will be given to its recommendations and necessary orders issued.

29. You have a great opportunity to serve the people and the nation in your role as Legislators. The essence of democracy lies in the interaction of ideas. I have every reason to believe that in discussions, you will uphold the highest traditions of this House, heat giving place to light and conducting yourselves imbued with the high ideals of duty, dignity and devotion, earning the appreciation of the entire country.

Vanakkam



rance of consultation while what is necessary is to create structures for a genuine co-ordination of policies between the Centre and the States and between the States themselves.

Recognising this need, the founding fathers of Our Constitution envisaged a mechanism for Centre-State and inter-State consultation in Article 263 of the Constitution. The Commission on Centre-State relations has also recently gone into this matter and have strongly recommended the establishment of an Inter-State Council under Article 263. This is not the occasion for us to go into the details of the recommendations of the Commission in regard to the scope of the Council or its procedures and organisation. What is important is to affirm that the constitution of such a body can no longer be postponed. The Commission itself has underlined the basic reason why the establishment of an Inter-State Council has gained urgency. As pointed out in para 9.1.07 of the report :

There is another historical factor which underscores the urgency of setting up an all-embracing Inter-State Council. Before 1967, it was easier to resolve differences or problems that arose between the Union and States, at the party level, because the same party was in power in the Union and the States. Since 1967, parties or coalitions of parties other than the one running the Government at the Union, have been in power in several States. These State Governments of diverse hues have different views on regional and inter-State problems. In such a situation, the setting up of a standing Inter-State Council with a comprehensive charter under Article 263 has become an imperative necessity.

I would conclude by suggesting that this Conference should accept in principle the simple and straight forward proposal that an Inter-State Council under Article 263 should be formed and that the details relating to its scope, procedure and organisation should be discussed by a special meeting of State Chief Ministers and the Prime Minister. Such a meeting could also usefully discuss how the other Major recommendations of the Commission on Centre-State Relations could be implemented with such modifications as may be required in the light of the views of the Centre and the States.

We come from different parts of this vast sub-continent with its great diversity of culture, languages, resource endowments, and levels of development. Despite this diversity, we are all wedded to the unity and integrity of our motherland.

We share a great pride in its glorious past as well as a great responsibility towards building a bright future for our people. This task can be achieved only if all the constituents of the Union, whether it is the Centre or each one of the 25 States of India, pull together.

Much has been said and is being repeated about so-called separatist tendencies among States. It is equally important to ensure that the Centre does not separate from the States in its thinking or actions. The situation we face to-day in the Indian federation is not so much of the wheel tending to get loose from the axle but of the axle parting from the wheel. This situation will have to be averted and that can be done only if there is an urgent, serious and purposeful consultation on Centre-State relations as a whole in their legislative, administrative and financial aspects at the highest political level. Let us hope that the next Conference of Chief Ministers will be devoted to this end.

Thank you.

UGC PAY SCALES FOR COLLEGE AND UNIVERSITY TEACHERS

The U.G.C. pay scales will be paid to all College and University teachers from 1st February 1989. A decision will be taken later to pay the arrears. The February salary payable in March to all College & University teachers, therefore, will be the U.G.C. recommended pay scales. This was disclosed by the Hon'ble Education Minister Thiru K. Anbazhagan, to Pressmen on 1st February 1989. The new Government, after assuming office, has issued orders to this effect.



NINTH ASSEMBLY

The senior most member of the previous Assemblies Thiru K. Ramani belonging to the CPI-M has been sworn-in by His Excellency the Governor of Tamil Nadu Dr. P.C. Alexander as a member of the House and protom Speaker on 1st February 1989.

Two hundred and twenty eight mebers who have been elected to the Ninth Tamil Nadu Assembly took the oath or affirmation in the presence of the protom Speaker, Thiru K. Ramani, in the House on 6th February 1989. The nominated member also took the oath.

The ceremony went on for about 195 minutes and the members including the Chief Minister, Dr. M. Karunanidhi were in their respective seats till the end.

At 10 A.M the Assembly began its proceedings, with the Chair calling upon the members to take the oath, and explaining the procedure.

The first person to make the affirmation was the Chief Minister Dr. M. Karunanidhi followed by other Ministers, the leader of the AIADMK (JL) Selvi J. Jayalalitha and the Congress(I) leader Thiru G. Karupiah Mooppanar, the former Speaker, Thiru P.H. Pandian and others. Three members were absent on that day.

After taking the oath or affirmation the members shook hands with the Speaker and signed the Roll of Members.

NEW SPEAKER TO THE NINTH TAMIL NADU ASSEMBLY

Dr. M. Sathiah alias Tamilkudimagan, belonging to the DMK was declared elected unopposed as the Speaker of the Tamil Nadu Assembly by the Protom Speaker Thiru K. Ramani in the House. Thiru P. Duraisamy also of the DMK was elected unopposed as the Deputy Speaker.

The New Speaker Dr. Tamilkudimagan took charge of his post on 8th February 1989 after his unanimous election to the post of Speaker. After assuming office he said that he will uphold democratic traditions and show reverence to the institution of legislature.

The protom Speaker, Thiru K. Ramani announced that Thiru Tamilkudimagan has been elected as Speaker of the Ninth Tamil Nadu Assembly. After the announcement he stepped down for him to assume the Speaker's chair. The new speaker was led to his chair, as per convention, by leader of the house and Minister for Education. Thiru K. Anbazhagan and leader of the opposition party Selvi J. Jayalalitha.

Then the new speaker announced the unanimous election of Thiru P. Duraisamy as the Deputy Speaker.

Felicitating the new Speaker and Deputy Speaker, Hon'ble the Chief

Minister Dr.M.Karunanidhi said that he had full confidence on Dr. Thamilkudimagan, who would uphold the traditions of the Tamil Nadu Assembly. This Assembly had a great heritage and narrated the great history from its early days.

The Chief Minister appealed to the Speaker to act impartially and even if any ruling party members went wrong he should deal with them firmly.

Thiru Hon'ble Minister for Education K. Anbazhagan said that the new Speaker's vast experience as a mediator in literary debates would help him in good stead in conducting the House in an impartial manner.

Selvi Jayalalitha leader of the opposition party pointed out that there had been so many wrongs happened in the assembly and therefore, urged the Speaker to take and follow only the good precedents. He, as the Speaker of the House would help prevent recurrence of such unseemly incidents that had taken place in the past.

Congress(I) leader Thiru G. Karupiah Mooppanar assured that his party would extend its full cooperation for the smooth functioning of the House.

Replying to the felicitations, Dr. Thamilkudimagan, said that he would uphold not only the democratic traditions but also the cultural heritage of the Tamils, the Dravidians and

the country. He appealed to the members to co-operate with him in maintaining the decorum of the house.

Those who felicitated him mentioned that his experience as the

principal of a college would help him to discharge his duties properly.

Thiru P. Duraisamy Deputy Speaker was also felicitated on the occasion.

QUICK DISPOSAL OF CASES

6 lakhs and 41 thousand cases relating to prohibition are pending in the courts of Tamil Nadu. The Tamil Nadu Government have taken necessary steps to dispose of these cases quickly. The High Court of Madras has been instructed to give its suggestions as to how these cases, pending for years together can be disposed of? At present there are 25 judges posts in the High Court. The Government is actively considering to raise the strength of judges from 25 to 32. The above facts are disclosed to pressmen by the Hon'ble Law Minister Thiru S.J.Sadiq Pasha on 3.2.89.



Chief Minister's discussion with the Prime Minister on the needs of the State



The Tamil Nadu Chief Minister, Dr.M.Karunanidhi, called on the Prime Minister, Thiru Rajiv Gandhi on 10th February 1989, and had discussion with him on the Indo-Sri Lanka Agreement and the latest developments in Sri Lanka. In his second meeting with the Prime Minister during his visit to New Delhi, he tried to explore the possibilities of ending violence and restoring peace in Sri Lanka. He also said that further discussions will be held after the parliamentary elections in Sri Lanka.

Thiru Natwar Singh, Minister of State for External Affairs briefed on the subject relating to Sri Lanka to the Chief Minister before he met the Prime Minister. The reporters later met him to know the details of the discussion. But he instructed the Chief Secretary to Tamil Nadu Government to read out a brief statement.

The Chief Minister met the Prime Minister on February 9 and 10 and the subjects discussed were the Indo-Sri Lanka Agreement and the latest developments in Sri Lanka. Further discussions will be held, after the parliamentary election in Sri Lanka, to explore the possibilities of ending violence and restoring full harmony and peace."

The Chief Minister declined to disclose anything more. Both he and the Prime Minister had agreed on the statement.

The Chief Minister also said that there was no proposal at present to meet representatives of various Tamil groups in Sri Lanka.

The Chief Minister met the Prime Minister alone first, and Thiru Natwar Singh, Minister for External Affairs and other officials joined the discussion later. Thiru Murasoli

Maran, M.P., the leader of the DMK Parliamentary group was present on the occasion.

The Chief Minister, Dr.M.Karunanidhi, returned to Madras on 10th February, 1989. He said that he had explained to the Prime Minister about the need for financial assistance to meet the State's ways and means position and increased allotment of rice from the Central pool for Tamil Nadu.

An assistance of Rs. 200 crores had been sought for and the Chief Minister drew the Prime Minister's attention to the fact that even during the President's rule, the Governor had asked for Rs. 150 crores. Therefore it was the duty of the Central Government to come to the rescue of Tamil Nadu to tide over the present financial constraints that arose during the President's rule.

The Chief Minister said that he also insisted the Prime Minister to restore the quota of 80,000 tonnes of rice to Tamil Nadu.

The Chief Minister said further, after studying the Prime Minister's reaction, he was hopeful that his requests would be complied with.

Regarding the Telugu Ganga project the Chief Minister said that he spoke to the Andhra Pradesh Chief Minister, Thiru N. T. Rama Rao, while he was in Delhi. He and Thiru N.T.Rama Rao along with the officials of the two states would meet shortly to sort out the problems on the Telugu Ganga Project, to bring the Krishna water to Madras.

The Chief Minister also had a meeting with the Karnataka Chief Minister, Thiru S.R.Bommai, to discuss the Cauvery waters issue.

Both of them agreed to convene a meeting of the Chief Ministers of Tamil Nadu, Karnataka, Kerala, and Pondicherry soon to discuss the issue. A convenient date would be fixed in consultation with the Chief Ministers and the meeting was likely to be held in Bangalore.

The Chief Minister, apart from discussing the Sri Lanka Tamils' issue, handed over to the Prime Minister a statement containing the various development needs of the State.

One of the items mentioned therein was that Tamil Nadu should get royalty for the lignites mine at Neyveli and the royalty payable to Tamil Nadu, from 1956 would run to more than Rs. 100 crores.

The other needs of the State, listed in the statement are a 'project for the manufacture of cine colour film by Hindustan Photo Films at Ooty, a unit for the manufacture of video cassette players and recorders and implementation of the second phase of the project for the manufacture of electronic telephone exchange by the ITI. It also pleaded for increased allotment for the implementation of the Mass Rapid Transit System for Madras with the Government of India bearing the entire expenditure.

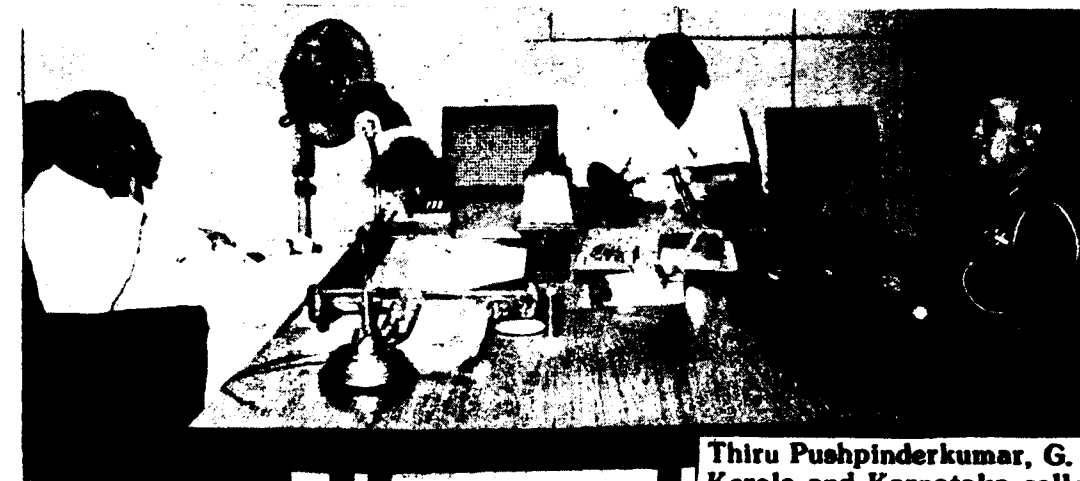
With regard to the power front, the statement urged the setting up of a thermal station by the Tamil Nadu Electricity Board utilising the lignite from the third mine cut at Neyveli and a 196 MW gas turbine unit at Cuddalore utilising the gas supplied by the ONGC. Coal linkage for the proposed thermal stations at Cuddalore and North Madras as also clearance for the Cauvery Delta modernisation project. Phase I and improvement of the road from Cuddalore to Kanyakumari were also insisted.





NEWS IN PICTURES

Thiru Robert Houlston, Head of the Diplomatic mission of the European Economic Community (EEC) and other members of his team called on Hon'ble Chief Minister of Tamil Nadu Dr.M.Karunanidhi, in Madras on 22.2.1989.



Thiru Pushpinderkumar, G. O. C., Tamil Nadu, Kerala and Karnataka called on the Hon'ble Chief Minister of Tamil Nadu, Dr.M.Karunanidhi on 27.2.1989 at Secretariat. Thiru K. A. Sundaram, I.A.S., Secretary to the Chief Minister was present on the occasion.

Hon'ble Chief Minister Dr. M.Karunanidhi visited the Handicrafts Exhibition held in Madras on 1.3.1989. Hon'ble Minister for Social Welfare Tmt. Subbulakshmi Jagadeesan accompanied the Chief Minister.



Annual training-camp Ceremonial Parade of N.C.C. was held on 1st March 1989 in Madras. Hon'ble Minister for Education Thiru K. Anbazhagan, participated and inspected the Guard of honour.



The 9th Finance Commission headed by Thiru N.K.P. Salve M.P. was received at Madras Airport by Hon'ble Minister for Revenue Thiru Nanji K.Manoharan and Hon'ble Minister for Health Dr.Ponnudi on 23.2.1989.



Hon'ble Minister for Hindu Religious and Charitable Endowments Thiru K.P. Kandasamy with the U.K. Tour Operators-"Study Tour Group" at a party given to them on 5th March 1989.



The British Deputy High Commissioner Thiru A.B.N. Morey called on the Hon'ble Chief Minister of Tamil Nadu Dr.M.Karunanidhi on 22.2.1989 in Madras.



Hon'ble Minister for Information and Labour Thiru Pon-Muthuramalingam, visited Tamil Arasu office and Press on 21.2.1989 and had discussion with officials.

Hon'ble Minister for Handloom Thiru S.Thangavel inaugurated the Seminar on "Environmental Concern" at Rajaji Hall on 25.2.1989 and released a Souvenir.

ENVIRONMENTAL CONCERNS

ORGANISED BY HUMAN SETTLEMENTS ENVIRONMENT YOUTH CENTRE
COSPONSORS TAMILNADU GOVERNMENT (HUMAN SETTLEMENTS)
ON SATURDAY 25 FEB 1989 AT RAJAJI HALL



Hon'ble Minister for Public works Thiru Duraimurugan discussing with officials regarding renovation of the Valluvarkottam on 22.2.1989.



Chief Minister's address

to the

Finance Commission

Thiru Salve, Dr. Chelliah, Justice Qureshi, Thiru Maheesh Prasad, and officials of the Finance Commission,

On behalf of my Cabinet colleagues and our officials, I extend a cordial welcome to each one of you.

THE NINTH FINANCE COMMISSION HELD DISCUSSIONS WITH THE HON'BLE CHIEF MINISTER AND HIS CABINET AT SECRETARIAT ON 24TH FEBRUARY 1989.

Your stay in our State is brief but we shall ensure that it is comfortable and that our discussions are helpful and productive.

The Second Supplementary Memorandum we have furnished to you today has been prepared on



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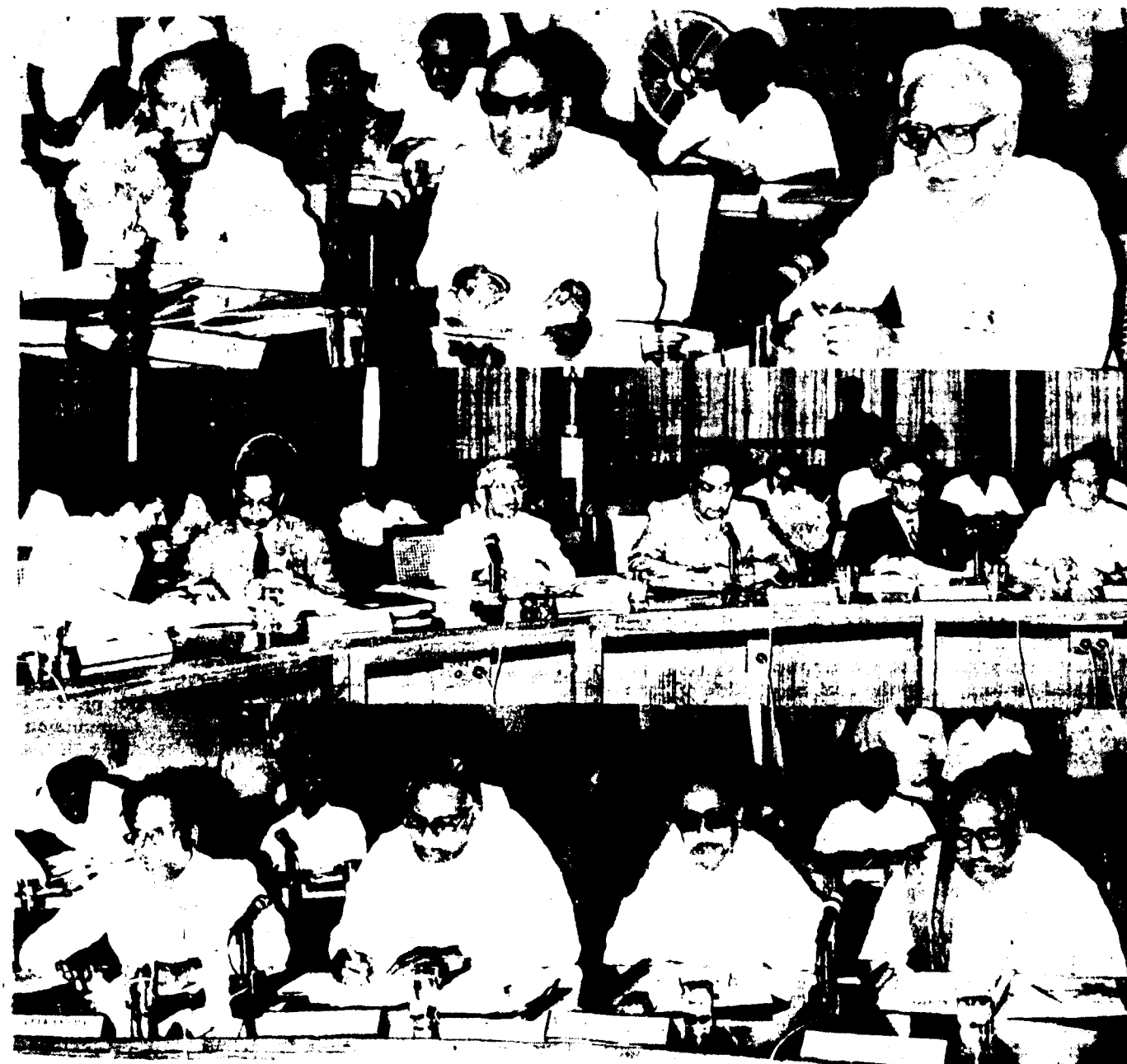
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CO-SPONSORS TAMIL NADU GOVERNMENT (HODCO) POLLUTION CONTROL BOARD
ON SATURDAY 25 FEB 1989 AT RAJAJI HALL



Hon'ble Minister for Public works Thiru Durai Murugan discussing with officials regarding renovation of the Valluvarkottam on 22.2.1989.



