

PRESS RELEASE

On behalf of the Hon'ble Chief Minister of Tamil Nadu Selvi J Jayalithaa, Minister for Finance, Personnel and Administrative Reforms Thiru O Panneerselvam attended the meeting of Inter-State Council at New Delhi on 16.7.2016. The Text of the Speech of Hon'ble Chief Minister, circulated among the Chief Ministers of States and Union Territories, Union Ministers and other participants during the meeting is given below :-

Hon'ble Prime Minister,
Hon'ble Union Home Minister,
Hon'ble Chief Ministers of States and Union Territories,
Union Ministers,
Senior Officers of the Union Government and of the States,

I extend my warm greetings to all the participants of the Eleventh Inter-State Council Meeting. Although the Council met 10 times between 1990 and 2006, this is the first meeting since 2006. I thank the Prime Minister for convening the meeting of the Council again after nearly a decade to discuss some serious issues.

2. Centre-State relations need to evolve as the milieu of the political economy evolves. The Constitution of India vested significantly greater legislative, administrative and financial powers with the Centre, as the makers of the Constitution were cognizant of the overall level of economic development of the country, the variation in the sophistication of administrative institutions found in the different regions, and above all the political situation prevailing at that time. Since Independence, there have been phases in which further centralization of legislative and financial powers were also attempted. But the responsibilities for actual delivery of many resource intensive public services - maintenance of public order, public health, agriculture, education, to name just a few, have always been vested with the States which are much closer to the people.

3. Although the political, administrative and economic role of the States has grown significantly and a federal polity has become more entrenched, changes in Centre-State relations have clearly not kept pace. Many of the efforts of over-centralization through transfer of subjects from the State to the Concurrent lists, uniform Central legislations on subjects in the State List, capture of growing tax bases by the Centre, encroaching into the executive jurisdiction of the States' most notably in the maintenance of Public Order, have not been reversed.

4. The National Democratic Alliance Government at the Centre has pledged itself to promoting "Co-operative Federalism". We welcome this change of emphasis and I have always stood for an increased role for the States as equal partners in the nation-building process. I strongly believe a Strong Union can emerge only out of Strong States and India's governance structure has to

reflect more and more federal features. "Co-operative federalism" may degenerate into empty rhetoric if the States are not given adequate powers and fiscal resources. Co-operative federalism should not become a catchword to impose uniform administrative practices across the Country without due regard to the specificities of the socio-economic situation in each State.

5. The Inter-State Council should become a forum where the States are called to discuss, debate and evolve mutually beneficial policies and programmes instead of a mere ceremonial meeting where opinions are sought but no action is taken. The Government of India must engage in policy co-ordination with the States in all seriousness and genuinely respect the views of the State Governments. States should also have the opportunity to raise issues in the Council. A systematic mechanism to hear and take on board the views of the States at different levels in the hierarchy should be put in place.

6. Turning to the agenda of this meeting, the Justice M.M.Punchhi Commission was appointed in 2007 and submitted its final report in 2010. In the meantime, events have overtaken many of the recommendations of the Punchhi Commission. However, many of the recommendations of the Commission are still extremely relevant. While my Government would separately submit detailed views on individual recommendations, I would like to briefly dwell on some key issues.

7. The Punchhi Commission's recommendations on the restrained use of the Legislative powers of the Union for subjects in the Concurrent List are unexceptionable and deserve to be fully supported. A structured consultation with the States through a Committee of State Ministers under the Inter-State Council when the Centre legislates on subjects in the Concurrent List, great restraint on transferring subjects from the State List to the Concurrent List and a review of Central Laws on subjects transferred from the State List are very welcome recommendations.

8. This is an opportune moment to consider returning the subject of "Education" to the "State List" where it originally was. The recommendation in Volume VI of the Report to include a specific entry on "Environment, Ecology and Climate Change" in the Union List appears retrograde. "Forests and Wildlife" was transferred from the State List to the Concurrent List by the 42nd Amendment and hence "Environment, Ecology and Climate Change" should also be included in the Concurrent List and not in the Union List.

