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Speech delivered by Thiru O. Panneerselvam, Hon'ble Chief Minister of Tamil Nadu during the First meeting of the Governing Council of NITI AAYOG on 8.2.2015 at New Delhi.

Hon'ble Prime Minister,
Hon'ble Union Ministers,
Hon'ble Chief Ministers and Lieutenant Governors,
Vice Chairman and Members of NITI Aayog,
Senior Officials!

Vanakkam!

With the blessings of my Revered Leader Puratchi Thalaivi Amma, it is my proud privilege to be addressing you at this historic first meeting of the Governing Council of the NITI Aayog on behalf of the Government of Tamil Nadu. We met two months ago to discuss the contours of the new institution to replace the erstwhile Planning Commission - the NITI Aayog.

2. I am happy to note that the spirit of some of the suggestions made by Tamil Nadu on the key issues that need to be kept in mind while establishing the new Institution have been captured in the Resolution that establishes the NITI Aayog. The Resolution details the changing dynamics in the country and lists out the challenges facing the nation. The NITI Aayog has been conceived as a Think Tank to advise on strategic issues in the area of economic development. The Institution is expected to be not a one way top-down flow of ideas from the Centre to the States, but a genuine and continuing partnership with the States. National development priorities, sectors and strategies are to be identified with the active involvement of the States. We in Tamil Nadu, under the leadership of my Revered Leader Puratchi Thalaivi Amma have always stood for an increased role for the States in the development and nation building process. It is our belief that a Strong Union can emerge only out of Strong States and India's governance structure has to reflect more and more federal features.

3. While the broad objectives and the intent have been expressed in the Resolution, how these are to be achieved is the key issue to be discussed in this meeting. On behalf of the Government of Tamil Nadu and guided by the vision and direction provided by my

Revered Leader Puratchi Thalaivi Amma, I shall lay before this august gathering certain points for consideration.

4. The inclusion of State Chief Ministers in the Governing Council of the NITI Aayog is a welcome development. However, we need to be careful to ensure that the Council does not become a ritualistic exercise similar to the National Development Council and the Inter State Council in the past. The processes and procedures for the Chief Ministers' Council should be laid down clearly. Meetings should be held with adequate notice. Agenda papers should be finalized after due consultation and circulated well in advance. States should also have the opportunity to raise issues in the Council. To make the NITI Aayog a federally empowered institution with active participation of the States, the views of the States need to be heard at different levels in the hierarchy of the Aayog. An appropriate arrangement needs to be developed for this purpose.

5. Given the challenges of social and economic development in India, there is a strong case for the NITI Aayog to prepare a blue print for action with clearly laid down goals and objectives to be achieved within a given time frame. The body should address the basic issues that confront the economy and how to resolve them, securing the consensus of both the Centre and the States. I would urge that the NITI Aayog should create sectorwise Strategic Vision documents which would provide a longer term perspective of where the Nation aspires to be in that particular sector. Here the emphasis needs to be on how policy co-ordination is to be achieved, resources are to be garnered and implementation mechanisms created to work towards the longer-term goals. The plans should not merely focus on outlays, but also on the policy measures required for private sector participants in economic development to contribute their mite in achieving the sectoral goals. Given the enormity of the task to be achieved, focus should be limited to a few crucial sectors to begin with. These could be Education, Health, Infrastructure and Mechanisms of Inclusive Growth. Models of such plans developed in States could also guide the process. The Tamil Nadu Vision 2023 document launched by our Revered Leader Puratchi Thalaivi Amma is an excellent example of such a perspective plan.

6. This exercise of the NITI Aayog would also need to fit in with the United Nations initiative to establish a set of "Sustainable Development Goals" (SDGs) to be achieved by 2030. These SDGs are to replace the Millennium Development Goals (MDGs) which were set for

achievement by 2015. It is gratifying that India's performance has been satisfying, and in particular, Tamil Nadu's performance under the MDGs has been quite commendable.

