

**Speech delivered by SELVI J JAYALALITHAA, Hon'ble Chief Minister of Tamil Nadu during the 57<sup>th</sup> Meeting of the National Development Council at New Delhi on 27.12.2012**

We have assembled yet again for what are turning out to be purely periodic rituals – this time the 57<sup>th</sup> National Development Council meeting, which has been convened for the approval of the Twelfth Five Year Plan.

1. To be honest, the purpose and intention of such meetings completely eludes me. We are already nearly three-quarters of the way into the first year of the Twelfth Plan. I wonder whether it would be useful to comment on the contents of the 12<sup>th</sup> Plan Document, since it is very unlikely that any such views would be taken on board. When we assembled last in this forum more than a year ago, many of the Hon'ble Chief Ministers present here and I had made several valuable and useful suggestions on the Approach to the Twelfth Plan. Given that it took nearly 14 months for the final draft of the Twelfth Plan to be prepared, I had a fond hope that at least some of the suggestions made in the last NDC meeting would find their way into the final Plan Document. Unfortunately, when I read the draft Plan Document, I found that no reasonable and legitimate suggestion from the States has been accepted and the big brotherly and undemocratic approach of superimposing on elected State Governments the dubious policies, priorities and programmes of a minority ruling coterie in Delhi has prevailed.

2. We get the impression that the Government at the Centre is indifferent about reducing poverty. Large scale poverty and inequality persists and even widens with every Plan. The Union Government, far from serving the common man / woman, is conspiring against him / her by hiking the prices of essential commodities and inputs and appears more focused on facilitating the interests of foreign investors. The regime at the Centre, caught up in the daily squabbles of its constituents, in merely trying to survive from day to day, has neither the time nor the inclination to pay attention to the problems of the people of this country.

3. I am constrained to point out that many of the adverse initial conditions faced by the country and the slowdown in growth as we enter the 12<sup>th</sup> Plan period have been caused primarily by the poor macro-economic management and faulty policy making of the present regime at the Centre. I must compliment the Planning Commission for admitting to such policy failures – both in infrastructure project implementation and in tax related issues in the Plan Document itself. The Central Government has miserably failed in effective economic

management of the country and is now forcing the resultant hardship on the people at large.

4. We, in Tamil Nadu, have been particularly hard hit by the attitude of the Government of India. Every single legitimate request of our State has been turned down or ignored and every initiative stymied. We have repeatedly demanded action on critical issues affecting our State but the Centre has failed to take cognizance. I made a request for a package of assistance from the Central Government as soon as I assumed office last year, but till date and even after repeated reminders, the Centre is insensitive to the request made and demands raised.

5. We have established the Tamil Nadu Infrastructure Development Board as the nodal agency for developing infrastructure through Public Private Partnership in the State to attract investment. Inadequate support of the Central Government for the State Government's infrastructure initiative and lack of access to Central Government Department lands even for projects like airports, metro-rail and road projects is resulting in delays and cost overrun.

6. The Central Government has been completely ineffective in playing its constitutional role in ensuring that the Final award of the Cauvery Water Disputes Tribunal is duly notified so that it can be implemented and the rights of Tamil Nadu as a lower riparian State are protected. The Central Government has also failed in protecting the citizens of the country – the fishermen belonging to Tamil Nadu - from attacks across the maritime boundary.

Even a simple request from a State PSU for a Digital Addressable System (DAS) License for Chennai City has not been granted on totally extraneous considerations. The Central Government has ordered that Metros such as Chennai should migrate to telecasting TV Channels in digital mode before the end of December 2012. Despite repeated representations to the Prime Minister and the concerned Union Minister, the D.A.S. licence is yet to be given to the Tamil Nadu Arasu Cable TV Corporation. It is a known fact that the Tamil Nadu Arasu Cable TV Corporation caters to the poor and the middle class at nominal costs. This delay is intended to facilitate the switching over of subscribers to a family owned TV network.

The deliberate non-issuance of D.A.S licence to the State Government owned Tamil Nadu Arasu Cable TV Corporation is only to facilitate the business interests of a particular family which forms part of the ruling coalition at the Centre.

This vindictive and discriminative act of the Government of India is highly condemnable and is yet another example of subverting the interest of the common people and the ruling dispensation's perpetual pandering to allies to ensure the survival of the Central Government.

