

1. STATE OF THE ECONOMY

State Income:

During 2008-09, all the sectors witnessed a lower growth profile when compared to the previous year. The Gross State Domestic Product (GSDP) at factor cost at constant prices (1999-2000) in the State had increased from Rs.218538 crore in 2007-08 to 228479 crore in 2008-09, registering a growth of 4.55 per cent which was marginally higher than that in the preceding year (4.41%). Whereas, the GSDP at current prices had increased from Rs.304989 crore in 2007-08 to Rs.339212 crore in 2008-09, registering a higher growth rate of 11.12 per cent. In 2008-09, the State had experienced a decelerated growth of one per cent in respect of secondary sector which decreased from 2.25 per cent in 2007-08. The growth rate of services sector had declined from 8.17 per cent to 7.62 per cent whereas the primary sector recorded a negative growth of 1.92 percent during 2008-09. At the national level also, the growth rate of GDP had decelerated from 9.01 per cent to 6.70 per cent in real terms during the two years, which was mainly due to the lower performance in almost all the sectors excluding construction.

The overall growth of the State economy during the Mid-Term Eleventh Plan period during 2007-08 and 2008-09 is registered at 6.09 per cent as against the target of 9 per cent per annum. On an average, the State economy has to grow at a rate of 13 per cent per annum in the remaining three years so as to achieve the overall target of 9 per cent per annum.

In the State, the per capita income in real terms had increased from Rs.29445/- in 2007-08 to Rs.30652/- in 2008-09, registering an increase of 4.10 percent which was marginally higher than that of the previous year (3.97%). At the national level, the per capita income both at constant and current prices was found to be lower than at the State level. The per capita income at the national level had increased from Rs.24295/- in 2007-08 to Rs.25474/- in real terms and recorded a growth of 4.94 per cent as against 7.60 per cent recorded in 2007-08.

Prices:

The Wholesale Price Index of the State had a higher rate of 10.2 per cent (point to point) and 8.2 per cent (average) in 2008-09, over and above that recorded in 2007-08 (8.1 per cent on a point to point basis and 6.0 per cent on an average basis). These higher rates were attributed to Primary Articles only. In the State, the primary articles group which has a higher weightage, attracted the Overall Index in its own direction. During the review year, the primary articles group moved at a much faster rate of 12.2 per cent (on point-to-point basis) against that of the manufactured products group's 3.4 per cent and fuel, power, light and lubricants' increase of 2.9 per cent. Due to the soaring index of the primary articles, the prices of all food articles had witnessed an unprecedented increase. To better understand the gravity of the food inflation, the food index was computed by clubbing the food articles of primary articles with the manufactured food products group. The condiments and spices group which had experienced a decline in 2007-08, had soared to a higher 26.6 per cent in 2008-09. Three groups viz., Food grains, fruits and vegetables and egg, fish and meat, had witnessed more than 8.0 per cent in a single year. Above all, the rates noted at the commodity group sugar in 2007-08 and 2008-09, were unrecorded ones (14.9 % and 32.1 %).

The movement of the consumer price index for industrial workers was contained at an average pace of 6.2 and 6.0 per cent in the State and all- India respectively. This pace got doubled in Tamil Nadu (10.8 %) during 2008-09; in all-India it rose to 9.2 per cent. The pace of increase of the State Index , on a point to point basis, was in the range of 7.1 per cent in July,2007 and 14.2 per cent in November,2008. Among the six centers, Coonoor (7.4%) center in 2007-08 and Salem (12.3%) center in 2008-09 were found to be costlier centers.

Inflation for Agricultural Labourers in Tamil Nadu measured in terms of Consumer Price Index stood at 9.9 per cent in March 2008 over the corresponding period of 2007. This highest rate registered during 2007-08 in Tamil Nadu in the later months moved at a faster, double digit rate through out 2008-09. In almost all the twenty four months starting from April 2007, the rate of increase in the all-India Index was at a lower rate than that of Tamil Nadu. Average inflation in Tamil Nadu during April – March 2007-08 was 7.3 per cent and 13.2 per cent in 2008-09.