7. Let me now turn to some immediate transitional issues of concern for States. For several decades now, the Union Planning Commission had been holding Annual Plan discussions to finalize the Plan size for each State. This ritual has been abandoned this year, which was also our request. However, the more important question to be addressed still remains - whether the Plan and Non-Plan distinction itself is relevant in the current context. The High Level Expert Committee on Efficient Management of Public Expenditure had recommended in 2011, that the distinction between Plan and Non-Plan expenditure is artificial and can be given up as the functional budgetary classification of expenditure is adequate. Now the continuance of the Plan and Non-Plan distinction appears to be even less relevant. Hence, I strongly suggest that the Plan - Non-plan classification in the Budget of the Centre and of the States could be dispensed with. This would help simplify budget documents, keep the focus firmly on functions and not lead to a proliferation of schemes.

8. The NITI Aayog has been vested with no specific allocational responsibilities, which we welcome. Transfers to States as Plan Assistance accounts for 15 per cent of Government of India's expenditure and 44 per cent of what States receive as Central transfers. Hence, an immediate concern is how the resource flow to States is going to be impacted by the abolition of the Planning Commission. I have already flagged these concerns in detail when we met two months ago.

9. We believe that the non-transparent, discretionary and uncertain fashion in which funds were allocated and disbursed to States by the erstwhile Planning Commission and by different Central Ministries under various Centrally Sponsored Schemes must be comprehensively overhauled. My Revered Leader Puratchi Thalaivi Amma had pleaded for such an overhaul before the Fourteenth Finance Commission by calling for the greatest proportion if not the entire, fund flow from the Centre to the States through the constitutionally mandated Finance Commission route and enhancing the vertical devolution share of the States to at least 50 per cent of the aggregate resources available with the Centre. Such an enhancement would be feasible if other mechanisms of flow including Plan assistance and Centrally Sponsored Schemes are eliminated or greatly minimised.

10. The Fourteenth Finance Commission has presented its report to the Central Government. There have been media reports suggesting that the Commission has recommended an enhanced vertical devolution. If this is indeed so, the Government of India has a unique opportunity to re-order Centre-State fiscal relations and set right one of the biggest distortions in the constitutional scheme of flow of resources from the Centre to the States, created by the formation of the Planning Commission. Now that this Government at the Centre has taken the bold step of abolishing the Planning Commission, it should also take the logical next step of substantially enhancing the Finance Commission based devolution.

11. Hon'ble Prime Minister, only such a far-reaching change in the sharing of financial resources will reflect the true intent of your announcement of making State's equal partners in the process of development. Otherwise, States, instead of being at the mercy of a Union Planning Commission, would remain at the mercy of other Ministries of the Government of India and your noble goal will not be achieved.

12. While we would expect a substantially enhanced resource transfer to flow through the Finance Commission mechanism, it is possible that some centrally sponsored and central flagship schemes would continue. I had already made detailed suggestions on the guidelines and criteria for fund allocation under such schemes in the meeting held in December, 2014. Since, the agenda includes many new initiatives of the Central Government, it is important I re-iterate some of the suggestions I had made earlier on the design of Central schemes.

- Substantial flexibility in the design of the flagship programmes is needed to cater to the diverse needs and the capacity differentials amongst States. Scheme design should provide broad sectoral allocation allowing greater flexibility to States to implement schemes based on local needs.
- There has to be greater fairness in the criteria adopted for Statewise allocation of Central Assistance which does not penalize States which have already invested their own resources to provide basic infrastructure and attained desired levels of outcome.
- The fund allocation formulae need to provide clarity, predictability and certainty on the level of allocation for the year

to enable better planning and implementation and the annual allocations communicated sufficiently early.

- The States' share should be limited to a maximum of 25% of the scheme cost in order to ensure that the States' own expenditure priorities are not distorted.
- Guidelines must allow States to dovetail Central scheme funds with State funds where there is a similar State Scheme.
- Actual release of funds should adhere to promised allocations without arbitrary mid-year reductions. The release of Central share for any year should be in not more than two installments and the shortfalls in releases of previous years should be made good before current year releases are made.
- Indexing of Financial Norms to rising costs is essential and the level of benefits should be automatically raised.

13. Tamil Nadu has extensive hilly areas which are covered under two special area development programmes administered by the erstwhile Union Planning Commission - the Hill Area Development Programme (HADP) and the Western Ghats Development Programme (WGDP). These programmes cover a very unique geographical area and an ecosystem which requires specific attention and intervention. The proper environmental management of these hilly regions is of vital importance to not only Tamil Nadu, but to the country as a whole. The growing demographic and economic pressures on these ecological sensitive areas underlines the continued need to implement these programmes with substantially enhanced allocations and with the present funding pattern of 90 per cent grant from the Government of India.

