

**Memorandum presented to Shri Narendra Modi,  
Hon'ble Prime Minister of India  
by O. Panneerselvam,  
Hon'ble Chief Minister of Tamil Nadu  
on 19.12.2016**

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## **1. 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:**

Due to the relentless efforts of our revered leader the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma, the Final Order of the Cauvery Water Disputes Tribunal dated 5.2.2007, was notified by the Government of India on 19.2.2013. Our revered leader the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma had been urging the Government of India for the early formation of the Cauvery Management Board and the Cauvery Water Regulation Committee for effective implementation of the Final Order of the Tribunal.

During the hearing of the petitions filed by Tamil Nadu and Karnataka before the Supreme Court on 30.9.2016, on behalf of the Government of India it was promised that the Cauvery Management Board could be constituted on or before 4.10.2016. Hence, on the directions of the Supreme Court, the Government of India requested the States to nominate their members in the Cauvery Management Board. Accordingly, the Government of Tamil Nadu nominated its member in the Cauvery Management Board. But in an inexplicable turn of events, the Government of India changed its stand and stated that a Scheme for the implementation for the decision of Tribunal has to be placed before the Parliament.

It is not clear whether the Ministry of Water Resources which deals with the case had apprised the Hon'ble Prime Minister about the issue before the Government of India changed its stand in the Supreme Court. It must be noted that earlier, in no case was the constitution of the implementation machinery for implementation of Awards of Tribunals placed before the Parliament by the Government of India. Hence, it appears neither appropriate nor fair for Ministry of Water Resources, Government of India to now take a different stand on constituting the Cauvery Management Board, which is an integral part of the decision of the Cauvery Water Disputes Tribunal.

The farmers of the Delta areas of Tamil Nadu who are dependent on the Cauvery Waters for irrigation are very much agitated over the long delay by the Government of India in constituting the Cauvery Management Board. I strongly reiterate the repeated request of my Revered Leader the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma that the Cauvery Management Board and the Cauvery Water Regulation Committee be constituted immediately in accordance with the Final Order of the Tribunal.

**(b) Mekedatu Scheme of Karnataka:**

The Government of Karnataka from time to time issues statements on taking up the Mekedatu Scheme. The Government has consistently urged the Government of India to advise the Government of Karnataka not to take up even the investigation of the Mekedatu Project without the consent of Government of Tamil Nadu and till the Cauvery Management Board becomes functional. I request the Government of India to advise Government of Karnataka not to proceed with the project or any preparatory activities including project feasibility reports, as this would violate the Final Order of the Cauvery Water Disputes Tribunal.

**(c) Mullai Periyar Dam – Restoration of Water Level to FRL 152 ft.:**

The Supreme Court in its Order dated 27.2.2006, while permitting the Government of Tamil Nadu to raise the water level initially to 142 ft. has also permitted Tamil Nadu to carry out the remaining strengthening works like, strengthening the Baby Dam and Earth Dam, raising the upstream parapet wall of the Main Dam by 2 ft. etc. After completion of the remaining strengthening works to the satisfaction of the Central Water Commission, independent experts are to examine the safety angle before the water level is permitted to be raised to the FRL of 152 feet. This has been affirmed in the Judgment and Decree of the Supreme Court dated 7.5.2014.

Following these orders, the Government of Tamil Nadu sanctioned a sum of Rs.7.85 crores for strengthening the Baby Dam and other related works so that water level can be restored to the FRL of 152 feet. Government of Tamil Nadu has applied to the Government of India, Ministry of Environment, Forest & Climate Change for clearance to cut 23 trees downstream of the Baby Dam, and requested Wild Life, Environment and Forest clearances on 29.5.2015.

The Nodal Officer of the Forest Department, Government of Kerala after 18 months has informed in November 2016, that on the advice of the Government of Kerala, the proposal of the project proponent is negated. This rejection by the Government of Kerala is against the decree of the Supreme Court dated 7.5.2014.

I request you to instruct the concerned authorities to expedite the necessary clearances.

**(d) Inter-linking of Rivers:**

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

Under the Peninsular Rivers Development Component, our revered leader, the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma has repeatedly urged the Government of India to implement the interlinking of the Mahanadhi-Godavari-Krishna-Pennar-Palar-Cauvery-Vaigai Rivers and further with the Gundar River and also to divert the surplus waters of the west flowing Pamba and Achankovil Rivers to Vaippar in Tamil Nadu. Based on the Supreme Court Order dated 27.2.2012, and our persistent requests, the Government of India constituted the Special Committee for Interlinking of Rivers. Though the Special Committee has held 11 meetings so far, not much headway has been made in the matter of inter-linking of rivers.

Further, our Revered Leader the Hon'ble Chief Minister, Puratchi Thalaivi Amma had also repeatedly urged the Government of India to nationalise all inter-State Rivers, so that water resources of the Country can be optimally utilized. I reiterate the request made by our revered leader, the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma.

### **(ii) Funding for Athikadavu – Avinashi Scheme:**

In 2011, the Government of Tamil Nadu had announced the implementation of the Athikadavu–Avinashi Scheme at a cost of Rs.1892 crores. A Detailed Project Report was sent to the Government of India for funding under the Flood Management Programme. However, the UPA Government did not approve the Scheme. Subsequently, the Government of Tamil Nadu has revised the cost estimate for the Scheme as Rs.3523 crores and sent to the Government of India for funding on 25.10.2016. I request that the scheme may be considered for funding by Government of India as a special case expeditiously.

### **(e) Dam Safety Bill, 2016:**

The Government of India has proposed to enact a Legislation on Dam Safety and sought the views of the State Governments on 9.8.2016. The Bill has several lacunae and will also adversely impact the rights of a State which owns dams located in the territory of another State under binding agreements. The Government of Tamil Nadu is of the firm view that any Legislation to regulate dam safety must ensure that the functions and rights of the State Governments within our Constitutional Scheme are not abrogated or trampled upon in any manner. This area is governed by Entry 17 of List II (State List) of the Seventh Schedule of the Constitution. Hence, our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma had on 11.9.2016 requested you to direct the Ministry of Water Resources, River Development & Ganga Rejuvenation to not to proceed with the Bill in haste, without discussing



the issues raised by Tamil Nadu threadbare. I reiterate the request that the legislation on Dam Safety need not be brought in before the Parliament without consensus amongst all the stake holders including States and Union Territories.

**(f) National Water Framework Bill, 2016:**

The Government of India, based on the National Water Policy, 2012 circulated a draft National Water Framework Bill, 2016 for views. Even during the 6<sup>th</sup> meeting of the National Water Resources Council on 28.12.2012, the Government of Tamil Nadu conveyed its view that there is no need to evolve a National Legal Framework, as it would directly infringe on the rights of States.

Such a Bill usurps the powers of the State Governments even though the proposed legislation is to be considered under Articles 249 and 252 of the Constitution of India. The Government of Tamil Nadu reiterates its earlier views that a legislation on National Water Framework by the Government of India without evolving a consensus amongst the States is unwarranted and unnecessary. Hence, I request you to instruct the Ministry of Water Resources, River Development and Ganga Rejuvenation to drop further action in the matter.

**2. Fisheries Sector:**

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

Since May, 2014, there have been 89 incidents in which 1097 Indian fishermen from Tamil Nadu were apprehended and 192 fishing boats were seized by the Sri Lankan Navy. The persistence of such repeated incidents of harassment causes great unrest amongst the fishermen community of Tamil Nadu. In a recent shooting incident on 17.11.2016, the Sri Lankan Navy opened indiscriminate firing on our fishermen who were fishing in their traditional fishing waters. In this shooting incident, two Indian fishermen sustained injuries. In another incident of attack on 10.12.2016, Sri Lankan Naval personnel boarded two Indian fishing boats and brutally attacked Indian innocent fishermen onboard who were engaged in fishing in their traditional fishing waters. Our revered leader Puratchi Thalaivi Amma had written to you repeatedly urging that such attacks on innocent Indian fishermen have to be treated with utmost seriousness and cannot be ignored or tolerated.

Our fishermen, in an accommodative frame of mind have been coming forward to hold talks with the fishermen of Sri Lanka in the recent years. Four rounds of talks have so far been facilitated by the Government of Tamil Nadu on 27.1.2014 in Chennai, on 12.5.2014 in Colombo, on 24.3.2015 in Chennai and in New Delhi on

2.11.2016 again. The incidents of attacks on and arrests of fishermen have, however, continued unabated.

As on date, there are 15 fishermen and 107 boats along with fishing gear in Sri Lankan custody. I request the Government of India to take strenuous efforts through diplomatic channels to secure the release of the fishermen and boats at the earliest. Further, the Government of India must take **all efforts to protect the traditional fishing rights of the Indian fishermen from Tamil Nadu in the Palk Bay area and ensure their safety and security by restraining the Sri Lankan Navy from harassing them.**

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

Ever since Katchatheevu Island, historically a part of India, was ceded to Sri Lanka as per the Indo-Sri Lankan Agreement of 1974, **the fishermen of Tamil Nadu have been deprived of the traditional fishing rights they enjoyed around the island.**

The Tamil Nadu Legislative Assembly passed a Resolution in 1991, seeking the restoration of Katchatheevu Island and the surrounding seas to India. A proposal was also 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'.

In 2008, our revered leader Puratchi Thalaivi Amma had in her personal capacity filed a Writ Petition (W.P.(Civil) No.561/2008) in the Supreme Court of India on this issue. The Government of Tamil Nadu impleaded itself in the case in 2011. The Supreme Court of India held in the Berubari case in 1960, that 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 waters.

I reiterate the strong request of our revered departed leader Puratchi Thalaivi Amma that **the Government of India should take steps to abrogate the 1974 agreement and retrieve Katchatheevu and restore the traditional fishing rights of Indian fishermen from Tamil Nadu.**

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

Our revered leader Puratchi Thalaivi Amma had, in the Memoranda dated 3.6.2014, 7.8.2015 and 14.6.2016, sought a **Comprehensive Special Package for Diversification of Fisheries in Tamil Nadu.** No

decision has been taken as yet on this request except for the sanction of Mookaiyur Fishing Harbour, although the Government of Tamil Nadu has gone ahead with the implementation of some components 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. As the main proposal is yet to be approved, Government of Tamil Nadu has initiated a scheme at a cost of Rs.51.3 crores for the construction of new Tuna Long Liners and the construction of 171 Tuna Long Liners has commenced. As many more trawlers have to be replaced, I request early sanction of the scheme for diversification of bottom trawlers to Tuna Long liners which has been pending with Government of India for more than one year now.

**(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, and the monthly ceiling of only 500 litres per boat are both unworkable. Such conditions should immediately be reviewed in order to make this scheme beneficial to fishermen.

**(iv) Motorization of Traditional Craft:**

There are over 32,000 non motorized traditional fishing crafts in Tamil Nadu. Sanction of at least Rs.35 crores per year based on the revised pattern of Government of India assistance would ensure that all traditional craft can be motorized within five years. Hence, an amount of **Rs.175 crores** should be sanctioned to Tamil Nadu over a 5 year period. However, despite our repeated requests, no funds have been received by Government of Tamil Nadu in the last two years under this scheme.

**(v) Creation of Infrastructural Facilities for Deep Sea Fishing:**

To provide Deep Sea Fishing infrastructural facilities in Ramanatahpuram, Nagapattinam and Thiruvallur Districts, the

Government of India is requested to sanction **Rs.420 crores** as 100% Central grant.

**(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.

**I request that the Comprehensive Special Package for Diversification of Fisheries which totals up to Rs.1650 crores, with a recurring component of Rs.10 crores may be approved at the earliest.**

**(d) Non-release of Funds by Government of India under Centrally Sponsored Schemes for Construction of Fishing Harbours in Tamil Nadu:**

Under Centrally Sponsored Schemes, the Government of India has sanctioned construction of 4 Fishing Harbours at Poompuhar in Nagapattinam District and at Colachel, Thengapattinam and Chinnamuttam in Kanniyakumari District, at a total cost of Rs.406.67 crores, with a Central share of Rs.241.34 crores and State share of Rs.165.33 crores. The Government of Tamil Nadu has released its entire share to facilitate the early completion of the projects. The Government of India has so far released only Rs.107.66 crores and **is yet to release the balance of Rs. 133.68 crores.** The Fishing Harbour at Chinnamuttom was completed a year ago, while the remaining 3 fishing harbours are very close to completion. The non-release of funds is stalling the final completion of these works. Necessary procedural formalities including submission of utilization certificates have been completed. I request you to instruct the Ministry of Agriculture and Farmers' Welfare to release the balance funds immediately so as to speedily complete the projects.

**(e) Non-release of Funds by Government of India under Centrally Sponsored Scheme of National Fishermen Savings Cum Relief Scheme for Tamil Nadu:**

National Fishermen Savings cum Relief Scheme is a Centre- State shared welfare scheme for fishermen. The Government of India is yet to release the pending Central share amount for the last four years from 2012-13 to 2015-16 for which the Government of Tamil Nadu had released the matching grant to fishermen including the share of Government of India. A total amount of **Rs.42.93 crores of Central share is due to Government of Tamil Nadu from Government of India.** I request you to instruct the Ministry of Agriculture and Farmers' Welfare to release the Central share immediately.