Agriculture:

Of the total geographical area of 130.27 lakh hectares of the State, the gross cropped area was 58.24 lakh hectares during 2008-09, which worked out to 44.7 percent. When compared to the previous year, the net area sown had perceived a marginal decline from 50.62 lakh hectares in 2007-08 to 50.43 lakh hectares which was due to the increase in fallow lands and land put to non-agricultural uses. The overall average size of land holding had come down from 0.91 hectare in 1995-96 to 0.89 hectare in 2000-01.

The area under paddy rose from 17.89 lakh hectares in 2007-08 to 19.32 lakh hectares in 2008-09, the increase being 8.0 per cent. Even though, the yield rate of rice had come down from 2817 kgs. / ha. to 2682 kgs. / ha. during 2008-09, the total production of rice had improved from 50.40 lakh tonnes to 51.83 lakh tonnes.

The area under coarse cereals improved from 6.99 lakh hectares in 2007-08 to 7.24 lakh hectares in 2008-09, the increase being 3.6 per cent and the production of coarse cereals had also increased from 13.57 lakh tonnes in 2007-08 to 17.51 lakh tonnes in 2008-09. The yield rate had increased from 1941 kgs. in 2007-08 to 2419 kgs. in 2008-09, registering an increase of 24 percent.

The total area under pulses in the State had come down from 6.09 lakh hectares in 2007-08 to 5.05 lakh hectares, the decline being 17.1 per cent. The production of pulses came down to 1.67 lakh tonnes in 2008-09 from 1.85 lakh tonnes in 2007-08, which worked out to about 11 percent. The actual yield rate had plummeted from 444 kgs. / ha. in 2007-08 to 302 kgs./ha. by (-) 31.9 percent in 2008-09.

The total cropped area of food grains including paddy, coarse cereals, millets, pulses, etc. both under kharif and rabi season together increased marginally from 30.97 lakh hectares in 2007-08 to 31.91 lakh hectares in 2008-09. The total production of food grains had accelerated from 65.82 lakh tonnes in 2007-08 to 71.02 lakh tonnes in 2008-09, the increase being 7.9 percent.

The area under sugarcane had plummeted from 3.54 lakh hectares in 2007-08 to 3.10 lakh hectares in 2008-09. Likewise, the yield rate in terms of canes had also

witnessed a fall from 108 kgs./ha. to 106 kgs./ha. The production of sugarcane in the State had come down from 380.71 lakh tonnes in 2007-08 to 356.95 lakh tones in 2008-09.

The area under horticultural crops had improved from 9.31 lakh hectares in 2007-08 to 10.08 lakh hectares, registering an increase of 8.3 percent. The production of horticultural crops had marginally gone up from 174.14 lakh tonnes in 2007-08 to 175.82 lakh tonnes in 2008-09, owing to the marginal increase in the yield rate from 17.33 kgs./ha. in 2007-08 to 17.53 kgs./ha. in 2008-09.

In 2008-09, the rainfall received during the South West monsoon and North East monsoon was encouraging and more than the normal level.

Animal Husbandry, Fisheries and Forest:

The gross value of output of livestock in the State stood at Rs.9,654.33 crore during 2008-09. The contribution of livestock sector to the Gross Domestic Product accounted for 2.88 percent and that to the agriculture and allied activities was 25.70 percent. The State occupies the ninth position in milk production and the second place in egg production at the National level. Tamil Nadu occupies sixth rank in fish production in the country.

The State was ranked second in poultry population and egg production. The poultry population accounts for 17.7 percent of the total poultry population in India.

The annual average increase in milk production in the State was 2.44 per cent which was lower than that at the All India level (3.46%). The State's per capita availability of milk per day had improved marginally from 233 grams in 2007-08 to 235 grams in 2008-09.

The animal health care activities like vaccination, deworming and artificial insemination were done. The total number of vaccination had improved from 496.39 lakhs in 2007-08 to 578.35 lakhs in 2008-09 (16.5%) and the number of deworming done had gone up from 220.04 to 231.0lakhs (5.0%) during the aforesaid years.

The total quantity of meat production had declined from 638.23 lakh kgs in 2007-08 to 630.32 lakh kgs in 2008-09. The total poultry population in the State accounts for 865.9 lakhs (2004 Census) and the share being 18 per cent at the National level. The egg production in the State had improved from 8394 millions in 2007-08 to 8810 millions in 2008-09. The annual per capita availability of eggs rose from 128 in 2007-08 to 133 in 2008-09.