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The Second Supplementary Memorandum we have furnished to you today has been prepared on

the basis of the new Government's study of the State's financial situation and of its needs during your award period of 1990-95. It is also based on our philosophy and approach to Centre-State relations. This Memorandum follows the initial Memorandum submitted to the Commission in February 1988 by the previous Government and its First Supplementary Memorandum of January 1989. I shall confine my speech to the major issues dealt with in these Memoranda.

By way of background, I would like to begin by giving you a profile of our State. Tamil Nadu has 7 per cent of India's population but only 4 per cent of the country's area with the result that population density and the man-land ratio are adverse. About a third of our population is urban which necessitates large investments on basic services such as housing, slum improvement, water supply, sanitation, transport and roads. Except for lignite and some oil deposits, we do not have any significant mineral resources. We are also located far away from the coal belt of India. All modes of irrigation in Tamil Nadu—rivers, tanks and ground water—depend on rainfall in respect of which the State falls in the low-to moderate zone. Tamil Nadu is subject to frequent and prolonged spells of drought as also to floods and cyclones during the north-east monsoon. Surface irrigation potential has already been more or less fully exploited. We have to depend on inter-state cooperation for future development and even for the maintenance of established flows. The agricultural economy is primarily based on paddy cultivation in which there has been no striking growth in productivity comparable to that in wheat. Tamil Nadu has thus to contend with a variety of basic problems such as population pressure, limited resource endowments, and locational disadvantages. Mainly because of these circumstances, Tamil Nadu is among the poorer States in India. Our per capita income is below the all-India average; the poverty ratio is relatively high; and the State has a very high rate of unemployment.

At the same time, Tamil Nadu has been able to maintain a leading position in the industrial map of India although there has been a great deal of slippage in this respect

in the last decade. We have made considerable investments on irrigation and power, including rural electrification. This in turn has enabled an extensive exploitation of ground water for promoting irrigation, a development which has not been without its problems. The literacy rate and schooling proportions in Tamil Nadu are relatively high although far behind our neighbouring State of Kerala. The birth rate is on the low side but death rates and infant mortality rates continue to be high. They will need to be reduced in as short a period as possible. In other social welfare sectors such as housing and house-sites, drinking water, nutrition, and the welfare of scheduled castes, scheduled tribes and backward classes, Tamil Nadu has a fair record. We will have to strive hard to improve the access of the people to these basic minimum needs. It is the firm policy of our Government to provide adequate resources, directly and through well-conceived subsidies, to cost-effective welfare programmes that can improve the conditions of life of our people.

The picture I have sketched will indicate that Tamil Nadu does not lend itself to be easily classified either as an advanced State or as a backward one just as, among the developing countries of the world, India itself is in some ways advanced and in many other ways less developed. Given its relatively low per capita SDP, the high poverty proportion and serious unemployment, it is clear that whatever progress Tamil Nadu has achieved cannot lull us into complacency. We shall have to achieve much more progress on several fronts. For this, our own sustained efforts for resource mobilisation will need to be supported and supplemented with transfers from the Centre.

In this connection, it is a matter of serious concern that Tamil Nadu consistently failed to receive a fair share in Central transfers, whether effected through the Finance Commission or the Planning Commission or by way of non-plan non-statutory transfers, or net Central loans. The data furnished in our Memorandum fully substantiates this. As far as Finance Commission transfers are concerned, the gap-filling approach followed by earlier Commission has had the effect of penalising Tamil Nadu which has made an outstanding effort at resources mobilisation and prudent fiscal management despite its relatively low per capita income. The replacement of the gap-filling approach by the normative approach in your terms of reference should make it possible to redress the past inequity of the prudent being penalised instead of being rewarded. We hope that this aspect will be borne in mind in your report.

In the full text of my speech which has been circulated to you in advance I have drawn attention to a number of reasonable and practical ways in which the Commission could approach the legitimate claims of the State. Within that framework, I have also indicated the special concerns and problems of Tamil Nadu which need your sympathetic consideration.

The major points contained in my speech relate to

- possible measures for increasing the quantum of vertical transfers, particularly the need to curb evasion of shareable taxes.
- the need to include the corporation tax in the divisible pool.
- our opposition to any proposal to extend the domain of additional

excise duties to a further list of commodities.

- the need to adopt normative estimates, without any modification, for tax revenues in the case of over-taxed States such as Tamil Nadu.
- the need to compensate for the entire financial loss on account of the closure of arrack and toddy shops.
- the need to adopt reasonable norms in regard to returns from our State public enterprises, particularly the Electricity Board and road transport undertakings.
- the need to make full allowance for the existing subsidies and social welfare schemes implemented in Tamil Nadu.
- fair and equitable criteria for the sharing of shareable taxes, additional excise duties, and grants in lieu of the repealed tax on railway passenger fares.
- the need for the National Development Council to decide on any changes that are proposed to be made in the procedures and arrangements for plan assistance.

I shall now turn to some of the special problems affecting Tamil Nadu which we have placed before you in our Memorandum. These include (i) drinking water problem in Madras City (ii) grants for slum improvement in Madras city (iii) environmental improvements to water ways in Madras city (iv) school buildings (v) upgradation of judicial administration and (vi) prevention of sea water ingress in coastal districts. Details regarding these matters have been furnished in our Memorandum. We trust that these special problems will receive your full and sympathetic consideration. In this connection, I will be less than frank if I did not express our deep disappointment at the fact that the Commission has ignored the case of Madras for slum improvement while recommending grants of Rs. 50 crores each to the other two metropolitan cities of Bombay and Calcutta, despite the fact that Madras suffers from comparable proportions of slum population dispersed over a large number of slums. Similarly, although Tamil Nadu is not backward in educational

DECISION SOON ON BACKWARD CLASS DEMAND

The Government of Tamil Nadu will shortly announce its decision on the demand of the most backward classes for their social justice.

Hon'ble Chief Minister of Tamil Nadu Dr. M. Karunanidhi gave this assurance in the Assembly while intervening in the discussion on the Governor's address. He said that the Government will consider the issue sympathetically and do the needful soon. He also said that even before his party coming to power he had demanded the release of the arrested persons. No other political party had made such a demand.

enrolment at the primary level, it is backward when it comes to school buildings. In fact, precisely because the State has progressed in primary education that far more attention needs, to be paid to the provision of buildings and other amenities for school going children. We therefore have a legitimate claim to special assistance for these items. May we hope that in these and similar items the Commission will avoid discrimination between the States and allot special grants based on thoroughly objective criteria?

We sincerely hope that your Commission, composed as it is of eminent and experienced Members, will adopt a sympathetic approach to the representation of States as a whole and, within that framework, to the special problems of Tamil Nadu. We hope that your approach will be symmetrical and even-handed in the matter of assessing the receipts and expenditures of the Centre and the States. We hope that you will be fair and equitable in devolving taxes and grants among individual States giving due regard to their special problems.

We also hope that in the desire of reducing the revenue deficit of the Centre your recommendations will not shift an unsupportable burden to the accounts of the State. This is of fundamental importance because the instrument of deficit financing which is available to the Centre is not open to the States. We will therefore have to live within the means provi-

ded to us. These means will have to be liberal enough to meet our vast and growing responsibilities for the welfare and development of our people. In this context, while we are ourselves keen on reducing revenue deficits to the maximum extent possible, I would urge the Commission not to set any unduly harsh targets for wiping out revenue deficits on the part of the States. Adjustment towards this desirable end will have to be phased over a realistic and reasonable period of time. The process of adjustment should not be compressed to an extent where it will seriously damage existing levels of welfare. As the Commission is aware, this in essence is the plea that is put forward by developing countries before international financial institutions in the matter of achieving balance in their external account. The Government of India has been in the forefront of developing countries in arguing for adjustment with growth and social justice before international organisations. We would urge that the same rationale should apply to Union-State fiscal transfers as well.

Once again, let me wish all of you a useful and pleasant stay in Tamil Nadu. I have only touched upon our major concern in this speech. They have been elaborated in the Memoranda furnished to you and we shall be supplying further clarifications and detail during our discussions.

Thank you.

Read

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Chief Minister to seek Special Assistance of Rs.200 Crores from Centre

On 27.1.89 Dr. Kalaingar M. Karunanidhi shortly after taking over, addressed his first Press Conference at Secretariat.

Financial Position

Describing the condition of the Government, the Chief Minister remarked that he was inheriting an "Empty" treasury and empty granary" and therefore he said that he would seek the Centre's financial assistance to manage the situation.

The Chief Minister remarked "The situation is worse than what we anticipated". He said that when the D.M.K Government was dismissed in 1976 the cash balance left by them in the Government Treasury was Rs.14 Crores. But when we are entering the Fort Saint George, in 1989 there is a deficit in balance of Rs. 70 Crores in the Government Treasury, and the years deficit alone is likely to touch Rs.400 Crores. This was the comment that the Chief Minister made with regard to the financial position of the Government.

Special Assistance

In this context the Chief Minister said that he would remind the Prime Minister Thiru Rajiv Gandhi of his own assurance made to him in the message of congratulation. While congratulating him, the Prime Minister assured his continued support to the people of Tamil Nadu in their efforts for progress, prosperity and social justice. He would

also remind the earlier request of the Governor for a special aid of Rs. 200 Crores. Who was responsible for the treasury becoming empty? When this question was asked to the Chief Minister, he immediately referred to the Republic Day speech of the Governor, who said that the budget deficits had been continuing for a few years and at one stage, the state's resources had been wasted without making any efforts to raise adequate revenue.

Prohibition

With regard to prohibition, the Chief Minister said that there was no proposal to reopen arrack shops. In fact appropriate action would be taken to plug loopholes while implementing prohibition.

Thiru Guhan as Adviser to C.M

The Chief Minister also referred to the ways to improve finances of the State. First of all he expressed his intention to have one Adviser to advise him on matters relating to Finance. For this he has chosen one Thiru S. Guhan, Former Finance Secretary to the Tamil Nadu Government as Adviser to the Chief Minister.

Administration

To improve administration the Chief Minister said that the top officials should provide necessary guidance for

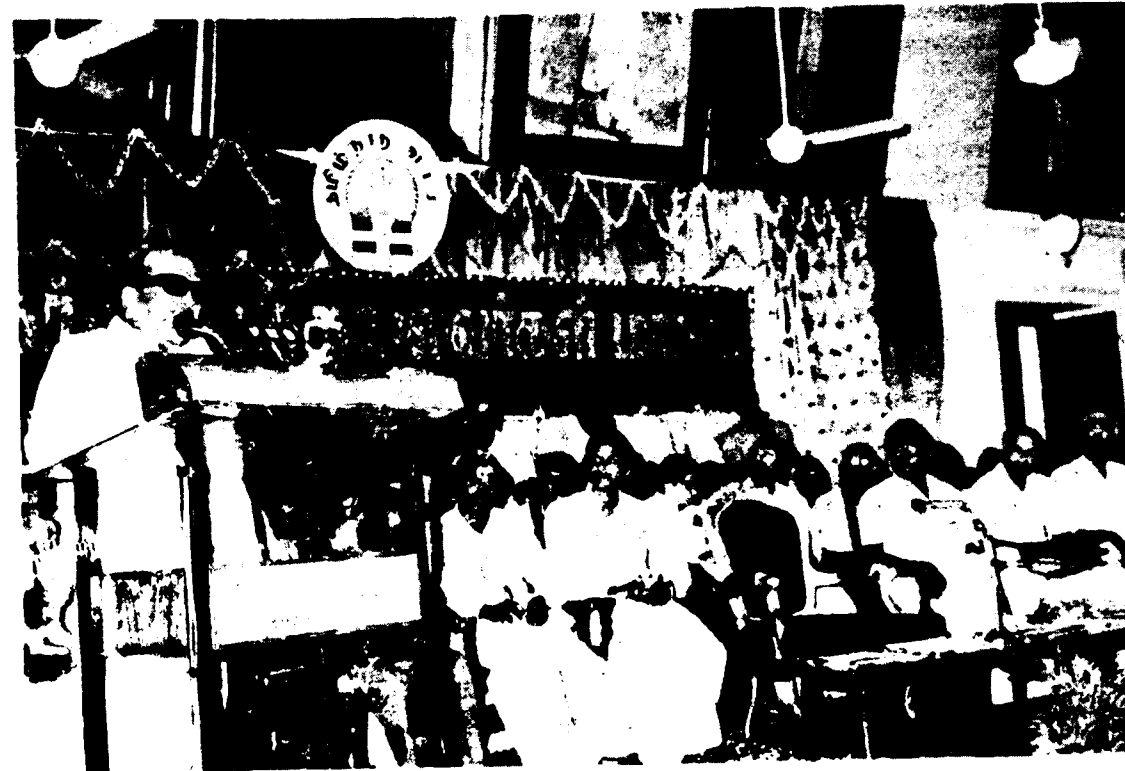
the administration to be fair and efficient. In order to make administration effective, the officers posted to one place would not be disturbed for three years but the progress shown by the officer would be taken into consideration every year. The Chief Minister also asserted that the responsibility would be fixed on the concerned minister and the Heads of concerned departments.

Water Supply

The Chief Minister also mentioned during his Press Conference that steps would be taken to ensure water supply throughout state and put down corruption. However he has requested to give a 100 day grace period for him to look into all aspects of administration, because such a grace period was usually given in foreign countries to a new Government to prove its worth.

Discussion on Reservation for Backward Classes

Regarding the Vanniar problems Dr. Kalaingar said that he would discuss the issue with the leaders of all backward classes about their problems, grievances with regard to education and employment. With regard to interim relief he said that the Government would not announce any such interim relief to Vanniar, as the issue was not a labour or wage dispute. The principle had already been accepted and only after a detailed discussion, a solution could be found.



The Government would soon announce its decisions to enhance the powers of the elected local bodies. Hon'ble Chief Minister, Dr. M. Karunanidhi said while inaugurating a conference of panchayat union chairmen held at Kalaivanar Aranganam on 7th. February 1989. He said that the local bodies would be given additional financial resources to implement the scheme.

He said that the elections to the various municipal corporations Madras, Madurai and Coimbatore would be held early. He emphasised the need for elected representatives who can give better civic amenities. Therefore the elected representatives were absolutely necessary.

In this context, the Chief Minister said that he still remembers a meeting he had in the year 1976 in which he has spoken about enhancing the powers of panchayat union chairmen.

He said that the Centre's move for district level planning were only attempts to curb the powers of the States especially at a time when the States were asking for more powers. This infact was against

MORE

POWERS

FOR

LOCAL

BODIES

democratic norms. He further said that the ministerial committee that has been appointed on streamlining the Panchayat Raj system in the country should not be partisan.

Thiru Veerapandi S. Arumugam, Minister for Local Administration presided over the function. He said that there are 12,616 panchayats, 646 town panchayats, 384 panchayat unions and 18 town ships. After 1976 the powers of the panchayat union councils had been taken away". He cited the reasons why many schemes did not reach the people properly for the past few years? Various departments like agriculture, irrigation, drinking water and animal husbandry had been taken out of the purview of panchayat unions.

Panchayat Union chairmen from all political parties attended the conference.

Thiru S. Narayan, Commissioner and Secretary, Rural Administration Department, welcomed the gathering. In his address he said that the conference had been organised to know

AGE LIMIT INCREASED FOR DIRECT RECRUITMENT

The Government, after careful consideration, have decided that the maximum age limit for direct recruitment to all post under the Government of Tamil Nadu be increased from 28 years to 30 years. The revised age limit of 30 years shall be applicable to all posts wherever such age limit is now below 30 years.

The Government also direct that wherever the age limit for a post is higher than 30 years, such higher age

limit shall continue.

In respect of Backward Classes, Scheduled Castes and Scheduled Tribes, the existing concessions of not applying the age limit and of increasing the age limit by 5 years under certain circumstances as provided under Rule 12 (d) of the General Rules for the Tamil Nadu State and Subordinate Services shall be continued.

Special pay for Civil Surgeons

The Tamil Nadu government has granted a 'special pay' of Rs. 150 per month to all civil surgeons. The government order, dated 30th January 1989 effective from January will benefit more than 1,000 civil surgeons in the departments of medical education, medical services, family welfare, primary health centres, public health and

preventive medicine as well as dental civil surgeons. Thiru N. Ramadas, General Secretary of the Tamil Nadu Medical services Association thanked the Government for having accepted their major demand of the Association. Over 6,000 assistant surgeons were granted this special pay since February 1987 following a one-day strike.

Cabinet decision on the allotment of 324 grounds of land for Construction of a Hotel

The Tamil Nadu Government cancelled the allotment of 324 grounds of land in the heart of the Madras city to a joint sector firm with NRI participation for construction of a modern hotel complex.

The allotment, made by the previous Government to the Pallava Hotels Corporation headed by Dr. Palani Periaswamy had been a controversial subject for some time. Environmentalists objected to the construction of a massive hotel complex in the land previously occupied by the Corporation Zoo, because it would seriously affect the environment. Further it was alleged that the valuable land had been given to the above party at a throw-away price.

The Tamil Nadu Cabinet examined the orders issued in August and December 1987 transferring the land in question to the Pallava Hotels Corporation. The Cabinet considered the criticisms made by the Public and the news papers about the irregularities in the above transaction and the possible danger to the environment.

The Cabinet, after scrutinising the file concerned pointed out the value of the land would easily be of the order of Rs. 40 crores, but had been given away for Rs. 1.76 crores; and even this amount had to be adjusted as the equity capital payable by the Tamil Nadu Tourism Development Corporation.

Therefore the cabinet decided to annul the relevant orders passed by the previous Government and take back the land given to the Hotels Corporation.

Fresh orders will soon be issued for utilising the land in question for the benefit of the citizens without affecting the environment.



Three Textile Mills to be re-opened

Three of the 25 closed textile mills in Tamil Nadu will be re-opened before March 15, according to a decision taken at a tripartite meeting held on 25-2-89 under the auspices of the State Government aimed at improving labour relations.

The 7.5 hour session was presided over by the Hon'ble Minister for Information and Labour Thiru Pon. Muthuramalingam, with the Hon'ble Minister for Handlooms Thiru S. Thangavel participating.

The discussion touched on the question of reopening of the closed textile Mills. At the suggestion of the Labour Minister, the managements and workers of three mills—Tamil Nadu Spinning Mills, Avanishi, KGS Spinners and Vasu-

deva Textiles, Coimbatore—agreed to resume work.

