

## **PRESS RELEASE**

Text of the Memorandum presented by **Selvi J Jayalithaa**, Hon'ble Chief Minister of Tamil Nadu to Shri Narendra Modi, Hon'ble Prime Minister of India on 7<sup>th</sup> August, 2015 is reproduced below:-

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### **I. Water Resources Issues:**

#### **(a) Formation of Cauvery Management Board and the Cauvery Water Regulation Committee for the implementation of the Final Order of the Cauvery Water Disputes Tribunal:**

With the persistent and untiring efforts of the Government of Tamil Nadu and with the intervention of the Supreme Court, the Final Order of the Cauvery Water Disputes Tribunal dated 5.2.2007, has been notified by the Government of India on 19.2.2013. Tamil Nadu has been urging the Government of India for the early formation of the Cauvery Management Board and the Cauvery Water Regulation Committee. I had made this request on 3.6.2014 which has not yet been favourably considered by the Government of India.

I reiterate the request that the Cauvery Management Board and the Cauvery Water Regulation Committee be formed immediately.

#### **(b) Mekedatu Scheme:**

Government of Karnataka had called for an expression of interest for construction of two reservoirs at Mekedatu in violation of the Final Orders of the Cauvery Water Disputes Tribunal.

I request Government of India to advise Government of Karnataka not to proceed with the project without the concurrence of the Government of Tamil Nadu. I also request Government of India not to grant techno economic clearance and environmental clearance till the Cauvery Management Board is formed and becomes functional.

#### **(c) Deployment of Central Industrial Security Force to guard the Mullai Periyar Dam:**

Based on the request I had made on 3.6.2014, the Government of India has constituted the Supervisory Committee for raising the water level in the Mullai Periyar Dam up to 142 ft. as ordered by the Hon'ble Supreme Court.

The Supervisory Committee in its meeting on 17.7.2014 had decided to implement the Order of the Hon'ble Supreme Court to raise the water level from 136 ft. to 142 ft. initially. Accordingly, the Government of Tamil Nadu had lowered the shutters of the spillway on 17.7.2014 to

facilitate storage of water up to 142 ft. as ordered by the Hon'ble Supreme Court.

It is apprehended that there could be a security threat to the Mullai Periyar Dam and its appurtenant structures from unruly mobs against whom the Kerala Police, instead of taking action, are acting as mute spectators. It is, therefore, imperative to deploy the Central Industrial Security Force to guard the Mullai Periyar Dam and its appurtenant structures.

#### **(d) Release of Water from Neyyar Dam**

9200 acres of land in Vilvancode Taluk, Kanniyakumari District, which was part of the erstwhile Travancore-Cochin State before States' reorganization, was to benefit under the Left Bank canal of the Neyyar Irrigation Project. After the reorganisation of States, Vilvancode Taluk was transferred to Tamil Nadu and water was being released from the Neyyar Dam for irrigation up to February, 2004. The Government of Kerala abruptly stopped the supply of water from March, 2004, on the plea that Neyyar is an intra-State river.

I had in my Memorandum on 3.6.2014 requested the Government of India to give directions to the Government of Kerala to restore water supply to Tamil Nadu from the Neyyar Dam. This request has not yet been acceded to by the Government of India. I once again urge you to instruct the Government of Kerala to restore water supply to Tamil Nadu from Neyyar Dam.

#### **(e) Inter-linking of Rivers:**

##### **(i) Inter-linking of Peninsular Rivers:**

The Government of Tamil Nadu has been urging the Government of India to implement the interlinking of the Rivers Mahanadhi-Godavari-Krishna-Pennar-Palar-Cauvery -Vaigai 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.

**While thanking the Government of India for having notified the Special Committee for Interlinking of rivers,** our request that all inter-State rivers should be nationalised so that water resources of the Country are optimally utilized must be looked into seriously and implemented in a time bound manner.

##### **(ii) Inter-linking of Rivers within the State:**

###### **❖ Athikadavu-Avinashi Flood Canal Scheme:**

Government of Tamil Nadu had sought the assistance of Government of India for implementation of the Athikadavu-Avinashi Flood Canal Scheme at an estimated cost of Rs.1862 crores. This may be sanctioned on a priority basis.

❖ **Pennaiyar (Sathanur Dam)-Palar Link Scheme and Pennaiyar-Nedungal Anicut-Palar Link** at an estimated cost of Rs.500 crores may kindly be expedited.

❖ **Cauvery-Gundar link:**

The proposal to divert the flood waters of Cauvery to drought prone areas by linking the Rivers Cauvery-Vaigai-Gundar at a cost of Rs.5166 crores which was kept pending and later returned by the previous Central Government may be approved expeditiously.

## **II. Fisheries Sector:**

### **(a) Protection of the Traditional Fishing Rights of Indian Fishermen in the Palk Bay and Ensuring their Safety and Security:**

Since May, 2011, I had written 41 letters to the then Prime Minister and 24 letters have been addressed to you by the Chief Minister of Tamil Nadu, on the 105 incidents of apprehension and 79 incidents of attacks on and harassment of fishermen of Tamil Nadu by the Sri Lankan Navy. These incidents have caused great unrest amongst the Fishermen Community of Tamil Nadu. Such incidents are a National issue as any attack on an innocent Indian is an attack on India.

Our fishermen, in an accommodative frame of mind have come forward for talks between the fishermen of both the countries and three rounds of talks were held in Chennai on 27.1.2014, Colombo on 12<sup>th</sup> May, 2014, and Chennai again on 24.3.2015. Though there have been several resolutions in the first round of Talks at Chennai, the second round at Colombo failed due to the obduracy of the Sri Lankan Foreign Ministry officials. However during the third round of talks at Chennai, the fishermen of Tamil Nadu put forth a clear road map for resolving the Palk Bay issue which was subsequently rejected by the Sri Lankan fishermen.