Fish production is comprised of marine and inland fish and fishery products. The marine fish production accounts for more than 70 per cent of total fish production in the State. The fish production in the State had marginally improved from 5.38 lakh tones in 2007-08 to 5.63 lakh tones in 2008-09.

Tamil Nadu has become one of the leading producers of marine fish and the annual marine fish production in the State is 3.93 lakh tones. The actual fish production

had witnessed a marginal improvement from 3.93 lakh tones in 2007-08 to 3.97 lakh tones in 2008-09.

The green cover in the State was strengthened in the last three years and the tree cover increase was at 54,560 acres following the implementation of the programme viz., Tree Cultivation in Private Lands (TCPL), in an area coverage of 28,760 acres in 2007-08 at a cost of Rs.9.47 crores and 25,800 acres at a cost of Rs.9.43 crores in 2008-09. Totally, 15000 farmers in 2007-08 and 25914 farmers in 2008-09 were benefited under this programme implemented in the State. The area coverage during 2007-08 and 2008-09 under Integrated Watershed Development Programme included an extent of 28,500 hectares under the lower zone and 19,000 hectares under the upper zone. Under Teakwood Planting in Padugai lands, an area of 6187 hectares was covered with an expenditure of Rs.6.06 crores during 2008-09.

Under the Tamil Nadu Afforestation (TAP-II) Project, an area of 51500 hectares was restored and development activities were carried out in 230 forest villages including 40 tribal villages at a cost of Rs.113.00 crores during 2008-09.

The total revenue from forest had improved from Rs.5,846.93 lakhs in 2007-08 to Rs.6,248.30 lakhs in 2008-09 (RE). The expenditure on forestry had shown a steady increase in all the Five Year Plan periods in the State. The Plan expenditure had improved from Rs.30.43 lakhs in 1951-56 to Rs.70,597.44 lakhs in 2002-07.

Industry:

With a view to promote the industrial activities, the State is creating a favourable industrial climate in the state by announcing pro-active industrial policies. During 2008-09, the government have signed 12 memorandum of understandings with an investment of Rs.25050 crore and issued structured package sanctioning orders for 7 other projects with an investment of Rs.5462 crore.

The present 'Global Economic Slowdown' has its impact in the State economy also. The manufacturing sub-sectors of the State economy viz. textiles, wearing apparels, leather, wood products, chemicals, non-metallic minerals, basic metals, software and hardware of IT industries, transport equipments, automobiles have experienced lower production compared to that of the previous year's level due to lower demand and power shortages.

To counteract the Economic Recession, the Government of India announced 'Stimulation Packages'. The Government has lowered down the excise duties to boost export and bring more investment in the infrastructural sector. Multi-National Companies (MNCs) are taking this slow down as an opportunity to invest more in India due to the nature of low cost economy. The State is also ready to take up this advantage as an opportunity to get out from the recessionary impact. In this situation, the State itself has identified certain countries, which are having higher investment potential and also ready to make investment in our State.

The income originated from the manufacturing sector to GSDP had increased from Rs.43874 crore in 2007-08 to Rs.44758 crore in 2008-09 and thereby registered a growth of 1.77 per cent but at a decelerated rate when compared to previous year.

At the national level, the industrial scenario of Tamil Nadu continues to retain its position as in the previous year. As per the ASI data 2005-06, Tamil Nadu occupies the first position in having the number of factories and the total number of persons engaged in the industrial process. In respect of all the other principal characteristics, viz. fixed capital, productive capital, gross value of output and net value added, the State retains its third position as in the previous year. At the national level, the State is sharing 15.17 per cent of factories, 9.94 per cent in fixed capital, 14.88 per cent in persons engaged. 9.76 per cent in gross value of output and 8.97 per cent in net value added.

The Growth of Industrial Sector, measured by the Index of Industrial production for the year 2008-09 showed a decelerated growth of 1.7 per cent compared to 5.0 per cent in 2007-08. The manufacturing sub-group also achieved a sub-dued growth of 2.4 per cent as against 5.0 per cent in the previous year. The other two sub-groups viz. mining and electricity had registered a negative growth of 1.2 per cent and 2.3 per cent respectively. At the national level also, the overall growth of industrial production decelerated to 2.4 per cent in the review year from 8.5 per cent achieved in the previous year.

