

The Union Finance Ministers pre budget meeting was held Underthe chairmanship of Mr.P.Chidambaram Honble Union finance minister today (16.1.2013) at new delhi. On behalf of Tamilnadu Government, Shri.O.Pannerselvam, Honble Minister for Finance has spoken in the meeting.Thiru K.Shanmugam, Principal Secretary, Fiance department attended in the meeting. Honble Finance minister Mr.O.Pannerselvam

Speech as follows:

**Hon'ble Union Finance Minister Shri P Chidambaram,
Hon'ble Union Minister of State for Finance
Shri Namu Narain Meena,
Hon'ble Finance Ministers of State Governments,
Respected Finance Secretaries and Officers of the Union and State
Governments,
Vanakkam,**

At the outset I wish to convey my gratitude to my leader, the Hon'ble Chief Minister of Tamil Nadu, for giving me this opportunity to participate in this pre-budget meeting called by the Government of India. I take this opportunity to share our views and hope that the concerns expressed here will be given due consideration while preparing the next budget for the coming financial year.

2. Before coming to major issues that the State Government wishes to flag, I wish to reiterate three earlier requests that I have already made.

- i) The Central Government should allow the State Government to dovetail the funding of the Rashtriya Swasthya Bima Yojana (RSBY) with the State Public Health Insurance Scheme since the State scheme's coverage is much better than the RSBY,
- ii) the Central Government's share in the Old Age Pension scheme should be increased to at least Rs 750/- and
- iii) the unit cost of houses built under the Indira Awas Yojana (IAY) should be increased to at least Rs 1 lakh.

I sincerely hope that the Hon'ble Union Finance Minister and the Central Government will positively respond to these requests.

3. I wish to express the serious reservations of the State Government about the Direct Cash Transfer initiative of the Central Government. We appreciate that the existing schemes involving cash disbursement, like Old Age Pension and Student Scholarships, can be streamlined and the possibilities of leakages can be minimized by the Direct Cash Transfer. However, for schemes with wider socio-economic objectives like the Public Distribution System, mere cash distribution would effectively amount to escaping from public responsibility. I urge the Union Finance Minister to think beyond administrative convenience and appreciate the realities of entitlements and access at the grass root level.

4. While the 12th Plan document speaks liberally about the second phase of the JnNURM, the Central Government is yet to come up with any such

scheme. Even as fund flow for the residuary works under the JnNURM does not meet our expectations, there is no sign of the second phase either. Unsure of the Central Government's initiatives, the State Government has gone ahead with its own Mission Mode Programmes i.e. the "Integrated Urban Development Mission" and the "Chennai Mega City Development Mission". I wish to impress upon you the urgent need for forming a flexible infrastructure development Mission with adequate funding as JnNURM II, at least, in the coming budget.

5. Time and again, States have raised concerns about CST compensation. Even after a considerable lapse of time, no allocation has been made by the Central Government. I once again request that compensation for the permanent loss on account of the abolition of CST has to be provided for immediately in the ensuing budget. A consultative approach considering the views of all stakeholders is needed in order to arrive at a just and fair solution to the GST imbroglio. As suggested by our Hon'ble Chief Minister during the NDC meeting, the Central Government should be prepared to consider more radical approaches, including delegating the levy and collection of the substitutes for VAT and Central Excise Duty within the State completely to the State machinery with the Central tax administration focusing on inter-state taxation, customs duties and direct taxes.

6. The importance of a capable human resource for the development of an economy cannot be overstated. I am happy to inform that the State Government has launched a Skill Development Mission for training the unskilled manpower in order to

make it competitive and enable it to meaningfully participate in the growth story of the State. The State Government is also working out the modalities of effective private sector participation, especially for the management of the State run Industrial Training Institutes (ITIs). I urge the Central Government to announce a grant of at least Rs 100 crore for this Mission Mode Scheme.

7. It is disappointing to note that the Rajiv Awas Yojana is yet to take off. In order to deal with the challenging and complex problem of urban housing, the focus should be on *in situ* development and resettlement of urban slums for which adequate funding should be ensured. Similarly, the interest subvention programme of the Government of India offers minimal support to the lower middle class, which makes the scheme very unattractive, given the manifold increase in the cost of construction. If the dream of the urban poor to have affordable housing is to become a reality, substantial stepping up of support to this sector is necessary. In order to achieve the objective of Housing for All, the Central Government may come forward to fund State Housing Boards to take up construction of houses in urban areas to be offered at reasonable rent to the poor and the middle class.

8. The Government of Tamil Nadu has successfully implemented the National Rural Health Mission and this has contributed significantly to improve the health indicators in the State. However, the promise of the Government of India to bring out a National Health Mission encompassing urban areas is yet to fructify. I hope that a comprehensive National Health

Mission, covering both rural and urban areas will be launched by the Government of India at least in the next financial year.

9. Similarly, the Urban Livelihood Mission is long overdue. As poverty eradication is our topmost priority, focused intervention is needed for its complete eradication. Urban Poverty has long been neglected and has only recently begun to receive mention in discussions on poverty issues. The present Swarna Jayanti Shahari Rozgar Yojana (SJSRY) is inadequate to deal with the complex problem of urban poverty. On our part, the State has decided to launch its own Urban Livelihood Mission to focus on removing urban poverty more pointedly. I request the Hon'ble Union Finance Minister to expedite the launch of the Central Government's scheme and allow dovetailing of funds for the State scheme.

10. Even after more than sixty years of evolution of a mature federal structure, the nature of most of the Central schemes is still very rigid, resorting to micromanagement and trying to dictate terms in every small detail. I happy that The Hon'ble Union Finance Minister has appreciated this problem and prepared to reduce the schemes and make it flexible. I wish to point out that the recommendation of the B. K. Chaturvedi Committee to adopt flexi fund approach may not give enough flexibility. We also consider that a mere 20% of the total allocation as "flexi fund" as recommended by the Chaturvedi Committee, to give flexibility under the Centrally Sponsored Programme, will not meet our requirement. The Central Government must look beyond this narrow interpretation and provide flexibility to the States to

decide on the scheme components, similar to the National Agriculture Development Programme.

I have one request on the implementation of financial restructuring plan indicated by the government of india to sortout the financial crisis faced by the state power utilities . As the states are already financially stressed to adhere with the FRBN norms. I will find it difficult to take over the short term loan without breaching the FRBM norms. Therefore an exemption under FRBM can be considered atleast to an extent of loan take over the state government , sothat we can have enough fiscal space to continue over on going schemes.

11. I hope that these requests of the State would be positively considered so that the concerns of the States are effectively redressed. I also congratulate and thank the Hon'ble Union Finance Minister for making available this forum and for extending the State this opportunity to put forth our views. I wish him and his team all the best for preparation of the budget 2013-2014. Thankyou , vanakkam.

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