As on date, 31 Tamil Nadu fishermen and 23 boats are in Sri Lankan custody. I request that the Government of India should take efforts through diplomatic channels to release our fishermen and boats expeditiously.

I reiterate my request to the Government of India to take **all efforts to protect the traditional fishing rights of Indian (Tamil Nadu) fishermen in the Palk Bay area and ensure their safety and security.**

### **(b) Retrieval of Katchatheevu and Restoration of Traditional Fishing Rights of Tamil Nadu Fishermen:**

Katchatheevu is a small island of approximately 285 acres in the Palk Straits off Rameswaram, which was a part of Ramanathapuram District of Tamil Nadu. It was originally under the ownership of the Raja of Ramanathapuram for which there is sufficient documentary proof. The Indian fishermen enjoyed traditional fishing rights in and around the island of Katchatheevu. As per Agreements entered into in 1974 and 1976, Katchatheevu was ceded to **Sri Lanka and the fishermen of Tamil Nadu have been deprived of their fishing rights around Katchatheevu ever since then.**

In 1991, the Tamil Nadu Legislative Assembly passed a Resolution seeking the restoration of Katchatheevu Island and the sea area adjacent to it to India. Further, a proposal was sent to the Government of India in 2003 to examine the feasibility of getting the island of Katchatheevu and adjacent seas on a 'lease in perpetuity'.

I had in my personal capacity filed a Writ Petition (W.P. (Civil) No.561/2008) in this regard in the Supreme Court of India in 2008 and the Government of Tamil Nadu also impleaded itself in the case in 2011. As per the order of the Supreme Court of India in the Berubari case of 1960, a part of any territory owned by India can be ceded to another country only through a Constitutional Amendment. However, Katchatheevu was ceded to Sri Lanka without a Constitutional amendment and hence the ceding is unlawful and not valid. The unconstitutional ceding of the island and the fishing grounds in the vicinity have emboldened the Sri Lankan Navy to resort to frequent attacks on our innocent fishermen who fish in their traditional fishing grounds.

**The Government of India should, hence, take active steps to abrogate the 1974 and 1976 agreements and retrieve Katchatheevu and restore the traditional fishing rights of the fishermen of Tamil Nadu.**

**(c) Comprehensive Special Package for Diversification of Fisheries:**

I had on 3.6.2014 sought a **Comprehensive Special Package for Diversification of Fisheries at a cost of Rs.1520 crores with a recurring component of Rs.10 crores for maintenance dredging.** No decision has been taken as yet on this request, although the Government of Tamil Nadu has gone ahead with the implementation of some elements of the package in view of the urgency. The package comprises the following components:

**(i) Diversification of Bottom Trawlers into Deep Sea Tuna Long Liners:**

This would reduce the pressure of bottom-trawling boats in the Palk Bay and will cost Rs.975 crores over three years. This issue was discussed in a meeting convened by the Principal Secretary to Prime Minister on 23.4.2015 with the Chief Secretary of Tamil Nadu and the Secretary, Animal Husbandry Dairying and Fisheries to discuss the

fishermen issues between India and Sri Lanka. Based on the discussions, the Government of Tamil Nadu has sent a detailed proposal to Government of India for diversification of Trawling pressure in the Palk Bay on 12.5.2015, which is pending with the Ministry of Agriculture, Government of India.

In the mean time, my Government has initiated a scheme for introducing tuna long-liners at a cost of Rs.51.3 crores and the construction of 171 Tuna Longliners has commenced. I request early sanction of the scheme for diversification of bottom trawlers to Tuna Longliners pending with Government of India.

**(ii) Assistance for Mid Sea Fish Processing Park:**

Under this project, costing Rs.80 crores, a 'Carrier Mother Vessel' will be stationed mid-sea to support and supply 'Baby Vessels' involved in commercial fishing in the deep seas. This will add value to the fish caught in the deep seas and also reduce the pressure of fishing in the shallow waters of the Palk Bay.

**(iii) Reimbursement of Central Excise Duty on High Speed Diesel (HSD) for Mechanized Boats:**

The eligibility requirement for Boat owners to be in the BPL category (which is practically impossible for any motorised boat owner), and the monthly ceiling of only 500 litres per boat are unworkable. Such conditions should immediately be reviewed in order to make this Scheme beneficial.

**(iv) Motorisation of traditional crafts:**

The present level of assistance of Rs. 3 crores per year for motorisation of nearly 1,000 traditional crafts every year is very meagre since there are over 32,000 non-motorised traditional crafts in Tamil Nadu. Sanction of at least Rs.9 crores per year could ensure that all traditional craft can be motorized within five years.

**(v) Creation of Infrastructural facilities for Deep Sea fishing:**

Rs.420 crores is required to provide infrastructural facilities in Mookaiyur and Rameswaram Fishing Harbours in Ramanathapuram District, and Ennore Fishing Harbour in Tiruvallur District. A project proposal for Mookaiyur fishing harbor has been sent to Government of India on 13.3.2015.

**(vi) Dredging of Fishing Harbours and Bar Mouths:**

A recurring provision of Rs.10 crores may be sanctioned every year for dredging of harbours and bar mouths.

**The Comprehensive Special Package for Diversification of Fisheries of Rs.1520 crores with a Rs.10 crores recurring component may be approved at the earliest.**

#### **(d) Rescinding the Deep Sea Fishing Guidelines, 2014:**

The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India, issued new Deep Sea Fishing Guidelines on 12th November, 2014, which mandate boats that are above 15 metres Overall Length (OAL) engaged in near shore fishing just beyond the territorial waters of India, to obtain a Letter Of Permission (LOP) from the Government of India and voyage clearances from the Indian Coast Guard for each fishing voyage. The new guidelines not only restrict the open access of our fishermen in the EEZ, but also set a dangerous precedent of allowing foreign vessels of more than 15 metres OAL under LOPs to compete with our fishermen for resources which need to be conserved for utilisation by our Nation and its citizens.