The textile industry of the State has a significant role both at the national and State economy. Handloom, power loom, textile and spinning, processing, garment and hosiery are included and form the textile sector, which provides the largest employment next to agriculture in the country.

There are 4.13 lakh handlooms in the State providing employment to 6.08 lakh weavers, out of which 2.32 lakh looms are under the fold of 1130 Handloom Weavers' Cooperative Societies. During the year 2008-09, these Societies had produced 1296.47 lakh mts. of handloom fabrics worth of Rs.800.61 crore. The recent 'Global Recession' affected the Handloom Weavers' Cooperative Societies in the State during 2008-09.

The power loom sector in the State provides employment to about 9.14 lakh persons. Out of 19.03 lakh registered power looms at the national level, 3.66 lakh power looms are functioning in the State and of that 42566 are coming under 164 Power loom Weavers' Cooperative Societies. During the year 2008-09, these societies have produced 1487.50 lakh metres of cloth at the value of Rs.246.09 crore and the turnover realized was at Rs.253.5 crore.

The textile mills in the State are predominantly spinning oriented which provide mass employment. There are 3069 large, medium and small spinning mills in the country, out of which 1889 mills (61.55%) are located in the State and provide employment to 2.40 lakh persons. The spinning mills comprise of 18 Cooperative Spinning Mills, 17 National Textile Corporation Mills and 1854 Private Mills including 23 composite mills. During 2008 (April – September), the production of spun yarn by the mills was 7.9 lakh tonnes and showed a negative growth of 1.7 per cent. Likewise, the production of fabrics fell to 53.5 million sq. mts. and registered a negative growth of 4.6 per cent.

The cyclical nature of the sugar mills had its impact on the health of the mills and also the global sugar market. During 2007-08, in the State, the installed crushing capacity of 37 mills stood at 122850 TCD. The cane utilization drastically declined from 229.70 lakh tones for the sugar season 2007-08 to 166.05 lakh tonnes in 2008-09 registering a

negative growth of 27.71 per cent. The sugar mills reported that the actual price paid to farmers stood at Rs.1700/- per tonne over and above the State's advised price of Rs.1437/-.

The cement production in the State increased from 17.92 lakh tonnes in 2007-08 to 19.01 lakh tonnes and registered a growth of 6.1 per cent. The production performance of public sector cement industries witnessed a downward trend while the industries in the private sector performed well compared to the preceding years.

The leather industry in the State is thriving well in terms of export earnings and employment generation. The value added finished products accounts for about 80 per cent of the total export which was only 7 per cent in 1956-57. Presently, Tamil Nadu accounts for 70 per cent of tanning capacity of India and meets 6 per cent of Global Leather requirement.

As of 2008-09, the total number of MSMEs in the State increased from 5.31 lakhs in 2007-08 to 5.90 lakhs in 2008-09 registering a growth of 6.0 per cent, whereas the number of persons employed had increased from 39.46 lakh persons in 2007-08 to 42.41 lakh persons in 2008-09 registering a growth of 7.46 per cent. During the year 2008-09, the State accounted for 4.60 per cent in terms of number of registered MSMEs, 27.15 per cent in terms of value of output and 13.57 per cent in providing employment of the country.

Banking:

The banking policy for 2008-09 has retained the Bank Rate, Reverse Repo Rate and gave high priority for price stability. The banking activities aim at bringing down inflation to 5.5 per cent.

Tamil Nadu is one of the leading states in the financial services. The number of bank branches in the rural, semi urban and urban areas is on the increase. It increased from 5534 in 2007-08 to 5841 in 2008-09. The aggregate deposits of scheduled commercial banks had increased from Rs.207106 crores in 2007-08 to Rs.246992 crores in 2008-09, registering an increase of 19 per cent. Tamil Nadu accounted for 6.27 per cent of the aggregate deposits at the national level.

The aggregate deposit per bank in Tamil Nadu is Rs.42.28 crore which is close to the all India level of Rs.49.80 crore. The total quantum of credit disbursement has gone up from Rs.231551 crore in 2007-08 to Rs.268964 crore in 2008-09, which accounts for an increase of 16.16 per cent. The quantum of credit disbursement per bank has increased from Rs.41.80 crore in 2007-08 to Rs.46.04 crore in 2008-09, which is well ahead of the all-India level of Rs.36.14 crore. The credit deposit ratio at 108.89 in per cent is the highest in the country.