14. Let me now turn to some of the specific new initiatives that are included in the Agenda for today. The Swachh Bharat Mission is a flagship campaign of the Central Government. My Revered Leader Puratchi Thalaivi Amma launched the "Muzhu Sugathara Tamizhagam" movement in the State in 2011. The Government drew up a comprehensive plan and launched the scheme for eradication of open defecation in urban areas from the year 2011-2012. This scheme focuses on increasing availability of public toilet facilities and IEC activities to sensitize the people. The Swachh Bharat Mission will certainly provide a good supplement to the State's efforts. For rural areas, the unit cost of individual toilets under the Swachh Bharat Mission (Grameen) is 12,000

rupees per toilet with a Central share of 9000 rupees and a State share of 3000 rupees. Sanitary Complexes for Women in villages have been a great success and Tamil Nadu is establishing Sanitary Complexes for Men as well. However, the subsidy for urban areas of 4000 rupees per individual toilet is very low when the cost is 20,000 rupees at least. Further, behavioural change from open defecation to using a toilet is a major challenge which requires to be addressed under the Swachh Bharat Mission. Tamil Nadu has already launched a massive awareness campaign.

15. Solid waste management is another focus area where the State has created a dedicated fund and city-wise and region-wise solid waste management projects are funded including on a Public Private Partnership. Central support for solid waste management projects may be increased to at least 50 per cent from the present 20 per cent.

16. We cannot hope to public health in urban areas without adequate underground sewerage. Our Government has completed Under Ground Sewerage Schemes for 22 Urban Local Bodies, and for another 18 Urban Local Bodies, the construction is underway. For the remaining Urban Local Bodies, Detailed Project Reports are ready for the construction of Under Ground Sewerage Schemes at a total cost of 22,000 crore rupees. Government of India must also focus on arranging substantial funding for the Under Ground Sewerage Schemes, including through concessional aid. As far as recycling of sewage for industrial use is concerned, about 45 MLD of treated and untreated sewage is sold by the Chennai Metropolitan Water Supply and Sewerage Board to industries. Further, a 60 MLD Tertiary Treatment Reverse Osmosis plant in Koyambedu, a 45 MLD Tertiary Treatment Reverse Osmosis plant in Kodungaiyur and a plant in Thoothukudi are underway for treating and supplying treated sewage to industries.

17. The Namami Gange project is undoubtedly an important model effort. Hon'ble Prime Minister, on behalf of a water starved State, I earnestly request you to bring the Ganga to the Cauvery. My Revered Leader Puratchi Thalaivi Amma has already requested you to activate the Special Committee constituted for the implementation of Inter-Linking of Rivers based on the orders of the Supreme Court. In the first phase, Tamil Nadu has been urging the Government of India to implement the interlinking of the Rivers Mahanadhi-Godavari-Krishna-Pennar-Palar-Cauvery and then on to Gundar as also the diversion of waters of the

west flowing rivers of Pamba and Achankovil to Vaippar in Tamil Nadu under the Peninsular Rivers Development Component. I re-iterate these requests.

18. Tamil Nadu is a forerunner in efficient water use in agriculture and has already initiated action to increase the cropping intensity through increased water use efficiency by implementing many projects including the TN IAMWARM, massive promotion of Micro Irrigation, and harvesting of rainwater through construction of 70000 farm ponds across the State. Crop specific technologies that ensure judicious use of water like System of Rice Intensification (SRI), System of Pulse Intensification (SPI), Sustainable Sugarcane Initiative(SSI), Precision Farming, Drip Irrigation in Rice, Poly sheet mulching, using pipelines to carry irrigation water have all been promoted in Tamil Nadu. These programmes require further scaling up.

19. To motivate the farmers to take up micro irrigation in a massive way, for the first time in India, the State Government is providing Micro Irrigation System with 100% subsidy for small and marginal farmers and 75% subsidy for other farmers since 2011-12. I request the Government of India to consider revisiting the uniform subsidy pattern for installation of Micro Irrigation in the State without any disparity for Non-DPAP blocks. Water starved States like Tamil Nadu need to be provided with increased subsidy rate and increased allocation for Micro Irrigation Systems. A special financial assistance package for crop diversification programmes especially for growing less water consuming crops like pulses and millets that also ensures nutritional security of the Nation should also be considered.

