

**Report of Working Group on North Eastern Council and related issues for Eleventh Five Year Plan**

(I) As per instructions contained in Planning Commission Order No.M-12016///2006-SP-NE dated 09.05.2006, the Working Group on NEC for the 11<sup>th</sup> Plan and related issues met on 22<sup>nd</sup> June 2006 to formulate a report as per terms of reference (TORs) indicated in the above order. The discussions centered on the present role of NEC, actual resource availability for the Tenth Five Year Plan, appraisal of major aspects of the Tenth Plan and detailed discussion on the terms of reference formulated by the Planning Commission. NEC made a power presentation on their views on the terms of reference, whereupon the members were asked to submit their views and comments on the TORs. It was accordingly decided that Sectoral Working Groups for each sector would be formed and constituted of representatives from all eight states dealing with the subject including officers from the concerned central agencies. It was further decided that these groups would deliberate on strategies and fine tune approaches for the Eleventh Plan as also to prepare a shelf of schemes keeping the terms of reference of Planning Commission in mind as also the fact that NEC have been elevated to a regional planning body. Based on inputs from the members of the Working Group as also subject specialists and technical officers of the concerned State Govts, the Working Group met on 10<sup>th</sup> August, 2006 and had detailed discussions on the first report. On this basis, the following suggestions and observations on the terms of reference of Planning Commission are hereby submitted for consideration, etc.

***(II) (a) To review NEC plan and programmes of the earlier plan and to suggest focused role of NEC in the identified areas of intervention critical for balanced regional development.:***

Hitherto, NEC concentrated primarily on infrastructure particularly in the Transport & Communication and Power Sectors. This was necessitated by its emphasis on effecting balance regional development and where only projects of regional nature were preferred. Suitable scope for this agenda lay in the above two sectors. Over the years, due to regular resource crunch and increased expectations of elected representatives and public, the role of the Council has become diluted and peripheral in development activities of the region. The addition of Sikkim as its eighth Member without commensurate increase in the Plan outlay has further weakened the authority and shortened the reach of NEC. Further, the location of Sikkim has blurred the image of NEC as a regional planning body. A major influencing factor on the direction of the 11<sup>th</sup> Plan is the spillover schemes from the current five year plan period amounting to Rs

1980 crores. Further, committed liabilities worked out at Rs 759 crores for funding recurring expenditure on institutions such as RIIMs, NEPA, RIPANs etc all from plan outlays have become significant considering the fact that the total releases for the 10<sup>th</sup> Plan will be Rs.2511.50 crores only. Therefore for NEC to play not only a focused but meaningful role, a special one time grant should be allocated for taking care of spillover liabilities and institutions under its control should be handed over to the concerned line ministries. Alternatively, the Planning Commission could consider allocating Rs 12000 crores for the 11<sup>th</sup> Plan.

NEC could, therefore, play a focused role in areas critical for balanced regional development only if its outlays in the Eleventh Plan are significantly increased. For the region to really develop uniformly, the working group has concluded that sustainable employment both in farm and non farm sector is a *sine qua non*. NEC could perhaps confine itself to those areas, which can generate sustainable employment and create sustainable performing assets towards this end. Subsumed within this attempt will be a strategy for creation of infrastructure necessary for actualizing the 'Look East' policy. In view of the ethnic and political divisions prevalent in the region, the Northeast can only develop uniformly through a prism comprised of common objectives in the area of economic and commercial development. NEC could play the role of a catalyst and facilitator for developing the region as a homogenous zone by intervening in covering critical gaps of infrastructure.

***(II) (b). To formulate realistic and actionable plan for the region, keeping view the National plan perspectives and regional priorities and to suggest modalities for dovetailing of programmes of the states as per the regional plan;***

By virtue of its mandate and keeping in mind the constitutional sovereignty of the States, NEC may not be able to formulate a comprehensive regional plan for all sectors, in view of the fact that major and significant shares of the states' budget is earmarked for sectors such as rural development, civil supplies, social welfare and nutrition. NEC may also be restricted from playing a proactive role in ensuring community participation in view of the autonomy and mandate enjoyed by Autonomous District Councils under the Sixth Schedule in some states and the PRI Act in the others. It is however possible that NEC could encourage and motivate its member states to initiate community participation practices currently in vogue in Nagaland. NEC could be an omnipresent stakeholder in the states' forays into the PPP arena wherever this tactic is found to be viable. Moreover, some thrust areas have been identified in the following sectors that could harmonize with the role of NEC as a regional planning body, as a catalyst in the Look

East policy and as a supplementary factor in the developmental attempts of the member states. A realistic and viable regional plan could therefore be formulated based on the following suggestions:

**(II) B.1 Agriculture and Allied Sector:**

As a prerequisite, there should be adequate increase from the current five year Plan outlay to be earmarked for this sector.