The Annual Credit Plan for banks in Tamil Nadu for 2008-09 recorded an achievement of 109 per cent in the farm sector, 112 per cent in other priority sector and 95 per cent in the non-farm sector. The commercial banks in State are performing under the stipulated national norms wherein the share of priority sector advances as of march 2009 stands at 42.65 per cent well above the national norm of 40 per cent. Gross

collection of small savings has increased from Rs.7791.11 crore in 2007-08 to Rs.8486.64 crore in 2008-09 and this positive trend is expected to continue in future also.

Transport and Communication:

Tamil Nadu has one of the best road networks in the country with 4873 kms of National Highways, 9384 kms of State Highways, 11288 kms of Major District Roads and 34293 kms of Other District Roads. The total length of roads had increased from 197933 kms in 2007-08 to 198642 kms in 2008-09. The proportion of surfaced road availability had reached 80.8 percent indicating the State's improved road connectivity. The outstanding investment in the road projects stood at Rs.26510 crore as of March 2009 as compared to Rs.21231 crore in March 2008. There are 20 road projects in the State in various stages of progress.

The vehicle population in the State is showing an increasing trend. The average number of vehicles registered per day had increased from 2645 in 2007-08 to 2900 in 2008-09. The total number of registered vehicles had gone up from 100.69 lakhs in 2007-08 to 110.40 lakhs in 2008-09. With the present strength of 110.40 lakh vehicles, the State occupies the second position in vehicle population next to Maharashtra.

The total route length of railway lines in Tamil Nadu as on 2008-09 is 3926.99 kms comprising of 2774.55 kms of broad gauge and 1152.44 kms of metre gauge. During 2008-09, the State had spent about Rs.1200 crore on various railway projects.

Chennai, Tuticorin and Ennore are the three major ports in Tamil Nadu and the total quantum of cargo handling had increased from 901.97 lakh tones in 2007-08 to 910.00 lakh tones in 2008-09. There are 20 major port projects with an outstanding investment of Rs.23171 crore as on March 2009.

The total number of air passengers had declined from 124.82 lakhs in 2007-08 to 116.73 lakhs in 2008-09 registering a negative growth of 6.48 percent. The domestic airports of Chennai, Coimbatore, Madurai and Tiruchirappalli showed a dip in the inflow of passenger traffic owing to the economy measures implemented by the private and public sector companies. However, the total number of international passengers had increased from 37.66 lakhs in 2007-08 to 41.31 lakhs in 2008-09. The air cargo traffic in the State had increased from 2.77 lakh tonnes in 2007-08 to 2.79 lakh tonnes accounting for a meagre growth of 1.02 percent. There are six outstanding aviation projects in the State with an investment of Rs.2411 crore as on March 2009.

The total number of cellular subscribers in the State had increased from 201.60 lakhs in 2007-08 to 299.47 lakhs in 2008-09 registering a higher growth rate of 48.55 percent. Tele-density, i.e. the availability of number of phones per 100 persons was 48.12 in Tamil Nadu which accounted for eighth place in the country.

Postal communication has been redefined at the national level in a business objective as a socially committed organization. As of 2008-09 there were 12021 post offices in the State involved in postal business alone and 3504 post offices involved in post and telegraph business.

Energy:

Power sector in the State had a moderate growth and managed to meet the challenges in terms of power demand during 2008-09. The installed power generating capacity of the State was broad based by the additional capacities to the tune of 92 MW at Valuthur Gas turbine Project. The gross energy availability of the State had an increase of 0.2 per cent in 2008-09 over the 66848 MU realized during 2007-08. Against this backdrop, the State's peak demand for power rose to 9459 MW in 2008-09 from 8969 MW in 2007-08. To manage the demand and supply ends to meet, the consumers' demand for power was restricted by introducing power cuts.