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

The Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture and Farmers' Welfare, Government of India, issued new Deep Sea Fishing Guidelines on 12<sup>th</sup> 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 Exclusive Economic Zone (EEZ), but also set a dangerous precedent of allowing foreign vessels of more than 15 metres Overall Length 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 of our native fishermen. Out of the 5,500 mechanised fishing boats in Tamil Nadu, more than 80% of the boats are above 15 metres OAL. These boats which are engaged in fishing beyond territorial waters will be adversely affected by the above guidelines.

Hence, Government of Tamil Nadu has requested Government of India that these guidelines may 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 Vessels (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 specialized infrastructure for landing of Deep Sea Fishing Vessels, safe berthing, reception and handling of high value 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.

I request that an early decision be taken in this matter.

### **(g) Inclusion of Fishermen in the List of Scheduled Tribes:**

Fishermen in Tamil Nadu reside in precarious terrain by the sea coast, have distinct customs and lifestyle, and eke out a meager livelihood from their traditional occupation. Most of them are very poor. The Government of Tamil Nadu seeks the inclusion of the fishermen community of Tamil Nadu in the list of Scheduled Tribes.

### **3. Modernization of Police Force:**

The Tamil Nadu Police is one of the most professional and efficient Police Forces in the Country. The Police Department has ensured that a peaceful environment prevails in the State and has enabled law abiding citizens to carry out their daily pursuits without fear. The previous UPA Government had approved an estimated allocation of Rs.12,379.30 crores for the scheme of Modernization of State Police Forces, for the five year period from 2012-2013 to 2016-2017, which is highly inadequate for the needs of the entire Police Force of the Country. The State of Tamil Nadu itself would require around Rs.10,000 crores in the next few years for modernization of its Police Force.

My Revered Leader Puratchi Thalaivi Amma had welcomed the Government of India's decision to continue Central Assistance for the 'Modernization of Police Force' Scheme from this year onwards. I request you that Central funding must be substantially enhanced to support the State's effort to create a world class, modern and efficient Police Force.

Further, as requested by my Revered Leader Puratchi Thalaivi Amma, the Government of India may arrange for DGS&D rates for all the equipment to be purchased under Modernization of Police Force so as to enable faster procurement.

#### **4. Power:**

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

The Government of Tamil Nadu has already made a request to expedite the 4000 MW Cheyyur Ultra Mega Power Project. The Ministry of Power has not yet commenced the bidding process. The Ministry of Power may be suitably advised to expedite the bidding process.

##### **(b) Dedicated Green Energy Corridor to evacuate surplus wind power from Tamil Nadu:**

Tamil Nadu is the leader in renewable energy in the country. Tamil Nadu has an installed capacity of over 10,000 MW of renewable energy, of which wind power contributes about 7600 MW. Tamil Nadu has plans to add another 4500 MW of wind power and 5000 MW of solar power in the next five years. Tamil Nadu is in a position to sell about 1000 MW of wind power to other states, to fulfil their Renewable Purchase Obligation (RPO). Therefore, it is requested that a dedicated Inter-State green energy corridor be established at the earliest, so that surplus wind energy from Tamil Nadu can be transmitted to other states.

##### **(c) Abolishing Frequency Linked Penalty for Renewable Energy Rich States:**

Tamil Nadu is a renewable energy rich State with over 10,000 Megawatts of installed renewable capacity. Wind and Solar power have substantial intra-day and inter-day variations. Such huge variations cause difficulty in adhering to the prescribed frequency of 49.90 Hz to 50.05 Hz with variation of plus or minus 250 MW. This results in payment of penalties for non-adherence to the prescribed bandwidth. Imposition of penalty for integrating renewable energy is highly unfair and is contrary to the Renewable Energy policy of the Government of India. Renewable Energy rich States like Tamil Nadu should not be penalised for integrating and encouraging renewable energy. Therefore, the Ministry of Power may be instructed to abolish the frequency linked penalty during high wind season.

## **5. Finance:**

### **(a) Compensating Tamil Nadu for the Adverse Treatment by Fourteenth Finance Commission:**

The Fourteenth Finance Commission recommended a substantial enhancement in the share of the States in the divisible pool of central taxes from 32% to 42%, which we welcomed. However, the increase in share in central taxes from 32% to 42%, has been completely neutralised in the case of Tamil Nadu by the reduction in the State's share of central taxes from 4.969% to 4.023%. This 19.04% reduction in the inter-se share of Tamil Nadu as per the 14<sup>th</sup> Finance Commission recommendations is the highest erosion in share amongst all States.

The unfair formula adopted by the 14<sup>th</sup> Finance Commission has virtually singled out Tamil Nadu for very adverse treatment. Similarly placed States with higher than average per capita GSDP have gained from the increase in the weightage given to the Area criteria, Demographic change (introduced by 14<sup>th</sup> Finance Commission) and forest area criteria, while only Tamil Nadu has been penalised for the State's achievements in better economic development and population control. The average increase in share of central taxes during the year 2015-16 over 2014-15 is 46.06% among fifteen major States and 49.85% among all the States, whereas Tamil Nadu could get an increase of only 20.98%, which is the lowest amongst the major States. Tamil Nadu is the only State to get an increase in share of central taxes of less than 30%. After accounting for the 18% normal nominal growth in central tax collection, Tamil Nadu received only 2% additionally over and above normal growth due to the increased States' share recommended by 14<sup>th</sup> Finance Commission, while all the other States benefitted by 31% on an average. This implies that the additional fiscal space created for many States by the 14<sup>th</sup> Finance Commission is simply not available for Tamil Nadu.

Further, in 2015-16, actual release of share in central taxes to Tamil Nadu fell short of 14<sup>th</sup> Finance Commission recommendations by around Rs.2240 crores. Considering the first half year trend, the State's devolution share will fall short of targets in 2016-17 also.

Further, the States have been required to take up a higher share of the expenditure under a range of Centrally Sponsored Schemes citing the additional fiscal space created by the 14<sup>th</sup> Finance Commission's recommendations. This places an added burden on Tamil Nadu which does not have such additional space.

Hence, the compensation to Tamil Nadu as special assistance is fully justified. I request you to provide an annual special grant of Rs.2,000 crores in each of the remaining four years of 14<sup>th</sup> Finance Commission's award period to Tamil Nadu to continue its initiatives on various



developmental and infrastructure projects, either from the grants available with NITI Aayog or through special allocations.

**(b) Special Allocation for Strengthening Judicial Infrastructure:**

The Ministry of Law and Justice has placed the onus on State Governments for providing funding for strengthening the Justice Sector over the award period of the 14<sup>th</sup> Finance Commission. For Tamil Nadu the total cost is Rs.542.13 crores. The Government of Tamil Nadu is committed to provide adequate infrastructure for the judiciary. However, the very adverse treatment meted out to Tamil Nadu by the 14<sup>th</sup> Finance Commission compels the State to seek a special allocation of Rs 542.13 crores either under the Centrally Sponsored Scheme for Infrastructure Facilities for Judiciary or out of the special allocation available with the Ministry of Finance or the NITI Aayog.

**(c) Sharing Proceeds of Cess and Deposits raised through Recent Changes to Income Tax Act:**

The "Taxation Laws (Second Amendment) Bill, 2016" was passed in the Parliament in the Winter session. The main intent of the Bill is that in the wake of declaring specified bank notes as not legal tender, there have been representations and suggestions from experts that instead of allowing people to find illegal ways of converting their black money into black again, the Government should give them an opportunity to pay taxes with heavy penalty and allow them to come clean so that not only the Government gets additional revenue for undertaking activities for the welfare of the poor but also the remaining part of the declared income legitimately comes into the formal economy. Thus, money coming from additional revenue as a result of the decision to ban Rs.1000 and Rs.500 notes can be utilised for welfare schemes for the poor.

An alternative scheme namely, the 'Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016' (PMGKY) is proposed to be provided in the Bill. The declarant under this regime shall be required to pay tax @ 30% of the undisclosed income and penalty @ 10% of the undisclosed income. Further, a surcharge to be called 'Pradhan Mantri Garib Kalyan Cess' @ 33% of tax is also proposed to be levied.

In addition to tax surcharge and penalty, the declarant shall have to deposit 25% of undisclosed income in the 'Pradhan Mantri Garib Kalyan Deposit Scheme, 2016'. This deposit is an interest free deposit for a period of four years. The amount is proposed to be utilised for the programmes of irrigation, housing, toilets, infrastructure, primary education, primary health, livelihood, etc.

Government of Tamil Nadu supported the provisions of the Bill but seeks a share in the proceeds of the Cess and the Deposits. Had the rate of income tax leviable been increased from 30 per cent to 40 per cent for such deposits instead of levying the 'Pradhan Mantri Garib Kalyan Cess' the proceeds would have been shared with the States as it would form part of the divisible pool. The proceeds of the cess are not shareable. Hence, we request that the 75 per cent of the proceeds of the Pradhan Mantri Garib Kalyan Cess be provided to States for implementation of welfare schemes, in particular in agriculture and the unorganized sectors. Further it may be confirmed that as recommended by successive Finance Commissions, penalties would form part of tax collection and hence are part of the divisible pool and shareable with the States.

The amounts deposited in the 'Pradhan Mantri Garib Kalyan Deposit Scheme' should be passed on to State Governments as interest free loans in the same proportion as is being done with Small Savings Loans, i.e. based on where the deposits are received.

**(d) Release of Pending 13<sup>th</sup> Finance Commission Grants:**

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 Grants, Maintenance Grants and State Disaster Response Fund allocations which amounted to Rs.8537.33 crores, Rs.2829.57 crores was earmarked for State Specific Needs Grant and other Grants-in-aid. Of this, only Rs.1805.82 crores has been released to this State. Since expenditure has been incurred to the tune of Rs.522.91 crores over and above the release of Rs.1805.82 crores from the State exchequer on or before 31<sup>st</sup> March 2015 and utilisation certificates furnished as per the requirement, the said sum is yet to be released.

The request for release of Rs.522.91 crores has not been acceded by referring the close of award period of the 13<sup>th</sup> Finance Commission and to use the additional fiscal space available due to increase in net tax devolution recommended by the 14<sup>th</sup> Finance Commission. Tamil Nadu does not have any additional fiscal space due to the 14<sup>th</sup> Finance Commission's recommendations.

On earlier occasions, the Government of India released the balance grant against expenditure incurred till the last day of the award period in subsequent years. Tamil Nadu has claimed only expenditure incurred towards the schemes implemented on or before 31.3.2015 and therefore we expect these claims to be reimbursed by the Government of India.

The grants should not be denied to the State merely because the award period of the next Commission has commenced. I therefore request you to kindly consider the request of the Government of Tamil Nadu to release the eligible balance grant of Rs.522.91 crores to the State for expenditure incurred during the 13<sup>th</sup> Finance Commission award period.

### **(e) Shortfall in the Disbursement of Share in Central Taxes from 1996-97 to 2014-15:**

In the Comptroller and Auditor General's Report on Compliance of Fiscal Responsibility and Budget Management Act, 2003 – Union Government (Civil), Department of Economic Affairs, Ministry of Finance - No.27 of 2016, it has been indicated that during the certification of 'net proceeds' by the C&AG, based on recommendations of the successive Finance Commissions, during the period 1996-97 to 2014-15 an aggregate amount of Rs.81,647.70 crores was short devolved to States.

The 80<sup>th</sup> amendment to the Constitution in 1996 made significant changes to the way taxes were shared by the Centre with the States. Prior to the amendment, taxes on income other than agricultural income and a part of union excise duties were only required to be shared with the States. However, the 80<sup>th</sup> amendment made it mandatory to share proceeds from other taxes and duties, such as corporate tax, customs, service tax and some aspects of union excise duties. The percentage of share of the Centre's tax and duty collections to be given to States in 1996-2000 was 29%, 2000-01 to 2004-05 was 29.5%, 2005-06 to 2009-10 was 30.5% while it has gone up to 32% from 2010-11 to 2014-15. In the absence of year-wise shortfall details, the average inter-se share of State recommended by the successive Finance Commissions i.e., 10<sup>th</sup> Finance Commission to 13<sup>th</sup> Finance Commission to Tamil Nadu would be around 5.574% and we estimate that Tamil Nadu would be eligible to get around Rs.4500 crores as the shortfall in share of central taxes devolved by the Government of India for the period from 1996-97 to 2014-15.

As it is obligatory on the part of the Union Government to devolve shortfalls in release of share of central taxes devolved to States, the Government of India is requested to release the eligible amount to the States urgently.

### **(f) Disaster Relief Assistance for Floods in 2015:**

The floods in the northern districts of Tamil Nadu, including Chennai in 2015 had caused tremendous damages in infrastructure. The State Government had requested for a special assistance of Rs. 25,912.45 crores for temporary and permanent restoration through two separate Memoranda. The High Level Committee sent by the Government of India had assessed and approved the damages at Rs. 1737.65 crores. The Government of India had released only Rs. 1365.67 crores from the NDRF, and the remaining Rs. 371.98 crores was adjusted with the SDRF balance available with the State.