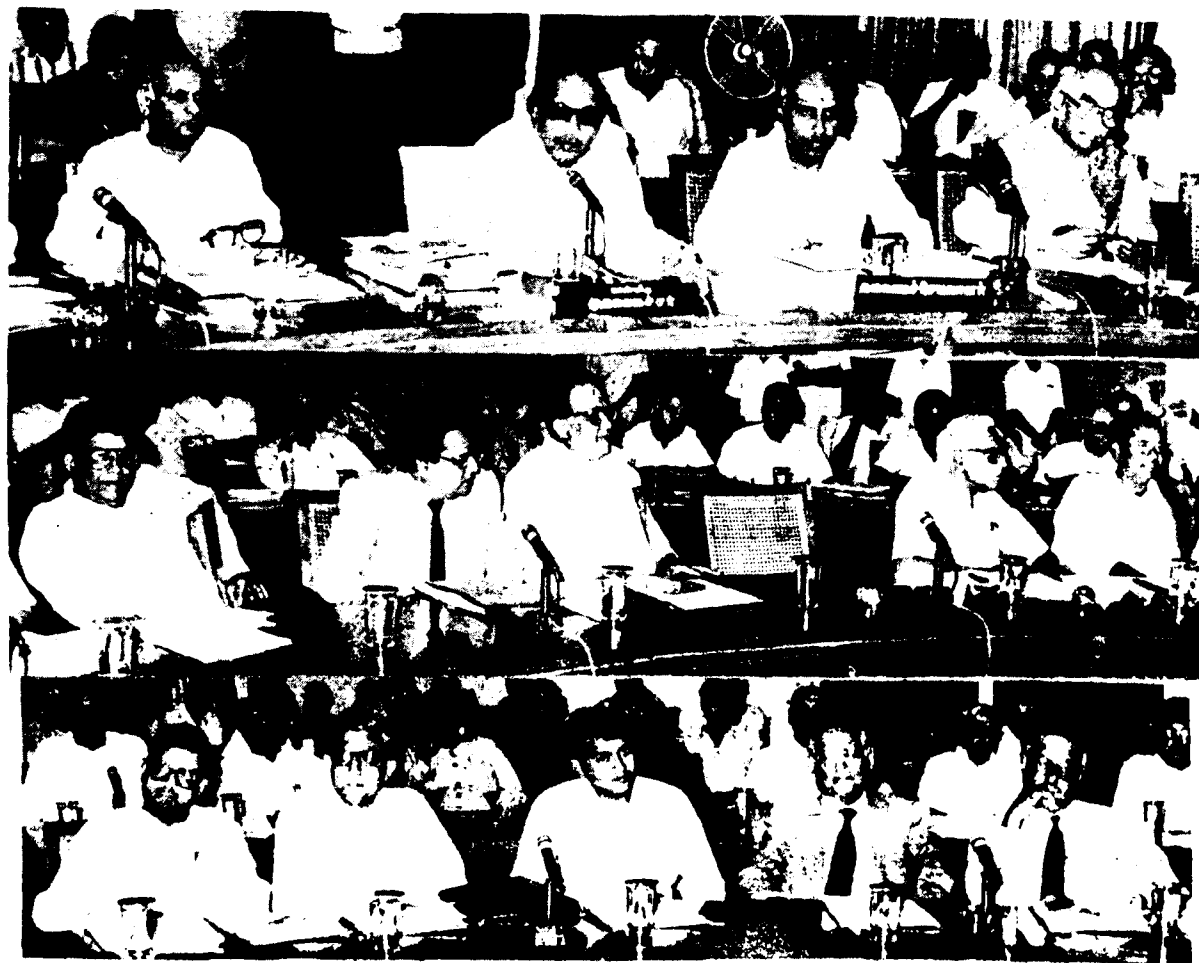
The Minister for Information and Labour said that it was decided to hold separate talks between March 15 and 20 on the remaining closed textile mills so as to get them reopened on a time-bound schedule. Negotiations would be initiated soon regarding some of the major engineering units including Metal Box and Standard Motors.

The trade union leaders made a general complaint about non-implementation of labour laws and lukewarm attitude of officials. The Minister said he had agreed to take up a detailed examination of the working of the various laws and

steps to remove the shortcomings at the earliest.

Labour Leaders, numbering 75 belonging to AITUC, INTUC, CITU, HMS, National Labour Organisation, United Trade Union Congress, Anna Thozhilalar Perava and Labour Progressive Federation participated in the discussion. On behalf of employers 13 representatives of All India Manufacturers Organisation, Employers' Federation, SISMA, SIMA and Engineering Industries Association attended the meeting.

Labour representatives were informed at the meeting that the State Government had revised the minimum wages for beedi workers to Rs. 11.05 from Rs. 9.05 effective from February 23.



The Chief Minister and Industrialists Meet

The Chief Minister Dr.M.Karunanidhi convened a meeting of Industrialists at Secretariat on 6.3.89. It was a finest meeting attended by a large number of Industrialists. The following top Industrialists participated: Thiru Suresh Krishna, Thiru A.Sivasailam, Thiru P.Maruthai pillai, Thiru D.C.Kothari, Thiru T.S. Ranganathan, Thiru A.M.M.Arunachalam, Thiru N.Mahalingam, Thiru M.A.Chidambaram, Thiru K.Mammen Mappillai, Thiru T.T.Vasu, Thiru Ram.V.Thyagarajan, Thiru A.L.Mudaliar, Thiru M.M.Hashim, Thiru A.N.Sreenivasa Rao, Thiru M.S.Parthasarathy, Thiru Hari Easwaran, Thiru S.Ram, Thiru Ashok Kumbhat.

The State Planning Commission:

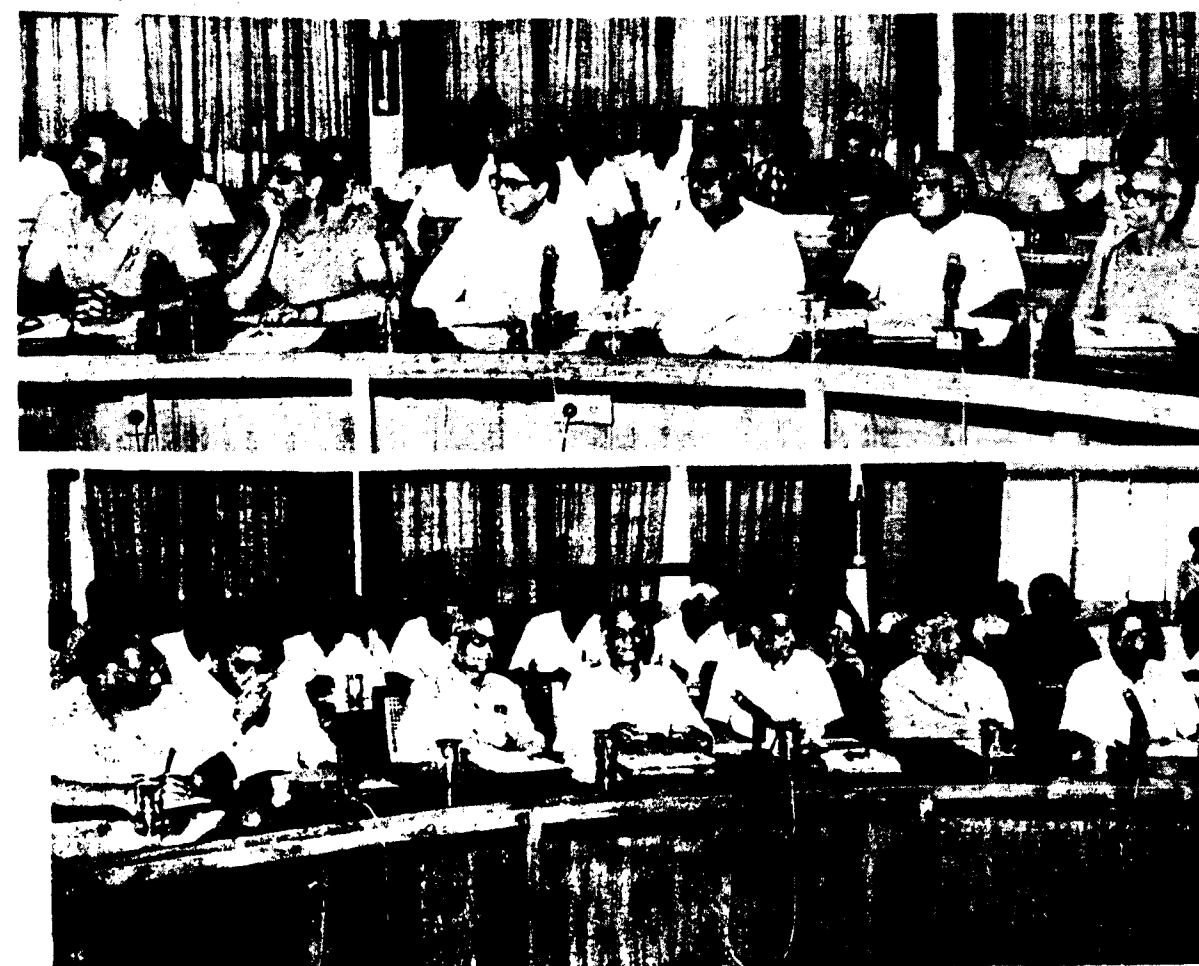
The Tamil Nadu Planning Commission, which was started during the previous DMK Government, remained dormant and inactive for many years. This will be reconstituted

with the Chief Minister as its Chairman. Eminent personalities from various fields such as Economic, Scientific, Agricultural and other experts will be included in it as members. This commission will hereafter function as "think-tank" for accelerating the pace of industrial and economic growth of TamilNadu.

Appeal to Industrialists:

Addressing the Industrialists the Chief Minister called upon them to cooperate with the government in its attempt to recapture and regain the top position again in the industrial map of the country. The Chief Minister dwelt at length about the

new government policy. A state level industrial advisory committee for industries would be set up to advise the functioning of industrial concerns. He invited industrialists to suggest names for members to include them in these committees. He also told them that they could easily meet him and discuss the problems connected with the industry. The Government also would seek the help of top industrialists as and when necessary. He also expressed that he was not against inviting Industrialists from outside state but his main concern would be one of ensuring that industrialists from TamilNadu should not go out of TamilNadu, just because, opportunities were lacking in this State. In this connection, he pointed out that he was extremely happy to see before him the new generation of Industrialists belonging to the earlier generation of Industrialists with whom he was very familiar. He assured



the industrialists of the Government help to make the raw materials available to them.

Industrialists suggestions:

A number of suggestions were made by the industrialist to improve the industrial climate. Everyone suggested the Chief Minister, power cut or voltage fluctuations should not be imposed, because, the Industries would come to a screeching halt, if there was no electricity. Further the production will suffer, which will lead to unemployment and ultimately the nation as a whole will suffer. Other suggestions made at the meeting, were the simplification of factory and other acts, tax-laws. Simplification of procedures for clearance of applications for setting up industrial units and loan and setting up a coal-dump within the State.

Reason for stagnation:

The Chief Minister pointed out the reasons for the State's

industrial stagnation. The reasons attributed for this state of stagnation are many. In the past decade, there was no worthwhile investments in the central sector. Moreover, State sector alone could not make spectacular growth in TamilNadu. The State also faced chronic power shortage, lack of infrastructural facilities like land, water and transport.

Gas based Industries:

The Chief Minister, who is incharge of the portfolio of Industry said that the centre should consult the State Government, when establishing gas based industries. He felt that the gas based units could be started, using the gas available in the Narimanam and Port Novo belts.

Industrial peace :

The Chief Minister called upon the industrialists to increase the production of commodities in their units and he assured them that the

Government would extend its help and cooperation to ensure industrial peace in TamilNadu.

Many industrialists, Thiru Suresh Krishna, Thiru Marudha Pillai, Dr. A. L. Mudaliar, Thiru M. S. Parthasarathy, Thiru T. S. Mahalingam, Thiru S. Viswanathan and Thiru C. H. Krishnamurthi Rao spoke and gave their valuable suggestions.

It was the first time that such a meeting of Industrialists convened by the Chief Minister Dr.M.Karunanidhi after the formation of the new Government.

The conference was attended by Thiru S.Guham, Adviser to the Chief Minister, Parliamentary Secretary, Thiru L.Ganesan, The Chief Secretary to the Government, the Industry Secretary Thiru Nambiar I.A.S., Finance Secretary Thiru Narayanan I.A.S. Home Secretary Thiru R.Nagarajan, I.A.S. TNEB Chairman Thiru T.V.Antony I.A.S. and other Senior officials of the Government.

the view of the panchayat union leaders on how to improve the working of the system.

The Ministers for Agriculture Public works, Adi Dravidar Welfare, Electricity, Animal Husbandry and Handlooms and the Chief Secretary to Government attended the function.

The Chief Minister said that he was monitoring it more out of pity on the Centre than anger. When State Governments and Local bodies were willing to share the burden why should the Centre take upon itself more and more responsibilities? "If the burden increases beyond a limit either the neck or the backbone will break" he said.

While addressing a conference of Chairmen of Municipal Councils, held under the auspices of the Muni-

cipal Administration and Water Supply Department at Rajaji Hall on 7th February 1989 he said that he realised fully the importance of local bodies and assured the gathering that all these powers taken away in recent years would be restored to enable the Chairmen and Municipal Councils to serve the people in a better way. The Chief Minister said that they had been forced to keep themselves busy with only drafting petitions and presenting them to the Government. Now the Chief Minister has invited them for discussing their problems and finding suitable remedies. He also indicated that their term of office, would be extended.

The Local Administration Minister Thiru Veerapandi S. Arumugam, said that the Government was paying more attention to improve the status of the Municipal Councils. It will also try to improve their financial

resources. He said that the Chief Minister in his first cabinet meeting devoted most of his time in discussing the various problems faced by panchayats, panchayat unions and municipalities and the ways and means to take their function more effectively. He said the Chief Minister wanted the municipal chairmen to come up with concrete proposals for augmenting the finances of local bodies without unduly increasing the burden of the people.

The Commissioner and Secretary, Municipal Administration and Water Supply, Thiru R.A. Seetharam Das IAS, said that the Government was trying to help local bodies to improve their finances through remunerative projects with world Bank assistance, and sought their cooperation to implement the various Government programmes.

STEPS TAKEN BY THE TAMILNADU GOVERNMENT TO MAINTAIN RICE PRICE

Hon'ble Food Minister Thiru "Arcot Veerasami told in the Assembly that the Government of Tamilnadu has taken necessary steps to keep up the price of rice in the open market. He disclosed this when a complaint was made in the Assembly that the price of rice had doubled within a few days of the new party assumed office.

The Minister denied it and said though the Central Government has increased the price of rice, the Chief Minister announced that the price of rice in the public distribution systems would not be increased. He has instructed the Food Cell, CID to probe into it if some merchants had hiked it. He also met the merchants in this regard and took steps to bring down the price.

DUPLICATE RATION CARDS

Eighty Thousand duplicate ration cards have been seized in the raid conducted in Madras for 5 days. These cards have been in use from 1982 onwards. The distribution of essential commodities have been stopped for the above cards forthwith. Action will be taken against those in possession of duplicate ration cards and those indulging in any mal-practice. The Tamilnadu Government have proposed to send officials throughout Tamilnadu to detect duplicate ration cards. This was disclosed by the Hon'ble Food Minister Thiru Arcot Veerasamy on 31.1.'89 in Madras.



Chief Minister annuls action against Secretariat Association members

Hon'ble Chief Minister Dr.M. Karunanidhi has annulled the substantive punishment imposed on several members of the Tamil Nadu Secretariat Association for their agitation in the year 1985.

The Chief Minister publicly announced this at a reception given to him and his cabinet colleagues by the Secretariat association on 6th February 1989 at Secretariat Military grounds.

The Secretariat Association launched an agitation in December 1985

with the state-wide teachers strike, and for this the then government suspended 35 members of the association and cancelled the association's recognition.

The Government revoked the suspension of 23 of them after six months and that of the others after 17 months. The then president of the Association Thiru M.A.Rahim, who had not been suspended, went on unauthorised leave owing moral responsibility for the action against the members and rejoined duty after all the suspensions were revoked.

The Chief Minister said that the increment and other pensionary benefits lost due to the substantive punishment would be restored to them.

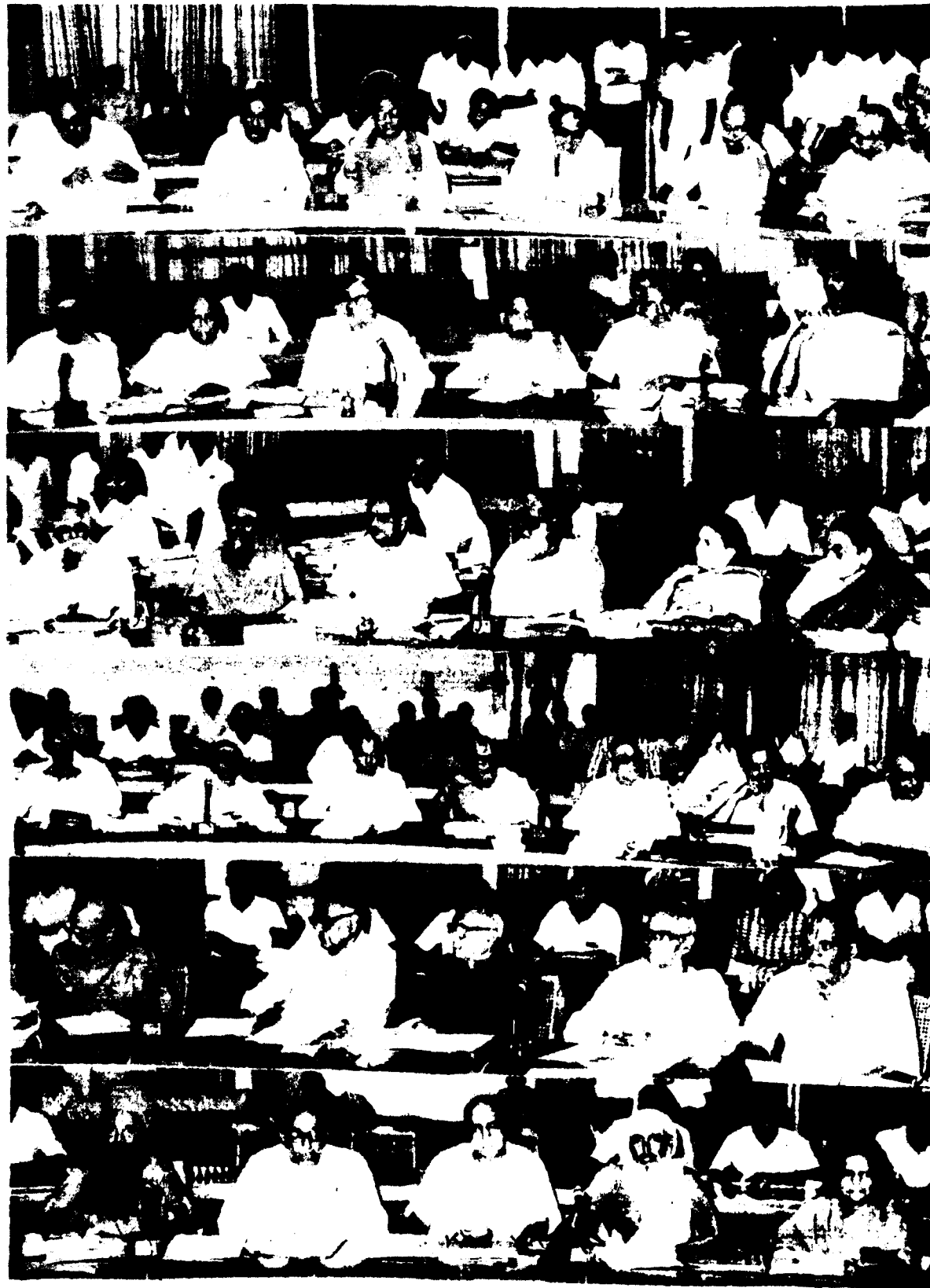
The present government would not victimise any of its employees, and definitely his Government would not adopt a "sadistic attitude" towards them.