7. As the Central Government remains aloof and disdainfully distant from the people's real needs, there have been efforts to arrogate greater powers by the Central Government for itself, by reducing the role of States which can only jeopardise the people's welfare. As the elected head of the Government of Tamil Nadu, while I shall continue to demand for the State what should rightfully belong to it, I cannot let down the people by merely waiting for the Central Government to act on various development initiatives. The State aims to forge ahead and we are embarking on many path breaking initiatives. In the Twelfth Plan, our State is poised to reach a higher growth trajectory.

8. I had urged in the last NDC meeting that an ambitious double digit growth target should be set for the 12<sup>th</sup> Plan. I am disappointed to note that the Plan Document scales down the growth target from 9 per cent in the Approach Paper to 8.2 per cent. We however, have a different objective. Tamil Nadu under my leadership, plans to achieve a double digit growth rate, as it envisions **Accelerated, Inclusive and Innovative growth** in the Twelfth Five Year Plan. Tamil Nadu's economy has shown great resilience and after my resuming office has recorded 7.4% growth in the terminal year of the Eleventh Plan, inspite of the poor performance of the previous Government in the earlier years. This is higher than the national average growth rate despite the global economic crisis and recession.

9. I unveiled the vision document for the State: "Vision Tamil Nadu 2023" in March this year, with three major outcomes that I have envisioned for the State to reach by 2023: First: the per capita income of Tamil Nadu's residents will reach 10,000 US Dollars per annum (at 2010 prices) – the present median income of Upper Middle Income countries. Second: Tamil Nadu will attain a high standard of social development, with the Human Development Index of the State matching that of developed countries and third: Tamil Nadu would provide to its residents, high quality infrastructure all over the State, comparable with the best in the world. It is against this backdrop that our Twelfth Five Year Plan has been conceived.

10. Financing the Plan is crucial. The Plan Document has adequate evidence on how unfair the Central Government is being to the States. The proportion of Central Assistance to the States for the Plan is down from 24.42 per cent of the States' aggregate resources in the Eleventh Plan, to 23.08 per cent in the Twelfth Plan. The entire incremental outlay on State Plans as a proportion of GDP is to be raised by the States themselves. Even in terms of the break up of Central Assistance, the share of "Normal Central Assistance", which is the untied portion, has been systematically whittled down. The States have been placed at the whim and mercy of petty bureaucrats in different Ministries in Delhi to receive assistance for the many centrally funded schemes, for which funding has been carved out of the State's share of central plan financing. This confirms what I had already apprehended in my speech at the 56<sup>th</sup> National Development Council when I said: "The bulk of the outlay on

the thirteen so-called flagship programmes was earlier provided to the States as untied 'Normal Central Assistance' to finance State determined priorities. With the big brotherly attitude that has come to characterize the Central Government, untied funds have been replaced by the "flagship programmes", consequently treating the elected State Governments as mere local supplicants. In my view, such a design is completely flawed and violative of the spirit of the Constitutional scheme where States, being closer to the people, have been accorded a key role in development related activities."

11. The Plan Document also speaks of one more sham exercise in which the so called Centrally Sponsored Schemes are to be abolished with fund transfer to States. But, undoubtedly, they will be reborn in another guise. After all, the objective of this rigmarole appears to be to keep the States firmly in a supplicant position!

12. While the general approach towards the States is condescending, when one analyzes the data regarding allocations for individual States in the Eleventh Plan, the unfairness displayed towards Tamil Nadu takes one's breath away. Comparing Tamil Nadu's population as per the 2011 census against the resource allocation as the Plan Document does, is an exercise already loaded in advance against a State which was an early adopter of the national goal of population control. What is even more disturbing is that Tamil Nadu does not receive even the share that it receives as Normal Central Assistance from various centrally funded schemes like the Sarva Shiksha Abhiyan, National Rural Health Mission, Integrated Child Development Services (ICDS), Pradhan Mantri Gram Sadak Yojana (PMGSY), National Rural Employment Guarantee Scheme and Accelerated Irrigation Benefit Programme (AIBP). It is just 4.328 per cent in the fund flow for these schemes against 6.062 per cent population share in the aggregate. Not just does this design of fund flow penalize a better performing State in the country, it actually raises a very serious doubt in my mind that this is the outcome of a sinister conspiracy to consciously discriminate against some States, and in favour of a few, in the matter of fund allocation.

13. A key issue in the generation of resources for the plan is the implementation of the Goods and Services Tax (GST). We note the adamant attitude of the Government of India with great anxiety. The legitimate concerns of the State Governments for whom VAT is the main revenue resource have to be taken note of. Compensation for the permanent loss on account of abolition of CST has to be provided in a sustainable and non-discretionary manner. The Centre should be prepared to consider more radical approaches, including delegating the levy and collection of the substitutes for VAT, Central Excise Duty and Service Tax within a State, completely to the State machinery, with the Central machinery focusing on inter-state taxation, customs duties and direct taxes. Without the Centre creating the requisite atmosphere of trust both in the

minds of the States and of other stake holders including small traders, it would be impossible to implement this tax reform measure.