As per the revised procedure for release of assistance from NDRF vide Memorandum No. 32-7/2014-NDM-1, Ministry of Home Affairs (DMD), dated 8.4.2015, 50% of SDRF balance as on 31<sup>st</sup> March of the

preceding financial year has to be adjusted while releasing the assistance from NDRF for the first disaster in a financial year. It is pertinent to note that the balance in the Tamil Nadu SDRF as on 31<sup>st</sup> March 2015 was 'NIL'. Thus the State was entitled to receive the entire sum of Rs.1,737.65 crores without any deduction. But the funds available in the SDRF at the time of floods (November – December 2015) were taken into consideration, and thereby Rs.371.98 crores was adjusted against the approved assistance from NDRF. Thus Tamil Nadu was deprived of Rs.371.98 crores, which was its due relief assistance as per the procedure prescribed by Government of India. It is also learnt that while releasing the assistance from NDRF to certain other States, the Government of India had not considered the funds available in SDRF for adjustment from the assessed damage.

Considering the extent of damage suffered in the floods in Chennai in December 2015, and the non-compliance of the due procedures laid down by the Government of India for such releases, I request you to kindly direct the concerned Ministries to reconsider the issue and reverse the decision of adjusting Rs.371.98 crores from out of the approved assistance of Rs.1,737.65 crores for the floods of 2015 and immediately release the sum of Rs.371.98 crores from the NDRF to Tamil Nadu.

**(g) Immediate Release of Second Installment of SDRF for 2016-17:**

Tamil Nadu has received the first installment of the Government of India of Rs. 267.37 crores towards SDRF for the year 2016-17. The State Government, as per the Finance Commission's Recommendations, has transferred its share of 25%, i.e., Rs.89.13 crores to SDRF.

The cyclone "Vardah" had ravaged the city of Chennai and the Northern Districts of Tamil Nadu. The State Government has already sanctioned Rs. 500 crores towards immediate relief, rescue and temporary restoration works in Chennai, Thiruvallur and Kancheepuram Districts.

Moreover, the State is only in the midst of the monsoon season, expecting further rains. Considering the above factors, the Central Government may release the Second Installment of Rs. 267.675 crores to the SDRF immediately, which would be of timely help to the State Government in carrying out further relief works.

**(h) Pending releases under the Flood Management Programme:**

The Government of India had approved five flood works at a total cost of Rs.613.43 crores under the Flood Management Programme, of which Central Share is Rs.460.07 crores. Four of these approved works had been completed by 2011-12, and the remaining works have also been finished by 2012-13. However, the Government of India has so far

released only Rs.59.82 crores. The State Government has spent the remaining expenditure from its own funds.

As per the guidelines, the spill over works of XI Five Year Plan are permitted to be carried over to the XII Plan period, and the actual expenditure incurred from State funds are eligible for reimbursement. The State has revised its claim of reimbursement to Rs.342.94 crores based on correspondence with the Central Government. The Government of India should at least now release the remaining amount of its commitment of Rs.342.94 crores immediately.

## **6. Goods and Services Tax:**

Tamil Nadu has been consistently raising its concerns about the impact of the proposed GST 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. In the aftermath of the 101<sup>st</sup> Amendment of the Constitution, Tamil Nadu has been taking an active part in the deliberations of the GST Council so as to ensure that the rights of the States are protected. We are happy that the deliberations in the GST Council are taking place in a spirit of consensus and that significant suggestions made by Tamil Nadu have been accepted. We urge that the deliberations be continued in the same spirit of mutual give and take.

We would also like to strike a note of caution that in the present economic scenario, the loss of revenue from implementation of GST could affect both the States and the Centre. The States also get other transfers of funds from the Centre, both as devolution based on Finance Commission recommendations and as the Central share of funds for Centrally Sponsored Schemes. Even within the GST framework, the quantum of funds required for compensating the States, could be much higher than what was originally contemplated. In this context, the Government of Tamil Nadu would like to strongly emphasize that under the Constitutional framework of fiscal federalism, there is a necessity for the Centre to ensure that other transfers of resources from the Centre to the States are not affected while compensating the States for GST implementation. Any cut-back in the transfer of funds would greatly impact the development expenditure of States.

## **7. 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. While we are happy that a sum of Rs.7655.59 crores has been released so far in this regard, we would like to reiterate that Tamil Nadu has made a claim of Rs.13,227.46 crores for the period from 1.4.2007 to 31.3.2013. A balance of Rs.5571.87 crores is yet to be reimbursed by the

Government of India. We request that the outstanding compensation claims of Tamil Nadu should be sanctioned and released at the earliest.

## **8. Health and Family Welfare:**

### **(a) National Eligibility cum Entrance Test (NEET):**

My Revered Leader Puratchi Thalaivi Amma had repeatedly emphasized that the introduction of NEET is a direct infringement on the rights of the State and would cause grave injustice to the students of Tamil Nadu who have already been covered by a fair and transparent admission policy laid down by the Government of Tamil Nadu, which has been working well. The Government of Tamil Nadu has taken a number of steps, starting from 2005, towards systematizing the admission process to medical colleges, and after careful consideration, later 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 finally given effect to after receiving the assent of the President under Article 254(2) of the Constitution. **This Act has been upheld by a decision of the Division Bench of the Madras High Court which was affirmed by the Supreme Court.**

This measure was taken keeping in view the interests of students, particularly from the weaker sections and rural areas, to ensure that a level playing field is created. The Government of Tamil Nadu has taken the consistent stand that rural students and students from poorer socio-economic backgrounds will be unable to compete with urban elite students in such Common Entrance Examinations, which are designed to favour the urban elite. The rural students will be put to great disadvantage because they lack the resources to enroll in training institutions and access materials available to urban students. A large number of socially and economically backward meritorious rural students have benefited by the Government of Tamil Nadu's decision to abolish the Common Entrance Examination.

For admission to Postgraduate courses, the Government of Tamil Nadu gives preference to those who have served in rural areas, with special weightage for those working in hilly and tribal areas. The State Government has also successfully obtained and enforced bonds from those completing Postgraduate education in Government Medical Colleges to serve the State Government for a minimum period, which has helped us to meet the need for specialist medical manpower in Government Hospitals.

The introduction of NEET would nullify the implementation of these policy initiatives and socio-economic objectives of the State, as the regulations for a National Test may not have such enabling provisions. The National Test is out of tune with the prevailing socio-economic milieu and administrative requirements of Tamil Nadu.

The Ordinances and later legislation providing for exemption from NEET for the current academic year (2016-17) in respect of State Government seats (whether in a Government medical/dental college or in a private medical/dental college) at the under graduate level addressed the issue only temporarily and partially. Due to the enactment of the amendments to the Indian Medical Council Act, 1956, and the Dentists Act, 1948, Uniform Entrance Test have become mandatory for the Medical and Dental College admissions at the Under Graduate and the Post Graduate levels from the coming academic year.

I request you to permit Tamil Nadu, through appropriate legislative intervention to continue its existing fair and transparent system of admission to medical colleges and dental colleges in the State and not be forced to implement the NEET.

### **(b) Setting up of AIIMS in Tamil Nadu:**

The proposal to establish an AIIMS in Tamil Nadu was announced in the Union Budget 2015-2016. Five sites were proposed by the State Government at Sengipatti in Thanjavur District, Thoppur in Madurai District, Pudukkottai Town in Pudukkottai District, Perundurai in Erode District and Chengalpattu in Kancheepuram District and all the details required by the Government of India were furnished. However, although a Central Team visited Tamil Nadu as early as 23<sup>rd</sup> -25<sup>th</sup> April, 2015 and inspected all the sites and submitted its report to the Government of India, so far the final decision on the location has not been announced and the Ministry of Health and Family Welfare has been maintaining that it is under their consideration.

The final decision on the location of AIIMS in Tamil Nadu may be expedited and the financial sanction accorded by the Government of India without further delay.

### **(c) Proposed National Medical Commission Bill, 2016:**

Tamil Nadu has strong reservations on certain provisions contained in the proposed National Medical Commission Bill, 2016, drafted by a Committee under the Chairmanship of the Vice-Chairman, NITI Aayog to replace the Indian Medical Council Act, 1956. While the need for reforms in the present regulatory mechanism for Medical Education is acknowledged, the draft National Medical Commission Bill betrays a complete lack of understanding of the ground realities of this Country and the principles of federalism enshrined in our Constitution.

The draft Bill, in its present form, greatly abrogates the powers of the States on a subject, "Education including Technical, Medical Education and Universities" which is in the List III (Concurrent List) in the Seventh Schedule of the Constitution. States, in particular progressive States like Tamil Nadu are very key stakeholders in the area of Medical Education. Tamil Nadu has over one lakh doctors registered in the State Medical

Register. The State has the largest number of Government Medical Colleges and has never compromised on the requirements of faculty, infrastructure and equipment and other conditions mandated under the Indian Medical Council Act, 1956 and the regulations there under for MBBS and post graduate examinations. Due to the State's policies and systematic investments, it has been successful in ensuring that adequate human resources are available in the Medical field and has been able to produce world class doctors. Hence, Tamil Nadu is vitally interested in any proposed reform to the regulatory framework relating to Medical Education.

There are several provisions in the draft Bill which are unacceptable to Tamil Nadu. The proposed Bill effectively puts the decision making powers with regard to Medical Education solely with the Government of India and completely undermines the powers of the States who would have no role in policy issues relating to manpower planning, curriculum and course design and approval of new Medical Institutions in the State. This is completely unacceptable.

At present, Tamil Nadu's representation in the Medical Council of India is of six members. In the proposed Medical Advisory Council as per the draft Bill, each of the State will have only one nomination. Such uniform representation without reference to the population of the State, the extent of development of Medical Education in the State including the number of Medical Education Institutions would be lopsided and unbalanced. Tamil Nadu's present level of representation in the Medical Advisory Council must not be reduced.

The draft Bill also envisages constitution of five organs/boards namely, (a) National Medical Commission, (b) Under Graduate Medical Education Board, (c) Post Graduate Medical Education Board, (d) Medical Assessment and Rating Board and (e) Board for Medical Registration. Except for the National Medical Commission, where the States will be represented on a rotational basis, the other bodies will have no representation from the States. This arrangement is totally unacceptable. Tamil Nadu must be given permanent representation in the National Medical Commission and States must also have representation on the technical bodies in proportion to the number of Medical Educational Institutions and medical personnel in the State.

The draft Bill proposes to establish Selection cum Search Committees for various office bearers. There is no provision for nomination of members from the States on such Committees, and the entire search and selection role is vested with the Government of India. States must also be given appropriate and adequate representation and say in the selection process of various office bearers.

Chapter 4 of the Draft Bill proposes to institutionalize a National Examination in the form of National Eligibility cum Entrance Test for admissions to Medical Colleges. Tamil Nadu's position and concerns on



NEET has already been articulated and it is unfortunate that these concerns have not been reflected in the draft Bill. I strongly urge you to ensure the legislation contains provisions which would leave States with the option of making admissions to State Medical Colleges through alternative transparent systems, like the one currently in vogue in Tamil Nadu, where admissions are based on marks awarded in the School leaving examination, which are conducted with unimpeachable integrity.

The Draft Bill also envisages a National Licentiate Examination which all Medical Graduates would have to pass in order to practice as Doctors and which would also serve as an Entrance Examination for admission to Post Graduate Medical Courses. This provision is unacceptable to Tamil Nadu. A licentiate examination for those passing out of established institutions within the State and India appears an unnecessary additional burden on medical students. Such an examination may be made applicable only to those who have graduated from foreign medical colleges. Further, States must be given the freedom to determine postgraduate admission policies in a manner that meets the Medical human resource needs of the State.

The provisions proposed in the draft Bill need detailed deliberation with stakeholders at the level of individual States as well. Tamil Nadu is of the firm view that reform of the regulatory framework for Medical Education should be through increased participation of the State Governments in the process. States should be given proportional representation depending on the number of doctors registered in the State. This will enable such States to contribute more effectively to replicate at the National level successful policy initiatives first attempted at the State level.

Tamil Nadu reiterates its strong objection to the draft National Medical Commission Bill, 2016, in its present form, which attempts to completely usurp the powers of the States in the field of Medical Education and is completely contrary to the philosophy of co-operative federalism which you have championed.

#### **(d) Proposed Amendments to the Indian Medical Council Act, 1956:**

Tamil Nadu strongly opposes the proposal to introduce a Uniform National Exit Test (NEXT) in all medical institutions at the Under Graduate level and the proposal to make NEXT as the basis of admission at the Post graduate level through the amendments proposed to the Indian Medical Council Act, 1956. This is both an unnecessary burden on medical students and interferes with a well functioning post graduate admission system in a State like Tamil Nadu.

#### **9. Agriculture:**

##### **(a) Solar Power in Agriculture:**

From 2013-14, solar pumping systems have been provided to farmers in the State with 80% subsidy. So far, 2,293 solar pumps have been installed at a total cost of Rs. 105.76 crores. For the year 2016-17 also, 500 solar pumping systems are being installed with 80% subsidy assistance to the farmers to the tune of Rs. 21.90 crores, by availing about 50% assistance from Rashtriya Krishi Vikas Yojana (RKVY), 30% assistance from the State and 20% farmers' contribution. Being a groundwater dependant State with 62% of the area under irrigation supported by groundwater, there is a huge demand for solar pumping system amongst the farmers of the State.