In a statement, the association president Thiru C.D.V.Gnanaraj and Secretary Thiru S.Namasivayam thanked the Chief Minister for the decision taken. The announcement made by the Chief Minister is

a clear indication of a government that worked with a humanitarian approach.

The decision would help 13 members including former association president Thiru Rahim. They would get their pay, increment and pensionary benefits for the 17 month suspension period.

Thiru Gnanaraj and Thiru Namasivayam in the course of their speech praised the Hon'ble Chief Minister. They said he was a man of "extraordinary administrative capabilities."



The Hon'ble Chief Minister of Tamil Nadu, Dr. M. Karunanidhi, with the Religious Leaders and Mutts' Heads at a Conference of Hindu Religious Leaders held at the Secretariat on 10th March 1989. Hon'ble Minister for Hindu Religious and Charitable Endowments, Thiru K.P. Kandasamy, Hon'ble Minister for Education Thiru K. Anbazhagan, Hon'ble Minister for Transport, Thiru M. Kannappan, the Chief Secretary to Government, Thiru M.M. Rajendran IAS, and HR and CE Secretary, Thiru K. Aludipillai also attended the Conference.



Reception to Chief Minister by Reporters' Guild

A reception was given to Honourable Chief Minister of Tamil Nadu Dr. M. Karunanidhi and his cabinet Ministers by the Madras Reporters Guild on 5th February 1989. Thiru Jaganathan, president of the Guild and Thiru M. Subramaniam, Guild's Secretary garlanded the Hon'ble Chief Minister and other Ministers on behalf of the Reporter's Guild.

Guild President Thiru S. Jaganathan pleaded for a housing colony for journalists. He informed the Chief Minister about 250 journalists had applied for their own houses under a co-operative scheme formulated by the Reporter's Guild and the Madras Union of Journalists. He also said that the States like Kerala, Andhra Pradesh had such a housing scheme. Therefore he made an appeal to the Chief Minister to allot the required land for them at a central location in the Madras city for the above purpose.

The Guild's Secretary Thiru M. Subramaniam appealed to the Chief Minister that the present

income ceiling of Rs. 10,000 per annum for eligibility to the pension as also certain other restrictions should be removed.

Addressing the Madras Reporter's Guild, the Chief Minister Dr. M. Karunanidhi promised that the new Government would favourably consider relaxing the norms for eligibility to the pension scheme, to ensure that it benefited all those who retired.

The Chief Minister announced during his speech, that the Tamil Nadu Government pension for journalists will be raised from Rs. 250 to 400. Accordingly the Government of Tamil Nadu has issued orders on 2nd March 1989 raising the pension for the retired journalists in indigent circumstances from Rs. 250 to Rs. 400 per month, for life, with effect from 1st March 1989.

The Chief Minister spelt out the policy of the new Government towards the press. "We will ensure no discrimination shown to any newspaper with regard to the re-

lease of government advertisements." The Government would extend advertisement support to the Guild's organ 'Newsman', since this was the main source of income for the reporter's body.

The Chief Minister said that other demands such as the grant of land for locating the guild premises inside the government estate, issue of bus passes to all reporters etc. would be considered sympathetically by this government.

The Chief Minister made it clear that he would not have any intermediaries stand between him and the reporters. They can talk to him over phone. He said: "If you ring me up you will hear the words from the other end 'Karunanidhi speaking.'"

Chief Minister's appeal to the Press:

The Chief Minister said: "I appeal to you to lend me your hands in running the government in the larger interests of the state, the country and society at large."

KAKATIYA COINS FOUND IN TAMILNADU

The accidental find of some gold coins and a few pieces of gold bars has led the police and revenue officials to a village called Varadarajan pettai, about two kilometres south of Kurinjipadi in South Arcot District.



The enquiry revealed that a villager who found a small earthen pot in downward position while he went to his land, managed to take it in full shape sealed with mud. As he was not able to open it, he broke the pot by throwing it on a granite slab in a corner of the village tank. To this surprise he found a number of gold coins strewn all around him. Suddenly he collected as much as he could, took them to his house and kept them under the firewood in front of his house and went away in search of work.

The womenfolk who saw him collecting some gold coins, had rushed to the spot and had picked out one or two coins each. The news spread as wild fire and finally reached to the police station at Kurinjipadi. Police rushed to the spot and acquired the coins. Then they informed the matter to the revenue officials.

NATANA. KASINATHAN
Director of Archaeology,

Eventually the coins were brought to the office of the Tahsildar, Cuddalore and kept in safe custody at the sub-treasury.

This discovery was reported to the press by the Tahsildar stating that all these coins seem to have belonged to Vijayanagar Period.

Having read the news, the Registering Officer, Chidambaram was directed to examine the above coins and asked to send a detailed report. On his examination he found that there were three varieties of coins, one of Gangas, and the other of Vijayanagar period. The third variety puzzled him. So the matter was brought to the notice of the Director of Archaeology, Madras, who on his personal examination, found that the first variety belongs to



Gangas, the second variety to Kakatiyas, while the third variety to Vijayanagar period. There are also seven pieces of gold bars and thirteen mettis (rings worn on the toe fingers of foot) made of gold.

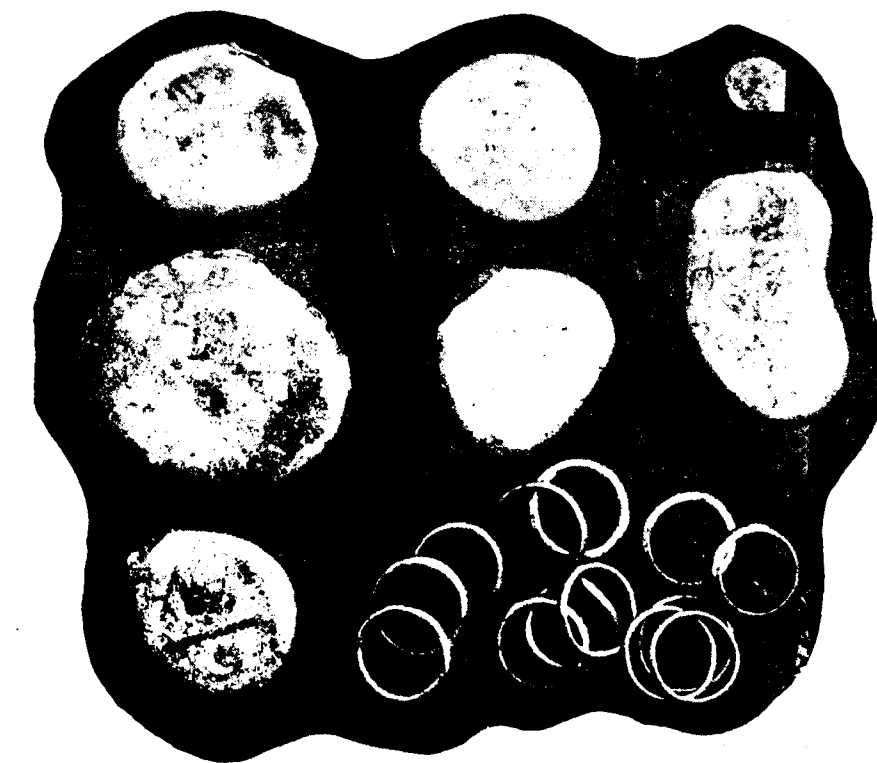
Though all these coins are important as far as the historical point of view, the coins of Kakatiya are more noteworthy as it is the first time that such of these coins are discovered in Tamilnadu.

The obverse of Kakatiya coins bear the legend 'Ganapa(tti)' in Tamil character. 'Sri' in Telugu character is found as prefix and suffix of that legend. The figures of a sun and moon, an umbrella and Krishna playing on the flute are also found. On the reverse there are some zigzag

lines. The legend is written in typical Tamil letters of chola period. On palaeo-graphical grounds it can be dated to 13th century A.D.

The legend 'Ganapa(tti)' obviously denotes Kakatiya king Ganapathi. Hence these coins may have been issued by Ganapathi who ruled Andhra during 13th century. It is believed that he had captured Kanchipuram in Tondaimandalam and stayed for sometime at Srirangam. Two inscriptions assignable to the period of Ganapathi, Kakatiya king, are engraved on the north wall of the second prakara of the siva temple of Ekambaranatha at Kancheepuram. The first epigraph, which is written in 17 sanskrit verses is dated in Saka 1172 corresponding to 1250 A.D. The cyclic year sowmya is also given. It refers to the gift of village Kalathur which abounds in grain for conducting the worship with great splendour by the illustrious Samanta Bhoja, the Minister of Ganapathi, to the God who resides in the Ekambara temple.

The other inscription written in Tamil character is also dated to Saka 1172 and seems to refer the same matter as far as the contents are concerned. This inscription also mentions the gift of the lands of the village Kalathur, having exempted its devadanam and tiruvidayattam



lands, to the god of Tiruvekambamudaiyar at Kanchipuram, of Eyirkottam in Jayankendacholamandalam for offering of Ganapathidevan sandhi which was instituted by king Ganapathi himself (namperal amudu seydarulukira Ganapathidevan sandhikku)

The Tamil inscription alludes the arrival of Kakatiya king Ganapathi to Kanchipuram by mentioning the institution of a sandhi called Ganapathi sandhi made by king Ganapathi himself (Namperal). Hence it is obvious that Ganapathi had visited Kanchipuram.



During this period he must have issued this type of coins as currency exclusively for Tamilnad. as the legend is in Tamil character. Hence this find forms the firm evidence for the extent of his rule upto the Northern part of Tamilnadu. Ganapathi and his vassal Viragandagopala seemed to have been conquered over by Vikrama Pandya who ascended the throne most probably in 1250 A.D. in his 8th regnal year i.e. in 1258 A.D.

The metal of these coins is of gold. These are in different shapes having a cavity at the centre. It is not known why this cavity had been made. The coins of Kadambas, issued during 11th, 12th centuries, also have similar cavity at centre. Similarly, the letter, 'Sri' as prefix and suffix occur in the coins of western Chalukya and Yadavarayas of Devagiri. The above two factors also confirm the fact that



the above coins were issued by a Deccan ruler.

Some years back, the coins of Prataparudra were reported to have been found in Tamilnadu by Thiru. I. Mahadevan. Prataparudra was the successor of Rudramba who was the daughter of Ganapathi. As king Ganapathi had no male issue he is said to have appointed her daughter Rudramba. She also seems to have had no male heir and so adopted her daughter's son Prataparudra as her successor. Prataparudra is reported to have conquered a large number of distant countries on his Vijayayatra or grand tour.

A lone fragmentary inscription of Prataparudra found on the west wall of the second prakara of Jambukeswara temple near Trichy is engraved in Grantha character and in Telugu language. Only two lines are found, of them half of the lines are visible. It is possible to read as 'Kakatiya Prataparudradeva maharajulu'. Hence, the impact of Kakatiya rule during pratapardra's period also seems to have been felt in Tamilnadu.

The other variety that are believed to have been issued by Gangas has a caparisoned elephant turning to right on the obverse and floral design on the reverse. Six coins are found in this find. Similar coins have already been found in different parts of Tamilnadu. Some scholars are of the opinion that these belong to Kongucheras.

The third variety is Fanam issued during Vijayanagar period. Few pellets are found on the obverse and some unidentifiable lines with few pellets are found on the reverse. These coins are locally called as Chilli seed coin.

Seven raw gold pieces and 13 foot finger rings are also found. These gold pieces may have been used for manufacturing ornaments like the above mentioned mettis (foot finger rings)

The revenue name of the present Varadarajanpettai is Ayan Kurinjipadi (i.e. old Kurinjipadi). A mound known as Maligaimedu is lying on the eastern side of the village. Villagers say that they had collected number of earthen pots, stone grinders and some objects of historical interest. One such earthen pot



has also been collected recently. Therefore it is certain that this maligaimedu must have been the habitation site where some merchants perhaps have lived possessing coins of different dynasty. For, the above find is said to have been found near this maligaimedu.

The Ayyanar temple of this village is situated on the western bank of the village tank. It gives a picturesque look to this village. A stone image of Ayyanar seated on an elephant is being worshipped in the Garbhagriha. It appears not of very old, but the one on the left side of this image is apparently an old image belonging to the typical chola period. Hence, there must have been an Ayyanar temple from chola age. Simultaneously the antiquity of this village goes to chola period giving room to the possibilities of discovering the coins of contemporary or still earlier periods.

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April 1989 Re. 1/-

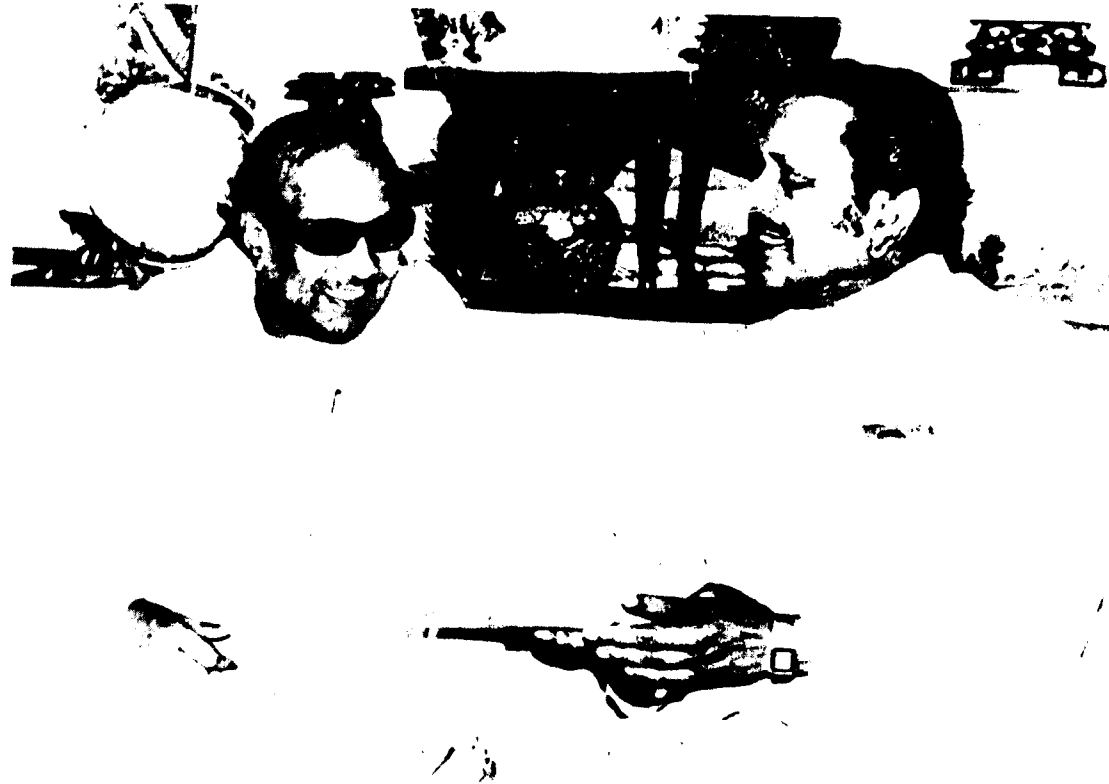
Tamil Arasu



Hon'ble Speaker of the Legislative Assembly
Dr. Tamilkudimagan.



Hon'ble Deputy Speaker of the Legislative Assembly
Thiru P. Duraisamy.



Hon'ble Chief Minister of Tamil Nadu Dr. M. Karunanidhi called on the Union Water Resource Minister, Thiru B. Shankaranand in New Delhi on 16th March, 1989.

Hon'ble Chief Minister of Tamil Nadu Dr. M. Karunanidhi met the Deputy Chairman of the Central Planning Commission Thiru Madavasingh Solanki on 15th March, 1989 in New Delhi and discussed with him regarding the annual Plan Outlay of the State for 1989-1990.



Tamil Nadu Budget For 1989-90

Honourable Mr. Speaker Sir,

This Government has been given shape by Perarignar Anna who permeates our thoughts. We bow towards his place of rest.

தலையாகிய அறமேபுரி சரிநீதி யுதவுவாய்
சமமே பொருள் ஜனநாயகம் எனவே முரசுறைவாய்
இலையே உணவிலையே கதி இலையே எனும் எளிமை
இனிமேலிலை எனவே முரசுறைவாய் முரசுறைவாய்.

Presented by

Dr M. Karunanidhi

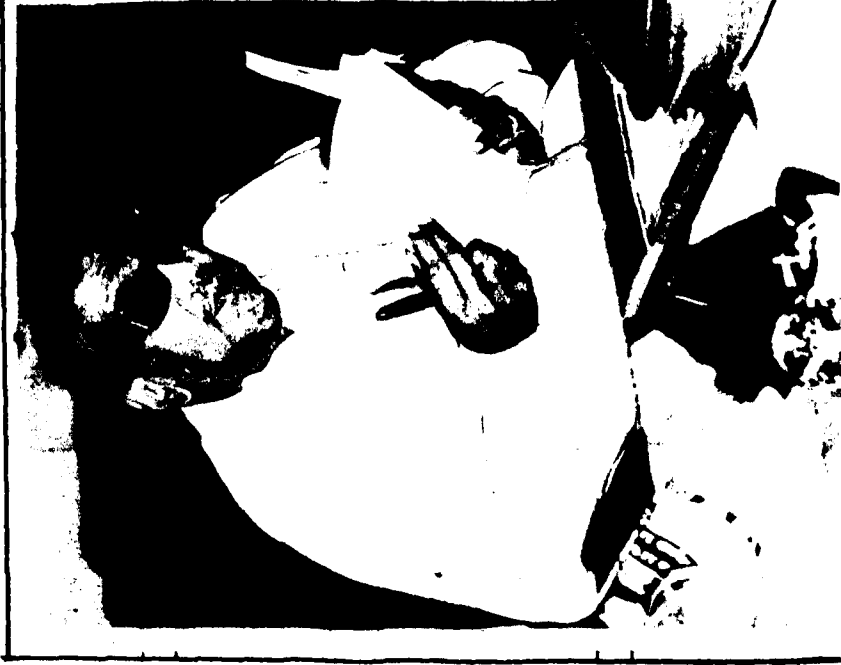
Chief Minister of Tamil Nadu

Seeking to translate these rousing lines of Paavendhar Bharathidasan into action, I place the Revised Estimates for 1988-89 and the Budget Estimates for 1989-90 before this House for the approval of Honourable Members.

2. Having been removed from office because we gave a call for the protection of democracy, we have served

the people whether in power or in opposition, in the belief that their service is the service of God. I convey my sincere gratitude to the people of Tamil Nadu who have brought us back to the responsibilities of Government with the mandate to serve them.

3. This Government believes that the unity of India amidst its ethnic, linguistic and cultural diversities can



be safeguarded only on the basis of wholesome federalism with autonomy for the States. In order to restructure the Constitution to promote this objective, a Committee was appointed for the first time in India by this Government in 1969 under the Chairmanship of former Chief Justice

Thiru P. V. Rajamannar and with Vice-Chancellor Dr. A. Lakshmanaswamy Mudaliar and former Justice Thiru P. Chandra Reddy as members. It was again this Government, which brought before the Legislative Assembly and passed the Resolution for State Autonomy for the first time in India in 1974. We have thus been in the forefront in promoting the demand for State Autonomy. We apprehend that the concentration of powers in the

The main thrusts in the Budget are:

- Revival of plan outlay.
- Drought relief including debt reduction for small farmers.
- Investments : In Agriculture, Irrigation, Power, Industry, Roads.
- Employment : Rural and Urban, Male and Female, unskilled and educated.
- Social Services : Education, Health, Water Supply and Sanitation, Housing, Urban Development, Nutrition, Welfare of Socially Disadvantaged Classes.
- Women's Welfare : Employment, Education, Property Rights.
- Social Security : Old age pensions, Survivor benefits, Accident relief, Maternity benefit.