A regional plan for capacity building for farmers, NGOs both outside the region and within institutes of the region, which could be assisted to impart skills and training, needs to be evolved.

NEC can devise a regional plan for increasing the areas under irrigation. Community management and participation should be ensured even if it entails extra costs in capacity building and training.

There should be special programmes for transfer of appropriate technology from the lab to the field. A plan should be evolved for transforming the agriculture landscape from a homestead to plantation mode preferably through the cluster method.

NEC should support production, marketing and certification of organic products.

Value addition facilities at strategic locations could be set up. Marketing tie-ups could be arranged and subsidy may even be released for making products competitive at the initial stages. Bamboo resources of the region are one example which could be harnessed using this approach.

Schematic design and DPRs formulation can be assisted from NEC fund. NEC could assist for seed farms and fodder farms to be established at strategic locations in the region for catering to all the States. Vaccine centers catering to the needs of each state government could be set up with NEC assistance. R&D and capacity building in the biotechnology sector should be supported. In the context of the announcement by RIL and other companies regarding their advent into retail marketing, the following programmes could be considered for tapping this opportunity.

1. Tissue Culture Laboratories need further support both for agriculture and horticulture crops.
2. Improvement of traditional method of cultivation and sustainable crop production technology.
3. Organized marketing system.
4. Setting-up of agro-based industries in the region.
5. Improvement of post-harvest technology

6. Integrated agriculture programme has to be taken-up for enhancement of food production.
7. Selected crops of short duration with high return have to be encouraged for plantation on cluster basis.
8. Farmers and officers of NE States should be imparted training with latest technologies.
9. Livestock and dairy development, control of diseases and production of livestock feed.
10. Integrated fish farming (fish combined with livestock) can generate more income to the farmers.
11. NEC to support innovative and exotic products and related technology.

***Forest & Environment:***

In the environment field, existing rainforests should be preserved and where feasible, elephant corridors could be maintained and protected to ensure passage of wild animals between the adjacent states.

Projects in the mould of IFAD and NEPED (in Nagaland) should be multiplied to improve rural livelihoods so as to ease pressure on forests.

In a pilot project mode, a small river or stream in each of the state capitals should be identified for regeneration. The State Pollution Boards could be mandated for the task and assisted suitably by NEC.

NEC could commission inventory of bio-resources including taxonomic and ecological studies on flora and fauna.

NEC could extend support for production and marketing of exotic and medicinal plants and jatropha.

The depredation of the environment caused by unregulated and haphazard mining and mineral extraction will need to be tackled.

***(II) B.2 Manpower Development Sector (HRD):***

The outlay for this sector needs to be enhanced as it has vast potential for regional programmes. For example, capacity building will need to be done for specific areas such as biotechnology, organic farming, veterinary, patent awareness, sports which will complement and tap the core competencies of the region. Capacity building for firming and strengthening the cluster approach to development can also be

supported. The existing cooperative societies mechanism should be strengthened to further improve its efficacy and influence in each of the states.

Institutes of excellence within and outside the region can be identified for training deserving students in job-oriented courses.

In the handloom and handicraft sector, courses for fashion design and fabric value addition could be set up in some of the state capitals. To further deepen the impact and widen the scope, existing universities and colleges could be financially supported to include these subjects in their curriculum.

A policy under the aegis of NEREC could be evolved for channelising academically underperforming students from conventional courses to vocational schools. I.T.I.s need to be strengthened and their curriculum needs to be revised. This should be coordinated with a long-term industrial policy, which will generate employment opportunities at the appropriate time.

NEC may facilitate the setting up of additional engineering and medical colleges in the region particularly in those states that are still to be benefited.

Teaching departments on Bio-resource development, Tourism, Cultural and Peace Studies, languages of neighboring countries as also Spanish, Mandarin and Japanese could be set up in the universities with NEC funding.