The availability of funds under RKVY to the State is limited and hence a large number of solar pumps cannot be undertaken under this Scheme. Ministry of New and Renewable Energy (MNRE) is, however, supporting only about 30% of the cost of solar pumping system, which is also provided as reimbursement after the implementation of the Scheme. It is hence necessary to support the farmers with atleast 80% subsidy under this scheme, as the initial investment is huge. Even with 20% own contribution, the farmer has to pay about Rs.1.0 lakh for the system. Hence, to give a boost to usage of Non-conventional energy and to take up the programme on a large scale for catering to the demand of the farmers, it is necessary that **GOI should consider enhancing the share of Government of India to 80% under MNRE funds and the remaining 20% can be met by the State and the farmers.**

#### **(b) Replanting and Rejuvenation of Coconut Gardens in Tamil Nadu:**

Tamil Nadu stands third in area cultivated under coconut and first in production (6917.25 Million Nuts) and productivity (14872 Nuts / Ha). However, the State faces challenges in maintaining the productivity in coconut groves due to severe pest and disease attacks and senile and unproductive palms. To increase coconut yield, old coconut palms have to be removed and replanted with new seedlings. Government of Tamil Nadu had proposed a special package with a total outlay of Rs.3397.80 crores including a subsidy component of Rs.757.95 crores (25% of the outlay) to improve existing gardens, removal of old and senile palms and replant coconut seedling to be implemented over a period of 10 years. The project would cover 161 lakh palms in 92,000 hectares. The Coconut Development Board of Government of India has, however, sanctioned only a sum of Rs.20 crores during 2016-17. As this Scheme would raise and stabilize yield of coconut palm and increase edible oil production, **the Government of India is requested to sanction atleast Rs.100 crores in the current year and the entire balance subsidy amount asked for in the next four year period.**

**(c) Extending National Horticulture Mission (NHM) to all Districts:**

In Tamil Nadu, the National Horticulture Mission is implemented in cluster approach with the prime objective of achieving holistic growth of Horticulture in the State. There are seven varied agro climatic zones existing in the State which support cultivation of wide variety of Horticultural crops. At present, the National Horticulture Mission is being implemented only in 22 Districts. **It is requested that the implementation of the NHM may be extended to the remaining 9 districts also to extend the scheme benefits to the farming community of the entire State so as to reap the benefit of agro-climatic conditions and to improve livelihood status of our farmers.**

**(d) Micro Irrigation Scheme in Tamil Nadu:**

Tamil Nadu is a water stressed State and Micro Irrigation has, in the recent years, gained good acceptance amongst the farming community. The Micro Irrigation scheme is being implemented as a major component of the flagship programme 'Pradhan Mantri Krishi Sinchayee Yojana' with a Central and State sharing pattern of 60:40. As Tamil Nadu is one among the leading States in implementation of Micro Irrigation Scheme with vast scope to promote the judicious use of water in agricultural and horticultural crops, **I request you to allocate more funds to Tamil Nadu for micro irrigation so as to cover the entire irrigable area as envisaged under the Vision Tamil Nadu 2023.**

**(e) Need to restore the original allocation under Rashtriya Krishi Vikas Yojana (RKVY) to Tamil Nadu:**

Tamil Nadu is a fore runner in the effective implementation of various Schemes for the benefit of the farming community. Particularly, the Centre – State shared scheme of Rashtriya Krishi Vikas Yojana (RKVY) has always been successfully implemented in Tamil Nadu to bring in the desired benefits to the farmers. The State has always remained in the fore-front with respect to planning, implementation, documentation and reporting of RKVY. Allied activities like Animal Husbandry, Dairying and Fisheries have also grown simultaneously along with agriculture in the State and the synergy in this regard is quite visible in the State.

During the year 2016-17, based on the previous year's allocation of Rs.432.90 crores, projects to the tune of Rs.731 crores were approved by the State Level Sanctioning Committee which also had Government of India representatives. Subsequently, based on the interim allocation of Rs.509.55 crores made by Government of India, projects were prioritized and administrative sanction issued for projects to the tune of Rs.512

crores in anticipation of the subsequent entire release by the Government of India as per the interim allocation. When all the projects were being implemented in Agriculture & Allied sectors, Ministry of Agriculture & Farmers Welfare suddenly informed of a final allocation of only Rs.238.59 crores (as against the tentative original allocation of Rs.509.55 crores). This huge 53% reduction in RKVY allocation will be extremely detrimental to various Farmer welfare schemes being implemented in Tamil Nadu. Such uncertainty in allocations also hurts the credibility of the Centrally Sponsored Schemes and would completely disrupt their implementation.

**Hence, the allocation for Tamil Nadu under RKVY for the year 2016-17 may be restored to atleast the initially indicated interim allocation of Rs.509.55 crores.**

**(f) Prime Minister's Fasal Bima Yojana (PMFBY):**

Under the Prime Minister's Fasal Bima Yojana (PMFBY), as the premium is determined on an actuarial basis, the Gross Premium Subsidy in Tamil Nadu has increased manifold from Rs. 40 crore under National Agricultural Insurance Scheme (NAIS) to Rs. 975 crores (GoTN share- Rs. 487.5 crores & GOI share- Rs. 487.5 crores). Even though GOI has come forward to share 50% of the premium subsidy, GoTN has to pay the balance 50% as its share, which would be huge burden to the State. Therefore, **it is requested to consider changing the sharing pattern of the premium subsidy to 75:25 basis between Government of India and the State Governments.**

While perils like landslide, hailstorm and inundation are included as localized calamities, **gale winds which affect, on an average, about 1500 acres of crops in Tamil Nadu during the summer have not been included as a localized calamity. It is requested that 'gale winds' may be included as a localized calamity in the PMFBY guidelines.**

**(g) Continuance of Command Area Development Programme (Har Khet Ko Pani) under PMKSY:**

The Command Area Development and Water Management Programme (CAD&WMP) is being implemented by Tamil Nadu since 1980-1981 in various irrigation projects and aims at improving the Water Use Efficiency in canal irrigated command areas. **Since its inception, an area of 12.34 lakh hectares has been covered under On-Farm Development works in 29 completed projects and 8 ongoing CAD projects.** For the repair & maintenance of the assets created under CAD&WMP, an amount of Rs.37.95 crores has been released as One Time Functional Grant to the 1,694 Water User Associations (WUAs) for maintenance of the infrastructure created.

In line with the above concept, sanction was accorded for three new projects in 2014-15 and five new irrigation projects in 2015-16. The above projects were programmed to be implemented under PMKSY from 2015-16 onwards to cover 38,132 Ha at an outlay of Rs.171.95 crores. The Ministry of Water Resources, Government of India had released 90% of its Central share (of 50%) for Rs.29.27 crores as the first installment in 2015-16. In 2016-17, this programme has been brought under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) and also approved by the State Level Sanctioning Committee (SLSC) on 18.7.2016. Surprisingly, in November 2016, the Ministry of Water Resources, Government of India has informed that Central Assistance for the programme will not be available for 2016-17 onwards as these projects are no longer in their priority list. The Detailed Project Reports (DPRs) for the 8 projects have already been approved, funds for one year released and works have been taken up and midway through implementation. The sudden withdrawal of Government of India's commitment in the midst of implementation is in total contravention to the Memorandum of Understanding signed by it with the State Government. **This programme has been brought under the Prime Minister's flagship scheme, namely, PMKSY (Har Khet Ko Pani) with the object of improving the water use efficiency in canal irrigated areas, ensuring equity in distribution of irrigation and ensuring Farmer's Participation in Irrigation Water Management. Hence, it is requested that the Central Assistance under the scheme which is approximately Rs.24 crores, may be extended for the balance area of the ongoing projects to ensure the completion of these projects.**

**(h) Establishment of APEDA's Regional Office in Tamil Nadu:**

The Agricultural and Processed Food Production Export Development Authority (APEDA) promotes the export of agricultural commodities and processed food products. The State produces nearly 55.2 lakh MT of fruits, 69.6 lakh MT of vegetables and 3.11 lakh MT of flowers annually. Mango, banana, papaya, vegetables, jasmine and cut flowers are produced in large quantities and exported worldwide. At present, there is no APEDA Regional Office in Tamil Nadu. **Given Tamil Nadu's production and export potential, the availability of four International Airports and four major seaports and connectivity within the State, the establishment of a full fledged Regional Office of APEDA in Tamil Nadu would greatly facilitate exports and further encourage the growers and exporters of the State. Our revered leader Puratchi Thalaivi Amma had already made this request in June, 2016. Considering the importance of APEDA office in Tamil Nadu, I reiterate this demand and request for an early decision in this regard.**

### **(i) Discouraging cultivation of Genetically Modified Mustard:**

The Genetically Modified (GM) Mustard hybrid developed by University of Delhi is under the review of the 'Genetic Engineering Appraisal Committee' (GEAC), the regulatory agency of the Government of India, which will decide the approval of GM Mustard hybrid for cultivation in India. The Government of Tamil Nadu is of the view that there is no guarantee in ensuring Bio-safety and non-contamination in taking up the cultivation of GM Crops. Also the chances of monopolisation by multinational companies is also possible. Our revered Leader Puratchi Thalaivi Amma had announced a policy decision not to promote GM crops in Tamil Nadu. Tamil Nadu is neither encouraging any of the field trails nor permitting to do any activity on Genetically Modified Crops, since 2011. The Genetically Modified Seeds, if propagated, can find way to Tamil Nadu from neighbouring States, which will take away the seed sovereignty of the farmers. Hence, in the common interest of consumers and farmers and considering disadvantage of Genetically Modified Crops, **I request you to issue necessary instructions to Genetic Engineering Appraisal Committee (GEAC) not to approve the cultivation of Genetically Modified Mustard in the Country.**

### **10. Animal Husbandry:**

#### **(a) Lifting the Ban on Conduct of 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 widespread resentment and general 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 wish to remind that our Revered Leader Puratchi Thalaivi Amma, in an earlier memorandum presented on 7.8.2015, had requested you to lift the ban on Jallikattu. In December, 2015 also our Revered Leader Puratchi Thalaivi Amma had requested the promulgation of an Ordinance, to enable the holding of Jallikattu during Pongal Festival.

Based on the request, the Government of India, Ministry of Environment, Forest and Climatic Change had issued a Notification No.G.S.R.13 (E) on 7.1.2016, but the Supreme Court of India issued an interim stay on the notification on 12.1.2016 and as a result Jallikattu could not be conducted during Pongal 2016 for the second year in succession. A common counter affidavit was filed by the State to vacate the interim stay granted against the notification dated 7.1.2016 of Government of India, Ministry of Environment, Forest and Climatic Change on 8.3.2016 indicating the historical, cultural and religious significance for the conduct of Jallikattu.

In the meanwhile, the review petition, which was filed by Government of Tamil Nadu on 19.5.2014 came up for hearing on 16.11.2016 in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court was not inclined to review the judgement passed and dismissed the review petition filed by the State Government.

Further the common counter affidavit was heard by the Hon'ble Supreme Court of India on 1.12.2016 and 7.12.2016. The Government of India, Ministry of Environment and Forests and Climate Change argued that the Notification is in consonance with the Prevention of Cruelty to Animals Act, 1960. The State Government also submitted a scheme for conducting Jallikattu without causing pain to the bulls. The Hon'ble Supreme Court has reserved the Judgement in the case.

At this juncture, I wish to reiterate the earlier suggested measures of our Revered Leader Puratchi Thalaivi Amma which would eventually pave the way for conducting Jallikattu events in Tamil Nadu:

- (i) The Ministry of Environment and Forests, Government of India should clearly denotify bulls 'as performing animals' from the Notification GSR 528(E) dated 11.7.2011 of the Ministry of Environment and Forests, Government of India.
- (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 in addition to other exemptions already provided in the Act.

**(b) Proposed National Pre Veterinary Eligibility Test for admission to Veterinary Colleges:**

The Veterinary Council of India has asked for the concurrence of the State for the conduct of a National Pre Veterinary Eligibility Test (NPVET) for admission to Bachelor of Veterinary Science and Animal Husbandry (B.V.Sc & AH) courses. In this regard, it is to be informed that in Tamil Nadu, at present, 85% of the available seats for Bachelor of Veterinary Science and Animal Husbandry (B.V.Sc & AH) courses are filled by candidates from Tamil Nadu based solely on the marks obtained in the Higher Secondary class (HSC) following the reservation policy in vogue in Tamil Nadu and the rest 15% of the seats are filled under the All India quota for which entrance examination is conducted by the Veterinary Council of India. A predominant number of students pursuing B.V.Sc and AH courses are from the rural areas of Tamil Nadu. The present policy of the State Government establishes a level playing field for students from different socio-economic backgrounds and ensures that rural students are not put to any disadvantage by lack of access to specialized coaching classes. Hence the Government of Tamil Nadu is firmly opposed to the conduct of NPVET and strongly urges that the existing system of admission to Veterinary colleges as in Tamil Nadu must be allowed to be continued.

**(c) Pending release of funds for Foot And Mouth Disease Control Programme and schemes on Livestock Health:**

Livestock diseases cause huge losses to the farmers and the Government of Tamil Nadu has prioritised prevention and control of endemic livestock diseases as a major activity by providing timely vaccination against endemic livestock diseases. The Centrally Shared Foot and Mouth Disease Control Programme (FMD-CP) is under implementation in all the Districts of Tamil Nadu in which all the cattle in the State are vaccinated against the disease once in six months. Besides this, schemes that ensure the health of livestock are under implementation in Tamil Nadu for which Government of India provides its share and the rest of the funds will be provided by the State Government.