Centre will weaken the forces for unity in the country and destroy its integrity. We shall therefore continue to strive tirelessly for the success of the objective of federalism in the Centre with autonomy for the States.

4. "It has been our consistent stand that all the 15

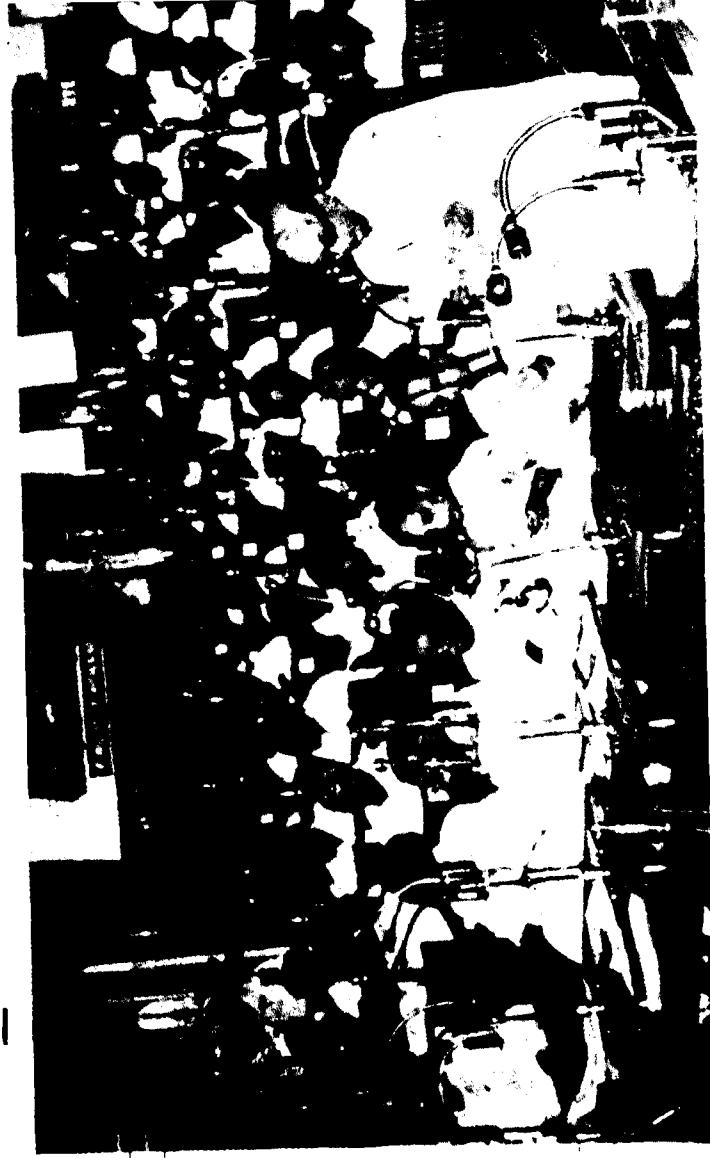
national languages which find place in the Eighth Schedule to the Constitution should be official languages. Until this is done, this Government will reiterate in every forum that English should be retained as the official language. At the same time, this Government will not hesitate to oppose any effort to impose Hindi against the wishes of the people of Tamil Nadu."—Recalling this statement in the Governor's address, I wish to assure you that our Government shall always stand sentinel against the imposition of Hindi..

Centre-State Fiscal Relations

5. During the two months in which we have been in office there were opportunities to discuss Centre-State relations and legitimate assistance due to Tamil Nadu from the Centre. I have spoken in detail about Centre-State relations in the Conference of Chief Ministers held in New Delhi in February. I have explained on that occasion that it is necessary and urgent to initiate a comprehensive and inter-related discussion on Centre-State relations in the legislative, administrative and financial spheres. I have stressed that for this purpose, an Inter-State Council should be expeditiously established under Article 263 of the Constitution and that the Prime Minister should urgently discuss with Chief Ministers the structure and procedures of such a Council.

6. In the same Conference, all Chief Ministers, including myself, were of the view that the consignment tax, which is to be levied and collected by the Centre and assigned to the States, should be introduced by the Central Government without further delay, on the basis of the consensus reached in 1984. We hope that in this background necessary legislation will be introduced soon in Parliament.

7. Our Government placed a detailed Memorandum before the Ninth Finance Commission when they visited Madras in February. In particular, we have emphasised before them the need to accommodate the special problems of Tamil Nadu. We have expressed our disappointment with the Report of the Ninth Finance Commission for 1989-90 and we have provided them with detailed documentation in support of our legitimate claims so that



these would be fully met in their final report for 1990-95.

8. Concern has been expressed in the Governor's address about the continuous decline in Central investments in Tamil Nadu. I have given a detailed Memorandum on this subject to the Prime Minister during my visit to New Delhi in February. We have emphasised in that Memorandum that the Centre should approve and expedite the Neyveli III mine cut, Cauvery delta modernisation

▲ scheme, upgrading the highway between Cuddalore and Kanniyakumari, and the Madras City Rapid Transport System. We have also stressed the need for an early decision on royalty and profit sharing legitimately due to us from the Neyveli Lignite Corporation.

9. It is a matter for regret that in the recent Railway Budget, allocations for projects in Tamil Nadu are wholly inadequate. During my second visit to New Delhi, I have stressed the need to expedite the Karur-Dindigul broad-gauge railway line and the Madras City Rapid Transport System.

Financial Position

10. The Governor's Address drew attention to the fact that the Government was in the grip of a severe financial crisis. I shall be giving fuller details while reviewing the revised estimates for 1988-89. I wish to point out at the outset that this budget is being placed before you in the background of severe financial constraints. This situation is likely to improve somewhat only after several months.

11. In this context, since it is only two months since our Government assumed office, we considered whether we should submit an interim budget to be followed by a full budget a few months later, after the financial situation stabilises. However, because such a course might slow down development and create uncertainties, we have prepared the budget for a full year despite the very short time available to us.

12. In the last session of the Assembly, certain changes were brought about to the legislation and rules relating to prohibition. These changes will enable us to realise an additional revenue of Rs. 100 crores per annum. These reforms will provide some relief to our financial difficulties.

(ii) write-off penal interest on short-term, and medium term loans

(iii) write-off segregated interest under blocked account on long term loans.

15. In the past, similar concessions were announced by the previous Government. They also agreed to compensate co-operative societies for the arrears due to them from their borrowers. However, there is a balance of Rs. 67 crores yet to be paid to co-operative societies on this account. Accordingly, in the interest of protecting co-operative societies from default, this Government have had to assume the unavoidable responsibility of meeting this shortfall. Despite our financial constraints, we have now come forward to assume a total burden of Rs. 106 crores consisting of the previous balance of Rs. 67 crores and an amount of Rs. 39 crores which is involved in the concessions that are now being announced. The present concessions will benefit 9.36 lakh farmers.

Drought Relief Works

16. The Government have initiated steps to meet the scarcity of drinking water. For this purpose, we have approved the sinking of 5,000 deep bore wells at a cost of Rs. 12.5 crores. We shall take further steps on the basis of detailed discussions with district collectors that are to be held shortly in regard to drinking water scarcity and other aspects of the drought. We have also requested the Central Government for an immediate and initial grant of Rs. 25 crores for drought relief.

Food situation

17. Compared to the production of 58 lakh tonnes of rice in 1987-88, we expect the production to be at the level of only 57 lakh tonnes in 1988-89. I wish to assure the

Implemented Election Promises

13. Honourable Members are well aware that not even two months have elapsed since our Government assumed office. The first session of this Assembly was inaugurated within two weeks of our coming to power. On that occasion, in the Governor's Address, the policies and priorities of the Government were outlined. We have fulfilled quite a few of our election promises within the short period of two months of taking office. In particular, these include the proposal to revive the Legislative Council, elections to Corporations, extension upto five years of the tenure of Panchayat Union Chairmen and of the Chairmen and Members of Municipalities, the restoration of responsibilities which were withdrawn from Panchayat Unions, 30 per cent reservation for women in Government employment, increasing the age limit for employment in Government service to 30 years, and the full cancellation of belated payment surcharge on electricity dues as on 1-4-1979, if paid subsequently.

Relief to Farmers

14. In the current year, although the south-west monsoon did not fail us, the north-east monsoon has been deficient to a serious extent. As a result, there is a severe drinking water shortage in many parts of the State. Our agricultural community has also been greatly affected by the drought. The Government have examined the demand for lessening the burden of agricultural debt with considerable sympathy. In order to lessen this burden on the small and marginal farmers, the Government have taken certain decisions:

(i) fully write-off the overdues under medium term conversion, medium term conversion (rephrasing) loans, in areas affected by drought;

House that despite this stagnation in the production level we shall take all necessary steps to ensure that adequate supplies are available to the people through the public distribution system without any increase in the price. The procurement target for rice for the current year is 7 lakh tonnes. It is a matter for great regret that despite several representations from our Government, the Centre has reduced the monthly allotment of rice from the central pool from 80,000 tonnes which were being allotted between November 1988 and January 1989 to 40,000 tonnes since February 1989. Along with this reduction in allotment, the Centre has also increased, without notice, the price of rice from Rs. 2.79 per kilo gram to Rs. 3.25 per kilo gram. We have not passed on this increase in the price to the consumers. In addition to the existing burden of Rs. 113 crores on food subsidy, we have been placed in the position of having to bear an additional burden of Rs. 23 crores per annum on account of the increase in the prices notified by the Centre.

Administrative Reforms

18. We have taken certain steps in order to vigorously pursue administrative reforms.

Firstly, substantial responsibilities have been delegated to local bodies.

Secondly, a Committee has been appointed to make a detailed enquiry into temple administration following the discussions we have held with Heads of religious institutions. On the basis of the recommendations of this Committee, steps will be taken to avoid irregularities in temple administration and to bring about permanent reforms in this area.

Thirdly, a Committee has been appointed to suggest improvements to village administration. Village Officers

Forest Development

27. The social forestry project, which is assisted by the Swedish Government, is a significant project in this sector. The implementation of the first phase of this project has not been satisfactory. We propose to implement the second phase at a cost of Rs. 85.4 crores after making suitable improvements. In the last few years there has been a considerable loss of forest cover in the Nilgiris and Palani hills which has resulted in soil erosion and reduction in rainfall. In order to rectify this regrettable development and to reforest these areas, the State Government has submitted a project to the Centre. We expect an early approval to this project.

Animal Husbandry

28. A major new scheme for sheep development will be taken up in the coming year at an estimated cost of Rs. 13.73 crores. This scheme will be implemented in the districts of Chengai-Anna, South Arcot, North Arcot, Salem and Dharmapuri. The principal objective of this scheme is to improve the weight of the sheep from 15 to 20 Kgs. at present to a level of 40 Kg. This will result in an increase in incomes to those who rear them. An integrated fodder development scheme will be implemented in Pudukottai district at a cost of Rs. 4 crores.

Fisheries Development.

29. The important objectives of our programmes for the development of fisheries include improvements to fish production and productivity, brackish water prawn production in extended areas and socio-economic programmes for fishermen. Two large fingerling farms have been taken up in Bhavanisagar and Manimuthar to increase the production of fingerlings from 60 million at



present to 100 million. It is possible to utilise 37,000 acres for brackish water prawn production in the State of which, 2,500 acres will be taken up in the coming year.

Sericulture

30. A major scheme for sericulture development will be taken up in the coming year at a cost of Rs. 41.77 crores with the assistance of the World Bank. This scheme will be supported by the National Bank for Agriculture and Rural Development (NABARD) and the Industrial Development Bank of India (IDBI). The project will result in the production of mulberry in 30,000 acres at the end of the project period besides providing employment to one lakh men and women in rural areas.

Irrigation

31. The second phase of the Periyar-Vaigai Project which is being implemented at a total cost of Rs. 70 crores

Contd. on Page 14

CHIEF MINISTER'S DISCUSSIONS WITH THE PLANNING COMMISSION

The annual plan outlay of the State for 1989-90 has been fixed around Rs. 1360 crore by the Chief Minister of Tamil Nadu Dr. M. Karunanidhi and the officials of the Tamil Nadu Government, who accompanied him to New Delhi to finalise the plan outlay. This is Rs. 158 crore more than the revised outlay of the current year. Though the approved outlay for 1988-89 was Rs. 1,457 crore, only Rs. 1202 crore was fixed on the basis of the actuals. Therefore the outlay fixed for the new financial year is actually

nadu was represented by the Chief Minister Dr. M. Karunanidhi, his Economic Adviser Thiru M.S. Guhan, the Chief Secretary to Government Thiru M.M. Rajendran and other senior officials of the concerned Department.

Chief Minister's plea

The Chief Minister told the Planning Minister that the original outlay of Rs. 1457 crore in the current year had to be revised because of finan-

Minister requested for a higher outlay of Rs. 1360 crore, citing the various development programmes in the State. This was agreed to by the Commission.

The Chief Minister assured the Commission that the new plan would be implemented through additional central assistance supplemented by measures to be undertaken by the Tamil Nadu Government.

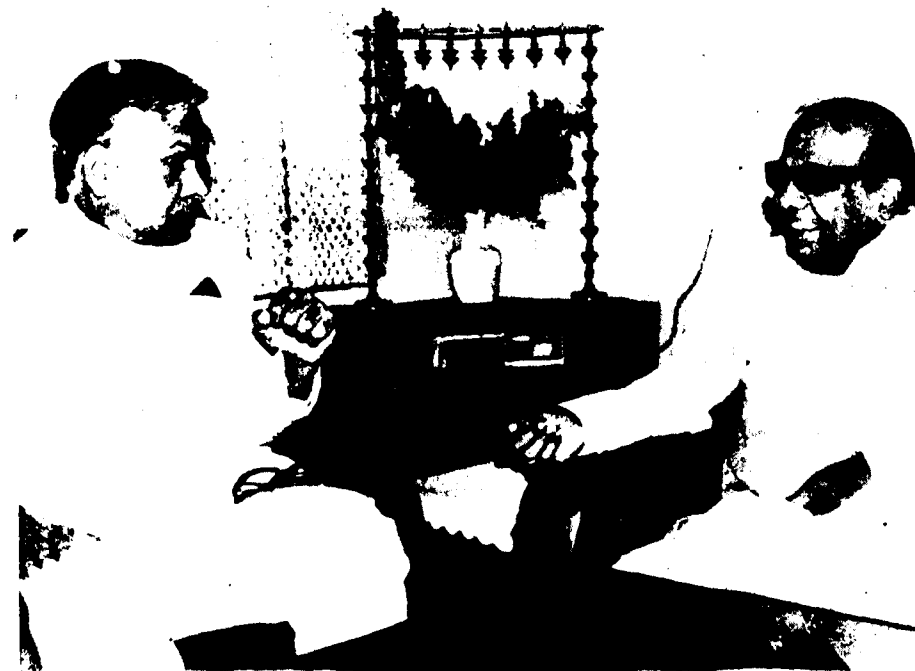
The Commission stressed that the outlay on power and irrigation sectors should be protected. The Chief Minister said this was also the State Government's policy.

The Planning Commission praised the Tamil Nadu Government that it had done the best in a bad situation maintaining the higher level of outlay on Plan Schemes. The key sectors such as power, agriculture and industry would not be affected by financial constraints and the momentum of growth in these sectors would continue to be at a higher level.

Although the plan outlay for the current year was at a higher level, the performance level was lower. In so far as the State had fixed a higher level of outlay over the performance level, it had shown practical wisdom.

Besides finalising the annual plan outlay, the Chief Minister and Thiru Solanki reviewed the State's performance in general. The Chief Minister has already requested the Centre for an immediate accommodation of Rs. 200 crore to overcome cash shortage constraints. The Chief Minister conveyed the demand personally to the Prime Minister during his earlier meeting with him.

Thiru Guhan, Adviser to the Chief Minister, Thiru M.M. Rajendran,



Hon'ble Chief Minister Dr. M. Karunanidhi called on the Union Minister of state for External Affairs Thiru Natwar Singh in New Delhi on 16th March 1989.

higher than the outlay for the financial year ending March 31.

The Planning Minister Thiru Madhavasingh Solanki, Minister of State for Planning, Thiru Biren Singh Engti, Planning Commission members Thiru Abid Hussain and Prof. P.N. Srivatsava, Planning Secretary Thiru J.S. Baijal and other officials attended the meeting. Tamil-

cial difficulties. At the official-level discussions the size of the plan outlay for the next year arrived was Rs. 1225 crore. But the Chief

COVER PAGE

Hon'ble Chief Minister of Tamil Nadu, Dr. M. Karunanidhi is seen discussing with the Hon'ble Prime Minister, Thiru Rajiv Gandhi in New Delhi on 15th March 1989.

should be resident in their villages so that no inconvenience is caused to the rural population. It is also widely felt that this is necessary for the proper maintenance of village accounts. The Committee will also examine this aspect and report to Government.

Fourthly, the administration will be streamlined from top to bottom. Government offices from the Collectorate to the Taluk level will be modernised. Decisions will be expedited on representations from the public. Arrangements will be made to ensure that benefits announced by Government are reached to the people in an easy and expeditious manner. For this purpose, we shall make the people aware of what they need to do and what they can expect from the officials in a time-bound manner in order to obtain benefits assured to them. This will be done through notices, meetings in which the people participate, and through brochures. These measures will enable all to understand as to who are eligible to obtain benefits and to prevent sections of those who are not eligible, from capturing them.

Bifurcation of Districts for Administrative Convenience

19. In the past period, a number of districts have been bifurcated or trifurcated for administrative convenience with separate Collectorates and separate Police establishments. Names of leaders have also been given to these districts. While this is a welcome development, as far as the Chengalpattu district is concerned, it has not been named after Perarignar Anna as desired by the people of that district. Instead, when Madurai district was bifurcated, the new district with Dindigul as headquarters has been named as "Anna District". I am pleased to announce that we shall now change this and rename Chengalpattu district as "Chengai-Anna District" and

cover this deficit to the extent of Rs. 50 crores through additional resource mobilisation but failed to take any measures whatsoever towards doing so. Although they abandoned nearly 409 schemes which were originally included in the budget for 1988-89, the resources available for the plan became greatly reduced on account of shortfalls in receipts and increases in expenditures. In these circumstances we have been constrained to revise the plan outlay for 1988-89 to Rs. 1,202 crores which is at the same level as the plan expenditure of Rs. 1,203 crores for 1986-87 and is less than the outlay of Rs. 1,250 crores for 1987-88. This decline in plan outlay is a matter for great concern to us.

24. The plan outlay for 1989-90 was recently discussed with the Union Planning Commission and we have been able to obtain approval for a plan outlay of Rs. 1,360 crores for the coming year. Despite our difficult financial situation, we have been able to increase the plan outlay in 1989-90 by 13 per cent over that in the previous year. Accordingly, the total plan expenditure during the Seventh Plan period can be expected to be of the order of Rs. 6,114 crores compared to the originally approved outlay of Rs. 5,750 crores. The plan expenditure achieved in the current plan period will be 20% less than the originally approved outlay at constant prices.