14. The "direct cash transfer" mechanism is being touted as a "game changer" and a panacea for all ills in implementation. This is unjustified and shortsighted and reveals how little the Central Government understands ground level realities. The cash transfer mechanism will not work for certain schemes like the Public Distribution System and fertilizer subsidy, where ensuring availability of food grains and fertilizers is much more crucial to preserve food security than transferring cash. It is almost as if the Central Government is trying to abdicate its responsibility and just throw money around, instead of addressing real issues of availability. For other transfers, like pensions and scholarships, our State has attempted to operate through banks. However, the banking system, which is entirely under the control of the Central Government, is as yet unequal to the task of providing the crucial last mile connectivity to scheme beneficiaries without imposing hardships and costs on them. Further, the implementation of the "Aadhaar" scheme is getting more and more politicized and the roll out delayed. This will not lead to the desired outcomes.

15. Tamil Nadu with all its constraints has initiated dynamic action for the timely completion of ongoing generation and transmission schemes and to undertake quick gestation schemes in order to become a power surplus State again by 2015. The Financial Restructuring Plan for Distribution Companies (DISCOMS) is a long overdue measure. However, the rigid insistence on Fiscal Responsibility and Budget Management (FRBM) limits is a major hindrance to its effective implementation. The State also took courageous decisions under my leadership to raise power tariffs after ten years. It shows my Government's firm resolve to tackle the power crisis in the State, which is not of our making, and is the legacy left behind by the previous Government.

16. The Tamil Nadu Solar Energy Policy, 2012, has been announced with a vision of developing Tamil Nadu as a world leader in Solar Energy by establishing a generation capacity of 3000 MW by 2015. Our Government intends to make Solar Energy a people's movement just as we did earlier with Rain Water Harvesting. I urge the Government of India to support our initiatives financially and with appropriate policy measures.

17. The Transport Scenario in the Plan Document is conspicuously biased in favour of National Highways. The PMGSY focuses only on last mile connectivity. My Government is making unprecedented allocations for the huge network of State Highways, Major District Roads and other District Roads, but, the Plan Document is silent about these roads. The proposal for a North-South Freight Corridor from Villupuram to Kanyakumari does not find even a cursory mention in the Plan.

18. The Eleventh Plan performance in the Agriculture Sector for the country has been disappointing with only 2.8 per cent growth in the terminal year. Tamil Nadu however, registered a 7.08 per cent growth for the same year after I assumed office and initiated several farm sector measures with the objective of doubling farmers' income. I have reoriented the Agriculture Sector, ushering in a Second Green Revolution with focus on integrated farming and development of the Animal Husbandry and Dairy sector. The State Government's unprecedented investment in this sector by providing milch cows and sheep and goats to poor families and by organizing farmers' fairs (*Uzhavar peruvizha*) in all the 16,564 Revenue Villages has resulted in higher growth in the Agriculture Sector.

19. Tamil Nadu has limited irrigation potential. NADP offers only a minor incremental Plan allocation which barely covers inflation. The Central Government's confused and non-transparent implementation of the Nutrient Based Subsidy Scheme has been detrimental to our farmers. My Government has provided an exemption from VAT on fertilizers and agricultural implements for the first time in the country to reduce the cost burden on farmers.

20. Irrigation is a very important issue. We have repeatedly appealed to the Central Government, in vain, to ensure justice for Tamil Nadu in inter-state river water sharing issues including Cauvery, Pennaiyar, Mullaiperiyar dam and Attapadi dam issues. Time and again, we have been raising the issue of inter-linking of rivers both as a means of enhancing irrigation facilities, flood mitigation and creating a waterways grid and the need for seeing it as a national priority fully deserving of Central support. This has not found any real support from the Central Government. Surprisingly, the 12<sup>th</sup> Plan Document is also silent on this vital issue. The Accelerated Irrigation Benefit Programme (AIBP) has been a very disappointing scheme. It has no thrust on minor irrigation and on water conservation, two critical areas of concern for the 21<sup>st</sup> century. I demand that this programme be completely recast. The 12<sup>th</sup> Plan Document suggests pricing of water as a measure of conservation. Water, though a precious resource, cannot always be priced in commercial terms. In this regard, I expect that the 12<sup>th</sup> Plan Document should be more realistic instead of making unimplementable theoretical propositions.