20. The Beti Bachao Beti Padhao scheme focuses on the critical issue of survival and education of the Girl Child. Two major interventions pioneered by my Revered Leader Puratchi Thalaivi Amma as early as 1992 were the Cradle Baby Scheme and the Girl Child Protection Scheme which made Tamil Nadu the leader in the welfare and protection of girl children and women. The Cradle Baby Scheme, intended to curb female infanticide prevalent in certain parts of Tamil Nadu and improve the Child Sex Ratio, enabled a remarkable increase in the child sex ratio in the five districts of Salem, Madurai, Theni, Dindigul and Dharmapuri between 2001 and 2011. The scheme was extended to Cuddalore, Ariyalur, Perambalur, Villupuram and Thiruvannamalai districts where the child sex ratio had worsened as per the 2011 census. So far 3802 female babies and

821 male babies have been saved from death under the scheme. The Girl Child Protection Scheme is a path breaking initiative that supports the upbringing of girl children and their education. Since 2001, 5.36 lakhs girl children have been covered under the scheme with an outlay of 865.39 crore rupees. The five hugely popular Marriage Assistance Schemes implemented in Tamil Nadu promote female education, increasing age of girls at marriage, and social causes like inter caste marriage and widow re-marriage.

21. The agenda draws attention to an important social problem - drug menace. My Revered Leader Puratchi Thalaivi Amma had launched a special Drug Awareness Programme to be conducted in schools and colleges in 2012. The State's Narcotics Intelligence Bureau CID has stepped up its activity and detected a larger number of cases in 2014, as compared to 2013. The Bureau acts in close co-ordination with Central Government agencies including the Narcotics Control Bureau and Coast Guard.

22. The "Make in India" campaign launched by the Government of India neatly complements many of the efforts already taken by Tamil Nadu. My Revered Leader Puratchi Thalaivi Amma's Tamil Nadu Vision 2023 has as its foremost goal increasing the share of manufacturing in the State's economy. It aims at making Tamil Nadu the most favoured manufacturing investment destination in India and one of the top three investment destinations in Asia. To this end, the focus will be on providing quality infrastructure and human resources, to foster a culture of innovation and to have a facilitative regulatory environment. A number of initiatives have been launched to expand industrial growth to the backward regions of the State, especially in Southern Tamil Nadu. The Madurai-Thoothukudi Industrial Corridor (MTIC) project with a total outlay of Rs 183,819 crore in both node infrastructure and trunk infrastructure has been launched and a dedicated MTIC Project Development Company is being established. In the coming years, 9 new industrial parks will be created in 9 backward Southern Districts, making available an additional area of 20,650 acres and units established in these parks would be eligible for special incentives including waiver of stamp duty, land availability at concessional rates and increased capital subsidy.

23. Tamil Nadu has the largest number of Micro, Small and Medium Enterprises (MSME) with the largest employment in India. The Government has launched a special initiative for this sector and the measures include an increase in the capital subsidy for plant and

machinery to 25%, creation of a land bank for MSMEs, setting apart 20% of the land in new industrial parks meant for large industries for allotment to MSMEs, an automated single window system for facilitating business start-up procedures, and incentivizing aggregation of scattered MSMEs into self-contained industrial complexes.

24. The State is implementing the Tamil Nadu Investment Promotion Programme (TNIPP), with JICA assistance, a very innovatively designed programme, which aligns the policy priorities of the State Government with the expectations of investors, including foreign investors by implementing a set of policy measures for investment promotion, including the simplification of the application process for investment, improvement of the monitoring of regulatory clearances, human resource development and the acceleration of infrastructure development. The success of the programme has encouraged JICA to plan a follow on project in Tamil Nadu and implement similar programmes elsewhere.