The sale of power in the State rose from 52229 MU in 2007-08 to 52794 MU in the review year, an increase of 1.0 per cent only. The per capita consumption of power was also contained at 1000 units / kwh for the year 2008-09. The proportion of domestic consumption to the total power sales within the State at 16.3 per cent in 1990-91 had increased to 20.8 per cent in 2000-01 and further to 24.9 per cent in 2008-09. Increasing consumption of power by this sector indicates improved living standard of the people in the State. The industrial sector at 42.4 per cent during 1990-91 was slashed to 35.4 per cent in 2000-01. The improvement witnessed in this sector during the latest decade (2000-09) is a welcome gesture as one could assume a betterment in this sector. The agricultural sector, which enjoyed the free power supply, crabbled the industrial share during 2000-01. Power consumption by the commercial sector had accelerated at a faster rate; the share which gradually moved up to nearly 10.0 per cent since 2000-01

Employment:

The employment in the organized sector accounts for less than 10 per cent in the total employment, of which, public sector accounts for two-thirds and private sector the rest. The organized sector employment by the end of March 2009 was 23.62 lakhs as against 23.35 lakhs in the previous year. Additional employments during 2008-09 came from private sector only. The employment to the tune of 757 dropped by the public sector was absorbed by the private sector, which on an aggregate has created 27552 additional employments in 2008-09.

Of the 16 groups of Industries classified, 'manufacturing' sector accounted for 21.2 per cent of the total organized sector employment followed by 'education' (17.3%), public administration and defence and compulsory social security (13.3%) and health and social work (11.3%). Six people out of ten employed in the organized sector are working in any of these four industrial groups.

NSS 61st round results on 'Employment and Unemployment Situation in India, 2004-05' presents the unemployment rates according to three statuses viz. Usual Status, Current Weekly and Current Daily. The unemployment rate is defined as the number of persons unemployed per 1000 persons in the labour force which includes both employed and unemployed. Higher rate of unemployment was observed in the case of educated population of 15-59 age group. Of the educated 15+ population, the unemployment rate was higher in females than males. Applicants on the Live Register, an important source to assess the unemployment situation in the organized sector indicates that the total number of applicants on the live register by the end of April 2009 was 54.75 lakhs. Of them, about 70 per cent are educated. The general feature witnessed is that the unemployment

rate increases with the level of education for all categories of persons. This fact indicates that the job seekers become gradually more and more choosers, as their educational level increases. The unemployment rate was lowest among the illiterates and highest among the educated.

Rural Development:

Around 56 percent of the State's population is living in rural areas. As a measure to strengthen the grass root level democracy, the government is constantly endeavoring to empower the Panchayat Raj Institutions (PRIs) in terms of functions, powers and finance. Grama Sabha, NGOs, Self Help Groups (SHG) and PRIs are accorded adequate role to make participatory democracy meaningful and effective.

In reducing the gap between rural and urban areas in respect of the standard of living, availability of infrastructure facilities, provision of basic amenities, under employment and unemployment, illiteracy, health and lack of expertise, rural development programmes are implemented by the Central and State Governments. Anaithu Grama Anna Marumalarchi Thittam (AGAMT), Member of Legislative Assembly Constituency Development Scheme (MLACDS) and Member of Parliament Local Area Development Scheme (MPLADS) are being implemented in the State to create infrastructure facilities that are required and to fill up the gaps in the existing ones.

During the three years of implementation out of 12620 Village Panchayats 7594 (60%) were covered. Of the total works (109432) taken up, about 94 per cent were completed. As against the total allocation of Rs.1523.84 crore, the total expenditure was Rs.1303.31 crore which worked out 86 percent of the allocation. On an average, the cost per work stood at Rs.4.12 lakhs.

The Member of Legislative Assembly Constituency Development Scheme (MLACDS) is significant by its role in allotting funds for providing basic amenities like upgradation / renewal of B.T. roads, provision of CC roads in rural and urban areas and provision of storm water drain, etc.

The total number of works taken up had increased from 26095 in 2007-08 to 27212 in 2008-09 and the works completed from 21401 to 26579, registering an increase of 24.2 per cent and the allocation showed a 25 percent enhancement from Rs.282 crore to Rs.354 crore during the two years viz., 2007-08 and 2008-09.

Under Namakku Naame Thittam, a sum of Rs.50 crore was allotted by Government of Tamil Nadu for the year 2008-09. Comparing the review year 2008-09 with 2007-08, there is a shortfall of 8.88 per cent in the number of works completed as compared to 1.59 per cent and 23 percent excess in the expenditure incurred as of to 14 percent.