21. Sustained economic growth requires a clear vision and leadership and it is my deep concern that growth should translate into inclusive development and poverty eradication. We have adopted a multi pronged strategy of targeted family based interventions on the one hand, and addressing inter-district and inter-regional disparities in the State, on the other, along with increasing employment and employability by improving the share of the Manufacturing Sector and focusing on skill development. The State has introduced the State Balanced Growth Fund to address inter and intra district disparities. We expect more substantial

allocations from the Government of India under the Backward Regions Grant Fund, since the Plan Document recognizes that there are districts with high poverty in Tamil Nadu as well. The substantially stepped up and clearly earmarked allocation for Special Area Programmes in the 12<sup>th</sup> Plan must be equitably distributed to all areas and regions in the country which are in need of assistance and not be used just to pamper political allies – past, present or potential.

22. Poverty eradication needs to be uppermost in our priorities. The National Rural Livelihood Mission appears to have drawn some key lessons from precursor programmes under implementation. In Tamil Nadu, the urban poor are a large category. We are awaiting the roll out of the Urban Livelihood Mission which is now long overdue. The State has in the meantime decided to go ahead on its own with a State level urban poverty eradication initiative.

23. Even though Tamil Nadu is implementing the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) well, we recognize that the scheme has many flaws. MGNREGS should be used as an instrument to generate skills and employment opportunities in key sectors including agriculture and for asset creation in rural areas. There ought to be a scheme holiday in the peak agricultural season. The scheme should also allow for more flexibility in project selection and mode of operation.

24. The cost of housing has gone up due to inflation but the Centre has not considered this aspect seriously and the States have had to put in an increasing share to meet the housing needs of the houseless poor and vulnerable sections. There is also an urgent need to revisit the space norms and to step up the unit cost of houses under the Indira Awas Yojana to at least One lakh rupees. Tamil Nadu has taken up the construction of environmentally sustainable green houses with solar power that could be a model for other States to emulate. I call upon the Centre to financially support this novel initiative in the area of clean energy. In urban housing, the Rajiv Awas Yojana and the interest subvention scheme have not been very effective nor attractive and the schemes need revamping.

25. The Plan Document correctly recognizes manufacturing as the key to inclusive growth which would promote employment. However, the 12<sup>th</sup> Plan target for growth in this sector is relatively modest. In contrast, Tamil Nadu expects to achieve an average growth rate of 10.5% in the Manufacturing Sector. Tamil Nadu continues to be a favoured investment destination as is evident from the recent signing of MOUs with twelve private companies on a single day for an investment of 20,925 crore rupees. These projects alone would generate direct and indirect employment for nearly 1.35 lakh persons in the coming years. The State also proposes to venture into sectors like aerospace and pharmaceuticals in addition to its existing areas of

strength in automobiles, auto components, engineering, leather and textile sectors.

26. Skill development has been identified as a crucial intervention and accorded high priority. The Tamil Nadu Skill Development Mission with a Special Purpose Vehicle will be at the vanguard of these efforts to address the skill issue with a flexible approach. Many of the initiatives under this Mission will be in the Public Private Partnership mode. We urge continued Central support for this crucial area.

27. The attacks on Tamil Nadu Fishermen by the Sri Lankan Navy is an issue infringing on National sovereignty and should not be ignored. Our requests for the development of deep sea fishing and fishing harbours have not found matching Central assistance.

28. The inordinate delay in the launching of JNNURM Mission-II is a cause of deep concern for us. We would favour a scheme design with substantial flexibility to the States to use their local knowledge and ingenuity in solving urban infrastructure problems.

29. Tamil Nadu has achieved the target of Universalisation of Primary Education and is now moving to universalising Secondary education. Allocations under the Sarva Shiksha Abhiyan (SSA) and the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) are yet to be released. These so called flagship initiatives should be adequately funded.

30. We hope that the proposed expansion of the National Rural Health Mission (NRHM) into the National Health Mission will provide the flexibility to absorb the more extensive coverage provided under some of the State schemes including the Chief Minister's Comprehensive Health Insurance Programme in Tamil Nadu.

31. The State is reeling under widespread load shedding. The demand-supply gap is 4000 MW - the highest in the Southern Region. Failure of the monsoon, coupled with power shortage, has taken its toll on the Agriculture Sector, affecting food production. The Small Scale Industrial Sector is also facing a major problem.