9. The suggestion that a time limit of 6 months may be prescribed for the President to decide on assenting or withholding assent to a Bill reserved for the consideration of the President under Article 201 is very welcome.

10. The Commission has made some important recommendations relating to how the interests of States are to be protected when the Government of India exercises its powers to enter into treaties and agreements with foreign countries. These recommendations are very topical in the light of the announcement in the Union Budget for 2016-17, about the Centre-State Investment Agreements to back up Bilateral Investment Protection Agreements (BIPAs) and Bilateral Investment Treaties (BITs) entered into by the Government of India. Recently the draft Centre State Investment Agreement (CSIA) has also been circulated by the Ministry of Finance. While we welcome this Government's move to actually involve States in an area which had hitherto

been the exclusive preserve of the Central Government, this is an appropriate forum to voice some concerns about the draft Centre State Investment Agreement.

11. I am concerned that through the CSIA, the Government of India is trying to pass on some of the financial burden it may suffer from adverse arbitration awards under existing BIPAs or BITs. States were not party to such agreements and are not even aware of the contents of such agreements. To make States liable now under the CSIA mechanism for bilateral agreements entered into earlier is unfair. Further, the financial responsibility of States and Local Bodies in the event of an adverse arbitration tribunal award is to be determined by an Inter Ministerial Group which comprises exclusively of Government of India officials. This is a gross violation of the principle of natural justice that no one shall be a judge in his own cause. States will also have to be given representation on any such Group and the mechanism must be seen as being independent of the Centre and the States. Further, the draft CSIA permits the Government of India to unilaterally deduct any dues from State Governments from the Central Government transfers to States, which is completely unacceptable. Bulk of the Central Government transfers are based on the recommendations of the Finance Commission and are the State's legitimate revenue and cannot be stopped or redirected to adjust such dues. The remaining transfers are made as the Central share towards the implementation of specific Centrally Sponsored schemes. Settling dues out of that amount would adversely affect the implementation of the schemes and should not be resorted to. Hence, the proposed summary mechanism for settlement of claims from the States should be deleted from the draft CSIA.

12. The Punchhi Commission has made some valuable suggestions regarding the appointment and removal of Governors. It may not be appropriate to act with haste on the recommendation regarding providing a fixed term of five years for Governors and removal only through an impeachment process and not at the pleasure of the President. Some healthy conventions are coming to be established in this area and should be allowed to emerge. While the recommendations regarding the restraints to be placed on the exercise of the discretionary powers of the Governor are mostly in order, on the question of whether the Governor needs to act on the aid and advice of the Cabinet while granting sanction of prosecution against a Minister, I believe that no change needs to be effected in the present legal position.

13. The Commission has made some important recommendations on the obligation of the Union Government to protect States from external aggression and internal disturbances. These recommendations are timely re-iterations of the existing Constitutional framework, particularly in the light of the continuing attacks on and apprehensions of poor Indian fishermen fishing in their traditional fishing waters in the Palk Bay by the Sri Lankan Navy. This is one instance in which the Government of India certainly needs to do more to protect the interests of a particularly vulnerable group of poor fishermen from the coastal districts of Tamil Nadu.

14. Suitably amending Article 356 to incorporate the safeguards inherent in the Bommai judgment of the Supreme Court is an important recommendation. A reiteration of the safeguards available for duly elected State Governments and preventing adventurism by Governors is very essential and

important. The Government of India must provide the necessary reassurances on this aspect to the States.

15. The Punchhi Commission has made important recommendations on strengthening and mainstreaming the Inter State Council as a vibrant forum to address all the functions contemplated under Article 263, which includes advising on Inter-State disputes. In the absence of a strong alternative forum which can address Inter-State disputes effectively, Tamil Nadu has been constrained to litigate on such issues. Tamil Nadu would welcome the metamorphosis of the Inter-State Council into a credible, powerful and fair mechanism for management of Inter-State and Centre-State differences.