During the years 2015-16, out of a total commitment of Rs.14.04 crores as the share of the Government of India, a sum of Rs.3.79 crores only has been released and the balance amount of Rs.10.25 crores is yet to be released. Similarly for the year 2016-17, out of a total commitment of Rs.15.51 crores, only Rs.7.64 crores has so far been released and the balance amount of Rs.7.86 crores is pending. Similarly, under various Schemes under Livestock Health, out of a sanctioned amount of Rs.19.11 crores, only Rs.1.39 crore has been released so far and the balance release is still awaited.

The Ministry of Agriculture may be instructed to **release the balance amount of Rs.35.61 crores of the Central Share to Tamil Nadu at the earliest.**

**(d) Increased Allocation Under National Livestock Mission:**



The Government of Tamil Nadu has been implementing the flagship schemes of Free Distribution of Milch Cows and Goats and Sheep units to poor women in rural areas since 2011. The National Livestock Mission launched by the Government of India during 2014-15 is being implemented in Tamil Nadu as a complementary Scheme to the State Government's flagship schemes to ensure quantitative and qualitative improvement in livestock production systems and capacity building of all stake holders.

During the year 2014-15 and 2015-16, the Government of India released a sum of Rs.12.43 crores and Rs.4.87 crores respectively. For the year 2016-17, the State had already submitted a proposal for an outlay of Rs.25.56 crores for which the Government of India has sanctioned only Rs.7.04 crores to Tamil Nadu.

Animal Husbandry Sector has the potential to transform the rural economy and increase the incomes of Small, Marginal farmers and Landless Labourers through livestock rearing. Considering the dependence on Agriculture and Animal Husbandry activities for economic self reliance of rural poor, I request you to instruct the concerned officials in the Department of Animal Husbandry, Dairying and Fisheries in the Ministry of Agriculture Farmers Welfare and Climate Change to sanction the balance fund of Rs.18.52 crores due for 2016-17 and to substantially increase the allocation for Tamil Nadu under National Livestock Mission to Rs.100 crores.

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

### **(a) National Food Security Act, 2013:**

Under the leadership of our revered leader Puratchi Thalaivi Amma, the Government of Tamil Nadu has been all along raising certain concerns about some of the provisions of the National Food Security Act (NFSA), 2013.

Some of these concerns are:-

- i. NFSA advocates Targeted Public Distribution System, whereas the State Government has been successfully implementing Universal Public Distribution System for the last several years. Moreover, identification of families as priority households with restriction on coverage up to certain percentages i.e. 62.55% for rural and 37.79% for urban population may lead to exclusion of some vulnerable families.
- ii. Preferably, the entire urban population should be covered. Alternatively, at least 75% of the urban population should be covered as in the case of rural areas.
- iii. There is no legally binding assurance on the issue price of foodgrains for tide over allocation. Such allocation should

continue to be supplied to the States at Rs.3 per kg or at least at the current rate price applicable for Above Poverty Line families of Rs.8.30 per kg.

- iv. The validity of issue price of foodgrains as prescribed in the Schedule I should be for a period of at least 10 years.

These concerns have not been adequately addressed. In the meantime, the Government of India vide letter No. 1-2/2015-BP.III, Department of Food and Public Distribution, dated 7th October, 2016 conveyed the decision that monthly allocation of foodgrains to APL beneficiaries of Tamil Nadu would be made at Minimum Support Price (MSP)/ MSP derived rate in case of wheat and rice respectively, as the State has so far not implemented NFSA. It was also informed that no further additional allocation of foodgrains would be made to the State under APL and BPL category. As per the revised rate indicated, the Government of Tamil Nadu would have to incur an additional expenditure of Rs.2730.95 crores per year over and above the present expenditure of Rs.2393.20 crores as food subsidy.

Under the circumstances, the State was left with no option but to opt for NFSA and it was decided to implement NFSA in Tamil Nadu from 1<sup>st</sup> November, 2016 by following the pattern of supply of rice as mandated under National Food Security Act, 2013 with protection for the existing scale of supply universally for all cardholders eligible to draw rice so as to retain the universal character of Tamil Nadu Public Distribution System. As a result, the additional requirement of food grains particularly rice would be 85,000 MT per month over and above the regular allocation under NFSA. I request that the additional quantity of 85,000 MTs of rice per month required by Tamil Nadu may be made available at Rs.8.30 per kg instead of Rs.22.54 per kg.

### **(b) Adequate kerosene Allotment for Tamil Nadu:**

The monthly requirement of kerosene as per the entitlement is 59,000 KL per month. The allocation, which was 59,780 KL of kerosene per month up to March, 2010 has been reduced to just 25,000 KL. This allocation is hardly 42 percent of the State's requirement. There has been drastic reduction in allocation particularly in case of Tamil Nadu. I request you to immediately restore the kerosene allocation of the State to the required level of 59,000 KL per month.

### **(c) Direct Benefit Transfer for PDS:**

The Government of Tamil Nadu is strongly opposed to any move to monetise and transfer in cash the subsidy element under the PDS, as the critical concern of the PDS is the access and availability of commodities and not the quantum of subsidy. Therefore, I request that direct benefit transfer under PDS should not be resorted to.

## **12. Rural Development:**

### **(a) Rural Housing:**

Thousands of families in Tiruvallur and Kancheepuram Districts have lost their houses and livelihood due to the devastation caused by the 'Vardah Cyclone'. The people living in kutcha, semi-pucca houses and houseless rural poor people are the most affected and hence it is very essential to construct disaster resistant houses for the affected households in Kancheepuram and Tiruvallur Districts.

Hence, it is requested to sanction at least 10,000 additional new houses to rural areas of both Tiruvallur and Kancheepuram Districts under Pradhan Mantri Awas Yojana (Grameen) (PMAY(G)) Scheme as a special case, in addition to the 1.31 lakhs houses already allotted for 2016-17 to Tamil Nadu.

### **(b) Release of funds for the Mahatma Gandhi National Rural Employment Guarantee Scheme:**

Under the MGNREGS there is a pendency in the committed wage liability of Rs.794 crores. This leads to delay in payment of wages and puts the workers to lot of hardship, especially women, because 85% of MGNREGS beneficiaries are women. There is already a committed wage liability of Rs.794 crores pending for 2 months. Further, Rs.1200 crores (Rs.600 crores under wage component and Rs.600 crores from material component) is required for the remaining period of 2016-17. We request Government of India to release Rs.1994 crores.

### **13. Urban Development:**

#### **(a) Inclusion of Four More Municipalities under Atal Mission for Rejuvenation and Urban Transformation (AMRUT):**

32 Cities / Towns in Tamil Nadu originally qualified for inclusion under the **Atal Mission for Rejuvenation and urban Transformation (AMRUT)**.

Subsequently, the Government of India in May, 2015 had requested to identify such Urban Local Bodies whose population as per the Census 2011 was less than one lakh but has increased beyond one lakh before 31.12.2014 because of newly added areas. The Municipalities of **Karur, Villupuram and Namakkal** qualify under this criterion. The local body elections were also conducted in the year 2011 with the added areas and the population exceeding one lakh. **Udhagamandalam (Ooty)**, one of the most popular tourist destinations in the country, is a Municipality with a population of 88,422 (2011 census) and has a floating population of 50,000 per day. It is eligible to be included in the **AMRUT**.

The Government of India may therefore consider inclusion of the four towns of **Karur, Villupuram, Namakkal and Udhagamandalam**

under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT).

**(b) Chennai Peripheral Ring Road (CPRR):**

The Detailed Project Report for the 134 km Chennai Peripheral Ring Road (CPRR) connecting Ennore Port in the north through the Northern Port Access Road, to Mamallapuram in the south on the East Coast Road (ECR) to provide better connectivity and for decongesting Chennai city has been prepared. The CPRR Project has been proposed for external funding from the Japanese International Cooperation Agency (JICA) through the Government of India at a total cost of Rs.12,301 crores including Rs.921 crores for establishing an Intelligent Transport System (ITS) in Chennai. JICA is also very keen to support this project. I request that this project may be fast tracked and JICA financing secured at the earliest as it would help in improving the traffic conditions in the city and result in better port connectivity.

**(c) Chennai Urban Infrastructure Project:**

The Chennai Urban Infrastructure Project aims at upgradation of roads and bridges and construction of grade separators in Chennai at a total project cost of Rs.5788 crores. This project consists of two components to be executed by the Corporation of Chennai and by the Highways department. A Detailed Project Report (DPR) is under preparation and the project may be considered for inclusion in the JICA Rolling Plan for 2016-17.

**14. Drinking Water:**

**(a) Fund Requirement under National Rural Drinking Water Programme:**

As per the Annual Action Plans approved by the State Level Screening and Sanctioning Committee (SLSSC), the Government of Tamil Nadu had taken up 99 works including 79 Combined Water Supply Schemes (CWSS) and other Independent Power Pump (IPP) schemes for which Rs.2885.68 crores was required to complete the projects as per the status in 2015-16. As per the National Rural Drinking Water Programme (NRDWP) guidelines, Government of India have to provide Rs.1064.24 crores and the State matching share is Rs.1821.44 crores. However, the Government of India have provided only Rs.138.01 crores during 2015-16. In 2016-17, the allocation has been reduced further to Rs.110.41 crores. This has seriously hampered the completion of the approved projects. Therefore, it was requested that a onetime allocation of Rs.926.23 crores may be allotted to Government of Tamil Nadu to complete the projects and put them to beneficial use of the public.

## **(b) Suggestions on proposed guidelines of the National Rural Drinking Water Programme:**

In the proposed revised guidelines of National Rural Drinking Water Programme (NRDWP), Government of India has indicated that the criteria for allocation of funds among the States would give weightage to Quality Affected Areas and the areas covered under Programmes related to drought prone areas and desert development. However, the proposed guidelines do not take into account the problem faced by States like Tamil Nadu, which fall in the rain shadow and have an acute ground water situation. As per an assessment, about 40% of area in Tamil Nadu is either over exploited or critical or has saline water situation. Due to this, the State has to go for distant and dependable river based sources requiring much higher capital outlays. Therefore, the status of ground water situation should also be included as one of the criteria for giving weightage in fund allocation to the States.

### **15. New Education Policy:**

The Government of India has proposed a New Education Policy and had sought the views/suggestions of the State Governments on the proposed policy initiative suggested in the document titled 'Some Inputs for Draft National Education Policy, 2006'. Many suggestions contained in the draft Policy are at variance with the existing policy frame work of Government of Tamil Nadu which is based on the principles of inclusiveness, equity, universalisation and intended to safeguard regional language and culture and the interests of the vulnerable. While a more detailed submission of the Government of Tamil Nadu's views will be made, I wish to briefly highlight some of the areas of concern.

#### **Learning outcomes in School Education**

- **Alternate Schools** - creating 'alternate schools' for specific categories will create discrimination among children and is against the principle of equity and inclusiveness.
- **No detention policy will be limited up to Class V** - This will affect the essence of universalisation of Elementary Education (Education up to class 8) and increase the dropout rates. There is no study or research that suggests the quality of learning of child improves if the child is detained.

#### **School Education**

- **Common guidelines for merger and consolidation of schools** - As schools in remote habitations where the school age population is less than the prescribed norms are not considered, the merger of such schools will increase the rate of drop outs and this would clearly deprive access to certain categories of children to schools.

- **Issue of extension of Clause 12 (1) (c) of RTE Act to Government aided minority institutions** - The matter is pending before the larger Bench of Supreme Court of India and the matter is sub-judice.
- **Expansion of Kendriya Vidyalayas and Jawahar Navodaya Vidyalayas (JNVs)** - This is against the spirit of Tamil Learning Act, 2006 and not acceptable to Tamil Nadu.
- **Expansion of Open Schooling facilities to enable dropouts and working children to pursue education without attending full time formal schools.** - Efforts should be directed towards bringing the dropout children to the full time formal schools rather than discriminating against them by establishing separate schooling facility.

### **Curriculum Renewal and Examination Reforms**

- **Establishment of common national curriculum** - This is against the spirit of federalism and is infringement on the rights of the State Government
- **Introducing an on-demand Board Examination** - This is an impractical suggestion. It may undermine the transparency, integrity and credibility of Board examinations.
- **Introducing two levels of examination in Class-X** - This will bring about stratification among the children as it works against the principle of inclusion and equity as mandated by the Constitution.
- **Introduction of scaling and conduct of a central examination at the end of Class-X and XII** – Tamil Nadu has a credible examination system with unimpeachable integrity. The State Board caters to the maximum number of children from economically and socially weaker sections of the society. Any proposal for a Central examination which impugnes the integrity of Tamil Nadu’s examination system or which places additional burden on students from the State is unacceptable.

### **Inclusive Education and Student Support**

- **Building synergies and linkages between Ashram shalas and nearby schools** - The policy should be to do away with such Ashram Shalas and integrate them with the regular school.
- **Skilling of students in tribal areas** – This appears to discriminate against tribal children presuming that such children are not capable of completing formal education. Focus should be upon ensuring improvement in their overall learning outcomes.

## **Skills in Education and Employability**

- **Skill Development** - Employment is one of the major outcomes of education but it cannot be the only objective. Creation of skill schools for improving employment opportunities for secondary school students (Class IX and X) may change the focus of the child and divert the child from mainstream education at an early age which is not desirable.