My repeated requests for substantial assistance for Power Sector Investment, ceding a concessional funding window, finalising Fuel Supply Agreements and coal linkages, removing corridor constraints and strengthening the evacuation of wind energy have elicited no response.

Amongst my various letters on requests for power, my letter dated 23.10.2012 to avail of surplus power in the Northern States to the Hon'ble Prime Minister of India elicited only a sermon on transmission constraints, negating our request.



May I now, in this august forum, register my request? Within the State of Tamil Nadu, there are no transmission constraints. The total power generated in the Central Generating Stations in Tamil Nadu by the Neyveli Lignite Corporation, 1890 MW, the Madras Atomic Power Station at Kalpakkam, 440 MW, and the joint venture unit between the National Thermal Power Corporation and the Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), 500 MW, commissioned recently at Vallur near Chennai adding up to a total of 2830 MW may be allotted to Tamil Nadu. This is requested only as an interim arrangement, for a period of one year, to meet the huge power deficit and to alleviate the hardship faced by the people, until all the new power projects under construction in Tamil Nadu are fully commissioned, after which, the status quo ante may be restored.

May I again repeat my request that the entire power of 2000 MW generated from the Koodangulam project, on successful commissioning, be allotted to the State of Tamil Nadu? This is not an unreasonable request, as there is a precedent that I would like to quote. Of the first 2 units of 500 MW each, totalling 1000 MW, produced at the Central Generating Station at Simhadri in Andhra Pradesh, constructed and operated by the National Thermal Power Corporation, the entire 1000 MW have been dedicated to Andhra Pradesh. I have addressed the Hon'ble Prime Minister on this issue in my letter dated 25.12.2012 and hope to receive a favourable reply.

Predatory tendencies poaching on the powers and resources of the States notwithstanding, solutions available with the Government of India are wilfully withheld.

The federal nature of our existence demands that the Government of India discharge its obligations to the States.

The State of Tamil Nadu appeals to the Prime Minister of this country to grant our request for power.

32. The energy security of our country is in great danger and is facing unprecedented uncertainties. This is mainly due to the failure of the Government of India to anticipate problems and act in a proactive and co-ordinated manner, to ensure adequate supply of coal, and to provide coal linkages to new power plants. Policy failure on the part of the Government of India is starkly evident for all to see. Domestic coal production is stagnant and cannot meet the requirements of even the existing power plants, leave alone the new plants under construction and about to be commissioned. Power plants for an estimated capacity of 25,000 MW in the country are non-starters for want of clearances to link coal mines. Delay in environmental clearances have affected the speedy execution of coal mining projects and power plants. I urge the Hon'ble Prime Minister to intervene, clear the policy muddle and resolve the co-ordination issues between the Ministries of Environment and Forests, Power and Coal. Lack of adequate inter-regional power

transmission infrastructure is another matter of great concern. Power deficit regions like the Southern States are not able to access surplus power available in the rest of the country. This is mainly because of the lack of long term vision and speedy action to address corridor constraints by the Power Grid Corporation of India Limited. I urge the Government of India to accord top priority to the taking up of inter-regional transmission projects on a war footing.

33. The Centre should use the NDC to discuss the issues concerning the States and consult with the Chief Ministers on various issues and give due weightage to their viewpoints rather than treating such occasions as purely ceremonial events intended to rubber stamp a Central Plan. Reasonableness and magnanimity should characterize such interactions rather than a vengeful attitude – where even fully justified requests of the States are not given due consideration. Such a vindictive attitude only shows that the Union Government has lost its direction and wants to leave the State Governments to face public ire. I sincerely hope that in order to meet the expectations of the people at large and the poor in particular, the Union Government recognizes the ground realities at least now and lends its ear to the States’ genuine demands. I also hope that our consistent demand for more flexibility in fiscal devolution and greater freedom in utilizing the funds allocated under Centrally Sponsored Schemes are met.

34. The people’s interest should be paramount. Purely political considerations being brought to weigh on the Plan is a grave injustice done to the States and is not conducive to the healthy growth of the Nation. The already inherent imbalances will only get more pronounced. Let me conclude my speech in the sincere hope and belief that the voice of the States would be heard. The NDC should be a forum where the States are called to discuss, debate and evolve mutually beneficial programmes and policies, instead of a meeting place where opinions are sought with monotonous regularity but no action is taken. I sincerely hope that the Central Government takes cognizance of the aspirations of the States and commits more untied funds to allow for flexibility in framing people oriented programmes that result in accelerated, inclusive, innovative and sustainable growth.

VANAKKAM !

.....

**Issued By:-**

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