25. I would like to bring to your kind attention some issues that are affecting the investment climate in Tamil Nadu. Retrospective amendments to the Income Tax Act in 2012 with effect from 1976 and levy of a huge penalty on the world's largest mobile handset manufacturing plant located in Tamil Nadu resulted in the closure of the unit. Other handset manufacturers are willing to step in to open the unit and this has to be facilitated by lifting the assets-freeze imposed by the Income Tax authorities. Domestic electronic hardware manufacture is at a tremendous disadvantage due to the inverted duty structure wherein the finished products can be imported duty free under the ITA Agreement of 1998, while components are levied a duty. Already 65 per cent of the domestic demand is met by imports and Indian electronics import bill is projected to exceed the oil import bill by 2020. Policy corrections in this area are vital for the "Make in India" campaign to have meaning.

26. In the area of labour reforms and amendments to labour legislations, while Tamil Nadu concurs with the need to implement proactive reforms for enhancing ease of doing business, all legislations should include adequate safeguards and protection for workers. Further, the views of the State Government should be sought and reflected in the process of amending and repealing of Acts and legislations.

27. I welcome a recent announcement regarding the revamp of the Rashtriya Swasthya Bima Yojana (RSBY) in response to the repeated

requests of my Revered Leader Puratchi Thalaivi Amma that instead of implementing parallel schemes, the Government of India should facilitate the integration of the RSBY with the health insurance schemes already operating in States like Tamil Nadu. Tamil Nadu's Chief Minister's Comprehensive Health Insurance Scheme, launched in 2011 has been a huge success.

28. Highly skilled professional human resources are a prerequisite for sustaining the growth tempo of a modern economy. Tamil Nadu already has the highest Gross Enrollment Ratio in higher education amongst larger States, of 40.3 per cent. Under the Tamil Nadu Vision 2023, the goal is to have at least 50 per cent of the age cohort enrolled in higher education. The Government fully recognizes that Tamil Nadu, as an early adopter of the small family norm, is at a cusp. This State has to adequately skill its present generation of workers and those entering the work force now, in order to ensure that the demographic dividend is fully taken advantage of. The Tamil Nadu Skill Development Mission has an ambitious agenda of understanding and matching the aspirations and needs of different stakeholders, including the student body, the labour force and Industry. The State has prepared a comprehensive action plan that would effectively co-ordinate the efforts of multiple departments and agencies in the area of skilling on a cohort basis with an emphasis on enhancing quality of training, certification and employability. My Revered Leader Puratchi Thalaivi Amma launched the flagship schemes of providing free laptop computers to all Higher Secondary School and College students and the provision of free mixies, grinders and fans to all poor households, which have to be seen in the context of improving skill levels of the student population, and of enabling higher participation by women in the work force, by freeing them from domestic drudgery.

29. The demand supply gap in the housing sector has not reduced, despite many years of sustained investment. The Tamil Nadu Vision 2023 Document envisages Housing for All as one of its primary goals. My Revered Leader Puratchi Thalaivi Amma launched a scheme for the construction of Green Houses with solar power which could be a model for other States. The Centre has made no substantial addition to its investment in the housing sector and the increases have not even been covered for inflation. The unit cost of Indira Awas Yojana (IAY) houses is highly inadequate. Fixation of an artificially low unit cost effectively makes the scheme virtually non-implementable and excludes the poorest of the poor by restricting the benefit to those who can mobilise the additional

funds necessary to complete the house. Hence I strongly urge that the unit cost of IAY houses should be stepped up to at least 2 lakh rupees. On the urban side also, the housing shortage is huge, particularly for the people from the Lower Income Group (LIG). Central Government initiatives in this area are lacking. However, the State Government, on its own, has taken up construction of 50,000 homes in the LIG category. We hope that the Government of India will extend support for this initiative and will help us reduce the gap in urban housing stock. There is also an urgent need to revisit the space norms for both urban and rural housing to ensure a minimum decent shelter. Tamil Nadu has prescribed a plinth area of 300 sq ft in rural areas and 400 sq ft in urban areas which may be adopted as a national norm. Government of Tamil Nadu is promoting use the Land Pooling Scheme to make available adequate land for housing in urban areas.

30. Tamil Nadu is a water stressed State. The State is forced to formulate drinking water schemes both in rural and urban areas with distant surface sources. The proposed reduction in Central Government funding under the National Rural Drinking Water Program will adversely affect States like Tamil Nadu and the decision must be revisited. Desalination is an important alternative source of water supply for Chennai and other coastal habitations. We urge the support of the Government of India for the State Government's initiatives to augment drinking water sources in the State through establishment of desalination plants at different locations.