## **Teacher Development and Management**

- **Disciplinary powers will be vested with the School Management Committees (SMCs)** – This could affect teacher morale and should not be forcibly implemented.
- **Periodic assessment of teachers** - Performance linked promotion and increments model is currently not followed and has to be approached with caution as it could lead to favouritism and also affect teacher morale.

## **Language and Culture in Education**

- **Introduction of three languages and facilities for teaching Sanskrit in schools** – Tamil Nadu has historically followed a two language formula in schools with Tamil and English being taught. There should be no change in the present policy.

## **Self-Development through Comprehensive Education**

- **Engaging the services of reputed community organisations to provide the mid-day meals** - Tamil Nadu is a pioneer and a model for the Mid-Day Meal Programme in schools and hence engaging services of other agencies is not required.

## **School Assessment and Governance**

- **Mechanism for accreditation of school boards** – State Governments have the authority to set up School Boards, hence separate accreditation is not required.
- **Creation of separate cadre of principals and headmasters and Improved school governance** - A separate cadre of principals and headmasters is not envisaged in the present service rules would deprive teachers of promotion avenues.
- **Multi-Stakeholder Governing Bodies in Universities:** This could pave the way for entry of unconnected persons into Higher Education and hence not acceptable.
- **Multi-Disciplinary Universities:** In Tamil Nadu domain specific universities have been set up and are functioning well, hence the emphasis on multi-disciplinary universities is misplaced.

- **Limiting the number of affiliated colleges per university:** Placing a limit of 100 colleges per university would needlessly affect the finances, administration and academic quality of the Universities.
- **Establishing Educational Tribunals:** The proposal to establish educational tribunals infringes on the rights of the State and cannot be supported.
- **Jurisdictional Restriction on Distance Education and Massive Online Outreach Classrooms (MOOCs):** This restriction is ill-conceived and needless, adversely affecting well established distance education centres of Universities in Tamil Nadu, and should not be imposed.
- **Faculty Training and Development:** Existing Human Resources Development Centres in Universities in Tamil Nadu should not be jeopardized in the move to establish Central and State Training Academies for college and university teachers.
- **Establishing an Education Commission and the Indian Educational Service:** These are measures have far reaching ramifications which require much greater deliberation before being operationalized.
- **Foreign Universities:** The entry of foreign universities should not be encouraged as their objective would be more commercial and their entry will be contrary to the social objective of Higher Education in India.

**Limitation on setting up new institutions:** The proposal to prioritise expansion of the capacity of existing institutions instead of setting up new institutions is a needless restriction on State Governments' policy space.

## **16. School Education:**

### **(a) 13<sup>th</sup> Finance Commission**

The 13<sup>th</sup> Finance Commission grant of Rs.164 crores for 2014-15 was withheld by Government of India on the ground that requisite growth in expenditure was not shown by the State Governments. The fact that the growth in expenditure was not achieved because of shortfall in fund release under Sarva Shiksha Abhiyan to Tamil Nadu by Government of India in 2012-13 has been completely overlooked. The State has thus been wrongfully penalized for short release of funds by Government of India. Hence, the grant of Rs.164 crores sanctioned by 13<sup>th</sup> Finance Commission must be released to Tamil Nadu.

### **(b) Release of Grants under Sarva Shiksha Abhiyan:**



The Project Approval Board (PAB) of the Ministry of Human Resource Development (MHRD) had approved an amount of Rs.2329.15 crores for the year 2015-16 for implementing the Sarva Shiksha Abhiyan programme. Out of this total amount, the Government of India's share of 60% after adjusting for the opening balance is Rs.1397.49 crores. An amount of Rs.821.12 crores only had been released by the end of the financial year. Hence, there is a shortfall of Rs.576.37 crores. This includes the pending teachers' salary reimbursement for an amount of Rs.805.48 crores, of which Government of India's share of 60% i.e. Rs.483.28 crores, was fully paid by the Government of Tamil Nadu in anticipation of funds from Government of India. However, the same is yet to be released by Government of India.

In the current year 2016-17, the PAB has approved an amount of Rs.2656.06 crores for implementation of Sarva Shiksha Abhiyan programme, of which, the Government of India's share at 60% is Rs.1593.62 crores. So far only an amount of Rs.719.43 crores has been released leaving a balance of Rs. 802.19 crores yet to be released even though it is the third quarter of the financial year.

Even though the State Government has submitted all necessary documentation, the funds for the years 2015-16 and 2016-17 for a total amount of Rs.1378.56 crores are yet to be released.

In the meantime, Ministry of Human Resource Development has communicated to the State Government that the Government of India is not in a position to release its committed share of the Sarva Shiksha Abhiyan Budget due to short allocation for the scheme in the Union Budget and has instead urged the State Governments to make good this shortfall. This shortfall is unfortunate as SSA is one of the Core schemes for which the sharing of expenditure between the Centre and States is to continue unchanged. Further, SSA expenditure has earmarked funding through the Education Cess which is not even shared with the State as part of Tax devolution. Hence, I urge you to direct the Ministry of Finance and Ministry of Human Resources Development to ensure that adequate funding is provided for the Central share of SSA.

### **(c) Release of Grants under Rashtriya Madhyamik Shiksha Abhiyan:**

Similarly, in the year 2015-16, the PAB had approved an amount of Rs.1675.25 crores for the Integrated Rashtriya Madhyamik Shiksha Abhiyan programme including spill over. The Government of India's share of 60% after adjusting the opening balance is Rs.984.09 crores. However, the Government of India has so far released only an amount of Rs. 314.72 crores towards recurring cost and no grant has been released towards non-recurring cost.

In the year 2016-17 an amount of Rs.1284.24 crores has been approved for the RMSA programme by the PAB 2015-16 including the revised spill over cost of 2015-16. Out of which, the Government of India's share is Rs.770.54 crores. However, the Government of India has so far released only Rs.144.58 crores leaving a balance of Rs.625.96 crores.

This underfunding of important schemes in the Union Budget and the consequent delay in the release of Government of India's share of Sarva Shiksha Abhiyan and Rashtriya Madyamik Shiksha Abhiyan hampers the smooth implementation of the programmes in its true spirit.

**(d) Delinking of the Model School Scheme under Rashtriya Madyamik Shiksha Abhiyan:**

Under Rashtriya Madyamik Shiksha Abhiyan, the Model school scheme was introduced for improving access to secondary education in the Educationally Backward Blocks. The scheme commenced in the year 2009-10 and has been implemented in the State providing quality education and requisite infrastructure. However, in the year 2015-16 the Government of India delinked the Model school programme from the Rashtriya Madyamik Shiksha Abhiyan and has withdrawn the entire recurring cost of Rs.30 crores sanctioned annually. This may work against the interest of the children who are already enrolled in the Model schools and the vision of the Government of India to improve access to secondary education. Hence, the decision taken delinking the Model schools from Rashtriya Madyamik Shiksha Abhiyan may be reconsidered.

**(g) Implementation of Right of Children to Free and Compulsory Education (RTE) Act:**

The children belonging to weaker sections and disadvantaged groups have been given an opportunity to educate themselves in private schools by the strict implementation of the 25% reservation provided under Section 12(1)(c) of the RTE Act, 2009. For the admissions made in private schools in 2013-14 and 2014-15 a reimbursement of Rs.97.05 crores has already been released to the private schools by the State Government and this amount was claimed in the 2016-17 under the Sarva Shiksha Abhiyan plan. However, only an amount of Rs.18 lakhs has been approved by Ministry of Human Resource Development for reimbursement. Section 12(1)(c) of the RTE Act 2009 clearly mandates that where the schools provide pre-school education, admissions have to be made at pre-school level itself. Section 7 of the Act further provides that that the Central and State Governments have concurrent responsibility to provide funds to carry out the provisions of the Act. Thus, the action of the Ministry of Human Resources Development to place entire burden of reimbursement of fees for 2013-14 and 2014-15 on the State Government is contrary to law.

Despite non release of funds by the Government of India, the State Government continued implementation of the Act in the years 2015-16 and 2016-17 and additionally 1,92,317 number of children have been admitted in private schools under the 25% reservation. The private schools would have to be reimbursed an amount of Rs.310.70 crores for the children admitted for the years 2015-16 and 2016-17 and the State Government would have to be reimbursed a total amount of Rs.407.75 crores for 3,28,910 children under the Sarva Shiksha Abhiyan. The Government of India must ensure compliance with the provisions of the Act.

## **17. Adi Dravidar and Tribal Welfare:**

### **(a) Release of pending amounts under the Post Matric and Pre Matric Scholarship Schemes for Scheduled Castes and Scheduled Tribes:**

The Government of Tamil Nadu implements the Centrally Sponsored Schemes of Pre Matric and Post Matric Scholarships for students belonging to the Scheduled Castes and Scheduled Tribes. The Government of Tamil Nadu directly transfers the scholarship amounts to the bank accounts of eligible students and institutions in advance without waiting for the release of funds by the Government of India through the State Scholarship portal based on verification by the field officials.

However, large amounts are still pending to be reimbursed by both the Ministry of Social Justice and Empowerment and the Ministry of Tribal Welfare. In the case of Adi Dravidar students, for the Pre Matric Scholarship Scheme, the Government of Tamil Nadu has submitted the utilization certificates for the funds released by the Government of India up to the year 2015-16 and submitted claim for Rs.73.86 crores for the year 2016-17 which is yet to be released. For the Post Matric Scholarship Scheme the Government of Tamil Nadu has submitted the utilization certificates for the funds released by the Government of India up to the year 2015-16 and submitted claims for Rs.1882.04 crores for the year 2016-17 including the arrears of Rs.669.47 crores for the period up to the year 2015-16, and this very large amount is yet to be released by Department of Social Justice and Empowerment.

In the case of Scheduled Tribe students, an amount of Rs.2.48 crores for the Pre Matric Scholarship Scheme and Rs.60.71 crores for the Post Matric Scholarship scheme for the year 2016-17, are yet to be released by the Ministry of Tribal Affairs.

While the Ministry of Social Justice and Empowerment has admitted Tamil Nadu's claims, funds have not been released due to insufficient budgetary allocations. Given the sensitivity of the issue, I request that adequate budgetary allocations may be made for this scheme and funds

released to the States without any further delay. It may also be ensured that adequate allocations are made for the scholarship schemes at the current level of Central support for the period beyond 2016-17.

**(b) Restoring Scheduled Caste Status of Scheduled Caste converts:**

Ever since 1995, my Revered Leader Puratchi Thalaivi Amma has been taking up with the Government of India the inclusion of Scheduled Caste converts to other religions in the list of Scheduled Castes through an Act of Parliament as provided for in Article 341 of the Constitution. I reiterate the request that the Government of India must initiate the necessary statutory steps to include all Scheduled Castes irrespective of religion within the ambit of the List of Scheduled Castes under the Constitution (Scheduled Castes) Order, 1950. I also urge you to bring in the necessary Legislation to this effect in the ensuing session of Parliament. This would benefit a much discriminated section of the population.

**18. Realignment of proposed Kochi-Bengaluru GAIL Pipeline:**

The proposed Kochi-Kootanad-Mangaluru-Bengaluru gas pipeline project of GAIL (India) Limited along the present proposed alignment would cause irreparable damage to the agricultural property of thousands of farmers in seven districts of Tamil Nadu. Recent amendments to the Right of Use under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962, have made farmers culpable for damages to the pipeline, even those occurring without their knowledge.

The Government of Tamil Nadu believes that a realignment of the pipeline route along the highways with the least harm to the people and the least adverse impact on agriculture would be the best way forward to implement the project. The Government of Tamil Nadu has already constituted an Expert Committee to examine the possibilities of realigning the pipeline along the National Highways, and officials of GAIL can also join this Committee, to find a mutually acceptable solution so that the implementation of the project can proceed without affecting the interests of poor agriculturists.

Under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962, the Competent Government is the Central Government, and I reiterate the request made by our Revered Leader, the late Hon'ble Chief Minister of Tamil Nadu who wrote to you on this issue on 8.2.2016 and sought the following actions to be taken :

- The Government of India may rescind the Notifications S.O. 486 (E) dated 5.3.2011 issued under Section 3 and all other Notifications issued subsequently under the said Section, S.O.2832(E) dated 19.12.2011, under Section 6(1) and

S.O.12(E) dated 4.1.2012, under Section 6(2) and all other Notifications issued before and after that date under said Section, by the Ministry of Petroleum and Natural Gas for the GAIL pipeline in Tamil Nadu. The Central Government is empowered to withdraw the Notification under Section 93 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, read with Section 18 of the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962.

- Direct GAIL India Ltd not to act upon the said Notifications pending a final view in the matter and to join the Expert Committee constituted by the Government of Tamil Nadu.
- Amend the relevant provisions of the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962, and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, to provide for the conduct of a Social Impact Assessment under the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962.

Subsequent to the Memorandum submitted by our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma to you on 14.6.2016, GAIL (India) Limited informed the Government of Tamil Nadu by a letter dated 16.6.2016 that GAIL will be part of the Expert Committee constituted by Government of Tamil Nadu for pipeline route selection. GAIL had also indicated the names of senior officials of GAIL and MECON Limited for inclusion in the Expert Committee.