16. The Commission also makes some key suggestions on the Rajya Sabha. There has been some discussion on the continued relevance of the Rajya Sabha and how it is proving to be a stumbling block on legislation approved by the popularly elected Lok Sabha. I strongly believe that the Rajya Sabha plays an important role in our federal system and the Rajya Sabha's powers and functions must not be diminished in any manner. However, I am unable to agree with the Commission's recommendation that the Constitution should be amended to give equality of seats to States in the Rajya Sabha irrespective of their population size. The present composition of the Rajya Sabha is appropriate and must be preserved. Rajya Sabha's status as a Chamber representing the States and with a territorial link for the members as, originally envisaged in the Representation of People Act, should be restored, as recommended by the Commission.

17. The Punchhi Commission makes a very appropriate and timely recommendation regarding the sharing of costs on administration of justice. Both Central and State laws are enforced through a common court mechanism and the bulk of the ongoing costs are met by the States. Hence, the Centre must come forward to share a greater proportion of the costs incurred by the States in this regard. However, I do not believe that the establishment of Judicial Councils at the Central and State levels as recommended by the Punchhi Commission is necessary, particularly to prepare the judicial budget. This function should continue to be vested with the respective Governments.

18. Many of the recommendations of the Punchhi Commission on Centre-State Fiscal relations have been overtaken by subsequent developments including the recommendations of the Fourteenth Finance Commission, the abolition of the Union Planning Commission, the restructuring of Centrally Sponsored Schemes and the abolition of the Plan-Non Plan distinction from the next fiscal year. The Commission has made some unexceptionable recommendations which I strongly support. These include, increasing the transfer of untied resources to the States, sharing by the Centre of the cost incurred by States in the implementation of Central legislations and avoiding the levy of cesses and surcharges which reduces the shareable pool of Central taxes available for devolution. The present Government in the Centre has been particularly guilty of indiscriminate resort to the levy of cesses and surcharges in the last two years. This trend must be reversed and the cesses and surcharges imposed must be added back to the base taxes and made shareable with the States at least in the next fiscal year. Ideally to counter balance the greater expenditure responsibilities of the States against the shrinking revenue sources, 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

under the Goods and Services Tax regime within a State could be delegated completely to the State machinery, with the Central machinery focusing on interstate taxation. I believe this suggestion still merits serious consideration.

19. On Goods and Services Tax, the Punchhi Commission has made certain recommendations that fully support the stand taken by the Government of Tamil Nadu. Tamil Nadu's demands that revenue neutrality must be ensured, a consensus must be reached on the revenue neutral rate and assurance of providing 100 per cent compensation to States for revenue loss before proceeding with the Constitutional Amendment Bill, finds resonance in the Commission's recommendations. The recommendation on subjecting polluting inputs and outputs, petroleum products, alcoholic beverages and tobacco products to non-rebatable levy is also in line with Tamil Nadu's demand to keep Petroleum products out of GST and to enable States to levy additional taxes on tobacco and tobacco products. On the issue of institutionalizing the mechanism to implement GST, the Punchhi Commission has very approvingly cited the functioning of the Empowered Committee of State Finance Ministers and called for making this arrangement permanent. This has also been Tamil Nadu's stand. Tamil Nadu's position on GST implementation is well known, and I do expect that our proposals will be considered favourably.

20. The Commission has made detailed recommendations on Local Self Governments and Decentralized Governance. A key recommendation is the simplification of the rural local body framework into a two-tier system instead of the existing three-tier system. Tamil Nadu strongly endorses the suggestion of having a two-tier system. While the first tier is necessarily the Village Panchayat, the choice of whether the second tier should be at the Block level or the District level should be left to the States. In Tamil Nadu, where traditionally the Block level Panchayat Unions have been strong, the second tier would necessarily have to be at the block level and not the district level. It would also help if an organic link is maintained between different tiers with the elected Village Panchayat Presidents being members of the Block level body, instead of the present system of having separate representatives with overlapping jurisdictions in the Village Panchayat, the intermediate tier and in the District Panchayat. I believe that the experience of close to 20 years with the present structure of rural local self governance is sufficient to effect the necessary changes. There appears little justification to constitute Commissions every five years to report on the "Status of Local Government-Devolution of Powers" as this is an issue that the Ministry of Panchayat Raj already monitors on an ongoing basis.