Agriculture

25. Agriculture provides sustenance to 70 per cent of our people. A provision of Rs. 25 crores has been made in the budget for agricultural extension. This will help to improve agricultural production and productivity throughout the State through the supply of improved seeds, chemical fertilizers, pesticides and through the introduction of new technology. In the first phase, pilot schemes will be introduced with the participation of co-

rename Anna District with Dindigul as headquarters as "Dindigul-Quaid-E-Milleth District."

20. We shall also examine the question of bifurcating other districts for administrative convenience and naming them. We shall shortly announce our decisions.

Welfare of Government Employees and Teachers

21. Parity in pay scales between Central and State Government employees having been accepted in principle by this Government, we shall obtain the report of the Fifth Pay Commission appointed for this purpose under President's rule without delay by the end of April 1989 and shall announce our decisions after examining it by the end of May 1989, with a view to meeting the demands of Government employees and teachers. These decisions will be implemented with retrospective effect from 1st June 1988.

Annual Plan Outlay for 1989-90

22. 1989-90 is the last year of the Seventh Five-Year Plan. I shall briefly refer to the plan outlay in the first four years of the Seventh Plan before coming to the plan outlay for the coming year. The Seventh Plan outlay for our State was originally fixed at Rs. 5,750 crores. The actual expenditure has been Rs. 1,012 crores in 1985-86, Rs. 1,203 crores in 1986-87 and Rs. 1,337 crores in the year 1987-88 adding up to a total expenditure of Rs. 3,552 crores in the first three years of the Plan.

23. At the time of formulating the Annual Plan for 1988-89, it was clear that the resources available for the plan would be only of the order of Rs. 1,302 crores. However, the Annual Plan for the current year was announced at the level of Rs. 1,457 crores leaving a deficit of Rs. 155 crores. The then Government agreed to

operative societies and other relevant institutions. Priority will be given for the betterment of women who are involved in large numbers in agriculture. This scheme will be extended by utilising the entire staff involved in the Training and Visit scheme. Measures will be taken to meet the requirements for seed multiplication and for stocking seeds needed during emergencies.



26. The intensive rice production scheme will be implemented with adequate credit support in the coming year in 8 districts viz., Chengai-Anna, North Arcot, South Arcot, Thanjavur, Tiruchirappalli, Pudukottai, Madurai and Nellore-Kattabomman. High priority has also been given to the production of oil seeds with a target of 18 lakh tonnes in 1989-90. We have given special importance to agricultural education. At present there are three agricultural colleges in the State. I am pleased to inform Hon'ble Members that we have decided to establish the fourth agricultural college in the coming year in Tiruchirappalli district.

the Chief Secretary to the Government and other senior officers assisted the Chief Minister in his discussions with the Planning Commission.

Under President's rule last year the outlay for 1988-89 was approved at Rs. 1,457 crore but the new government, on assumption of power decided to slash it down due to paucity of resources.

The Chief Minister was very much pleased over his discussions in New Delhi. He was satisfied that the Planning Commission had conceded his request for a higher plan outlay of Rs. 1,360 crore because it would enable the Tamil Nadu Government to initiate certain new development projects.

He said this year's plan allocation was an improvement over that of last year and to that extent he was satisfied. He said that the priorities of allocation would be on power, irrigation and welfare schemes.

Special Aid from Centre

The Chief Minister said that he had sought Rs. 200 crore as special assistance to the State from the Centre.

He had reiterated his request for this assistance when he met the Prime Minister Thiru Rajiv Gandhi.

He said that the State had sought this sum earlier and His Excellency the Governor of Tamil Nadu Dr. P. C. Alexander had also requested the Centre for assistance before he took over as Chief Minister.

He said that he had also asked for increased allotment of rice to the State from 40,000 tonnes to 80,000 tonnes of rice earlier. The Prime Minister assured him that he would look into the matter.

The Tamilnadu Chief Minister also called on the Union Water Resource Minister Thiru B. Shankaranand and discussed with him the Cauvery river water dispute.

The Karnataka Chief Minister Thiru S.R. Bommai had also agreed to hold talks with him and a date would be fixed soon to discuss the issue.

Result of Countermanded Poll to Tamil Nadu Legislative Assembly held on 11-3-1989

144. MADURAI EAST

Electorate	1,26,225
Votes polled	83,973
Rejected votes	1081

Eradha S.R. (AIADMK) Elected.

Eradha, S.R. AIADMK	40,519
Sankariah, N. CPI(M)	27,196
Ramakrishnan, M.K. INC	12,778
Gopalan, T.R. BJP	817
Pandi, P. IND	221
Gunasekaran, R. "	152
Blossom Vaz, Tmt. "	131
Krishnan, J.S. "	126
Dharmarajan, N. "	114
Lingam, A.T.S. "	89
Krishnan, T.R. "	75
Baluchamy, S. "	73
Alagarsamy, M. "	60
Sundaram, M. "	60
Hariram, J.T. "	53
Jothihran, V.S.M.G. "	44
Sudarsan, D.S. "	38
Kamardeen, M.A.K. "	33
Pechimuthu, S.P. "	33
Veerappa Gounder, V.T.R. "	33
Ponnuswamy, K. "	29
Vadamalai Neethi, S. "	29
Ilahi Moulana, A. "	29
Lakshmanan, O.K. "	26

Thadchanamoorthy, T. "	26
Karuthapandian, T.K. "	25
Prem Babu, M.R. "	21
Rajan, U.P. "	18
Ganesan, P.K.M. "	18
Kamal, S. "	17
Munikrishnan, V.V. "	9

154. MARUNGAPURI

Electorate	1,43,268
Votes polled	1,12,657
Rejected votes	2,009

Ponnusamy, K. (AIADMK) Elected

Ponnusamy, K.-AIADMK	55,297
Senguttuvan, B. DMK	44,274
Dorai Sebastian, S.A. INC	9,054
Subramaniyan, K. IND	441
Srinivasan, M. "	409
Subramaniyan, K. "	379
Subramaniam, P.M. "	144
Marimuthu, V. "	133
Sethuraman, V. "	128
Muthukumar, V. "	114
Savarimuthu, T.A. "	70
Jagannathan, E. "	62
Veerappa Gounder, V.T.R. "	58
Vellaichamy, R. "	56
Karutaphandian, T.K. "	29

RESERVATION FOR MOST BACKWARD CLASSES

TamilNadu has been a pioneer among the States in India in the promotion of social justice for the socially and educationally backward communities by providing educational concessions, reservation of seats in educational institutions, and posts in public services besides several measures for their economic upliftment.

Article 16 (4) of the Constitution of India permits the State to provide for the reservation of appointments or posts in favour of any backward class of citizens. Article 15 (4), which was introduced through the First amendment to the Constitution as a result of representations made from Tamil Nadu, permits the State to make special provisions for the advancement of any socially and educationally backward class of citizens or for the Scheduled Castes and Scheduled Tribes.

Backward Classes Commission

Issues relating to reservations have been the subject of enquiry by the Tamil Nadu First Backward Classes Commission (Chairman: Thiru A.N. Sattanathan) appointed in 1969 and the Tamil Nadu Second Backward Classes Commission (Chairman: Thiru J.A. Ambasankar) appointed in 1982. The First Backward Classes Commission as well as the Second Backward Classes Commission have clearly brought out in their reports that several Communities among those included in the list of Backward Classes have not received their due share in educational and employment opportunities while a small number of communities in the list of Backward Classes have benefited to a relatively larger extent. This situation, which has persisted over several years, has led to a demand for special reservations for the most backward among the Backward Classes. The most backward classes, including the Vanniars who constitute a large proportion in the population of Backward Classes, have made representations in this regard over a long period.

The Constitutional Reservation

At present, the extent of reservation is 68 per cent for purposes of Articles 16 (4) and 15 (4) of the Constitution consisting of 18 per cent of Scheduled Castes and Scheduled Tribes and 50 per cent for Backward Classes.



The balance of 32 per cent is available for Open Competition.

After a detailed and careful consideration of all relevant facts and issues the Government of Tamil Nadu have taken the following decisions :

Government Decisions

1. The present system of reservation of 18 percent for Scheduled Castes and Scheduled Tribes and the availability of 32 per cent. in which all.. Sections—Scheduled Castes/Scheduled Tribes, Backward Classes, Most Backward Classes, Denotified Communities and Forward Communities—can benefit in open competition will be continued as at present.
2. A reservation of 20 per cent will be adopted for Most Backward Classes and the Denotified Communities.

In Government Orders dated 31.01.1957* the Government have approved a list of Most Backward Classes for the purpose of granting them educational concessions admissible to Scheduled Castes. This list has been scrutinised and revised by the Tamil Nadu First Backward Classes Commission (Sattanathan Commission) excluding communities included in the SC/ST

list, deleting communities not found in Tamil Nadu, removing redundancies, and clubbing together certain communities. On this basis, the list was updated in Government Orders dated 15-05-1972,** and has been republished in Government Orders dated 30-07-1985*** Similarly, the original list of Denotified Communities has been updated and republished in Government Orders dated 30-07-1985****

The list of Most Backward Classes includes 39 communities of whom the Vanniar community accounts for a major proportion. In terms of population, the other important communities that fall within this grouping are—Ambalakkarar, Vannar, Maruthuvar, Boyar, Oddar, Kulalar, Valayar, Meenavar, Thottia Naicker and Andipandaram.

In terms of population, the important communities among Denotified Communities include Maravar (Thanjavur, Pudukkottai, Ramanathapuram and Tirunelveli), Piramaiai Kallar (Ramanathanpuram, Madurai, Pudukkottai and Thanjavur) and Ambalakkarar (Thanjavur, Tiruchy and Pudukkottai).

3. The balance of the reservation quota, namely, 30 per cent will be available for the other communities among Backward Classes.

4. The Government have decided to establish a separate Department for promoting the social, educational and economic advancement of Most Backward Classes and Denotified Communities. The Government will review the various suggestions that have been made in this regard and will extend and enlarge various facilities and programmes which can help the Most Backward Classes and Denotified Communities to avail themselves to the fullest extent of the educational and employment opportunities which are being provided for them. In particular, the Government will launch a special drive to improve literacy and educational facilities to the Most Backward Classes and the Denotified Communities.

The Government of India have a major role to play in the advancement of socially and educationally backward communities by extending reservations and special provisions under Arts. 16 (4) and 15 (4) of the Constitution. The Tamil Nadu Government will urge the Centre to take a positive role in this important area of social justice with due regard to the recommendations of the Mandal Commission which was appointed under Art. 340 of the Constitution.

The Government trust that these decisions will serve to promote social and economic progress by removing in course of time the social and educational disparities that exist among different classes of our society.

- * G.O.Ms.No.353, I.L.C., dated 31-01-1957
 ** G.O.Ms.No.437, S.W., dated 15-05-1972
 *** G.O.Ms.No.1566,S.W., dated 30-07-1985
 **** G.O.Ms.No. 1567, S.W., dated 30-07-1985.

A New Department for the welfare of Most Backward classes

The Tamil Nadu Government has formed a new and separate department to look into the welfare of the most backward classes and denotified communities.

Thiru E. Dasarathan, I.A.S. has been appointed as the Director of the Department of Most Backward Classes and Denotified Communities.

In this spirit, the Government appeal to all sections of the people to extend their understanding and cooperation in the implementation of these decisions and to join the Government in its efforts to build a united and prosperous Tamil Nadu.

	1983 popula- tion as esti- mated in the Tamil Nadu Second Back- ward Classes Commission's enumeration.	Extent of Reservation
	(in lakhs)	(per cent.)
1. Most Backward Classes of which	105.00	
(a) Vanniar Community	65.05	
(b) Other communities among Most Backward Classes	39.95	
2. Denotified Commu- nities	17.19	
3. Most Backward Classes and Denotified Communities	122.19	20
4. Backward Classes other than the above	217.49	30

Thiru A. N. Sattanathan

Thiru A.N. Sattanathan, who headed the first Backward classes Commission instituted by the Tamil Nadu Government has welcomed the new reservation policy announced by the Chief Minister Dr.M.Karunanidhi.

In a statement issued on 18th March, he said that the new scheme would definitely benefit the most backward classes and the denotified classes, especially the Vanniar Community.

He said that his efforts in the seventies were to achieve the same objective. As chairman of the Commission, he had recommended the bifurcation of the BC communities numbering 127 into backward and most backward and allotted 17 per cent for the former and 16 for the latter.

As per the new scheme the 201 backward classes have been divided into two major groups, the first consisting of 39 most backward and 68 denotified classes and the second consisting of the other 94 classes. The first group has been allotted 20 per cent reservation and the second 30 per cent.

GOVERNMENT

DECISION

WELCOMED

Thiru Vanniya Adigalar

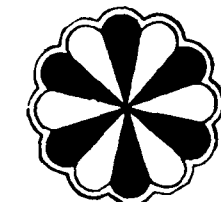
Thiru Vanniya Adigalar, leader of the Vanniyar Sangham has welcomed the government's decision and congratulated Dr. M. Karunanidhi, the Chief Minister for resolving a problem that had persisted for a long time. He issued a statement in which he said that the reservation of 20 per cent, in a special category for the most backward castes would, indeed, benefit the Vanniya community.

The government's decision in creating a special compartment for the most backward for a 20 per cent reservation signified the sincere and honest attempt at resolving a social problem. His Association welcomed the government's directive and appealed to all sections of the vanniya to accept the same.

Thiru J. A. Ambasankar

Thiru J.A.Ambasankar, former Chairman of the Tamil Nadu Second Backward Classes Commission has urged the Vanniyar Community to give a "fair trial" to the reservation formula announced by the Chief Minister Dr. M. Karunanidhi.

He said that the Vanniya would certainly be benefitted by the new reservation policy. He also said that "the Chief Minister has carved out of the weakest among the weakest sections of society and made a decent reservation of 20% out of 50% reservation for backward classes with the obvious intention of rendering social justice and doing his best for this long neglected problem. His intention is clear in creating a separate department for this section and posting an IAS officer belonging to this group as the head and keeping the department under his personal care. Vanniya form a major and integral part of this section and will certainly be benefitted by this offer.



will be completed in the coming year. This will benefit an additional area of about 18,500 acres.

32. In 1989-90, the Poigayar irrigation scheme will be taken up in Kanyakumari district at a cost of Rs.10.87 crores and the Nambiyar irrigation scheme will be taken up in Nellai-Kattabomman district at a cost of Rs. 10.12 crores. The Pachaiyar irrigation scheme which was proposed in 1975 has not been proceeded with because, it had not received environmental clearance. We shall take early steps to implement the scheme after obtaining the necessary clearance. An additional ayacut of 1.75 lakh acres has been localised under the Parambikulam-Aliyar project. We shall restructure the irrigation facilities in this project so as to benefit the existing ayacut as well as the additional ayacut.

33. It is necessary to relieve the drinking water scarcity in Madurai town without delay. We shall take up discussions with the Government of Kerala for obtaining 2.40 tmc of water for Madurai from the Kallar and Achankoil rivers. The Alagar anai scheme is based on collecting and storing waters from a number of minor rivers which do not flow into the Vaigai dam. We shall investigate the feasibility of this project.

34. Although tanks are an important source of irrigation, sufficient attention has not been paid to them. The Tank Modernisation Scheme, which is being implemented with assistance from the European Economic Community (EEC), will benefit 206 tanks in the districts of Chengai-Anna, North Arcot, South Arcot, Pudukottai, Pasumpon Muthuramalingam, Ramanathapuram and Kamarajar. 71,000 acres will be benefitted under this scheme, which is nearing completion. The second phase of this project to modernise 230 tanks in a five year period at a cost of Rs. 53.12 crores will be taken up

35. Nearly 60 per cent of the crop area in Tamil Nadu is unirrigated. It is therefore necessary to give high priority for moisture conservation in the dry areas and for economy in the use of water in areas receiving irrigation. In this background, we are taking up a dry land farming project in 49,400 acres in the districts of Chidambaranar and Nellai-Kattabomman which is designed to improving productivity by conserving moisture. The National Water Management Project, which is supported by the World Bank, is being implemented in Sathanur, Tambraparani and Kodayar and it will be extended to the Cumbum valley in the coming year. One more project for water management is being formulated to cover 49,400 acres in the first phase in the basins of Palar, Amaravathi, Noyyal and Vellar.

36. The Cauvery basin contributes a major share to the surface irrigation in the State. Hon'ble Members are well aware of the difficulties we experience from year to year in obtaining adequate supplies of water at Mettur from Karnataka. It is the intention of this Government to make one more attempt to reach an agreement with Karnataka on the Cauvery dispute on the basis of discussions. I wish to point out that if this expectation is not realised there is no alternative except to urge the Centre to take the dispute to a Tribunal. We have sent a scheme for the modernisation of the Cauvery delta at a cost of Rs. 78.8 crores to the Central Government and I have emphasised the urgency for hearing this project to the Union Irrigation Minister.

37. In the future, it is essential to evolve an integrated approach for the development of irrigation in Tamil Nadu. We have to pay adequate attention for the maintenance of existing irrigation projects. It is necessary to modernise the old river irrigation and tank irrigation systems.

in the coming year in the above mentioned seven districts and in the five districts of Tiruchirappalli, Madurai, Dindigul-Quaid-E-Millat, Nellai-Kattabomman and Chidambaranar. This will benefit 60,300 acres.

* Kallar-Achankovil scheme for providing water supply for Madurai city in co-operation with Kerala

* Constitution of a Standing Irrigation Commission

* The Chief Minister has said that one more attempt will be made to settle the Cauvery dispute in discussions with Karnataka failing which there will be no alternative except to move the Centre to refer the dispute to a tribunal.



Different sources of irrigation, such as rivers, tanks and ground water will have to be developed in an integrated manner. These tasks will have to be undertaken with reference to the situation in each river basin. In order to further this approach, a "Standing Irrigation Development Commission" consisting of engineers and experts in other fields will be constituted on the basis of the promise made in our election manifesto.

The new Government has fulfilled all its major electoral promises within 60 days of assuming office. The Budget Speech gives full details of

** the promises fulfilled in the Governor's address and in the subsequent period

** Provisions made in the Budget on the basis of assurances in the Election manifesto

** Several new welfare schemes in fulfilment of electoral promises.

Power

38. It became necessary to reduce the allocation for the power sector from Rs. 500 crores to Rs. 350 crores in 1988-89 on account of the reduction in the annual plan outlay. We have proposed to increase the allocation for this sector to Rs. 460 crores in 1989-90 by providing Rs. 385 crores in the Plan and by supplementing it with Rs. 75 crores which we hope to obtain from the Power Finance Corporation.

39. The third unit of the Mettur thermal project will be commissioned in the coming year and will add 210 MW. to the generation capacity. We have given

varieties of handloom goods, modernisation of handlooms and extending fair wages. Housing for weavers and workshops will be provided. The insurance scheme will be extended to cover more weavers. Loomless women weavers will be provided looms to establish themselves. Equity support will be extended to weaver members of co-operatives and new primaries to strengthen the movement. A State Level Handloom Advisory Committee will be established for all round development in this sector.

Roads

48. We have the responsibility for the maintenance and improvement of 3,700 kilo-metres of highways, 43,000 kilo-metres of district roads and more than 1,00,000 kilo-metres of panchayat and panchayat union roads in our State. Rs. 103 crores have been provided in



52. The University Grants Commission (UGC) scales of pay have been implemented for college teachers with effect from February 1989. The budget has a provision of Rs. 55 crores for meeting the additional expenditure on this account and for meeting the arrears due to them from 1st January 1986.