These Guidelines are extremely impractical and will adversely affect the livelihood propositions of our native fishermen. They are also per se illegal as they are contrary to the existing laws on the subject. Out of the 5,500 mechanised fishing boats in Tamil Nadu, more than 80% of the boats are above 15 meters OAL which are engaged in fishing beyond territorial waters, will be adversely affected by the above guidelines.

Hence, Government of Tamil Nadu has called for the guidelines to be rescinded. The Government of Tamil Nadu's stand is that:

- Fishing vessels of length below 24 metres Overall Length should be defined as coastal fishing vessels and fishing vessels of length 24 metres OAL and above as Deep Sea Fishing Vessel (DSFV).
- The coastal fishing vessels of length below 24 metres OAL owned by Indian fishermen should be given open access in the Indian EEZ as provided for under Section 7(5) of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act 1976.
- The Government of India should delegate powers to regulate fishing by vessels of 24 metres OAL and above to the Maritime States.
- No permission should be accorded to foreign fishing vessels or engagement of foreign crew under the LOP mechanism or through any other mechanism to fish in India's EEZ.
- No joint venture or any other form of agreement with a foreign individual or company should be permitted for undertaking deep sea fishing in India's EEZ.
- The fishery resources in our EEZ should be protected and preserved for our artisanal fishing community which is now gearing up to exploit the untapped resources.
- The Government of India should develop specialised infrastructure for landing of Deep Sea Fishing Vessels, safe berthing, reception and handling of high valued deep sea catch (like cold chain from

harvest till consumption) to deliver premium quality fish to fetch premium value in the domestic and international markets.

### **III. Power Sector:**

#### **(a) Cheyyur Ultra Mega Power Project:**

Cheyyur Ultra Mega Power Project is a 4000 MW thermal power project located at Cheyyur in Kancheepuram district. The project is being developed by the Government of India through Power Finance Corporation. Tamil Nadu's share of the power in this project is 1600 MW. Environmental clearance for the project has been received on 30.09.2013. The Government of Tamil Nadu has completed acquisition of almost all the land required for the project. **Ministry of Power has to complete the bidding process at the earliest so that the project work can be commenced.**

#### **(b) Speedy Completion of Inter-regional Transmission Lines**

TANGEDCO has entered into long term power purchase agreement for 15 years for a capacity of 3330 MW. Out of this 2158 MW has to come from generators located outside the State. To enable this power flow to southern region in general and to Tamil Nadu in particular, it is essential that the following three 765 kV inter regional transmission line already sanctioned by Power Grid Corporation of India Limited are expeditiously completed and commissioned:

1. Vemagiri (Andhra Pradesh) - Angul (Orissa)
2. Narendra (Karnataka) - Kolhapur (Maharashtra)
3. Hyderabad (Andhra Pradesh) - Wardha (Maharashtra)

### **IV. Compensating Tamil Nadu for the Adverse Treatment by Fourteenth Finance Commission:**

The Fourteenth Finance Commission (14<sup>th</sup> F.C.) has recommended a substantial enhancement in the share of the States in the divisible pool of central taxes from 32% to 42%. While we welcome this increase in tax devolution from the Centre to the States, **it is important to note, that Tamil Nadu has been singled out for the sharpest reduction in its share in the divisible pool of taxes. As against 4.969% share in the divisible pool of Central Taxes recommended by 13<sup>th</sup> FC, Tamil Nadu's share has come down to 4.023% in the 14<sup>th</sup> FC's recommendations. The unbalanced formula adopted by the 14<sup>th</sup> FC has treated Tamil Nadu most adversely. The reduction in the inter-se share of Tamil Nadu of 19.14 per cent represents the biggest loss in share amongst all States. Tamil Nadu has been doubly penalized for its prudent fiscal management as it has not received revenue deficit grants.**

The very large drop in Tamil Nadu's share in the divisible pool is barely compensated by the increase in the overall devolution pool by 10

per cent and Tamil Nadu's overall share in Central taxes has increased by just 0.1 per cent from 1.59 per cent to 1.69 per cent. The Finance Commission has also recommended no special purpose grants and State specific grants of which Tamil Nadu received Rs 4669 crores during the 13<sup>th</sup> Finance Commission period. **The loss to Tamil Nadu, due to the reduction in its share in the divisible pool and the discontinuance of special purpose and state specific grants is estimated at Rs 6000 crores per annum.**

In the Union Budget, the Central Government has found numerous ways to claw back the increased devolution recommended by the 14<sup>th</sup> FC including:

- The conversion of Rs.4 per litre out of the specific duty of petrol and diesel into road cess and the replacement of wealth tax with a surcharge on income tax of 2 per cent on the super rich remove substantial revenue from the shareable pool.
- 12 schemes have been de-linked from Central Assistance including Normal Central Assistance (based on the Modified Gadgil-Mukherjee formula), Modernization of Police, Backward Regions Grant Fund, the Hill Areas Development Programme and Western Ghats Development Programme.
- The State's share for 13 key programmes, including National Agricultural Development Programme, Pradhan Mantri Krishi Sinchai Yojana, Swaccha Bharat Abhiyaan, National Health Mission, National Livelihood Mission, Smart Cities Programme, Housing for All and Integrated Child Development Service (ICDS) is going to be increased.

The State being required to take on additional burden of expenditure on Central Government priorities is an unfair expectation and outcome. **As I have already stated on a number of occasions in the past, in Centrally Sponsored Schemes, 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.**

The Union Budget has a provision of Rs 20,000 crores to be allocated for schemes approved by the NITI Aayog. I strongly urge you to ensure that the step motherly treatment meted out to Tamil Nadu by the Fourteenth Finance Commission is at least in part redressed by a sizeable allocation to Tamil Nadu out of the funds set apart for schemes to be approved by the NITI Aayog. **We have a ready shelf of large projects that could be funded out of this allocation including the Comprehensive Special Package for Diversification of Fisheries, Desalination Projects and viability gap funding for the Chennai Monorail Project, as also several other projects under the Tamil Nadu Vision 2023.** I request you to issue necessary directions to NITI Aayog to consider funding such specific projects from Tamil Nadu from out of their special allocation.