However, to our total surprise, GAIL shifted from this position by its letter dated 10.11.2016, indicating that GAIL had only intended to explain its position to the Expert Committee and that GAIL has no mandate legally or otherwise to comment on the pipeline route as the same has been vested on GAIL by the Government of India. This is an unfortunate development. Since GAIL has now indicated that the pipeline route has been vested on GAIL by Government of India, I strongly urge the Government of India to appropriately direct GAIL to consider the proposal of the State in the Expert Committee, so that the issue can be resolved.

**I request your immediate intervention to ensure that this sensitive issue which has huge implications for the farmers and the common people of Tamil Nadu can be resolved through a constructive and accommodative approach.**

### **19. Reviving the Electronic Manufacturing Hub at Sriperumbudur:**

The Nokia Factory at Sriperumbudur in Tamil Nadu was one of the largest manufacturing facilities for mobile phones in the world. The

Government of Tamil Nadu signed a Memorandum of Understanding (MoU) with Nokia on 6.4.2005 and with the support of the State Government, a Global Electronic Manufacturing Hub was developed. Unfortunately, retrospective amendments to tax laws brought in 2012 by the then UPA Government forced the Nokia plant to shut down in November, 2014 causing more than 15,000 direct employees to lose their jobs. You had announced in the Rajya Sabha in February, 2015, that the Government of India will take all necessary steps to revive the Nokia unit. M/s Foxconn have recently come forward to takeover and revive the plant. To enable such a takeover, the Government of India would have to facilitate the defreezing of Nokia's assets, frozen by an order of the Delhi High Court in an Income Tax case, by arranging for the proceeds of the sale/lease transaction to be paid into a separate escrow account to meet the final tax liabilities.

The above course of action will ensure that the existing plant is utilized, jobs restored to thousands of persons and production commenced immediately. In this matter, State Government is taking earnest efforts to revive the Nokia Plant in constant coordination with the Department of Electronics and Information Technology (DeitY), Government of India by actively engaging with Foxconn, the prospective promoter of the revival process. In this regard, we have also received a preliminary proposal from the Company for the revival; however much of the revival process would depend on the I.T. issue I have outlined above. **Your intervention is essential to ensure that the Income Tax authorities support the initiatives of the State Government and DeitY to revive the global manufacturing facility and restore the Electronic Manufacturing Hub at Sriperumbudur.**

## **20. Privatisation of Salem Steel Plant:**

Salem Steel Plant, which is globally known for its top quality steel, is a cherished Central Public Sector Undertaking located in Tamil Nadu and is a pride for the people of the State. The Government of Tamil Nadu had acquired about 15.5 sq.km. land for Salem Steel Plant (SSP), more than four decades ago. Salem Steel Plant is one of the very well known Central PSUs located in Tamil Nadu on par with Neyveli Lignite Corporation, Bharat Heavy Electricals Ltd., and the Integral Coach Factory. It provides employment to about 2000 persons and many ancillary and subsidiary units also depend on it.

Government of Tamil Nadu has offered a **structured package of incentives** to Salem Steel Plant in the form of Soft loan, Capital Subsidy, Electricity Tax Exemption and Environmental Protection Subsidy for its Rs.2005 crore worth expansion project. In 2015, the State Government issued an order to grant extension of one year time to enable Salem Steel Plant to complete its expansion activities.

In this context, the recent media reports of the proposed privatization of the Salem Steel Plant by the Government of India has caused lot of apprehension among the people of the State. Public Sector Undertakings are capable of performing well provided they are given the right support and direction in the dynamic economic scenario. The causes for the Company's recent losses must be studied and Salem Steel Plant must be given a chance to improve its efficiency and make a turn around. Usually the private buyers are more interested in encashing the assets of the PSU, most of which is in the form of land which has been acquired at low cost by the State Government. Privatization is not a cure but a burial of a big investment made in a core infrastructure field which must be avoided at all costs and must be considered in the rarest of rare cases. **Therefore, I request you to advise the Ministry of Steel, the Ministry of Finance and the Steel Authority of India Limited against proceeding with the proposed privatization of Salem Steel Plant.**

## **21. Shifting of CIPET head office from Chennai to Delhi NCR:**

Recently, the Director General-CIPET has been requested by the Ministry of Chemicals & Fertilizers to take action to shift the headquarters of Central Institute of Plastics Engineering & Technology (CIPET) from Chennai to Delhi NCR. This initiative to shift the head office of CIPET from Chennai has come as a shock to the State and to the plastics industry.

CIPET is a premier research organization first established in Chennai in 1968 which has grown and spread all over India over the years. Tamil Nadu is one of the most industrialised States in the country, with need for varied applications for plastics in major industries like automobiles, heavy engineering, medical instrumentation, electronics & communication,

electrical engineering, etc. The industries and the CIPET have both mutually benefitted from the economic progress of the State.

The geographical location of the headquarters of CIPET at Chennai is cited as the reason for the shifting. In this regard, I wish to state that given the modern day communication facilities and transportation available, shifting the headquarters of a national institute to Delhi NCR may easily be avoided by opting for various technological options available. It would in fact be depriving the entire southern States the advantage of having the institute in Chennai; not to mention the costs, logistics and hardship involved in the shifting of the headquarters from Chennai.

In any event a number of national level institutes are located in different parts of the country and it is important in a large and diverse country like ours to diversify geographically. Hence **I request you to impress upon the Ministry of Chemical and Fertilizers to reconsider its decision to shift the headquarters of CIPET from Chennai.**

## **22. Special Relief Package for Micro, Small and Medium Enterprises:**

Our Revered Leader late Hon'ble Chief Minister Puratchi Thalaivi Amma had sought a Special Relief Package for the MSME Sector for the damages caused by the torrential rains and the consequent flooding in the area around Chennai which inflicted enormous losses on MSMEs - damaging plant and machinery, buildings and stocks of raw materials and finished products. At the Government of Tamil Nadu's request, the State Level Bankers Committee (SLBC) of Tamil Nadu held on 14.12.2015, after due consideration of the extraordinary circumstances, devised a package similar to the package adopted for MSMEs affected during floods of 2014 in Jammu and Kashmir. However, the Reserve Bank of India curtailed the package recommended by the SLBC. Since these units have suffered last year heavily and could not get full package, **the Ministry of Finance may be instructed to advise RBI to consider providing a moratorium of six months up to 30.6.2017 on the loan repayment by the MSME units.**

Our Revered Leader Puratchi Thalaivi Amma had also sought modification of National Disaster Response Fund (NDRF) Guidelines to make MSMEs Eligible for Relief. The existing norms of the National Disaster Response Fund (NDRF) provide for relief for loss of human life, crops, cattle, dwelling units etc. However, there is no provision for compensation to MSMEs on account of damages suffered during natural calamities. This anomaly needs immediate rectification. I request that NDRF norms may be suitably revised and relief provided to flood affected MSMEs in Tamil Nadu. Further, an appropriate area based insurance scheme with reasonable premium rates should also be formulated for MSME units.



## **23.Textiles:**

### **(a) Additional grant for completion of Common Effluent Treatment Plants in Tiruppur:**

Tamil Nadu is the leading State in India in the textile sector having entire an value chain. Tiruppur is the largest textile cluster in the country. 18 Common Effluent Treatment Plants have been established to achieve zero liquid discharge benefiting more than 500 processing units. State Government had sanctioned a grant of Rs.112 crores and interest free loan of Rs.203.29 crores to enable these units to meet their debt service obligations. Government of India has so far released Rs.187.50 crores as subsidy.

However, these Common Effluent Treatment Plants are still not fully functional due to lack of crucial further financial support. Bank loans of Rs.519.45 crores availed by these units have become Non Performing Assets. In the Memorandum dated 7.8.2015 and 14.6.2016, my Revered Leader the late Hon'ble Chief Minister Puratchi Thalaivi Amma had requested the release of Rs.200 crores for completion of the Common Effluent Treatment Plants in Tiruppur as the State Government has already extended huge financial assistance from its limited resources.

I understand that the Ministry of Textiles has recommended the proposal to NITI Aayog. I request you to kindly direct NITI Aayog to release the grant to the State Government immediately.

### **(b) Release of Funds under Integrated Processing Development Scheme (IPDS):**

There are 17 textile clusters located in Erode, Salem, Karur and Namakkal Districts along the Cauvery river with nearly 2000 processing units which discharge effluents. My Revered Leader, the late Hon'ble Chief Minister, Puratchi Thalaivi Amma had announced a scheme for the rehabilitation of these units to achieve Zero Liquid Discharge. 7 Diagnostic Studies and Feasibility Reports have been sent to the Government of India for in-principle approval. The Detailed Project Report for the Kadayampatti and Bhavani clusters have also been sent to Ministry of Textiles for sanction of Government of India's share of funding under the Integrated Processing Development Scheme. The State Government has intimated its willingness to bear its share of the cost for these projects. These Detailed Project Reports (DPR) have been approved by Ministry of Textiles (MoT). Therefore, I request you to kindly instruct the Ministry of Textiles to release the funds to Kadayampatti and Bhavani clusters based on the technology approval accorded by the Tamil Nadu Pollution Control Board.

### **(c) Release of Government of India's share under Marketing Incentive Component of National Handloom Development Programme:**

The balance 50% share of Government of India under the Marketing Incentive Component of National Handloom Development Programme for 2014-15 and full share of 2015-16 totalling Rs.65.38 crores, which are still pending release may be released to Tamil Nadu immediately.

## **24. Information and Technology:**

### **(a) Approval of Project for Implementation of State led model of Bharat Net in Tamil Nadu:**

My Revered Leader Puratchi Thalaivi Amma had announced that high quality, low cost broadband and other internet services will be provided to Village Panchayats to be linked under the Bharat Net Scheme. The Government of India has also accepted the Government of Tamil Nadu's proposal of a State-led model for Bharat Net. Accordingly, a Detailed Project Report was prepared and sent to Department of Telecommunication, Ministry of Communications and IT, on 4.2.2016, seeking funding of Rs. 4628 crores from Universal Service Obligation Fund (USOF) for implementing the project through a Special Purpose Vehicle (SPV). A series of meetings have been held with officials of the Government of India on the proposal and the Government of Tamil Nadu has also indicated its in-principle approval for signing the tripartite Memorandum of Understanding. In this context, I request you to direct the Ministry of Communications and Information and Technology to grant approval for the project at the earliest pending the actual signing of the MOU.

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

The Government of Tamil Nadu under the leadership of the late Hon'ble Chief Minister, Puratchi Thalaivi Amma had revived the 'Tamil Nadu Arasu Cable TV' (TACTV) Corporation in order to provide Cable TV Services at an affordable cost to the public. TACTV submitted its applications for grant of Digital Addressable System (DAS) License to GOI 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. Since then several representations and letters have been sent to Government of India but the license is yet to be issued even though more than two years have elapsed since the present NDA Government took over. I request you to expedite the issue of DAS license to TACTV.

**(c) Aadhar number linked population data base for the State Government:**

As per the present framework, the Unified Identity Authority of India (UIDAI) is the custodian of Aadhaar numbers, demographic data (including address) and biometric data of residents. This data is centrally hosted and if the State Governments need Aadhaar numbers and demographic data for their own use, the UIDAI is presently unable to share this data. Due to this even after the elaborate exercise of collecting and updating demographic data, the State Governments are forced to create parallel data collection mechanisms for demographic data for their own use which is a waste of public resources and efforts. Also, the two data bases will not be 'in-sync'. Hence the Government of Tamil Nadu requests that the 'State Resident Data Hubs' which were conceived as repositories of State-specific Demographic data may be strengthened with dynamic, real-time linkage to the central UIDAI data base. Biometric data can continue to be held only by the UIDAI as at present.

**25. Chennai Metro Rail - Pending Project and Policy Issues:**

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) Chennai Metro Rail Project Phase II:**

Metropolitan Chennai has been growing rapidly and traffic volumes have increased greatly. It was the goal of our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma to promote public transport of various forms including metro rail to ensure that the share of public transportation in Chennai city is substantially increased.

Phase I of the Chennai Metro Rail Project which is currently under implementation, will cover the total length of 45 km. The Phase I extension from Washermenpet to Tiruvotriyur/WIMCO Nagar covering further 9.51 Kms at the cost of Rs.3,770 crores has been recently approved by the Govt. of India and the work inaugurated by our Revered Leader Puratchi Thalaivi Amma.

There is a need to substantially expand the metro rail network in the city of Chennai. A Detailed feasibility report for the expansion of the Chennai Metro Rail Project along three corridors at an estimated cost of Rs. 44,000 crore has been approved by the Govt. of Tamil Nadu. It has also been included in the rolling plan of Japan International Cooperation Agency (JICA) for funding. Our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma had requested the Hon'ble Prime Minister to instruct the Ministry of Urban Development and Ministry

of Finance to support the proposed Phase II of the Chennai Metro Rail Project so that the work can commence early. The Detailed Project Report (DPR) for Phase II being prepared by M/s RITES will be ready by the end of December 2016. As the inauguration of passenger services on the second elevated section from the Airport to Little Mount Stations was the last public engagement in which our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma had participated in on September 21, 2016, it would be most fitting if Phase II of the Chennai Metro Rail Project is given early approval by the Government of India.