21. Volume V of the Punchhi Commission Report deals with Internal Security, Criminal Justice and Centre-State Cooperation. We also have a separate agenda item for this meeting on Internal Security, Police Reforms and Police Modernization. Since there is an overlap, the remarks I will now offer will address both these items on the agenda.

22. The first and most vital function of the State is the maintenance of public order and peace in society and ensuring the protection of its citizens. The trajectory of development and growth is inextricably intertwined with the internal security situation in the country. Unless there is peace and tranquillity, we cannot have social and economic growth. It is precisely for this reason that I have adopted a growth model for Tamil Nadu that seeks to achieve

development through inclusive growth and thereby rid society of inner tensions that may surface in the form of communal tensions or extremism or some other form of disaffection. The Vision for Tamil Nadu for 2023 is to become India's most prosperous and progressive state with no poverty, and where its people enjoy all the basic services of a modern society and live in harmonious engagement with the environment and with the rest of the world. Not only are we targeting high growth, but we also seek to exhibit a highly inclusive growth pattern.

23. The ability of my Government to understand and effectively articulate the just and fair sentiments of the people of the State on critical issues has been one of the important reasons for the proper maintenance of public order in Tamil Nadu. This requires the State Government at the highest level to be in tune with the concerns and aspirations of its people. It also requires the administration at the local level to be sensitive and with an ear to the ground. District Administration in Tamil Nadu is run in this manner, thanks to close supervision and monitoring from above and the positive response to public expectation from below.

24. So far as the maintenance of law and order is concerned, I am proud to inform this august gathering that Tamil Nadu has largely been free of communal, left wing extremist, and religious fundamentalist violence. This is largely because I have provided a free hand and uncompromising support to the Police Force in maintaining law and order. Tamil Nadu now has a near perfect record of maintenance of law and order and is spoken of nationally as a haven of peace and tranquillity.

25. A strong, efficient, well equipped and disciplined Police Force is the only answer to meeting the challenges posed by anti social elements who try to disrupt law and order. Realizing the imperative need to improve the staffing, infrastructure, mobility and weaponry of the Police Force, my Government has sanctioned substantially enhanced allocations. I have taken up several welfare measures to ensure better working conditions and better housing for Police Personnel in Tamil Nadu contributing to a higher morale and esprit de corps essential for better delivery of service on the frontline. The Police Force has been provided with health cover, insurance cover, housing facilities, and improved working conditions such as adequate rest, allowances for extra days of work and proper barracks and dormitories to house the constabulary deployed in distant places in times of law and order disturbances.

26. The Government of Tamil Nadu has taken a number of pro-active measures to curb fundamentalism and terrorism. Close watch is maintained on provocative speeches and literature. Officers at the Police station level are sensitized and ground level intelligence collected. Foreign links, fund flows, and social media are carefully monitored. A database has been created and incidents and activists indulging in fundamentalist activity are effectively documented. Misuse of places of religious worship is prevented. Preventive sections of law and the Preventive Detention laws are effectively used.

27. Although persistent attempts have been made by Maoists to strike roots in the State, they have not been allowed to gain a foothold by ceaseless vigilance particularly in the tri-junction area between Tamil Nadu, Karnataka and Kerala where some intelligence inputs indicated that Naxalites were likely to try to establish their presence. Similarly, firm action has been taken to quell the

activities of some front organizations espousing left wing extremist ideology and attempting to build up a mass base.

28. Gathering timely and relevant intelligence and acting on it is crucial to prevent disturbances to Public Order and to tackle such disturbances. Tamil Nadu has a well oiled Intelligence gathering apparatus with a number of specialised wings to look after different types of threats to public order. The Tamil Nadu State Intelligence wing is an effective and highly professional body which participates in the Subsidiary Multi Agency Centre by promptly acting on the information received by it and by sharing relevant information with the central agencies and with other State agencies through this mechanism. The professional capabilities and strengths of the State intelligence wing have been recognized nationally.