## **V. Shortfall in Release of Grants in Aid:**

**In response to my request on 3.6.2014, pending arrears of Roads and Bridges Maintenance grant of Rs.478 crores, Sarva Shiksha Abhiyan (SSA) grant of Rs.228 crores and Slum Improvement Grant of Rs.50 crores have been released by the Government of India.** However, there are still some large grants-in-aid due to the Government of Tamil Nadu from the Government of India as on date including arrears up to 2014-15. This has adversely affected the fiscal health of the State.

### **(a) 13<sup>th</sup> Finance Commission Grants – Pending reimbursement :**

The Thirteenth Finance Commission had recommended a grant of Rs.11,366.90 crores to Tamil Nadu for the five year award period, which came to an end on 31<sup>st</sup> March 2015. Apart from Local Body Grant, Maintenance Grant and State Disaster Response Fund totaling Rs.8537.33 crores, Rs.2829.57 crores were earmarked for State Specific Needs Grant and other Grants-in-aid. Of this, Rs. 1672.02 crores alone has been released. Over and above this release, the utilisation certificates in the prescribed format for the expenditure of Rs.636.72 crores incurred up to 31.03.2015 have been furnished to the respective Ministries and the Ministry of Finance and the same needs to be released.

I am given to understand that no grant of 13<sup>th</sup> Finance Commission could be released in the current financial year so far as no budgetary provision has been made in the Budget Estimates 2015-2016. It is to be noted that even during the previous Finance Commissions' period, the Union Government had released the balance grants towards expenditure incurred during the award period in the subsequent year. Further, in some cases, where the schemes could not be completed within the award period, the Government of India had allowed extension of time by one year for the completion of the schemes.

Hence, I request you to instruct the officials of the concerned Ministry to release the balance grants towards the schemes which have been implemented within the award period under 13<sup>th</sup> Finance Commission recommendations based on the utilisation certificates already furnished and also to extend time for completion of ongoing schemes under 13<sup>th</sup> Finance Commission grants till 31.03.2016 as some of the works are in progress.

### **(b) Accelerated Irrigation Benefit Programme – Pending Reimbursement:**

#### **(i) Grants for Flood Protection Works:**

Five flood protection works in Tamil Nadu were accorded investment clearance by the Union Planning Commission in 2009-10 and 2010-11 for an amount of Rs.613.43 crores, with a Central share (75%) of Rs.460.07 crores.

All five works were completed by 2012-13 and a total amount of Rs 625.77 crores was spent. However, the Government of India has released a total grant of only Rs.59.82 crores so far. A revised proposal for release of Rs.342.94 crores has been forwarded. The Government of India may direct the Ministries of Water Resources and Finance in the Government of India to release the recommended grant of Rs. 342.94 crores to Tamil Nadu.

**(ii) Command Area Development & Water Management Programme:**

For the works completed up to 2012-13, in February, 2014, the Government of India has refused to release the balance central grant of Rs.50.59 crores. For the works implemented in 2013-14 and 2014-15 with the approval of the Inter-Ministerial Committee, the total central assistance of Rs.36.67 crores was restricted to Rs.9.40 crores only. Thus, out of Rs.97.57 crores of Central Assistance due for the Government of India sanctioned works and completed till 2014-15, the Government of India has released a sum of only Rs.19.71 crores and the balance amount of Rs.77.86 crores may be released at the earliest.

**(c) Right to Education (RTE) Compensation:**

The total number of admissions under the Right to Education Act in private schools for 2013-14 is 49,864 and for 2014-15 is 86,729 and the reimbursement amount works out to Rs.25.14 crores and Rs.71.91 crores. In order to ensure that the education of children is not disrupted, the State Government has already reimbursed an amount of Rs 97.05 crores to the private schools. Hence, the Government of India is requested to release the amount of Rs.97.05 crores at the earliest. I understand that the Ministry of Human Resources Development have taken a stand that only cases where admissions have been made from class I onwards would be eligible for reimbursement. This is untenable as no such restriction exists in the Act and most private schools admit children only in the preschool stage. Insisting on such a condition will deprive many poor students of the opportunity provided by the RTE Act.

**(d) Post Matric Scholarships:**

Out of pending grants of Rs.940.05 crores up to 2014-15 for Post Matric Scholarships for Scheduled Caste students, an amount of Rs.313.34 crores has been released and the balance arrears of Rs.626.71 crores are yet to be released and may be released at the earliest.

**(e) Jawaharlal Nehru National Urban Renewal Mission (JNNURM):**

The State Government had achieved a score of 99% under the reform implementation target as reported by the National Institute of Urban Affairs (NIUA) and hence the withheld grant of Rs.206.11 crores for the Urban Infrastructure and Governance component of JNNURM may be released. Also, an amount of Rs.90.88 crores is also pending for various works taken up under this scheme for which necessary utilization certificates had been furnished well before the cut-off month of March, 2014. Thus Government of India may be requested to release an amount of Rs.296.99 crores towards the expenditure incurred by the State.

**(f) Family Welfare Programme**

During 2013-14, the State had incurred an expenditure of Rs.442.58 crores for this Centrally Sponsored scheme and furnished the audit certificates for the approved items of expenditure. However, only a sum of Rs.223.60 crores alone was released for the year 2013-14. Hence, the balance grant of Rs.218.98 crores may be released to the State.