53. In the last few years, approval has been given to a number of private self-financing colleges. We have received several complaints that these colleges lack adequate facilities and that the quality of education provided by them is quite poor. Other irregularities have also been brought to our notice. In these circumstances, no new private self-financing colleges will be approved in future. We shall also examine the functioning of all such institutions which are in existence at present and take necessary action.

Tamil Development and Culture

54. Tamil medium of instruction at the graduate level was introduced by the D.M.K. Government. In order to activate it at this level and to extend it to the post-graduate level and to higher studies and research, we shall implement programmes for the development of Tamil so that it can meet the current requirements of social and technical sciences.

55. People in many parts of the world are interested in learning Tamil. To cater to it, the Government will bring out, with expert assistance, text-books, simple dictionaries and easy grammar books in Tamil. Similarly, inexpensive translations in Tamil of world classics will be published.

56. This Government initiated efforts to bring out a well-researched history of Tamil Nadu. I am pleased to announce that this project is nearing completion in the International Institute of Tamil Studies.

the budget for road maintenance and for the construction of new roads. This includes a provision of Rs. 11.7 crores for new roads in rural areas and a provision of Rs. 20 crores for new roads in urban areas.

Education

49. Education has been given high priority in this budget with a provision of Rs. 900 crores. In the coming year, a special scheme will be implemented at a cost of Rs. 5 crores for providing basic facilities to primary schools in panchayat unions. 50 new schools will be established in scheduled caste habitations.

50. The demand for secondary education is constantly increasing. In order to meet this demand, 600 secondary grade teachers, 50 B.Ed. teachers and 50 Tamil pandits will be appointed in the coming year. Secondly, school buildings are not available to an adequate extent and we shall take up 60 new secondary school buildings in 1989-90 based on a provision of Rs. 1.5 crores in the budget which will be supplemented with assistance from Housing and Urban Development Corporation (HUDCO). Training facilities have been created in 14 districts for the quality improvement scheme and new centres will be established in the coming year in the remaining 6 districts.

51. Our Government is firmly opposed to the attempt to impose Hindi through Navodaya schools which are being created under the New Education Policy. I wish to draw attention to the views expressed by educationists that Navodaya schools will only help the elite rather than the poor. We shall urge that the allocation for Navodaya schools should be redeployed for providing essential facilities to primary schools in rural areas and for upgrading them.

57. The project for the preparation of the Tamil Etymological Dictionary, under the guidance of Devaneya Pavanar, was disbanded when its second and third volumes were ready for print. This project will be revived and work on the Tamil Etymological Dictionary will be continued. At present Government Orders are issued in English. Action will be taken to issue orders both in Tamil and English.

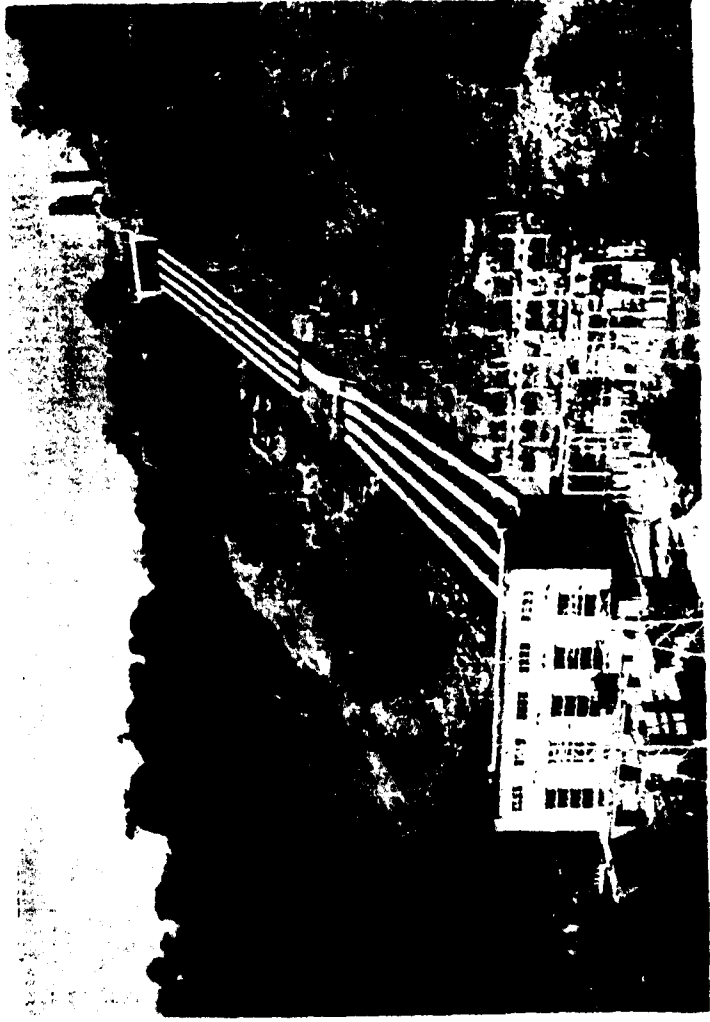
58. We shall re-examine and revive the proposal to instal Valluvar's statue at Kanniyakumari, which we had initiated in the past, and fulfil this magnificent task of commemorating Valluvar's immortal fame.

59. This Government had also initiated the effort to instal commemorative plaques with inscriptions of their poems at places where Sangam Poets were born. This effort will now be continued.

60. In order to promote and encourage Tamil films, awards and prizes will be given every year for three films classified as first, second and third. Similarly awards and prizes will be given to the best actors and technicians participating in these films.

Health

61. There are large disparities in the availability of health facilities between rural and urban areas. In order to remedy this situation, a programme for establishing one primary health centre each, for a population of 30,000 is being implemented in the first stage. In 1989-90, 164 new primary health centres will be opened at a cost of Rs. 3 crores. In subsequent years, we propose to establish one primary health centre for every 20,000 population according to a phased programme.



priority to the Tuticorin thermal project so as to obtain an additional 420 MW. in 1991. The North Madras thermal project which can go upto a capacity of 2050 MW. has been delayed on for a long time account of problems in land acquisition. We are taking steps to overcome these problems and to expedite the project. A substantial amount of Rs. 110 crores has been included for transmission and distribution in the allocation for power. This will enable the reliable supply of power as well as new connections to 40,000 pumpsets and for 40,000 huts in the coming year.

40. The Central Government have proposed to establish a nuclear power project in Koodankulam at an estimated cost of Rs. 4,000 crores. This will be a massive new investment in the Central sector in Tamil Nadu. Concerns have been expressed in connection



with this project on behalf of affected fishermen and agriculturists who depend on irrigation from the Pechipparai dam. They have also been voiced by those who apprehend hazards from nuclear installations. We have requested the Centre to constitute an expert group in order to give the most careful consideration to these concerns and to recommend measures to implement this project with the fullest safeguards and guarantees so that it will not affect the interests of fishermen, farmers or the people in that area in any manner.

Industry

41. A basic objective of our Government is to promote the growth of industries in the State-large, medium and small. I have recently had detailed discussions on this subject with industrialists in our State. I have assured them that we shall continue various concessions that have been given to industry and that the State Government is deeply interested and involved in promoting industrial growth. We shall take steps to

expedite clearances required at the State level to start new industries and to help industry to obtain licences at the Central level.

42. There are good possibilities in Tamil Nadu for establishing several large chemical and natural gas based industries. The aromatics project to be established in Manali at an estimated cost of Rs. 840 crores has been approved. This will provide the basis for starting a number of downstream units. The petroleum crude distillation unit which is being implemented in the Nannilam taluk of Thanjavur district, at an estimated cost of Rs. 94 crores will stimulate industrial growth in that area. There are opportunities for the generation of electricity and for industrial investments based on the availability of natural gas in the Cauvery delta. We shall examine and process these proposals.

43. The Tamil Nadu Minerals Limited (TAMIN) has got into difficulties because of mal-administration. We shall set right this important public sector enterprise and utilise it to implement the Sivaganga graphite project.

44. The State Industries Promotion Corporation of Tamil Nadu (SIPCOT) will begin work on three new industrial growth centres in 1989-90 on the lines of growth centres that have been established in places such as Ranipet and Hosur. An estimated investment of Rs. 30 crores will be made in each such centre.

45. The Small Industries Development Corporation (SIDCO) will undertake, with Japanese assistance, a high technology project for the promotion of small scale industries in drugs and pharmaceuticals, medical electronic equipment, garments, food processing and automobile components. Although Tamil Nadu is advanced in the development of small scale industries,

** Aromatics plant at Manali at an investment of Rs 840 crores

** Projects for Power generation and natural gas based industries in Thanjavur

* Promotion of high technology small scale

industries with Japanese assistance

* Arrangements to restructure and revive sick small scale units

hundreds of small scale units in our State are sick on account of financial and technical problems. We propose to establish a suitable mechanism for examining the problems of sick small scale units from all angles and for taking steps to restructure and restore them to viability.

46. We have sanctioned Rs. 250 each to nearly 12,000 workers in 17 textile mills and 4 engineering units which have been closed on account of financial or other problems from the Labour Welfare Fund. We have so far arranged for the re-opening of three of these closed units and we are taking steps to re-open the remaining ones.

Handlooms

47. The Government will disburse the arrear rebate claims of Rs. 26.15 crores to Co-optex and Primary Handloom Weavers within the next 3 months. An enforcement wing will be established to protect and preserve handlooms against competition from power looms in consonance with the handloom reservation policy. The package of programmes in the handloom sector in the coming year will include bringing more handlooms under co-operatives, production of new

62. An additional provision of rupees one crore will be made to ensure free supply of drugs in adequate measure to poor patients in primary health centres. We have taken steps to appoint doctors in all primary health centres. Buildings with staffquarters will be constructed in 120 primary health centres at a cost of Rs. 8 crores.

63. A High Level Committee has been established to go into issues relating to medical education and hospital administration. We shall stream-line the functioning of teaching hospitals, district and taluk hospitals based on the recommendations of this committee.

Drinking Water Supply

64. This Government will take vigorous steps to solve the drinking-water problem of our people in a time bound manner, recognising that drinking-water is an essential need. According to available data, 12,000 villages/hamlets in the State do not have drinking-water facilities as at the end of 1988-89. A provision of Rs. 155.5 crores has been made in the coming year in order to provide drinking-water facilities for 6,000 villages/hamlets as a first step and for meeting the drinking-water needs in all corporations, municipalities and smaller towns in this State.

Housing

65. The Tamil Nadu Housing Board will implement a project for constructing 19,400 houses under different schemes at a total cost of Rs. 110 crores. The Tamil Nadu Slum Clearance Board will construct 1,000 tenements at a cost of Rs. 2.5 crores in the coming year besides taking up a scheme for providing shelter to pavement dwellers. Slum Clearance schemes in 63 other towns will be continued.

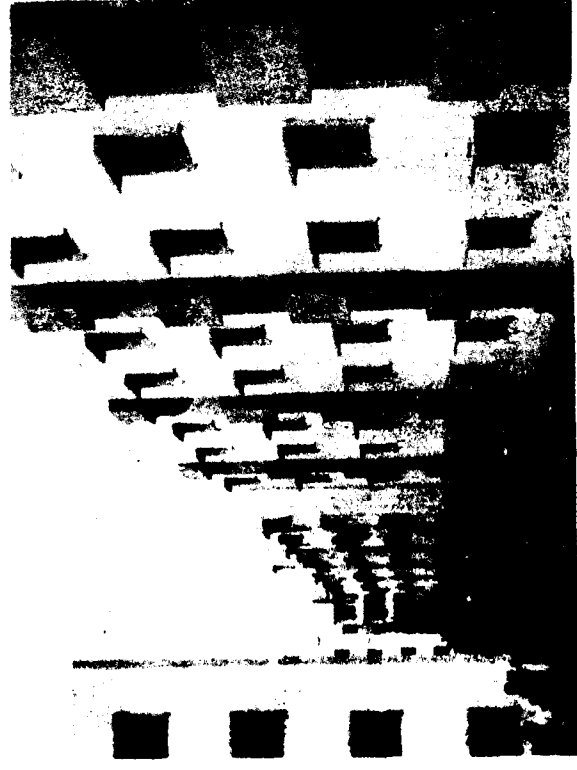
Rs. 632.55 crores. Madras and other cities like Salem, Tuticorin, Tirunelveli, Erode, Coimbatore, Tiruchy, Madurai, Tiruppur and Vellore along with their urban agglomerations will be benefited by this project. In 1989-90, schemes like sites and services with basic amenities, slum improvement and roads will be taken up at a cost of Rs. 111.27 crores.

Nutritious Meal Programme

69. A provision of Rs. 173.8 crores has been made for the Tamil Nadu Nutritious Meal Programme which will benefit 85 lakh children. Adequate supervisory arrangements will be made to rectify the irregularities and leakages



that have come to light from time to time in this programme. We shall enable the Panchayats to



66. The Ninth Finance Commission has disregarded the claims of Madras City while providing Rs. 50 crores each to Calcutta and Bombay for slum improvement. We have pointed out this to them and have urged that a similar grant should be made for slum improvement in Madras.

67. As promised in the election manifesto, the Government will construct concrete houses and provide them free for Adi-draavidars as was done in 1974 instead of the existing practice of constructing thatched and tiled houses. To construct 45,000 houses, the budget for 1989-90 provides for Rs. 49 crores. 3,000 houses for fishermen will also be included in this programme.

Tamil Nadu Urban Development Project

68. With the assistance of the World Bank, the Tamil Nadu Urban Development Project is being implemented as a 6 year project with an outlay of

supervise the functioning of this scheme and bring any short comings to the notice of District Collectors. I wish to point out that the fullest co-operation of the people is necessary to ensure that this scheme can truly provide nutrition to our children in a well co-ordinated, efficient and economic manner.

Welfare of Scheduled Castes and Scheduled Tribes

70. Our Government will pay special attention to the welfare of Scheduled Castes and Scheduled Tribes. The provision of Rs. 16.54 crores for this purpose in the current year's Annual Plan has been increased to Rs. 31.84 crores in 1989-90. 25 new hostels will be opened for Scheduled Castes and Scheduled Tribes students in 1989-90. Provision has been made to provide free education upto the graduate level for Scheduled Castes and Scheduled Tribes students as promised in our election manifesto. The allocation for providing free house-sites for Scheduled Castes has been increased from Rs. 1.15 crores in the current year to Rs. 2.35 crores in 1989-90. A special scheme with a provision of Rs. 20 crores will be implemented in the coming year to assist Scheduled Castes and Scheduled Tribes households which will have as its components,

- (i) training schemes
- (ii) subsidies for promoting self employment.
- (iii) financial assistance for setting up small production units.

Welfare of Backward Classes

71. This Government has always given special priority for promoting the welfare of Backward classes, especially in regard to their education and employment. In the coming year, 25 new hostels will be opened for high school students belonging to

22 Backward Classes. The family income limit for educational concessions to Backward Class student will be increased from Rs. 5,000 per annum to Rs. 12,000 per annum.

- * Free education for all students from Most Backward Classes and Denotified Communities up to graduate level at B.A., B.Sc., B.Com.

Directorate for Most Backward Classes

72. The aspirations of Most Backward Classes including the Vanniar community, has been a major social issue over several years. We have recently announced certain decisions which are aimed at a permanent solution to this issue. We have decided that without any change to the 18 per cent reservations available for Scheduled Castes and Scheduled Tribes and to the 32 per cent available for all classes under open competitions the balance of 50 per cent will be apportioned on the basis of 30 per cent for Backward Classes and 20 per cent for Most Backward Classes and Denotified Communities. Well-intentioned sections of all communities have expressed wide spread support to this decision.

73. Our desire and objective is that the Most Backward Classes and Denotified Communities should achieve educational, social and economic advancement by fully utilising the reservations provided for them. We have immediately created a separate directorate for the welfare of Most Backward Classes. This directorate will take active steps to formulate schemes for the all round advancement of Most Backward Classes and Denotified Communities. In particular, it will take steps to improve facilities for promoting literacy and education in the areas in which these communities are resident.

Unemployed Youth, about 18,000 young persons will be provided with assistance for self-employment opportunities.

77. Over and above these schemes, we propose to implement a new scheme in the coming year for providing employment to educated youth in rural areas who have completed the 10th class in schooling and are in search of employment. Those employed under this scheme will be given a honorarium of Rs. 200 per month and will be engaged in activities such as adult literacy, continuing education, maintenance of drinking water facilities, supervision of sanitation, conduct of libraries to promote awareness, promotion of village welfare schemes, helping to protect village common property resources, small savings and the like. Employment will be provided by Panchayats under this scheme. A total of 25,000 persons throughout the State will be employed in the scheme on the basis of employment for not less than 60 persons in each Panchayat Union.

78. A similar scheme for educated unemployed in urban areas will be announced shortly after examination.

- * 30 per cent of employment opportunities in Government, public sector enterprises and local bodies has been reserved for women.
- * Only women teachers will be appointed for I and II standards in primary schools.

Women's Welfare

79. There can be no social renaissance without women's advancement. Women can be emancipated from their subjection and awareness can be created amongst them

Employment

74. Provisions have been made in several sectors in order to promote widespread employment opportunities in rural and urban areas. The National Rural Employment Programme (NREP) and the Rural Labour Employment Guarantee Programme (RLEGP) which are being implemented with the participation of the State and Central Governments have been recently merged. A provision of Rs. 109 crores has been made for this scheme which will result in 600 lakh man-days of employment, i.e., a full year's employment for nearly two lakh persons.

- * 44,000 persons will benefit under the self-employment scheme for the urban poor.
- * 18,000 persons will be benefitted under the self-employment scheme for educated unemployed youth.

75. The Integrated Rural Development Programme (IRDP) is another scheme where there is Centre-State participation. A provision of Rs. 49 crores has been made for this scheme under which significant self-employment opportunities will be created for agriculture, dairying, small industries, and small business. Nearly 2 lakh persons will benefit in the coming year from this programme.

76. Another special scheme which will be implemented is the self-employment programme for urban poor under which 44,000 persons from poor households will be given Self-employment opportunities in urban areas. This scheme is undertaken by the State Government with Central assistance. Under the programme for Self-employment for Educated

A marriage grant of Rs 5000 will be given to girls from poor families who have completed the eighth class.

Maternity relief of Rs 200 for women from poor households.

only if they are given opportunities and rights in the social and economic spheres. This Government is committed to securing the dignity and development of women. The Government have announced several schemes with this objective in mind. Recalling the resolution of the first Self-Respect Conference held in Chengapattu in 1929 under Thanthai Periar which called for equal employment opportunities for men and women and for property rights for women, we have issued orders reserving 30 per cent of employment opportunities in Government Offices, Public Sector Corporations and local bodies for women. We have also decided to appoint only women teachers in the first and second standards in schools. Reservation in jobs is not enough by itself; in order to utilise it, educational opportunities need to be promoted. Accordingly, in accordance with our election promise, free education will be provided up to the graduate level for girls from poor and middle class families from the coming year.

78. Under another scheme for encouraging women's education we propose to provide a marriage grant of Rs. 5,000 to girls from poor households who have completed eighth standard and above. Rs. 6 crores have been provided for this scheme in the Budget.

81. Working women from poor households in towns and villages lose earnings at the time of pregnancy and child birth. This accentuates their poverty. In accordance with our election promise, a maternity relief

24 of Rs. 200 will be given to them on the basis of Rs. 50 per month from the eighth month of pregnancy up to the second month after delivery. This benefit will be available only in the case of the first two children. A provision of Rs. 4 crores has been made for the purpose.

82. A major scheme for women's development is proposed to be undertaken shortly with the assistance from the International Fund for Agricultural Development. This project will be implemented over a seven year period in Salem, Dharmapuri, and South Arcot districts at a cost of Rs. 45.8 crores to benefit about 40,000 women.