29. The maintenance of law and order in the country is the fundamental responsibility of the State Governments, but it is an exercise that requires functional cooperation and understanding between the Central Government and the State Governments and presupposes a relationship based on equality - the States are equal partners with the Centre in protecting the nation from internal strife. It is in this context that some of the specific recommendations of the Punchhi Commission have to be viewed. While in general the recommendations relating to the role and functioning of the National Integration Council (NIC) are acceptable, the suggestion that a delegation nominated by the Council should visit the area affected by serious communal incidents anywhere in the country is unnecessary and could contribute to needless escalation of tensions. Further, direct interface between the NIC and State level bodies engaged in the promotion of communal harmony also does not appear warranted. Such interactions should take place through the State Government and the Union Home Ministry.

30. The Commission makes an important observation on the role of the media. Managing mass media effectively is a key determinant of successful handling of a law and order situation. An added dimension is growing crimes and growth of hate propaganda through the use of modern communication and information technology. These threats are most effectively met by utilizing modern technology. Facilities which track, in real time, the misuse of information and communication means for intensive hate propaganda and cyber crimes require substantial investments in equipment and training of personnel. While States like Tamil Nadu are investing in this area, the Government of India must significantly enhance funding for such purposes. The proactive use of the social media as an effective means of mass communication and source of correct information also needs to be focused upon. But the risks of using social media including hacking, cyber bullying and capture by anti social elements have to be mitigated through appropriate safeguards and effective monitoring of such sites.

31. The Commission's Report while placing primary responsibility on the State Government apparatus for speedily bringing a communal or law and order incident under control, also speaks approvingly of suo moto deployment of Central forces and even imposition of Central rule on a part of a State said to be affected by the problem. These are very dangerous suggestions and go entirely against the federal fabric of the Indian Constitution. These completely unacceptable recommendations, which reflect a lack of faith in State Governments and an over abundance of faith in the Central Government as not being politically motivated, must be rejected outright.

32. The Commission concludes that there is a need for an over-arching structure at the National level for maintenance of internal security. While at one level it appears that this is a reorganization of the architecture of the Central agencies dealing with internal security related issues, at another level, we sense that this is an argument for the revival of a discredited and unnecessary institution like the National Counter Terrorism Centre. I am very clear that in the name of creating a new national architecture for internal security, the role and functions of existing Central organizations or any new organizations that may be formed, must not diminish in anyway the inherent powers of the State Government and its institutions. Surely, in a federal democracy like ours, democratically elected State Governments are as interested in the territorial integrity and unity of the country as the Union Government. The Government of India should shed the mantle of suspicion and distrust and seek the active cooperation of all the State Governments as its equal partners in our fight against the common enemy.

33. The Commission very rightly makes recommendations for greater financial support for strengthening and modernizing the State Police Forces. All the Hon'ble Chief Ministers who are present here today would agree that, mainly, it is financial constraints that stand in the way of the efforts of State Governments to modernize and upgrade their Police Forces. I am happy to note that the Government of India has decided to continue the scheme of Modernization of Police Forces and I request the Union Government to substantially increase the levels of financial assistance for the scheme. Out of the Central share of Rs.510.04 crores for the period from 2010-11 to 2015-2016 due to Tamil Nadu under the Modernisation of Police Force Scheme, only Rs.338.89 crores has been released by the Government of India and the balance amount of Rs.171.15 crores is yet to be released. This amount may be speedily released.

34. Tamil Nadu has enacted the Tamil Nadu Police (Reforms) Act, 2013 in compliance with the directions of the Supreme Court issued in the Writ Petition filed by Prakash Singh and others. The Act incorporates several features including the establishment of the State Security Commission, Police Establishment Board, State Police Complaints Authority, District Complaints Authority and Police Complaints Division, the separation of the law and order and investigation wings at the Police Station level and prescribing the tenure for specified posts.