31. My Revered Leader Hon'ble Puratchi Thalaivi Amma announced an innovative solar policy in 2012, with a vision to develop Tamil Nadu as a world leader in solar energy and to make solar energy a peoples' movement similar to rainwater harvesting. In 2011, my Revered Leader Hon'ble Puratchi Thalaivi Amma launched India's largest Solar Rooftop Programme under the Chief Minister's Solar Powered Green House Scheme. The State has also launched India's largest Solar Energy Street Lighting Scheme by which 1 lakh street lights will be converted into solar street lights by 2016. Realising the importance of decentralised generation the State is providing additional incentive of Rs 20,000 per KW for grid tied domestic rooftops. Tamil Nadu has shown the way in making net-metered rooftops a reality in India. Due to these initiatives Tamil Nadu already has the largest number of solar rooftops commissioned in India. **The proposed reduction of Government of India's subsidy from 30% to 15% for solar rooftops has come as a big dampener.** To reduce delays in implementing solar roof top projects, the subsidy

budget may be allotted to each State and the State level sanction permitted. Government of India may consider an Income Tax rebate for the expenditure incurred by individuals for solar roof top installation to incentivize and promote the solar movement.

32. The Central Government scheme of establishing Ultra Solar Power Projects is designed considering the situation in States that have large swathes of wasteland. This is not the case in Tamil Nadu. I strongly request you to promote the establishment of distributed solar plants of 1 MW and above capacity as well under this scheme.

33. Tamil Nadu is the most urbanized large State in the country. Hence we are eagerly awaiting the final contours of the Smart Cities programme and expect to be one of the largest recipients of support under the programme. The State Government is progressively moving towards offering urban services on a digital platform. Urban Common Service Centres are operating in Chennai. Software is under creation with 29 modules including birth and death registration, property tax operations and building plan approvals for adoption by all Urban Local Bodies in the State. The existing gaps in infrastructure require higher order investments while ensuring smart designs, smart implementation and smart post construction monitoring. While many of the cities in Tamil Nadu would be qualified to be "smart cities", the Government requests that initially, the twelve municipal corporation cities in the State may be selected under the program.

34. Tamil Nadu is a coastal State and under the Tamil Nadu Vision 2023, we plan to develop our port infrastructure substantially. This includes the development of the existing major ports, setting up large multi-cargo ports at 3 brownfield or green field locations. Hinterland development is being attempted through projects such as the Madurai-Thoothukudi Industrial Corridor. We look forward to further detailed consultation with the States before finalizing the Sagarmala concept of connecting all the ports in the country and which would have to involve multiple agencies.

35. Tamil Nadu welcomes the idea that all villages should be digitally connected. However, we feel that involving only a few Central Government agencies in the execution of the mammoth National Optic Fibre Network (NOFN) project is one reason for the delay in implementation. State Governments have been given no role in the roll out. Nor is there clarity as to the terms of usage. Hence to ensure speedy implementation, if a State Government is willing and has the capacity, it should be allowed to implement the NOFN project. In Tamil Nadu, not only have we implemented a State Wide Area Network (SWAN)

with funding from the Government of India, we also have the added advantage of the existence of a State PSU managed wide reaching cable network that already has more than 70 lakh subscribers in every part of the State. Hence I request you to accede to Tamil Nadu's request to implement the NOFN project, with the assurance that we will be able to roll out the entire last mile connectivity within a year of completing the requisite formalities. With this partnership, we can help achieve the objective of Digital India enabling digital penetration that is cost effective and swift.

36. I believe that greater co-ordination is required within the Government of India Ministries and with State Governments to ensure that Unique Identity Authority of India (UIDAI) achieves the desired outcomes. The model of Aadhar linkage with the National Population Register (NPR) data base has proved to be very useful. However, we must recognize that the population database is very dynamic and is changing by the minute. Therefore, there is a need for putting in place a mechanism for real time updation of the NPR. NPR data should be dynamically linked and be an exact mirror image at all times of the population data base in the State Resident Data Hub (SRDH). So also, every addition, deletion and change in the database should be carried out online. The necessary protocols – for incorporating data related to birth and death, migrations, change of name etc need to be developed and shared with the State government. Walk-in enrolment centres should be permanently set up in all the taluk and municipal offices so that any changes can be incorporated on a continuing basis and citizens can get the data updated without any problems.