### **(II) B.3 Science and Technology:**

Information Technology is yet another area which has tremendous scope in the region due to the absence of spatial constraints. Through timely mix of subsidies and infrastructural support, BPO and KPO projects could be encouraged. A dedicated bandwidth through an independent Internet gateway could be considered.

Updated and valid socio-economic database banks should be created for use by all member states as a tool for developmental planning of the region. In this connection a GIS resource map could be prepared for the entire region including Sikkim with NEC funding. NESAC could be mandated as the coordinator to help obviate duplication and to ensure synergies amongst all states.

IT assistance and Computer education programmes at school and college levels to be intensified.

NEC could facilitate provision of OFC backbone to cover all the states.

The hardware and software facilities in the CICs of the region could be updated and modernized through NEC assistance.

### **(II) B.4 Banking, Industries and Tourism:**

Tourism:

A regional plan could also be evolved for the Tourism Sector where existing tourism activities and tourists arrivals can be enhanced by assisting genuine and creditable tourism operators and hotel owners. NEC can also create selective infrastructure and help in promotion and capacity building. A PPP funding model could be examined for covering critical gaps in the sector. Circuit development possesses ample scope for regional cooperation and in the Eleventh Plan tourist products evolved and supported through NEC funding should be compatible with the objectives for producing world-class circuits.

Publicity costs for promotion of specific destinations and circuits could be borne by NEC. NEC can support participation in domestic and international fairs.

Sponsoring appropriate curriculum in the respective universities in the eight states could ensure capacity building and skills imparting.

NEC could contemplate assisting the development of heritage and cultural circuits.

Tourism could be declared as an industry to gain access to subsidies.

Industries:

Outlays for this sector should be appropriately increased.

NEC could enter into a tie up with agencies like ILFS for product development and forming of Special Purpose Vehicles that the States could utilize for attracting external investment.

The SPINE scheme should be continued albeit with improved guidelines to plug loopholes, increase opportunities for generating local employment and expedite industrialization of the region.

Financing of value addition projects and technological assistance for tea growers would be a catalyst for industrializing rural areas.

The handloom and handicraft sector hitherto neglected should be identified as a thrust area in the 11<sup>th</sup> Plan. Existing sericulture and seed farms languishing due to resource constraints by the state governments could be repaired from NEC funds.

In the context of the Look East policy, it would be imperative for NEC to support and supplement ongoing Central Government schemes such as ASIDE (Assistance to States for Development of Export Infrastructure and other activities) and EDF (Export Development Fund). To achieve fast results, the mission mode for promoting industrial activities needs to be encouraged.

A formal patent regime should be activated for the region to protect ethnic and traditional design and fabric.

Infrastructure along existing and potential trade routes to neighbouring foreign countries should be funded to activate border trade.

Banking: Micro-credit mechanism would need to be improved particularly in under banked and rural areas.

NEC could manage coordination between financial institutions based in the region so that overlapping and duplication is avoided.

In view of the traditional land tenure system prevailing in most of the hill states, it would be necessary to involve the landowners as stakeholders and partners in projects.

Project design and capacity building particularly in accounts and book keeping should be mandatory requirements before funding is recommended for any project to ensure return on investment and build up investor and creditor confidence.

The Northeast Bamboo Mission should be actively supported.

**(II) B.5 Power, Water Development & RRE:**

All spillover schemes should be completed by the 1<sup>st</sup> year of the 11<sup>th</sup> plan.

In respect of regional projects, NEC could provide funding for systems improvements in the various states so that evacuation and transmission from the various grids are not constrained.

A protocol should be finalized for evacuation of power and compensatory measures for unutilized entitlements through mutually acceptable standard operating procedures.

With regard to water management, community managed irrigation projects for viable lands should be done on a regional basis to increase acreage under cultivation and increase yield so as to make the region self sufficient in rice and other food grains.

Water Catchments areas should be identified and mapped and protected through law and legislation where required.

NEC should keep out of major flood control and river erosion projects and hand over the responsibility to specialized agencies such as the Brahmaputra Board.

Only the concerned line ministries should handle Mega hydel projects. At best, NEC should confine its participation to subsidizing some portion of the 70% loan component.

**(II) B.6 Transport & Communication:**

All efforts should be made to complete spillover schemes from the 9<sup>th</sup> and 10<sup>th</sup> Plan period. For the 11<sup>th</sup> Plan, DONER and NEC could pool resources and share the responsibilities for funding new road schemes in this sector as the liability for spillover schemes would exclude any major projects keeping in mind the size of the outlays.

