

**PRESS STATEMENT OF SELVI J JAYALALITHAA,
HON'BLE CHIEF MINISTER OF TAMIL NADU – 28.2.2013**

The Union Budget presented in Parliament today has turned out to be an uninspiring damp squib, full of rhetoric, without any tangible steps to tackle the deep crisis confronting the Indian economy today. It pays lip service to the cause of the common people, but does little to correct deeper structural issues in the economy. I would describe it only as a day dream cosmetic budget of Mr. P. Chidambaram, the Union Finance Minister.

The slow down in economic growth and the sharp rise in inflation in the last two years which have caused so much pain to the people of the country were primarily due to the inept macro-economic management by the UPA government, which is now sought to be attributed to a variety of other factors. The Union Government has done everything possible to trigger inflation by raising fuel cost and increasing railway freight rates and has created a situation wherein the southward movement of inflation is a near impossibility in the near future. Despite the hype about inflation control measures, there are no tangible steps in the Budget to control inflation.

Mere lip service is being paid to "inclusive and sustainable development", while major damage has been inflicted by very deep and harsh cuts in spending in crucial social sectors in the Revised Estimates for 2012-13. Plan expenditure has been cut from Rs.5,21,025 crores in BE 2012-13 to Rs.4,29,187 crores in RE 2012-13. These deep cuts raise a number of unanswered issues. What is to be done where State Governments have already spent substantial sums based on approvals of their Annual Work Plans? They will not receive the due reimbursements in the current fiscal year. The Government of India aims to reach its fiscal deficit target in the current year at the expense of the State Governments.

The much discussed Finance Minister's promise of containing fiscal deficit has been done solely at the expense of the vital grants provided to the States and unceremonious cuts in the promised allocations in the Budget 2012-13. By reducing the allocation in RE 2012-13 and then again hiking it in BE 2013-14 an unsuccessful attempt is being made to create a rosy picture of a substantial hike in allocations by comparing it with substantially reduced Revised Estimates. Cosmetic gloss has been given precedence over issues of substance and of vital national interest.

It also totally undermines the credibility of the Budget exercise. The deep cuts imply that the Budget Estimates presented to Parliament lack sanctity and where is the guarantee that the increases that are proposed in many crucial social outlays will be provided for in 2013-14? This Budget presents a watershed – a watershed which completely destroys the credibility of the budgetary process of the Government of India. Hereafter, no allocation made in the Union Budget can be taken as an assurance of provision of funds. Hence, I demand that the cuts imposed in the RE 2012-13 should be rolled back and full releases on the promised outlays should be made. The Government of India should give up its attempt at sleight of hand and come clean and ensure that the States and the public at large do not suffer. The Finance Minister addressed the issue of the correct level of government expenditure and forgot about the much more important issue of the correct composition of expenditure. This shortsightedness has led to the deep cuts in the current year.

Apart from a slew of jargon, there is no concrete and tangible action to provide a stimulus to our sagging economy. Budget announcements regarding financial infrastructure projects and PPP projects may not enthruse investors as in the past. In the proposed changes in guidelines for implementation of plan schemes also, such changes seem to benefit only Congress ruled or election bound States. The anti State mentality of the Union Government resonates in every issue which is of vital importance to the States. After announcing FRP for discoms the Central Government has not allocated even a single rupee for this issue. On the GST issue also, there is no provision for compensating the States in 2012 and the promised sum of Rs. 9,000 crores for 2013-14 is grossly inadequate.

It is interesting to note that the only way that the Finance Minister can think of to bridge the Current Account Deficit is to encourage foreign investment, without examining what you can do to promote exports from India. The measures announced for promotion of exports are very minimal, while many sops have been announced for foreign investment. This clearly reveals that the UPA Government at the Centre acts more for the foreign investor than for any domestic constituency.

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