35. Volume VI of the Punchhi Commission Report deals with Environment, Natural Resources and Infrastructure. Some important recommendations have been made regarding strengthening the National Water Resources Council, better co-ordinating the activities of the Inter State River Basin Authorities and streamlining the functioning of Tribunals constituted under the Inter-State Water Disputes Act, 1956, including the need to take a conciliatory approach, fixing timelines for clarificatory and supplementary orders and providing for statutory appeals to the Supreme Court. Experience indicates that these recommendations of the Commission are sensible and can be implemented without much difficulty. In addition, time limits should also be prescribed for notifying Awards of the Tribunals by the Government of India. Speedy action to implement suggestions would reduce the delays in implementing awards of Inter-State River Water Tribunals. Time limits should

also be fixed for putting in place monitoring mechanisms for the implementation of Awards. I strongly urge the Government of India to immediately establish the Cauvery Management Board and the Cauvery Water Regulation Committee.

I also reiterate the demand for the speedy implementation of the Interlinking of Inter-State Rivers, starting with the Peninsular Rivers in the first instance.

36. Preserving National Forest Wealth is a priority area of action. Since the Punchhi Commission made its recommendations, the Fourteenth Finance Commission has included Forest Cover as one of the criteria in the horizontal devolution formula. Hence the need to set up an Expert Committee to compensate forest rich States does not seem to arise. Any compensation policy should appropriately recognize and suitably reward States like Tamil Nadu which have actually expanded the area under tree cover.

37. In the area of infrastructure, the Commission has recommended the creation of a number of independent regulatory authorities – for Highways, Ports, Airports, Special Economic Zones, Coal, Oil and Gas, single tariff regulator for Power, Coal and Gas and so on. A number of independent regulators have been functioning in the past two decades in many sectors. The experience with their working has been mixed. There are several issues of overlapping jurisdictions and curtailment of policy space of the Governments. Hence, the creation of new regulators or expanding the powers of existing regulators needs to be treated with circumspection. States should be specifically consulted before such measures are taken.

38. The Commission has made recommendations on encouraging Public Private Partnerships (PPP). One of the suggestions is for the Union Government to create a semi-permanent body to draw up guidelines to be followed for successful PPPs. Each State must be given the freedom to evolve an appropriate PPP policy for itself and no “one size fits all” policy should be enunciated by the Government of India. Tamil Nadu has put in place a policy framework in the form of the Tamil Nadu Infrastructure Development Act, Rules and Regulations, along with the Tamil Nadu Transparency in Tenders (Public Private Partnerships Procurement) Rules. Tamil Nadu is the first State to have a legislative framework to deal with Public Private Partnership procurement. The Tamil Nadu Infrastructure Development Board is responsible for implementing this policy framework which aims to improve the quality of project preparation and development, ensure transparent and efficient procurement, monitor and facilitate project implementation, and address any post implementation issues.

39. The next main item on the Agenda is Use of Aadhaar as an Identifier and use of Direct Benefit Transfer for providing Subsidies, Benefits and Public Services. I believe that greater co-ordination is required within the Government of India Ministries and with State Governments to ensure that the requisite coverage of Aadhaar and the consequent desired outcomes are achieved. Government of Tamil Nadu has already put in place the State Resident Data Hub (SRDH) which will be the unified data repository with biometry enabled citizen’s data for delivery of all citizen centric services. Tamil Nadu is one of the States where biometric capture is being done through the Registrar General of India (RGI) and the Aadhaar numbers obtained thereafter through the Unique Identification Authority of India (UIDAI). The National Population Register (NPR) database, which has been shared with the Government of Tamil Nadu forms the base of the SRDH. So far the biometric data has been captured for 95.20 per

cent of the National Population Register (NPR) enrolment. Aadhaar numbers have been issued for 91.9 per cent of those whose biometric data has been captured.

40. To speed up the process of Aadhaar enrolment further, I request that, instead of the present mechanism where the NPR data is shared in batches by the RGI with the SRDH, an online linkage is provided between the two data bases for smooth operations. It is also essential that the UIDAI, the Registrar General of India and the Government of Tamil Nadu agree to a joint protocol under which UIDAI could continue to allow mutations and change of address, which will be used as inputs for carrying out changes in NPR databases after due diligence by the concerned statutory authority. Further, Birth and Death registration data collected under the Civil Registration System should be integrated with the NPR data base. Biometric capture by Bharat Electronics Limited, the agency of the RGI is proceeding very slowly. The Tamil Nadu e-Governance Agency has been enrolled as a registrar for UIDAI/Aadhaar. The Registrar General of India should now authorise the Tamil Nadu e-Governance Agency to operate the Permanent Enrolment Centres of the NPR and for biometry capture which would enable seamless operations and considerably speed up the process of Aadhaar enrolment in Tamil Nadu.