The NABARD assisted State Scheme, ***Rural Infrastructure Development Fund (RIDF)*** is playing a vital role in connecting people through roads by providing motorable roads in rural areas. During 2008-09, as against a sanction of Rs.414.58 crore for a road length of 2691.73 kms connecting and passing through AGAMT (2007-08) Village Panchayats so far, 381.05 kms of road works have been completed at an expenditure of Rs.112.06 crore and all other roads are in advanced stage of completion.

As a result of the concerted efforts taken by this Government, a sum of Rs.1,885 crore has been utilized generating 2,400 lakh person days of employment up to 2008-2009 under Tamil Nadu Rural Employment Guarantee Scheme. About 82 per cent of the work force comprises of women and 59 per cent are Scheduled Castes. A notable feature of the Scheme is that it has had a buoyant effect on rural wages.

Urban Development:

In the revised plan outlay of the year 2008-09, a sum of Rs.2157.71 crores was allocated for the Housing and Urban development sector including water supply and sanitations out of the total allocation of Rs.16,000 crores. The financial viability of the ULBs had indicated an increase in its receipts and expenditures during 2008-09 (provisional) as compared to 2007-08 (RE). While the revenue and expenditure of corporations and municipalities had increased considerably by an average of 16 per cent and 23 per cent respectively, the revenue and expenditure of town panchayats had shown an exorbitant increase of 80 and 88 per cent respectively.

Under the programme of 'Basic Services to Urban Poor (BSUP), which is a sub-mission programme of JNNURM, facilities such as water supply, sewerage, drainage and storm water drains etc. had been provided to the 3 mission cities viz. Chennai, Madurai and Coimbatore corporations and its agglomerates. During the 3 year period ending 2008-09, out of the total works sanctioned under housing (93318 units) and infrastructure (3208 nos.) 6889 works under housing and 1939 works under infrastructure were completed utilising Rs.280.90 crores.

Similarly under the scheme of 'Integrated Housing and Slum Development Programme, another sub-mission programme of JNNURM around 4175 units of houses and 324 units of infrastructure works were completed with the total utilization of Rs.75.50 crores during the 3 year period ending 2008-09.

The central sanctioning and monitoring committee under JNNURM had sanctioned an amount of Rs.82.77 crores during 2007 for the construction of Road over bridge and Road under bridges, most of which have been completed.

To expand the availability of pure drinking water, two desalination plants of 100 mld were identified. Minjur plant at North Chennai has been completed at a cost of Rs.93 crores. Another plant at Nemmeli, east coast road at an estimate of Rs.908.28 crores is under implementations.

To provide safe drinking water to the people of Dharmapuri and Krishnagiri districts, where the quality of ground water has been contaminated with high fluoride, the state has implemented the project 'Hogenakkal water supply and fluorosis mitigation at an estimate of Rs.1334 crores with financial assistance from the 'Japan International Co-operation Agency (JICA), which is expected to be completed by December 2012.

Social Sector:

The social sector has been given due importance in budget allocation. The public expenditure on social sector had increased at an annual average rate of 19.5 percent.

Among the sub-sectors, education had received a major share of 43.0 percent of the total expenditure on social sector.

As of March 2009, the State had a total number of 53890 schools, of which 34245 were primary schools, 9996 middle schools, 4587 high schools and 5062 higher secondary schools. A total quantum of Rs.844.57 crore was spent by the Government for the various activities of education. Net enrolment rate among the primary school children was 99.29 percent and 98.25 percent for the upper primary school children. The class-wise enrolment (I to VIII) of girl children shows a uniform trend accounting for 47 to 48 percent in all the classes. It highlights the fact that girls are continuing their education without any drop out. The various initiatives of the Government such as Sarva Shiksha Abiyam (SSA), Activity Based Learning (ABL) have contributed towards the decline in the drop out rate over the years, a decrease in the repetition rate and a steady increase in the completion rate. Under the scheme of free supply of bicycles to plus one student, a total number of 560381 students were benefited at a cost of Rs.365.78 lakhs during 2008-09.