**(g) Other Major Grants-in-Aid due from GoI**

There are other grants for the Comprehensive Handloom Development Programme (Rs.81.60 crores), revamped Central Road Fund scheme (Rs.167.61 crores) and Roads of Inter-State Connectivity scheme (Rs.37.60 crores). Under the One-time Additional Central Assistance, the State had spent Rs.253.33 crores for the priority and special importance works during 2014-15. The NITI Aayog had also sanctioned Rs.75.99 crores as the eligible central grant, but this grant was not released in 2014-15. **These grants-in-aid may kindly be released at the earliest.**

**VI. Goods and Services Tax:**

**Tamil Nadu is concerned about the impact the proposed GST will have on the fiscal autonomy of States and the huge permanent revenue loss it is likely to cause to a manufacturing and net exporting State like Tamil Nadu. I had suggested an alternative radical approach in which the levy, collection and appropriation of the substitutes for VAT, Central Excise Duty and Service Tax within a State could be delegated completely to the State machinery, with the Central machinery focusing on interstate taxation.**

**We are happy that some of the concerns raised by us have been addressed - the provision for Declared goods, which is against the principle of harmonization has been removed; alcoholic liquor meant for human consumption has been kept outside the purview of GST; and the provisions relating to Advisory Committees for dispute resolution have been dropped. However, a number of concerns of Tamil Nadu still need to be addressed including:**

- GST Council as a constitutional body impinges on the legislative sovereignty of both the Parliament and the State Legislature and completely jeopardizes the autonomy of the States in fiscal matters. We strongly object to the provision for the GST Council. The existing mechanism of the Empowered Committee of State Ministers which dealt with VAT issues is adequate. Ideally, no statutory GST Council is required.
- Furthermore, the decision making rule and voting weightage in the proposed Council are completely unacceptable. They give the Government of India an effective veto in the GST Council and no distinction is sought to be made amongst the States in weightage. Hence, if at all a Council is formed, the weightage of the vote of the Central Government should be reduced to **one-fourth** of the total votes cast and that of the States should be increased to **three-fourths** of the total votes cast. Further, the weightage of each State's vote should be in proportion to the representation of each State in the Council of the States. This is important as the changeover to GST has different implications for different States based on their size and reliance on own tax revenues.
- **Petroleum and Petroleum products must be kept outside GST in view of the revenue impact and the positive environmental and social impact of high effective taxation on these items.**
- **There is a need to enable the States to levy higher taxes on tobacco and tobacco products on par with the Centre, as States like Tamil Nadu already levy a higher rate of tax on tobacco and tobacco products on account of the public health concerns.**
- **It is quite clear that a manufacturing State like Tamil Nadu will permanently lose substantial revenue if GST is implemented, due to the shift of the levy from the point of origin to the point of destination and also due to the phasing out of Central Sales Tax and transfer of input tax credit on inter-State sales and inter-State stock transfers to the destination States. Due to the difficulty in fixing even nominally high revenue neutral rates, it is expected that the extent of revenue loss under GST would be around Rs.9270 crores for Tamil Nadu.**

- **Tamil Nadu reiterates the need for a constitutionally mandated independent compensation mechanism for full (100 per cent) compensation of revenue losses suffered by the States for a period of not less than five years.**
- **In lieu of the proposed additional levy of 1 per cent tax on Inter-State supply of goods, Tamil Nadu suggests that the origin States may be allowed to retain 4 per cent of the Central GST part of the Inter-State GST that would be leviable on inter-State supply of goods and services as this would ensure speedy recompense for a portion of the revenue loss and will reduce the amount of compensation payable. Further, as this comes out of the CGST component, it does not affect the destination State's revenue or cause any cascading.**

Hence, the stand of the Government of Tamil Nadu is that before the Constitutional Amendment Bill on GST is taken up, the Government of India should strive for a broad consensus on important issues like the compensation period and methodology, revenue neutral rates, floor rates with bands, commodities to be excluded from GST, the IGST model and clarity on dual administrative control, so that the genuine apprehensions of States regarding loss of fiscal autonomy and permanent revenue loss are allayed.

### **VII. Central Sales Tax Compensation:**

As part of the road map for the implementation of GST, the Central Sales Tax (CST) rate was reduced from 4% to 3% with effect from 1.4.2007 and further brought down to 2% with effect from 1.6.2008. The Government of India agreed to implement various non revenue measures and direct release of funds to compensate the States for the revenue losses. **The Government of Tamil Nadu has been submitting its compensation claims regularly but has not received the promised compensation in full. We are grateful that after a long delay of nearly four years, a sum of Rs.2000 crores was finally released in March, 2015. However, even after this release, as against the State Government's claim of Rs.13,227.46 crores for the period from 1.4.2007 to 31.3.2013, only a sum of Rs.4636.90 crores has been released by Government of India.** A sum of Rs.8590.56 crores is yet to be reimbursed by the Government of India for pending compensation for the period up to 31.3.2013. We request that the compensation claims of Tamil Nadu should be sanctioned at the earliest.

### **VIII. Agriculture:**

#### **(a) Agricultural Insurance:**

Crop Insurance is the only weather-proofing mechanism available to millions of our farmers to mitigate the impact of adverse climatic

conditions. The initial decision of the Government of India to withdraw the National Agriculture Insurance Scheme (NAIS) and replace it with the National Crop Insurance Programme (NCIP) from Rabi 2013 was a rude shock to the farmers of Tamil Nadu. I am grateful that the Government of India, acceding to my request, approved the implementation of NAIS on the existing pattern during Rabi 2014-15 and Kharif & Rabi 2015-16. However, we are concerned that the Department of Agriculture and Cooperation, Government of India, continues to state that a new Crop Insurance Programme based on crop yield and income would be rolled out shortly. **I strongly urge that the Government of Tamil Nadu may be permitted to continue with the implementation of NAIS on the existing pattern of sharing of premium subsidy and compensation.**

#### **IX. Public Distribution System Related Issues:**

##### **(a) National Food Security Act:**

Some key suggestions made by Tamil Nadu to safeguard food security were not adequately addressed when the National Food Security Act was passed.

