

**Press Statement of Thiru O. Panneerselvam,  
Minister for Finance, Government of Tamil Nadu – 18.5.2012**

Certain reports have appeared in the media about the indictment of the Comptroller & Auditor General with regard to the performance of Public Sector Undertakings, State's Finance, Forest cover, etc. which tend to give an impression that these indictments pertain to the functioning of the AIADMK Government under the leadership of Puratchi Thalaivi Amma.

Every year all Government Departments and Public Sector Undertakings are audited by the Comptroller and Auditor General of India and these audit reports are tabled in the Legislative Assembly, normally at the conclusion of the Budget session.

For the Financial year ended 31.3.2011, the Comptroller and Auditor General of India has prepared Audit Reports titled State Finances, Revenue Receipts, Commercial and Civil which were placed in the Legislative Assembly on 16.5.2012. In these reports a number of lapses have been pointed out, which have been extensively reported in various newspapers. All these lapses have occurred during the tenure of the previous DMK Government. However, since some of the newspaper reports have created an impression that these lapses have occurred during the tenure of the present Government, I am constrained to clarify that all these lapses have occurred only during the tenure of the previous DMK Government.

The Comptroller and Auditor General's Commercial Audit Report for the period ending 31<sup>st</sup> March 2011 has clearly brought out that the State Public Sector Undertakings in Tamil Nadu in aggregate had suffered severe losses. Specifically, 23 Public Sector Undertakings had incurred heavy losses. In particular, in the financial year 2010-2011, the Tamil Nadu Electricity Board had incurred losses of Rs.10,294.64 crores. It has also been pointed out that the subsidy payment for free supply of electricity for agriculture at Rs.250 per horse power is very low. After the AIADMK Government assumed office, the subsidy payment on account of free supply on electricity for agriculture has been increased from Rs.250 per horse power per year to Rs.1750. Hence this Government has taken action to set right the shortcoming pointed out in the Comptroller and Auditor General's Report of inadequate compensation on account of the free supply of electricity for agriculture. Similarly this Government has taken a number of steps to reduce the losses in other Public Sector Undertakings especially the losses suffered by the State Transport Undertakings.

The Comptroller and Auditor General of India's report has also pointed out that the financial situation of the State is very precarious and the State's debt burden requires urgent attention. Further, the report

points out that, in 2010-2011 when the DMK was in power, the revenue deficit was Rs.2728 crores. In 2009-2010 the fiscal deficit was Rs.11,807 crores which increased to Rs.16,646 crores in 2010-2011 and the State's debt burden exceeded Rs.1 lakh crores. Keeping this in mind, the AIADMK Government took measures to increase the Government's revenues and in 2011-2012 the revenue deficit has been completely eliminated and revenue surplus of Rs.536.54 crores has been reached. It is the present Government which has taken measures to correct the State's fiscal situation. The fiscal deficit in 2011-2012 has been contained to Rs.16,597 crores which was less than the fiscal deficit of Rs.16,646 crores in 2010-2011. Similarly, although the Central Government had authorised net borrowing of Rs.17,437 crores, in 2011-2012 the net borrowing has been curtailed to Rs.12,874 crores. Hence, although the fiscal situation was very grave during the tenure of the previous DMK Government, this Government has now consolidated the fiscal situation.

Apart from these, many other short-comings have been pointed out in the audit reports including that the total number of persons in family cards distributed exceeded the population of the State; 1,300 lives have been lost due to short-comings in emergency medical services provided in Government hospitals; and that the Public Works Department has not properly implemented the centrally sponsored scheme for artificial recharge of ground water. I would like to point out that all these lapses occurred during the tenure of the previous DMK Government.

So far as the area of forest and tree cover is concerned, this Government has taken all efforts to increase the forest and tree cover. The State has a total tree and forest cover of 28,343 sq. km now, which works out to 21.79% of the total geographical area of the State.

The State is taking every effort to achieve the goal of higher coverage of the State geographical area by tree and forest cover. Some of the initiatives taken in the year 2011-2012 are:

- A Massive Tree Plantation programme of 64 lakh seedlings covering 30 indigenous species in all the 32 districts.
- Planting of 1.19 crore seedlings of Teak, Casuarina, etc in the private lands of farmers.
- Launching of the Tamil Nadu Biodiversity Conservation and Greening Project at a cost of Rs.686 crores under which in the next 5 years, 10 crore saplings will be planted.
- Fire protection and intensification of cultivation of shola forests and removal of exotic species from the protected areas and reserve forests.

- Revival of the scheme for planting karuvel seedlings on the tank foreshores which has been started in 4000 hectares in Panchayat and Panchayat Union Tanks from the current year. It is planned to cover 1 lakh hectares under this programme to cover the tank foreshores of all the tanks in the state.

The media have also mentioned the allocations which were reduced during the 11<sup>th</sup> Five year Plan by the previous Government. During the year 2010-2011, the allocation for the plan schemes was Rs.346.31 crores. The present Government under the leadership of Hon'ble Chief Minister Puratchi Thalaivi Amma had provided Rs.459.84 crores in 2011-2012. Thanks to the large number of schemes sanctioned for the forestry sector under the State Plan, an increase of Rs.113.53 crore was achieved in a single year, which is a record for the Department. This has been further improved to Rs.485.34 crores in the Budget Estimates for the year 2012-2013.

The Government is taking serious steps and also monitoring the eviction of encroachments and addition to the forest areas by way of forest settlement. Special mention has to be made about the notification of 17,014.13 acres under the Gudalur Janmam Estates Act of 1969 as forests and handing over of an extent of 11204.47 acres to the Forest Department for notifying the same under the Tamil Nadu Forest Act. This was a historic development in the case which has been going on since 1969.

The shortcomings pointed out in the report of the Comptroller and Auditor General pertain to the period 2010-2011 and these have been set right by this Government.

O. Panneerselvam  
Minister for Finance

**Issued By:-**

**DIPR, Secretariat, Chennai - 9.**