In respect of water supply, the State handles the task of providing potable water to all the segments of the population at a minimum distance on a priority basis. In the rural areas, supply of 40 litres per capita per day is the goal set by the Government. Based on the norms, of the total number of 92689 habitations, 81917 were fully covered and the rest of them were partially covered not even a single habitation was uncovered. In the case of urban areas the norm prescribed for corporation areas was 110 lpcd, 90 litres for Municipal areas and 70 litres for Town Panchayat areas. Depending upon the supply of water, the urban local bodies were grouped good average and below average. Of the total number of 718 urban local bodies, about 52 percent were classified as good, 43 as average and 5 as below average.

The Public Distribution System in Tamil Nadu is operated with the goal of making available essential commodities to the people, especially to the disadvantaged vulnerable sections of the society. The total number of cards in circulation had increased from 200.28 lakhs in 2007-08 to 200.55 lakhs in 2008-09 with a total number of 29961 fair price shops. In the State, about 187 lakh card holders are entitled to 20 kgs of rice every month. Nowhere in the country, is rice supplied at the rate of one rupee per kg to the cardholders.

The State Government provides health care with special focus on maternal and child health services and continued emphasis on promotion of family welfare measures. The Chief Minister's Insurance Scheme for life saving treatments is a pioneer scheme that was developed to enable one crore poor and downtrodden families to receive specialised treatment upto one lakh rupees for 51 life threatening diseases at a cost of Rs.517 crore. As a result of the appointment of 20856 persons in the medical and para medical areas through out the State, 24 hour free delivery services was introduced in all the PHCs and the number of institutional deliveries had increased from 81190 in 2005-06 to 259133 in 2008-09.

All out efforts in the form of area specific approach are being taken to reduce the Infant Mortality Rate to 20 per 1000 live births from the current level of 37. About 72 lakh children were benefited by the immunization against six diseases. Hepatitis B vaccination was launched in 2008 and about 11.5 lakh infants are being vaccinated

annually. The Ilam Sirar Irudhaya Padukappu Thittam announced in 2008 is a heart surgery programme for school children.

Environment:

The inter-relationship between the environmental degradation and the socio-economic development has stressed the Government to give prime focus on the environmental issues. Several initiatives have been taken up by the Government through its agencies viz., Department of Environment (DOE) and Tamil Nadu Pollution Control Board (TNPCB). While the Department of Environment looks after the abatement of pollution in rivers and lakes apart from creating environmental awareness, the TNPCB looks after the monitoring of pollution of industrial activities. Many private agencies and organizations are also involved in making the city / towns green. As per the revised estimate of the State plan 2008-09, the government has spent an amount of Rs.10.82 crores towards various plan and non-plan schemes such as river conservation programmes, lake conservation among school children create of awareness programme, environmental awareness camps on the ill effects of climate change, preparation of web based environmental information services etc. The World Bank assisted Tsunami Reconstruction projects had been funded to an extent of Rs.7.77 crores during 2008-09.

State Finance:

The budget of the State for the year 2008-09 was a revenue surplus budget which focused mainly on the welfare of farmers and women. Under the 'Medium Term Fiscal Plan' (MTFP), the revised estimate of 2008-09 had shown a revenue surplus of Rs.7.73 crores and the fiscal deficit over GSDP as 2.65 per cent. While the trend of MTFP during 2009-10 indicates a revenue deficit, the State is expected to achieve revenue surplus again in 2010-11 which would continue in 2011-12 also. Similarly the percentage of fiscal deficit over GSDP is expected to reach 2.99 per cent during 2009-10 and is also projected to decline to 2.73 per cent during 2010-11 and 2011-12.

The overall budget performance of the State during 2008-09 (RE) had shown a deep decline in the revenue surplus by 99 per cent (Rs.7.73 crores) as compared to the revenue surplus of 2007-08 (A) (Rs.4545.49 crores). The capital account had shown a surplus capital of Rs.226.35 crores during 2008-09 (RE) as against the deficit of Rs.4120.77 crores shown in 2007-08 (A). However, the total transactions of the budget had shown a surplus net value of Rs.1237.09 crores during 2008-09 (RE) as against the deficit of Rs.890.06 crores during 2007-08 (A). The overall performance of the State had indicated a second financial position and had contributed sufficiently to the overall growth of the Indian Economy of 6.7 per cent attained during **2008-09**.