- **Tamil Nadu seeks a legally binding assurance on the issue price of food grains for the additional assured quantity provided for those States which are already drawing food grains over and above the guaranteed quantity under the Act. Such additional quantities should continue to be supplied to the States at Rs.3 per kg or at least at the current price applicable for Above Poverty Line families of Rs 8.30 per kg.**
- **Preferably the entire urban population should be covered as households eligible for allocation of subsidized food grains. Alternatively, at least 75 percent of the urban population should be covered as in rural areas.**
- Schedule I of the Act assures the limited allocation of subsidized food grains only for a period of 3 years from the commencement of the Act. The guarantee of supply of subsidized food grains with an assured level of subsidy from the Government of India should be for a period of at least 10 years.
- A provision to obligate the Central Government to import food in times of scarcity is very crucial to make this legislation truly a Food Security Act. The "Provisioning of Funds to State Governments for Short Supply of Foodgrains Rules, 2014" are not an adequate safeguard of the interests of Tamil Nadu.
- **The extended time period up to 30.9.2015 to complete identification of the eligible households is not a realistic time frame, particularly as the district wise break up data under the Socio Economic Caste Census (SECC) is yet to be made available. Hence, at least 2 years time must be provided.**

- The provision in the Act empowering the Central Government to introduce cash transfer and food coupon schemes is strongly objected to by our State and this must **be amended with a clear indication that any cash transfer scheme can be introduced only with the concurrence of the State Government.**

**While these lacunae in the Act are being addressed, I request that the implementation of the National Food Security Act, and in particular the time period for identification of eligible families should be deferred by at least two more years.**

**(b) Adequate Kerosene Allotment for Tamil Nadu:**

The actual requirement of kerosene as per the entitlement of the card holders is 65,140 Kilo Litres (KL) per month for Tamil Nadu. **The allocation, which was 59,780 KL of kerosene per month up to March, 2010, was reduced ten times in the last few years and now stands at just 28,476 KL which is only 44% of the State's requirement. There is still a huge discrepancy of 38 lakh in the number of LPG connections in Tamil Nadu between the data released by the Ministry of Petroleum and the family card data. Further, while increase in LPG connections is a nation-wide trend, the allocation of kerosene for some States has not been reduced in the same drastic proportion as Tamil Nadu.**

**I had requested you to immediately restore the kerosene allocation of the State to the required level of 65,140 KL per month.**

**X. Modernization of Police Force:**

**The Tamil Nadu Police is one of the most professional and efficient Police Forces in the Country. Thanks to the constant vigil maintained by the Police Force, the State has a stellar record in maintaining law and order and in effectively combating threats to internal security.** The previous UPA Government had approved an estimated allocation of Rs.12,379.30 crores for the scheme of Modernisation of State Police Force, for the five year period from 2012-2013 to 2016-2017, which is woefully inadequate for the needs of all the Police Forces in the entire Country. We had projected that **Tamil Nadu itself would require around Rs.10,000 crores in the next few years for Modernisation of the Police Force.**

**In this situation, we were shocked that the scheme for Modernization of the Police Force has been delinked from Central Assistance in the Union Budget 2015-16. This decision is out of sync with the importance that the present Government at the Centre attaches to Security related issues. Hence, I strongly urge that substantial central funding must be provided to support the State's effort to create a world class, modern and efficient Police Force. I**

urge you to reinstate the Modernization of the Police Force scheme as a fully Centrally Sponsored Scheme and reiterate my earlier request for an early release of the funds under the scheme.

### **XI. Central Support for Desalination Plants:**

Tamil Nadu is a water deficit state. The State has very little surface water and the ground water resources are also fast depleting. There is very little scope to increase the existing supply or to create new sources through conventional methods. In Chennai Metropolitan Area alone, the projected demand by 2017 is 1584 MLD, whereas the supply from present sources is 831 MLD only. This leaves no option but to go in for major desalination plants to convert sea water into drinking water. At present two 100 MLD desalination plants are functioning. To meet the huge demand-supply mismatch, the State Government has proposed the following schemes:

- **150 MLD SWRO Desalination plant at Nemmeli** near Chennai- at a cost of Rs.1371.86 crores.
- **400 MLD SWRO Desalination plant at Perur near Chennai** at a cost of Rs.4070.67 crores.
- **Desalination Plants at Ramanathapuram and Thoothukudi** of 60 MLD capacity at a total cost of Rs.1355 crores.

The State Government has already submitted Detailed Project Reports (DPRs) for the two Chennai schemes to the Government of India. We request that the 400 MLD Desalination project be posed for the Japan International Cooperation Agency (JICA) assistance and the 150 MLD Project to KfW at the earliest. The Government of India may support the Desalination Plants in Ramanathapuram and Thoothukudi through special grants.

### **XII. Chennai Metro Rail Extension and Metro Rail Phase II/ and Pending Policy Issues related to Metro Rail:**

The Chennai Metro Rail Limited, a joint venture of Government of India and Government of Tamil Nadu requires support on certain key policy issues from the Government of India:

**(a) Extension of Corridor-I of Chennai Metro Rail Project up to Thiruvottriyur and Wimco Nagar** covering a distance of 9.051 km at an estimated updated completion cost of Rs.2796 crores has been proposed to the Government of India for approval. At the instance of the Union Ministry of Urban Development, we had brought down the project cost to within 20 per cent of the original project cost to ensure that the proposal could be approved by the Minister of Urban Development. However, we were shocked to receive a letter dated 23.7.2015 from the Ministry that as the proposal represents a change of scope, the entire cost should be funded by the State Government itself. This project is clearly



an additional component, covering an unserved area of Chennai, predominantly inhabited by working class population. It is a misreading of the relevant clauses of the sanction letter and Memorandum of Understanding to term the present proposal as an escalation in cost or a change in the scope of the project. It would not be correct to attempt to push the cost onto the State Government while maintaining the Central equity share in the project undiluted. It violates the spirit of co-operative federalism. This is also totally contrary to the stand taken in the case of the extension proposals of other Metro railways. Hence, I request you to kindly intervene in the matter and have the approval for the Extension of Phase I of the Chennai Metro Rail project granted at the earliest with the sharing pattern as per the original project.