41. Tamil Nadu has been a forerunner in adopting Direct Cash Transfer, through bank accounts to beneficiaries under schemes which involve cash transfers including Scholarships, Maternity Benefits and Social Security Pensions. In fact, after the floods in Chennai and the coastal districts of Tamil Nadu in December, 2015, cash relief amounts were directly transferred to several lakh bank accounts at one stroke. However, Tamil Nadu continues to have certain reservations about the Direct Benefits Transfer model adopted by the Government of India. First and foremost, in principle, Tamil Nadu is strongly opposed to monetizing and transfer in cash the subsidy element for commodities under the Public Distribution System including kerosene, and fertilizers. The primary concern is not the quantum of subsidy, but ensuring access to and timely availability of commodities.

42. 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. 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.

43. Turning to the agenda item on Improving quality of Education with focus on improving learning outcomes and incentivizing better performance, it is my Government's resolve to ensure that every child in the State gains access not just to a school, but to quality education. As part of my Vision Tamil Nadu 2023, Tamil Nadu will become the "Innovation Hub and Knowledge

Capital of India". To achieve this, I have initiated many innovative flagship programmes. The distribution of laptops to students at the Higher Secondary level is now being emulated in many parts of the country. The special cash incentive of Rs.5000 per child is significantly reducing dropouts at secondary level. Students in Government schools receive four sets of uniform, footwear, woolen sweaters where needed, textbooks, notebooks, schoolbags, educational kits comprising of colour pencils, crayons, geometry box, atlas, bicycles, bus passes and of course the nutritious noon meal. In providing adequate number of qualified and trained teachers, infrastructure facilities such as pucca buildings, toilets, water, electricity, library, and noon meal centres, the State has surpassed the requirements mandated by the Government of India. I can state with pride that Tamil Nadu is the only State which truly provides free education to children as envisaged under the Right of Children to Free and Compulsory Education Act, 2009. The 20th Joint Review Mission of the Sarva Shiksha Abhiyan has reported that Tamil Nadu stands at the forefront in the delivery of educational services.

44. Teachers are critical to the quality of education. We have ensured that the required numbers of quality teachers are recruited and both existing and newly appointed teachers are adequately trained. The best among the qualified teachers are recruited in Government Schools by the conduct of an open competitive examination through a transparent process. In the past five years 74,316 teachers have been appointed which has brought down the Teacher Pupil Ratio to 1:25 at the elementary level and 1:26 at the secondary level in Government schools, which is significantly better than the national norms. The findings of scientific annual surveys, conducted at the elementary level to measure learning outcomes and the impact of the various interventions, are applied to develop modules for capacity building of teachers to further improve the competencies of children.

45. My concern for the children carrying heavy book loads paved way for the introduction for the first time in India of the trimester pattern up to Standard IX. This along with the Simplified Activity Based Learning, Continuous and Comprehensive Evaluation has brought a radical change in the class room process with, enthusiasm, potential and creative talent coming to the fore. The content of the learning material has been enriched. School children are introduced to digital learning at an early age to engage attention and sustain interest in learning. I would like to place on record in this august Council that Tamil Nadu stands first among all States in all the three parameters of Reading Comprehension, Mathematics and Environmental Studies assessed in Cycle 4 of the National Achievement Survey of Class V.