Besides stressing on roads of regional importance, roads linking important tourist sites and centres of economic activity should be constructed with NEC funding in the 11<sup>th</sup> Plan.

The arrangement with Alliance Air should not be extended into the 11<sup>th</sup> Plan, keeping in mind their poor track record. Alternative arrangements preferably with private players could be considered.

Funding of new airports and improvement of existing airports should be handed over to DONER.

NEC may expedite the arrangements for a dedicated airline for the region

NEC could consider energizing the movement of goods and cargo through the Brahmaputra Waterway and proposed Barak Waterway by assisting stakeholders through the IWAI, supplementing infrastructure construction efforts and liaising with Bangladesh authorities. Internal waterways could be developed to provide arterial links. NEC will further expand its ongoing programmes relating to construction of ISBTs and ISTTs.

Funding of important roads could be supplemented through BOT, BOLT, etc. even in neighbouring countries such as Myanmar to link strategic markets across the borders.

Railway links to state capitals and beyond to international borders could be contemplated.

#### ***(II) B.7 Medical and Health Sector***

Institutes such as RIMs whose recurring expenditure consume a significant share of NEC's capital outlay should be transferred to the concerned line ministries and the untied funds invested for plan schemes.

Efforts should be made to supplement specialized health care facilities and nursing colleges in the private sector through one time assistance.

Investments made by NEC in medical institutions should be commensurate with the benefits for all its members.

Involvement of NEC in revenue expenditure for running of new health institutions, whether government or autonomous, should be stopped forthwith.

The telemedicine programme should be continued, as it is a regional oriented scheme and ensures some level of medical service in remote rural areas.

#### ***(B)Contd ...Suggest modalities for Dovetailing of Programmes as per the Regional Plan***

Subsumed within the above framework for the regional plan dovetailing could be attempted in the following areas: -

- (a) Tourism infrastructure in designated popular circuits
- (b) Information & Communication Technology (preparation of multi-layer GIS resource maps for the whole region).
- (c) Assist in setting up of Seed Farms and Fodder Farms
- (d) Assist in setting up of Vaccine Banks
- (e) Regulating inter State movement of cattle and pigs – construction of holding and quarantine facilities
- (f) Talent Spotting and nurturing in selected sports
- (g) Biotechnology development
- (h) Funding product development
- (i) For Bharat Nirman schemes several infrastructure elements could be dovetailed as follows:
  - (i) Electrification of remote villages through non-conventional, pico and mini hydel projects
  - (ii) Telephone connectivity in rural areas such as the TATA INDICOM scheme being implemented in Sikkim.
  - (iii) Providing computers such as UDAY-HCL to primary schools in non-electrified villages

***(C) To explore the possibility and mechanism of preparing a shelf of projects of Regional Importance out of which states can accommodate a few projects each year in their Plans from the ACA/SPA allocated to the states***

NEC could be a proactive regional planner if some critical prerequisites are put into place. Firstly, as suggested by some members the statutory recognition of NEC as a regional planning body will need to be clarified and if it is to fulfill its role it has to be vested with the powers and functions of a regional Planning Commission and should be strengthened and mandated with appropriate powers. Thereafter NEC could identify specific areas particularly on employment generation and infrastructure development that can be included under its rubric. Border security and inter regional environmental issues could be brought under the regional planning purview of NEC.

***(D) Improvement of Guidelines for selection, preparation of Concept Note/DPR. Appraisal of projects funded by NEC***

It is entirely possible that a majority of the projects being funded by NEC are not having the desired impact due to flaws in their schematic design thereby leading to poor

execution and cost overruns. To bring about improvements it is suggested that guidelines may be drawn up comprising the following elements: -

- (a) Member States may submit their priority list at the appropriate time accompanied by the concept notes for only projects amounting to Rs. 1 crore and above.
- (b) After due examination, the priority list will then be put up to the Council and based on equitable funding and regional priorities schemes will be retained.
- (c) Subject to adequate budgetary provisions being effected, the outlays will be circulated, state wise.
- (d) Selected schemes will be vetted a panel of consulting agencies approved by the NEC. The Consultants will prepare the DPR and State Govt. will then submit it to NEC for funding, etc.
- (e) Cost of preparation and formulation of DPR will be borne by the NEC.
- (f) For schemes requiring EFC clearance and which will need to be vetted by the line Ministries, the services of reputed institutions like the IIT, Guwahati will be enlisted and a default deadline will then be communicated to the concerned line Ministries. This will obviate inordinate delays in obtaining the mandatory clearances.