**(b) Chennai Metro Rail Project – Implementation of Phase-II Corridors** - three corridors with a total length of 76 KMs, have been identified for implementation under Phase-II. The tentative cost for these corridors will be around Rs.36,100 crores. The project requires the full support of the Government of India.

**(c) Merger of MRTS, Chennai, with Chennai Metro Rail Limited-** Integration of the Chennai Mass Rapid Transit System (MRTS), a project implemented by the Railways with the Chennai Metro Rail is desirable and feasible as the MRTS has been substantially funded by the Government of Tamil Nadu. Such integration would enable effective synergies between various modes of public transport and increase share of public transport. The issue has been under the consideration of Railway Board / Ministry of Railways for quite some time now and may be accorded early approval.

### **XIII. Rural Development:**

#### **(a) Pradhan Mantri Gram Sadak Yojana (PMGSY):**

The Pradhan Mantri Gram Sadak Yojana (PMGSY) has been identified in the Union Budget for 2015-16, as a scheme which will be fully supported by the Government of India. In PMGSY Phase VIII and Phase IX tranches, Government of India had sanctioned schemes worth of Rs.1,489.58 crores for Tamil Nadu, out of which the Central share is of Rs.1,350.21 crores. However, so far the Government of India has released only Rs.711.48 crores to Tamil Nadu. The State has already incurred an expenditure of Rs.987.29 crores against the schemes sanctioned which are at an advanced stage of implementation. We were dismayed to learn from the Ministry of Rural Development, Government of India, that the allocation in 2015-16, for Tamil Nadu under PMGSY is only Rs.119.25 crores, whereas the balance committed funds still to be released by Government of India amounts to Rs.638.73 crores. The allocation made by the Government of India for 2015-16 is grossly inadequate considering the outstanding commitments, the works already taken up and the spending capacity of the State. I request you to direct the Ministry of Rural Development, Government of India to release the entire balance commitment of funds for Tamil Nadu of Rs.638.73 crores under the PMGSY in full in 2015-16 itself.

The State Government has also submitted an additional proposal (PMGSY Phase IX – Additional) for an outlay of Rs.789.26 crores to the Government of India in April, 2015. I request that early sanction may be accorded to this proposal.

**(b) Approval for Pudhu Vaazhvu Project Phase II:**

The Tamil Nadu Empowerment and Poverty Reduction Project (also called Pudhu Vaazhvu Project) currently under implementation in 120 blocks in Tamil Nadu with World Bank assistance at an outlay of Rs.1667.10 crores is rated as '**one among the best performing projects being implemented all over the World**'. This project is scheduled to close by September 2016. The Government of Tamil Nadu is keen to build on the success of the project and take up higher order interventions in the same 120 blocks. It is also proposed to replicate the interventions tried out in 88 more blocks of the State. **Accordingly, a project proposal at a total cost of Rs.900 crores has been sent by Tamil Nadu Government to Department of Economic Affairs, Government of India seeking assistance through the World Bank.** The Ministry of Rural Development, Government of India has supported the proposal. I request your kind intervention for the early approval of the project.

**(c) Funding under National Rural Livelihoods Mission for Tamil Nadu:**

Out of 385 blocks of Tamil Nadu, 120 blocks are already being covered by the Pudhu Vaazhvu Project funded by the World Bank and 88 more blocks are proposed for coverage in Phase II of the project. Although the Government of Tamil Nadu was keen to have the National Rural Livelihoods Mission (NRLM) launched in 2012 to be implemented in the rest of the State, the Government of India have so far sanctioned funds only for 60 blocks of the State. In order to achieve social inclusion and economic empowerment of women and provide impetus to livelihood initiatives throughout the rural areas of the State, I request the Government of India to extend financial support to the remaining 117 uncovered blocks of Tamil Nadu under NRLM.

**XIV. Textiles:**

**(a) Release of 13<sup>th</sup> Finance Commission grant for completion of Common Effluent Treatment Plants:**

My Government accords top priority to the issue of effluent treatment of the textile industry. My Government had sanctioned subsidy of Rs.112 crores and interest free loan of Rs.179.34 crores to 18 Common Effluent Treatment Plants at Tiruppur, the largest textile export hub in the country to ensure Zero Liquid Discharge.

The Common Effluent Treatment Plants have still not been fully upgraded to ensure Zero Liquid Discharge due to lack of financial assistance and most of them are operating between 30 to 70% of installed capacity. The 13<sup>th</sup> Finance Commission has recommended

release of Rs.200 crores under State Specific Needs grant for the Marine Discharge Project in Tamil Nadu. However, since the Ministry of Science and Technology indicated that the Marine Discharge project is not technically feasible, this grant was not released to Tamil Nadu. We have already requested the Government of India to release this amount to the CETPs in Tiruppur to make them fully functional. I request you to intervene personally and arrange for release of Rs.200 crores as special grant to complete the 18 Common Effluent Treatment Plants in Tiruppur to achieve Zero Liquid Discharge.

**(b) Release of pending grants under Textile Upgradation Funds Scheme (TUFS):**

To facilitate modernization and technology upgradation of Textile Mills the Government of India had launched the Technology Upgradation Funds Scheme. Under the revised restructured TUF Scheme implemented w.e.f. 1<sup>st</sup> April, 2012, a large number of textile mills in Tamil Nadu have not yet been provided with the subsidy they are eligible for under this scheme. There is an amount of approximately Rs.1500 crores which is to be released under TUFS to 3067 entrepreneurs in Tamil Nadu. I request you to kindly expedite the release of this subsidy.