46. My Government has recognized the importance of Early Childhood Education to enable children, particularly those from weaker socio-economic circumstances, to achieve their full potential. Lower and Upper Kindergarten classes have been introduced in schools in Greater Chennai Corporation on a pilot basis. Under the Tamil Nadu Innovation Initiative (TANII) an innovative, experimental programme to introduce Early Childhood Education (ECE) in ICDS centres in the State has been launched. This programme will be evaluated as a Randomised Control Trial (RCT) and based on the results of the evaluation, an appropriate, cost-effective scale up model for Early Childhood Education would be selected. Further, under Section 12(1)(c) of the RTE Act 2009 relating to reserving 25% seats in private schools for children from weaker sections and

disadvantaged groups, under the Sarva Shiksha Abhiyaan (SSA) only the costs from Class I onwards are being reimbursed based on executive instructions which are contrary to the provisions of the Act. Given the importance of pre-school education, particularly for the disadvantaged and the fact that private schools usually admit children only at the pre-school stage, the costs from this stage onwards should be made re-imbursible under SSA as provided for in the Act.

47. It is important to highlight the massive shortfalls in release of funds committed in the approved plan of the Sarva Shiksha Abhiyan. In 2015-16, the Project Approval Board (PAB) of the Ministry of Human Resources Development had approved an outlay of Rs.2329.15 crores for Tamil Nadu with a 60 per cent Government of India share of Rs.1397.49 crores. However, the actual release was only Rs.821.11 crores, resulting in a shortfall of Rs.576.37 crores, despite the State having submitted all necessary documentation well in time and having met all its commitments and performance parameters. Such shortfalls in release are unfortunate, particularly under SSA which has earmarked funding through the Education Cess. Hence, assured funding based on the budget approved without arbitrary mid-year cuts is very critical to effectively implement SSA.

48. The Government of Tamil Nadu has taken a number of steps, starting from 2005, towards systematizing the admission process to professional colleges including medical colleges, and after careful consideration, abolished entrance examinations for professional undergraduate courses in the State, by enacting the Tamil Nadu Admission in Professional Educational Institutions Act, 2006. This Act was given effect to after receiving the assent of the President under Article 254(2) of the Constitution. This measure is intended to protect the interests of students, particularly from the weaker sections and rural areas. Admissions to undergraduate professional courses in Tamil Nadu are based on the results of the Class XII examination. The secondary school examinations in Tamil Nadu are conducted with total integrity, fairness and transparency based on an up to date syllabus. The introduction of a National Eligibility and Entrance Test (NEET) for medical admissions would be a direct infringement on the rights of the State and would cause grave injustice to the students of Tamil Nadu who are already covered by a fair and transparent admission policy which has been working well. Rural students and students from poorer socio-economic backgrounds will be unable to compete with urban elite students in Common Entrance Examinations. Tamil Nadu and any State that has a similar system must be permitted through appropriate legislative intervention to continue the existing fair and transparent system of admission to medical colleges and dental colleges in State and not be forced to implement the NEET.

49. Tamil Nadu has achieved the highest Gross Enrolment Ratio in Higher Education, amongst States. The financial support provided to first generation graduates, special reservations and fee concessions for students who have passed out under Tamil Medium in Higher Secondary Education and for students from rural schools, has meant that Higher education has been brought within the reach of lakhs of young people. The Government of Tamil Nadu is also taking up a number of initiatives to upgrade the quality of higher education in the State and to ensure that the graduates are employable.

50. We have a substantial agenda to discuss today and an opportunity to make history. India is now a confident nation and a mature democracy. Undoubtedly political, economic and social challenges remain, but they are not beyond the capacity of the Nation to solve. With liberalization, the role of the Government at the Centre is now much more that of a facilitator through economic policy making. The role of State Governments, as providers of public goods including maintenance of public order and provision of social and economic infrastructure has grown and their resource needs have increased significantly. State Governments have also demonstrated their greater efficiency and effectiveness in the delivery of public services. Tamil Nadu has been a front runner. We have also seen a steady shift in real political and economic power away from the Centre. State level parties and leaders are now far more significant players. These should not be seen as centrifugal or fissiparous trends that have to be curbed, but as a manifestation of India's maturing as a nation with diversity and as a democracy. Hence, the time is ripe to reverse trends of centralization we have seen over the past several decades and to provide States and in turn local governments with significantly greater authority and resources. After all, it takes strong States to make a strong Union.

Nanri

Vanakkam"

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