**(b) Amendment to the Memorandum of Understanding:**

The Chennai Metro Rail Project is being implemented on a joint ownership basis between the Government of India and Government of Tamil Nadu. In the Tripartite Memorandum of Understanding (MoU) that was entered into between Government of India, Government of Tamil Nadu and Chennai Metro Rail Limited, for implementing the project, the then UPA Government and the then DMK led State Government had included certain clauses which are not in the interest of the State Government and of the Project. These clauses do not provide for an equitable sharing of risks and costs. Our Revered Leader Puratchi Thalaivi Amma had sought amendments to certain clauses of the MOU, in particular, treating the consider land cost as the equity contribution of the Central or State Government who are transferring the land; sharing of any escalation in project cost and foreign exchange fluctuation beyond the approved project completion period equally by the two Governments; and sharing of both operational losses and profits between the Government of India and the State Government.

In response to the Memorandum submitted by our Revered Leader Puratchi Thalaivi Amma on 14<sup>th</sup> June, 2016, the Ministry of Urban Development has indicated that the issue need not be perused further as 80 percent of project work has been completed. However, the Ministry of Urban Development has persisted with the same clauses and made them even more stringent in the draft MOU they have shared for the Chennai Metro Rail Phase I Extension. The Government of Tamil Nadu has taken up the issue again. I earnestly request you to instruct the Ministry of Urban Development to consider this issue with an open mind and in the spirit of co-operative federalism so that the legitimate concerns of the State Government regarding the MOU are adequately addressed.

**(c) Railways lands taken by Chennai Metro Rail Limited on lease basis:**

Chennai Metro Rail Limited has taken the Railway lands on long lease basis for the implementation of the Chennai Metro Rail Project on payment of 99% of the market value for the period of 35 years and

extendable for another 35 years. In spite of the payment of 99% of the land value, the surface rights have been retained by Railways which is unfair. A policy view has to be taken by Government of India, to transfer Railway lands to Metro Rail Project on permanent basis on collection of 100% of the land value as is being done in respect of lands transferred from other Central Government Departments / Agencies with full rights **or** full rights cannot be given for justifiable reasons by Railways, then only nominal/token amount shall be charged for restricted rights. Further no collection of charges should be made for underground tunneling work done by Metro Rail Administration below the Railway land. A nominal fee as track rent may be charged on crossing of Railway tracks alone. This issue requires a speedy resolution.

## **26. Establishment of Special Purpose Vehicle for Execution of Railway Projects:**

The Ministry of Railways has circulated a draft Joint Venture Agreement to be entered into between the Ministry of Railways and the Government of Tamil Nadu to form a Special Purpose Vehicle (SPV) to execute Railway Projects in Tamil Nadu. Our Revered Leader the late Hon'ble Chief Minister Puratchi Thalaivi Amma had indicated that the Government of Tamil Nadu is in principle willing to participate in establishing a SPV with the Ministry of Railways she had requested you that the Draft MOU required revisions in order to evolve a fair, balanced and acceptable agreement.

The manner in which the draft Joint Venture Agreement is worded leaves us with a distinct impression that the State Governments are being roped in to bear the cost burden on what is essentially a Union Government responsibility under the Constitution. Further, the State Government will be required to bear the losses if any, while the Railways retain preferential terms for themselves in the area of project approvals, revenue realization, asset ownership and asset handover. Tamil Nadu has certain concerns regarding certain clauses of the draft Joint Venture Agreement which has been circulated by the Ministry of Railways which include the following:

Even though it is termed as Joint Venture Agreement the Agreement is in the nature of Shareholders agreement. Ideally there should be two separate Agreements a (i) JV Agreement between State Government and Ministry of Railways and (ii) Shareholders Agreement amongst State Government, Ministry of Railways and other Shareholders. This is necessary in order to make a distinction between JV Partners and other Shareholders. The JV Agreement should clarify the Roles & Responsibilities, Rights and Powers of State Government and Ministry of Railways as JV Partners, while the rights and responsibilities of

Shareholders are substantially driven by the provisions of Companies Act and other commercial understanding between the Shareholders.

In Clause 2.1, the Scope of the JV does not clearly mention about the Design responsibility. The responsibility for preparation of Detailed Project Report (DPR), including detailed design may be taken by the Railways through one of their agencies like RITES and the cost preparing the DPR, at a pre-agreed level may be treated as equity contribution by Railways in the JV. Further, as the Railway Design Approval process is very laborious and time consuming the Railways must commit in the JV Agreement that they will take the responsibility for expeditious Design Approval at no additional cost to the JV.

Under Clause 2.2 (a) and 2.6, the paid up equity base of the JV should be kept to the minimum, and the balance funding for actual project finance should be brought in by the shareholders in the form of Optional Convertible Preference Shares / Optional Convertible Debentures. This will avoid the necessity for the shareholders to invest huge sums in the beginning and funds can be mobilized from the shareholders as and when required for investment in subsidiaries. This would be a more efficient use of capital of funds.

Under Clause 2.3 the territorial scope of JV has been described as territory of India, while this is acceptable it should be made clear that activities would be limited to the State and where beyond the State, then for the benefit of the State.

Under Clause 2.7 the provision relating to dilution of equity either in JVC or Project SPV, should not create third party interest in the Land and/or Project Assets.

Clause 3.2 on Pre-Emptive Rights may be re-worded more accurately as, "any offer by the Company to issue and allot shares to the existing Shareholders shall always be in proportion to their shareholding as mentioned in Clause 2.7."

Clause 4.2 allows for shares to be bought and sold at any price agreeable to the parties to such transaction. This may be amended to state that the price of shares shall be arrived at based on a valuation through a mutually agreed process as per the normally accepted principles of share valuation.

If the JV Partners rights are ranked parri-passu and effectively 50%-50%, then Clause 6 defining super majorities is superfluous. Further, the proposed Super Majority for Resolutions on "Fundamental Issues" is "unanimity" in decision making. If the JV at some stage contemplates equity from a third party, these clauses should not be a hindrance in subsequent decision making.

As per Clause 7.1 read with 9.2, all project SPVs are treated as Concessionaires. It may be better to keep the option of further Joint Ventures with State Government or other Central or State PSU also open.

If the project SPV is to be a PPP arrangement, then it should be a concession awarded through competitive bidding.

In Clause 7.2 there is no mention of whether the SPV needs to be a private or public limited company which should be clarified.

Clause 9.4 of the JV agreement is not clear about the mechanism of sharing time and cost overrun. If the entire cost is to be borne by Project SPV, then the cost overrun may make the projects unviable. It is advisable that the SPV is insulated from the implications of overruns by agreeing to an appropriate cost sharing mechanism between Ministry of Railways and the State Government. Under the Concession Structure all the costs of last mile connectivity are borne by the Concessionaire. It is not clear how the costs will be arrived at. For projects implemented through a JV Structure the respective partners including Railways will have to bear the cost of last mile connectivity. It is also important to have clarity on the cost recovery mechanism by the Project SPV of the last mile connectivity from the beneficiary / other stakeholders who are beneficiaries. Concession Agreement should enable such recovery from the other Stakeholder beneficiaries by the Project SPV. There should be a clear understanding that funds would not be diverted to other projects.

Under Clause 9.5, as land is an asset in perpetuity, viability of the project should not be the criteria for transferring land to the Project SPV at cost or free of cost. As already insisted by Government of Tamil Nadu, cost of land must be considered as equity by the State Government. Similarly, if any Central Government lands are involved, their value may be treated as Central Government's equity contribution. Alternatively, the State Government could lease the land on long term basis and Project Assets Ownership may be retained with the JVC as against Project SPV since the arrangement contemplated is Concession Agreement arrangement between JVC and Project SPV. This is in line with the current practices of PPP mode Road Sector Projects in NHAI. The value of the leasehold rights can be taken as the equity of the State Government.

Clause 9.6 provides for assets belonging to the JV Company being acquired by the Ministry of Railways in certain circumstances at Re 1. Nominal valuation does not appear to be sound corporate governance practice and it is important in case there are accumulated losses, for such losses to be shared proportionately as per the prevailing shareholding. Further, at the end of the Concession Period when the Railways takes over the assets, they need to pay the Project SPV at-least the Debt Outstanding + Equity + Reasonable Return on Equity. Shareholders Agreement should have the provision for fair valuation of shares for take-over by Railways.

As far as land is concerned, it should not automatically transfer to the Railways is not appropriate. All the land pertaining to major transport assets should revert back to the respective Government Agencies as in

the case of the Airports and Ports. Therefore, land should revert to the State Government.

The State Government should be given the right to take-over the non-core infrastructure developments and operations from the Project SPVs at the end of the Concession Period.

Under Clause 9.7 the Lenders rights on the Land and Project Assets of the Project SPV is not given due consideration. Further pre-commitment and pre-disbursement conditions and guarantees to lenders for repayment of loans either directly or through guarantee of project cash-flows is a key aspect and its implications to the State Government need to be known beforehand.

The interpretation Clause 9.8 restricts the sources of revenue for the Project SPV and also implies that the Railways would be the sole collection agent for all revenues. Under the Concession Structure, the Project SPV would need to recover costs incurred on the project during the Concession Period through an appropriate Revenue Model. It should be clarified how the revenue model would work and how the Railways would assure transfer of revenue to the SPV.

The draft JV Agreement is also silent on certain key issues including the business model and revenue model for the JV Company and for the Project SPV, shareholder loans to JVC and Project SPV, Share Valuation, how operational matters of Project SPV and JVC are to be governed, Tag-Along & Drag-along rights, terms and conditions for top-up capital if needed, events of JV Partner or Shareholder Default, express Statement whether the dilution of equity either JVC level or Project SPV level would attract the Disinvestment guidelines of Government of India, and procedure for termination and termination payments

I strongly urge that the concerns of Tamil Nadu need to be addressed before we are in a position to sign the Joint Venture Agreement. It is only fair to expect the Ministry of Railways to come forward and share the responsibility of project implementation, costs and profits or losses of the SPV as equal partners with State Governments.

I request that the Ministry of Railways may be instructed to ensure that the concerns of the Government of Tamil Nadu are adequately addressed and the Joint Venture Agreement modified to enable us to effectively partner with the Ministry of Railways.

## **27. Investment by National Infrastructure Investment Fund (NIIF) in Tamil Nadu Infrastructure Fund:**

Our Revered Leader the late Hon'ble Chief Minister of Tamil Nadu Puratchi Thalaivi Amma had launched the Vision Tamil Nadu 2023 which envisages an investment of Rs.15 lakh crores in infrastructure in the



State. Investment of this order requires the tapping of several innovative financing mechanisms. Accordingly, Tamil Nadu became the first State to promote an Asset Management Company, the Tamil Nadu Infrastructure Fund Management Corporation Ltd (TNIFMC) with a 26 per cent State Government equity holding, to establish and manage innovative financing vehicles under SEBI regulations.

The Tamil Nadu Infrastructure Fund (TNIF) is the first of the Innovative Finance Vehicles (IFV) to be established. TNIF has been approved by SEBI as a Category (I) Alternative Investment Fund (AIF). As required under SEBI Regulations, TNIFMC will be the Asset Management Company for the Fund. Eminent professionals have joined the Board and Investment Committee of TNIFMC to ensure professionalism and independence in investment decisions. TNIFMC has also proceeded with identifying a pipeline of investible projects to absorb fund accumulation.

The National Infrastructure Investment Fund (NIIF), which has been set up with the same objective, is inter alia mandated to fund other AIFs. TNIF has made an application to NIIF for an investment commitment Rs.2000 crores. Indian Infrastructure Finance Corporation Limited (IIFCL), the Investment Advisors to NIIF, have evaluated and recommended investment in TNIF to the NIIF Board, where it is still under consideration.

I request you to instruct the Ministry of Finance to expeditiously approve the application, considering the strong merits of TNIF's proposal. It may be noted that TNIF is the only Infrastructure AIF promoted by a State Government and an investment in the Fund would also help NIIF to realise its objectives.

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

Our Revered Leader Puratchi Thalaivi Amma had repeatedly emphasized that India has a commitment to protect the life and liberty of 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 13<sup>th</sup> Amendment to the Sri Lankan Constitution. Democratic decentralisation through the 13<sup>th</sup> Amendment to the Constitution of Sri Lanka, should be the spring board for the process of securing the right to self-determination, through which the Sri Lankan Tamils could eventually realise the aspiration of Tamil Eelam.

I reiterate the request of our Revered Leader Puratchi Thalaivi Amma that the Government of India 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. 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 also 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.

### **Dual Citizenship for Sri Lankan Tamil Refugees:**

There are a sizeable number of Sri Lankan Tamils who have been residing in Tamil Nadu as refugees both within and outside refugee camps. The Government of Tamil Nadu urges the Government of India to permit such refugees to hold dual citizenship of both India and Sri Lanka so that they could take up employment and business in India without any hindrance.

### **29. 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 the Government of India. Tamil Nadu again 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 the Government 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. My revered leader, the late Hon'ble Chief Minister of Tamil Nadu, Puratchi Thalaivi Amma 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. However, the Government of India, Ministry of Home Affairs, Department of Official Language in its letter dated 9.8.2016 has informed that the Full Court of Supreme Court of India, after extensive deliberations on 16.12.2015 disapproved the proposals and reiterated the resolution which was adopted on 7.5.1997, 15.12.1999 and 11.1.2012. Since, this is a long standing aspiration and demand of the people of the State, I reiterate the request for use of Tamil in the High Court of Madras.

**Issued By :- DIPR, Secretariat, Chennai - 9.**