**XV. Health:**

**(a) Setting up of AIIMS in Tamil Nadu:**

Following an announcement in the Union Budget 2014-2015, I had written to the Hon'ble Prime Minister on 18.7.2014 indicating Tamil Nadu's readiness to provide adequate land and other facilities for the establishment of an AIIMS in the State. Subsequently a detailed report has been sent to the Ministry of Health, Government of India with all the relevant details about five suggested locations namely Pudukottai Town in Pudukkottai District, Sengipatti in Thanjavur District, Chengalpattu in Kanchipuram District, Perundurai in Erode District and Thoppur in Madurai District. All the required particulars about these five locations including availability of land, proposed coverage area, disease profile, registering facilities, road connectivity, water supply, drainage and electricity facilities, site analysis and other statutory clearances required as per the check list furnished by the Government of India have already been sent to Government of India on 31.10.2014. The Government of Tamil Nadu has also assured that necessary statutory clearances in respect of transfer of land, provision of water, electricity and drainage facilities will be obtained. The Government of India team has also inspected the sites in April, 2015 to assess the suitability of the locations to establish an AIIMS in Tamil Nadu. However, a final decision on the selection of the site has not yet been indicated. This may kindly be expedited.

**XVI. Grant of Digital Addressable System (DAS) License to the Tamil Nadu Arasu Cable TV Corporation Ltd:**

The Government of Tamil Nadu revived the Tamil Nadu Arasu Cable TV (TACTV) Corporation and provided Cable TV Services for Tamil Nadu.

**TACTV has submitted its application for grant of Digital Addressable System (DAS) License to Government of India on 5.7.2012 and 23.11.2012. These applications are still pending with the Ministry of Information and Broadcasting. The deliberate non-issuance of DAS licence to the State Government owned Tamil Nadu Arasu Cable TV Corporation by the previous UPA Government was only to facilitate particular private business interests. I had already requested the early issue of the DAS license to TACTV. However, the matter is still being kept pending apparently on the grounds that the TRAI recommendations are under the consideration of an Inter-Ministerial Committee for many months now. We once again urge that this matter may be decided early and TACTV issued the DAS licence immediately.**

### **XVII. Sri Lankan Tamils Issue:**

India has a commitment to protect the life and liberties of the Tamils in Sri Lanka, whose distinct identity and cultural presence in Sri Lanka, particularly in the Northern and Eastern regions, was the guiding principle behind the Indo Sri Lankan accord that led to 13th Amendment to the Sri Lankan Constitution. The process of securing the right to self determination, through the devolvement of democratic decentralisation by the 13th Amendment to the Constitution of Sri Lanka, should be the spring board for Sri Lankan Tamils to eventually realise the aspiration of Tamil Eelam.

I strongly urge the Government of India to take all possible steps to ensure that the process of democratic decentralization, which is integral to the survival of the Tamils in Sri Lanka, is expedited. This should eventually lead to the Tamils of Sri Lanka realising their legitimate aspirations. I hope that the Government of India, as a leader in the region and as a champion of human rights and democracy, will decisively take a bold stand in support of the much discriminated against and long suffering Tamil minorities in Sri Lanka.

I urge the Government of India to take necessary measures to bring to book those in Sri Lanka who had perpetrated the genocide on innocent Tamils in Sri Lanka. Government of India should take the initiative in this regard in appropriate international fora like the United Nations Human Rights Council.

### **XVIII. Lifting the Ban on Jallikattu:**

Jallikattu, a traditional sporting event of Tamil Nadu, is conducted as a part of the Pongal festivities in which bulls that are reared exclusively for this event are tamed by able bodied youth. Jallikattu is deeply ingrained as part of the cultural tradition of Tamil Nadu as a sport popular among warriors since the "Sangam era" and this 2000 year old traditional sport finds a mention in the ancient Tamil text "Silapathigaram". It is inextricably linked to rural, agrarian customs and has religious significance, with families donating bulls to temples in fulfillment of vows. Jallikattu also addresses the cause of conservation of native germplasm since bulls with excellent physical attributes are reared.

The Hon'ble Supreme Court of India by a judgment dated 7.5.2014 banned the conduct of Jallikattu in the state of Tamil Nadu and also held that bulls cannot be used as performing animals either for Jallikattu events or for bullock cart races in the States of Tamil Nadu, Maharashtra, or elsewhere in the country. The ban on Jallikattu has caused general disappointment and widespread resentment and disappointment among the people of Tamil Nadu, particularly in the rural areas, since Jallikattu is intertwined with the religious and social cultural ethos of Tamil society. In January 2015, the Government of Tamil Nadu had requested your personal intervention to enable the conduct of Jallikattu events in Tamil Nadu by denotifying bulls from the list of performing animals from the Notification dated 11<sup>th</sup> July 2011 issued by the Ministry of Environment and Forests, Government of India.

I reiterate the request and suggest the following measures which would eventually pave the way for conducting Jallikattu events in Tamil Nadu:

- (i) Instruct the officials of the Ministry of Environment and Forests Government of India to denotify bulls from the notification GSR 528 (E) dated 11.7.2011 of the Ministry of Environment and Forests, Government of India as performing animals, within the legal ambit.
- (ii) Suitably amend Section 11 (3) of the Prevention of Cruelty to Animals Act, 1960 by introducing a new clause 'f' in sub Section (3) of Section 11 specifically exempting Jallikattu along with other exemptions already provided in the Act. Amendment to this section can be made within the ambit of the Prevention of Cruelty to animals Act, 1960, without violating its intent and spirit.

### **XIX. Tamil as an Official Language and Use of Tamil in the High Court:**

The long pending demand of the people of Tamil Nadu is to make the ancient Tamil language an official language of India. Tamil Nadu strongly urges the Government of India that all the languages included in the Eighth Schedule of the Constitution of India be declared as official languages of India.

There has been a long standing request of the people of Tamil Nadu regarding the language to be used in the High Court. **I had already requested the Government of India to take up the matter again with the Hon'ble Supreme Court to enable the use of Tamil in the High Court of Madras. I reiterate the request.**

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