83. We have decided to amend the Hindu Succession Act, 1956 in order to provide equal property rights for female children on par with male children. Legislation for this purpose will be brought forward in this session.

Election Promises

84. The people of Tamil Nadu have sent us here on the basis of our electoral promises and to implement them. In the opening sections of this speech, I had referred to the electoral promises which were fulfilled in the Governor's address and thereafter. The debt relief to farmers and allocations for drinking water, Adi-Dravidar housing, fishermen housing, urban development, women's welfare and employment are also based on the promises made in the election manifesto. In addition to this, we had promised to implement certain schemes of particular benefit to the poor. I have great pleasure in informing Honourable Members that all these special schemes, which were included in the election manifesto, will be implemented in the coming year itself.

* Five kilo grams of rice will be provided free to all poor households on the occasion of Tamil New Year's

categories. It was also subject to an annual income limit of Rs. 3,500. We have now decided to remove the income limit and extend the benefit of Rs. 10,000, in addition to categories already covered, to families of drivers of trucks, auto-rickshaws, private cars, taxis and buses and to all building and construction workers who happen to die in accidents. Appropriate amounts will also be given in the case of disabilities caused by accident injuries.

* Free supply of 5 kilos of rice to benefit 50 lakh households on Tamil New Year's Day, Deepavali and Pongal.

* Free supply of handloom dhoti and saree to 50 lakh poor households.

*In accordance with the electoral promise, graduate education at the B.A., B.Sc. and B.Com. stages will be made free for students belonging to Scheduled Castes, Scheduled Tribes, Most Backward Classes and Denotified Communities. A provision of Rs. 2.25 crores has been made for this purpose.

*As promised in the election manifesto, assistance will be provided for converting cycle rickshaws into motorised rickshaws. Further, drivers of cycle rickshaws, auto rickshaws and taxis will be assisted to own their vehicles. Both these schemes will be implemented on the basis of subsidised low interest loans through the Tamil Nadu Industrial Investment Corporation.

85. The benefits of the social security and social welfare schemes implemented in the past have not effectively reached the people. In extending these benefits there

Day, Pongal and Deepavali. This scheme will be initiated on 14th, April 1989 which marks the beginning of the New Year. 50 lakh households will be benefited under this scheme for which a provision of Rs. 14 crores has been made.

* A provision of Rs. 27 crores has been made to provide about 50 lakh poor households on Pongal Day with free distribution of one handloom dhoti and one handloom saree.

* Old age pensioners are being forced to wait for a long time to obtain old age pensions because of the ceiling placed on the number of applications which can be sanctioned. To remedy this, the ceiling will be removed and, in addition, the amount of pension will be increased from Rs. 35 per month to Rs. 50 per month. This measure will benefit 4 lakh persons including 30,000 persons who are in the waiting list. We shall ensure not only that all those who are now eligible obtain the benefit but also that in future the situation of thousands of applicants being on the waiting list will not be allowed to recur. In the same way, the ceiling will be removed for pensions for physically handicapped, widows, and destitute women and their pensions will also be increased to Rs. 50. An expenditure of Rs. 21 crores will be incurred in the coming year for this purpose.

* Poor households who happen to lose their breadwinner are plunged into distress because of the sudden loss of income. In order to assist the resettlement of these families, a grant of Rs. 2,000 will be given to them by the Government. A provision of Rs. 3 crores is being made for this purpose.

*In the past, although a compensation of Rs. 10,000 was being given to families of victims in fatal accidents, this amount was available only to certain occupational

has been considerable delay and several irregularities. Arrangements will be made to disseminate full information on these social security and welfare schemes so that it becomes common knowledge. In implementing these programmes we shall ensure that those entitled, get assistance without any delay or difficulty.

Budget Estimates.

86. At the time of formulating the budget for the current year, namely, 1988-89, the overall deficit at the end of the year was estimated at Rs. 327.36 crores. On the basis of the revised estimates which are being presented now, revenue receipts are estimated at Rs. 3,341.48 crores and revenue expenditure at Rs. 3,650.46 crores, leaving a revenue deficit of Rs. 308.98 crores. Taking into account the net effect of other accounts, the overall deficit at the end of the current year is estimated at Rs. 175.40 crores. The reduction in the closing deficit

Liberalisation of old age pensions and pensions for the physically handicapped, widows and destitute women.

** The amount of the pension will be increased from Rs 35 per month to Rs 50 per month.

** The ceiling on the number of pensions will be removed and the waiting list of 30,000 applications will be cleared.

** In future, old age pension and other such pension applications will be expeditiously cleared without any ceiling on the number.

** A total of 4 lakh persons will benefit under these changes.

is mainly due to the scaling down of the current year's plan outlay from Rs. 1,457 crores to Rs. 1,202 crores. I have explained that this became inevitable because the previous Government did not take steps to mobilise resources, while at the same, it undertook new non-plan expenditures. On several occasions, the Government under President's rule, and thereafter our Government, have requested the Centre to cover the current year's deficit of Rs. 175.40 crores.

* The accident relief scheme has been liberalised.

** The income limit will be removed for existing categories under this scheme.

87. According to the budget estimates for 1989-90, revenue receipts have been placed at Rs. 3,845.74 crores and revenue expenditure, at Rs. 4,134.23 crores resulting in a revenue deficit of Rs. 288.49 crores. Taking into account the net effect of other accounts, the overall deficit from transactions in 1989-90 has been estimated at Rs. 149.67 crores. This, along with the closing deficit of Rs. 175.40 crores at the end of the current year, is estimated to result in an overall total deficit of Rs. 325.07 crores at the end of 1989-90.

88. In bridging this deficit, we propose to undertake a few measures to raise additional resources to finance the several welfare schemes that I have announced for the benefit of the weaker sections of society. We will take care to ensure that the burden of these measures do not fall on the poor.

89. Firstly I wish to announce some changes in sales tax rates. The trading community has been representing for a long time that commodities should be

90. Although our critical financial position renders it impossible to envisage any large surrender of revenue through exemptions, we have not hesitated to extend concessions wherever appropriate.

** The scheme will be extended to cover drivers of cycle rickshaws, auto rickshaws, cars, taxis and trucks and to all building and construction workers.

91. In the election manifesto we had promised that equipments used for agricultural purposes will be exempted from sales tax. The most important of these are agricultural pumpsets. The tax of 8 per cent on pumpsets of 3 horse power or 5 horse power which are mostly used for agricultural purposes will be totally withdrawn. This will result in a revenue loss of Rs. 4 crores per annum.

92. Sales tax is levied at present at 5 per cent on sand used for construction purposes. Since this levy results in harassment to those engaged in transportation of sand we have decided to drop it.

93. On humanitarian grounds, we have decided to remove sales tax on all articles used by physically handicapped persons such as crutches, wheel chairs three wheelers with or without motors and support sticks of all materials.

94. Stationery items which are mainly used by students, such as pens, ballpoint pens, pencils, reills, erasers, colour pencils, sharpners, blackboards, geometry and dissection boxes and rubber play balls will be exempted from tax. The tax on combs, an article of mass consumption will be withdrawn.

brought from multipoint to single point sales tax. We have carefully reviewed the situation. When the Tamil Nadu General Sales Act was introduced in 1959 there were 63 commodities under single point levy. Between 1959 and 1973, 13 commodities were added to the single point list. It was only in 1974 that as many as 59 commodities were brought over to single point levy. Thereafter an additional 38 more commodities have been shifted from multipoint to single point levy. Notwithstanding a revenue loss of Rs. 50 lakhs, we have now decided to bring 9 more commodities from multipoint tax to single point tax. The details of the commodities and rates of single point levy proposed on them are as follows:

Serial number.	Item.	Rate of single-point tax.
(1)	(2)	(3)
		(PER CENT)
1	Readymade garments	5
2	Animal drawn vehicle tubes ..	8
3	Scalp Vein sets, blood administration sets, blood donor sets, solution administration sets and measured volume sets	8
4	Brazing rods	10
5	Beedi leaves	5
6	Rubberised Coir Products ..	5
7	Helmets	8
8	Light roofing sheets ..	8
9	Cuddapah stone slabs, Shahabad stone slab and granite stone slabs	8

95. During the President's Rule several concessions for industry were announced—at an estimated revenue loss of Rs. 25 crores in a full year. These concessions will be continued. Some of these concessions have to be implemented through changes in the Tamil Nadu General Sales Tax Act 1959. These amendments will be introduced in the present session.

96. I shall now turn to a few changes in tax rates to raise resources. Petrol in Tamil Nadu is subject to a sales tax of 14 per cent while the corresponding rates are 18 per cent in Andhra Pradesh and 20 per cent in Karnataka. We have proposed to raise the rate to 18 per cent. The sales tax on aviation fuel is proposed to be increased from 14 per cent to 20 per cent.

97. The rate of tax on industrial machinery is proposed to be increased from 8 to 10 per cent. The concessions given in respect of textile machinery and spare parts will continue. This increased rate will still be less than that obtaining in most other states.

98. As a measure of support to the production and sales of hand made soaps the sales tax on such soaps will remain unchanged while the tax on machine made soaps will be increased from 6 to 8 per cent.

99. It would not be unreasonable to expect those who patronise expensive hotels and restaurants to contribute a small amount to the Government for implementing schemes for the poor. We propose to levy a tax of 5 per cent on sales of food and beverages in hotels and restaurants with an annual turn over of Rs. 10 lakhs and above.

100. We propose to rationalise the surcharge and additional surcharge that is being added on to sales tax. These will be consolidated into a single surcharge of

8 10 per cent and made applicable to all corporations and special grade municipalities. In all other areas in the State the consolidated surcharge rate will be 8 per cent. The proceeds, net of collection charges, will be passed on to the local bodies.

101. At present, an additional sales tax is levied at 1.25 per cent on taxable turnover between Rs. 10 lakhs and Rs. 40 lakhs and 1.5 per cent on taxable turnover of Rs. 40 lakhs and more. The additional sales tax will be increased to 2 per cent on a new bracket of turnover for Rs. 1 crore and more. The additional sales tax rates will remain at the present level between Rs. 10 lakhs and Rs. 1 crore. This measure will affect only a relatively small number of very large companies.

102. The net effect of the various changes in sales tax will result in an estimated increase in revenue of Rs. 30 crores in the coming year.

103. We had announced in 1975 that we would constitute a Traders Welfare Board to promote the interests of traders and extend assistance to traders facing difficulties. This did not materialise. Recalling that promise, a Trader's Welfare Board will be established in the coming year. The Government will set apart Rs. 2 crores from sales tax revenue for this purpose. I would like to appeal to the trading community to support this effort with a matching contribution. Schemes for their benefit will be drawn up by this Board which will include traders representatives.

104. The annual yield from entertainment tax is about Rs. 60 crores. Representations have been received from producers, distributors and exhibitors on the need to rationalise the entertainment tax structure. The Govern-

to 500. As is the case in certain other States, the rates will be doubled for company owned cars and trebled for imported cars.

108. The tax rate per passenger seat in respect of Omni buses is proposed to be revised to Rs. 500, with the tax rate for all India permit Omni buses being brought on par with other Omni buses. There have been persistent requests to permit higher seating capacity in Vans which carry domestic tourists. It is proposed to increase the maximum number of passenger seats in vans to 12 and to fix the tax per seat at Rs. 150 per quarter.

109. At a time when more powers are being given to local bodies it is essential that their resources are strengthened. At present in Tamil Nadu, Taxes on professions, trades, callings and employments are levied by local bodies under different Acts governing them. The collections made by local bodies of this tax has been very poor. The State Government has taken over the power of levy and collection of this tax in States like Maharashtra, Gujarat, West Bengal and Karnataka with the result that the revenue from this tax has gone up considerably. It is proposed to carefully examine the possibility of levy and collection of this tax by the Government on the basis of passing on the proceeds to the local bodies, retaining the collection charges. Without raising the rates of taxation, the intention at present, is to improve the levy of this tax, ensure better collections and pass on the proceeds to local bodies for taking up development works.

110. I had earlier pointed out that the current year's closing deficit has been placed at Rs. 175.40 crores

ment will hold discussions with representatives of all three groups and take necessary decisions.

105. This State is denied its legitimate share of sales tax on the sales of motor vehicles which are purchased outside the State and brought here. We propose to introduce legislation to curb this evasion. Motor vehicles purchased in other States brought into Tamil Nadu either for sale or for use will be subject to an entry tax before they are registered under the Motor Vehicles Act. The entry tax will be at a rate equal to the difference between the prevailing sales tax rate in the State of origin and the rate in Tamil Nadu to the extent that the former is less than our rate.

106. There has been a striking and sustained growth in two wheelers like scooters, mopeds, and motor cycles from year to year. This has rendered the present system of collection of the motor vehicles tax cumbersome both to the tax payer and to the Government.

We propose to introduce a lump sum tax for motorised two wheelers which can be paid at the time of purchasing the vehicle eliminating the inconvenience involved in paying the half-yearly tax. The lump sum tax will be Rs. 500 for two wheelers below 50 cc., Rs. 750 for those between 50 cc. and 300 cc. and Rs. 1,000 for those with a capacity of more than 300 cc. Those who are already owning such two wheelers will have the option of either paying the lump sum tax or the annual tax. The annual tax proposed to be levied will be Rs. 80, Rs. 90 and Rs. 100 for the three categories respectively.

107. As for cars, the present rates of Motor Vehicle Tax range between Rs. 258 and Rs. 405 based on unladen weight. These will be revised in the range Rs. 300

in the revised estimates. Since finalising these estimates, the Central Government have allowed us to borrow Rs. 21.49 crores in the open market as a result of which the current year's closing deficit will be reduced to Rs. 153.91 crores. We have requested the Central Government to cover this deficit in full. We shall continue to emphasise that they should accede to our demand and cover this deficit at least in the coming year recognising that the responsibility for creating this deficit is that of the administration during President's rule.

As far as the coming year, viz., 1989-90 is concerned, a deficit of Rs. 149.67 crores will result from the imbalance between receipts and expenditures. It is our responsibility to cover this deficit. We expect a net yield of the order of Rs. 50 crores from taxation measures introduced in this budget. In addition, during the recent discussions with the Union Planning Commission held in New Delhi, an additional amount of Rs. 34.90 crores has been assured to Tamil Nadu through additional open market borrowing and additional Central assistance. This amount, along with our own resource mobilisation of Rs. 50 crores will reduce the closing deficit at the end of the coming year to Rs. 64.77 crores. We are confident that the net deficit of this order can be covered through economy measures, better tax collection and from our share of the consignment tax which is due to be introduced in Parliament by the Centre.

111. In this connection, I wish to underline the necessity and possibility for practising economy in Government expenditures. We shall be strict in regard to expenditures such as those relating to vehicles, petrol,

travel expenses, telephone expenses, and Government advertisements. In addition, all efforts will be taken to avoid waste in Government programmes, plan and non-plan. While increasing employment opportunities for the implementation of new schemes and for enlarging existing ones, we shall utilise surplus staff, to the extent that it is available in various departments for filling up new vacancies. For this purpose, a Central Manpower Cell will be established in Government.

112. In the last few years, a number of new public sector corporations have been established. We have recently announced that 10 such corporations and committees will be wound up because they were unnecessary. Both officials and non-officials had been appointed to head many of these corporations and we have already taken decisions to effect economy by avoiding such duplication of expenditure. We shall examine the functioning of other corporations also in detail and take steps in the coming months to eliminate their losses and to improve returns from them. I assure the House that in these several ways we shall pursue rigorous measures for economy.

113. In the spirit of Puratchi Kavignar Bharathidasan's lines—



Speech of Hon'ble Thiru M. Karunanidhi, Chief Minister of Tamil Nadu, presenting the Budget for 1989-90 to the Legislative Assembly on 25th March 1989.

Pangudi 12, Thiruvalluvar Asada-1920



Vanakkam

“தடைக்கற்கள் உண்டெனினும்
தடந்தோள் உண்டென சிரிப்போம்”

we have not been daunted by the financial crisis in preparing this budget which reflects our unbounded desire to implement several schemes for assuring a bright future to the people of Tamil Nadu. This Government has not been deflected by the sharp arrows of fiscal deficits from meeting the challenge of fulfilling—without hesitation—its responsibilities.

“இடனில் பருவத்தும் ஒப்பரவிற்கு ஒல்கார்
கடனறி காட்சியவர்”

In Thiruvalluvar's words, even in penury those who are duty bound will not fail to carry out good works. Inspired by his words, we are dedicated to tirelessly tread the path shown by Anna in the unwavering resolve to ever serve the people of Tamil Nadu and we seek their continued whole-hearted support.

I am grateful to Thiru N. Narayanan, Finance Secretary, and other officials who have greatly helped me in preparing this budget and I place the Budget Estimates for 1989-90 before the House for its approval.

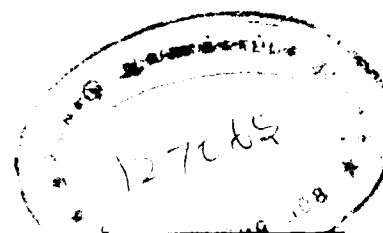
TAMIL NADU BUDGET, 1989-'90.

ABSTRACT.

Items.	1987-88 Accounts	1988-89 Budget Estimate,	1988-89 Revised Estimate,	1989-90 Budget Estimate,
(RUPEES IN CRORES)				
I. CONSOLIDATED FUND—				
Revenue Receipts.	3,091.89	3,187.72	3,341.48	3,845.74
Expenditure met from Revenue.	3,374.81	3,405.28	3,650.46	4,134.23
Surplus or Deficit on Revenue Account.	(—)282.92	(—)217.56	(—)308.98	(—)288.49
Capital Receipts.	1,027.54	710.46	1,470.32	1,026.14
Expenditure met from Capital including Loans and Advances (Net).	963.59	700.00	1,463.79	985.39
Deficit or Surplus on Capital Account.	(+)63.95	(+)10.46	(+)6.53	(+)40.75
Total Consolidated Fund (Net)	(—) 218.97	(—) 207.10	(—) 302.45	(—) 247.74
II. Contingency Fund (Net).	(+) 37.66	..	..	..
III. Public Account (Net)	(+)229.15	(+)83.36	(+)66.31	(+)98.07
Total Transactions (I+II+III)	(+) 47.84	(—) 123.74	(—)236.14	(—) 149.67†
Opening Balance ...	(+) 12.90	(—) 273.52	(+)67.74	(—) 175.40
Closing Balance.	(+)60.74 *	(—) 327.36	(—) 175.40	(—) 325.07

* Note.—The adjusted cash balance account with Reserve Bank of India was Rs. (—)13.27 Crores.

†This will be covered by additional Central Assistance/Market borrowings for Rs. 34.90 crores. New taxation measures for Rs. 50.00 crores and through economy measures and better tax collection for the rest of the deficit.



TAMIL NADU MINERALS LIMITED MADRAS - 600 005

(An Undertaking of the Government of Tamilnadu)

TAMIN exports Black and Grey Granite Blocks to Foreign countries like Japan, West Germany, U.K., Italy and Australia.

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8. RAW GRADED VERMICULITE	Volume expansion on heating 14 times (average)
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Hon'ble Minister for Information and Labour, Thiru Pon. Muthuramalingam lighting a Kuthuvilakku to mark the inauguration of the French Film Festival held in Madras on 10th March, 1989.



Hon'ble Minister for Social Welfare, Tmt. Subbulakshmi Jagadeesan inaugurated the Sports Day on 17th March, 1989 held in connection with the World Disabled Day in Madras.