37. Tamil Nadu has already adopted the mechanism of Direct Cash Transfer, through bank accounts to beneficiaries under schemes which involve conditional cash transfers including Scholarships, Maternity Benefits and Social Security Pensions on its own initiative. However, Tamil Nadu continues to have certain reservations about the Direct Benefits Transfer model proposed to be adopted by the Government of India. First and foremost, as my Revered Leader Puratchi Thalaivi Amma has stated, in principle, Tamil Nadu is strongly opposed to any move to monetize and transfer in cash the subsidy element under the Public Distribution System including kerosene, and fertilizers, where the concern is not just the quantum of subsidy, but more importantly, access to and timely availability of commodities.

38. Tamil Nadu also strongly urges the Government of India to effect transfer of cash to the bank accounts of the beneficiaries only through the State Governments as this would be an administratively

sound practice, given the complexities in different schemes and varying Central and State Shares, and in keeping with the spirit of federalism which forms the backdrop to these discussions. I am confident that in the light of the suggestions made by the States, including Tamil Nadu the approach to implementing DBT would now be revisited. If the objective of introducing Direct Benefits Transfer is to ensure efficient delivery, then the Government of India should route its funds through the State Government, which is already progressively switching over to the bank mode of disbursement for all its beneficiary oriented schemes. Further, more points of outreach should also be created for the convenience of the public by using Primary Agricultural Co-operative Societies and Post Offices as points of disbursal in addition to bank branches since the outreach of bank branches is inadequate to render doorstep service to many beneficiaries, including old age pensioners.

39. Co-operative federalism is a theme that has permeated the formation of the NITI Aayog. While certain important issues like inter State sharing of river waters by developing the National River Water Grid, developing a co-ordinated policy in the energy sector to ensure adequate supply of coal to generating stations and inter-regional transmission capacity, and expediting environmental clearances for projects are all areas which could be fruitfully discussed and carried forward in the Governing Council, some of these issues have regional dimensions which can also be discussed at the regional level.

40. Another dimension to co-operative federalism is the complex issue of area based tax concessions in the name of encouraging economic development of some States. My Revered Leader Puratchi Thalaivi Amma has already called upon the Government of India to exercise the greatest care and caution in approaching the issue of area based tax concessions and further requested that nothing should be done which would distort economic incentives or the level playing field and render States like Tamil Nadu uncompetitive vis a vis their neighbours. Such exemptions run counter to one of the basic thrusts of economic reforms — a rational tax policy that is neutral, encourages a common market in the country, rewards competitive efficiency, and exploits comparative advantage. In a competitive environment among the States, location must be determined by economic efficiency rather than tax concessions.

41. We welcome the thrust to be provided to infrastructure projects. My Revered Leader Hon'ble Puratchi Thalaivi Amma had launched the Tamil Nadu Vision 2023 with the specific intent to make and

to catalyze strategic investments in infrastructure. The second phase of the Vision 2023 Document, includes profiles of 217 infrastructure projects in six major sectors.

42. To facilitate the speedy implementation of infrastructure projects, a policy framework in the form of the Tamil Nadu Infrastructure Development Act, Rules and Regulations has been put in place, along with the Tamil Nadu Transparency in Tenders (Public Private Partnerships Procurement) Rules. This policy framework is enhances the quality of project preparation and development, ensures transparent and efficient procurement, enables effective monitoring and facilitation of project implementation, and addresses any post implementation issues. The Chief Minister chairs the Tamil Nadu Infrastructure Development Board, which is responsible for implementing this policy framework. The Chief Secretary chairs the Executive Committee. Hence, the formulation and implementation of infrastructure projects, including Central projects, are closely and effectively monitored in Tamil Nadu. Some projects do get mired in litigation especially where they have not taken note of legitimate concerns of the local population and stakeholders. This requires project proponents to be more flexible in their approach to accommodate such concerns rather than lay the blame on other agencies.

43. I have placed before this august gathering the views of the Government of Tamil Nadu, ably guided by my Revered Leader Puratchi Thalaivi Amma. I do hope that our views would be given due weightage and States will now find themselves full partners in the development process and together we are able to work to regain for the Nation a high growth trajectory.

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