**(E) Measures for executive execution, monitoring and evaluation of NEC programmes implemented by member states, etc.**

Measures suggested above under (D) will ensure improved execution. Proper design and conceptualization of projects at the planning stage will further guarantee certain standards in terms of quality. Wherever the Member States are by and large responsible for implementation of projects, monitoring per se will need to be done by them. NEC could strengthen the State Monitoring and Evaluation Cells. Capacity building and training programmes could be undertaken for example, in procedures followed by the Ministry of Transport for implementation of PMGSY. Foreign trainings could also be sponsored.

Infrastructural assets created through NEC assistance could also be monitored through satellite mapping (the Google method). Lat-Long configuration can be effected to the smallest possible detail through NEC assistance. Layering of these GIS maps through ground truthing can be entrusted to independent specialized agencies in coordination with State Governments and assistance by NEC can also be considered. Database could also be generated for natural resources and land profiles with NESAC participation

can be hosted in the respective websites of NEC and States though administration of the database should be restricted to NEC only to maintain fidelity and authenticity. A cyber library for all the districts of the Northeast and Sikkim should be urgently prepared. Evaluation should invariably be entrusted to a third party and should be confined only to projects costing Rs. 1 crore and above.

***(F) Measures for improvement of functioning of NERAMAC, NEDFI, and NEHHDC.***

Some states have suggested that these institutions maybe strengthened through appropriate budgetary support. A downsizing (VRS) strategy should be implemented in NERAMAC and NEHHDC.

NERAMAC should be again handed over to NEC but it should get rid off its production activities and confine itself to procurement and marketing activities.

In addition their activities and their mandate should be well publicized and extended to cover the entire region.

Synergies with other related institutions should be developed so that there are no overlaps and duplications.

Some autonomy and flexibility of rules and procedures should be allowed both by regulatory bodies and the Central Government keeping in mind the peculiarities and backwardness of the region.

***(G) Measures for improving financial procedure/discipline***

Planning Departments of the States should be kept posted on all sanctions and releases.

U/Cs and Audit Certificate regime maybe improved

States may ensure that the fund flow from NEC to implementing departments is smooth and not diverted for ways and means.

Releases at the fag end of the financial year should be avoided as suggested by some of the states.

A sanctioning committee comprised of the Chief Secretaries of the Member States and headed by the Secretary NEC should be set up and invested with the power to sanction schemes up to Rs 25 crores with Chairman's NEC's approval.

***(H) Boosting investment in NER***

NEC could facilitate the development of international access corridors with cooperation of countries concerned. NEC could coordinate the assistance and involvement of agencies such as FICCI and CII.

Infrastructure development could be advised and catalyzed by agencies such as ILFS. For agro development and allied activities, NABCONS could be involved to make DPRS and provide technical support.

For existing activities, subsidy in transport could be extended to all terminal markets. Tax concessions to make products attractive in pricing should be considered.

Seminars, road shows, investor meets could be sponsored by NEC in metros, and abroad.

NEC could catalyse the setting up of an SEZ in a central location to cater to the regional requirements in the first phase.

As observed by some states, EAPs are the single most important and potential source of augmenting the States' resources. NEC could act as a mediator and catalyst for obtaining EAP funding.

With the declaration of Himachal Pradesh and Uttaranchal as special category states, investment has decreased in the Northeast. The centre could be moved to declare the region as a super special category state to correct the situation.

***(I) Handing over NEC funded autonomous institutions like RIMs, NEPA etc. to concerned ministries***

It is a fact that a significant portion of the NEC budget is being utilized for these institutions for their recurring costs and capital budget is affected. The concerned line ministries should take over the burden and the untied funds can be redeployed for funding other capital-intensive schemes.

***(J) Any other issue***

The South Asia Free Trade Agreement (SAFTA) should be utilized to formalize the existing informal trade between the Northeast states and Myanmar and Bangladesh. The proposed Trilateral Highway from Moreh in Manipur to Mae Sot in Thailand through Bagan in Myanmar is expected to be completed in 2011 and will dramatically increase the proximity of the Southeast Asian markets with the Northeast. NEC must research expected demands and product development within the region and urgently initiate a strategy. NEC should facilitate study of technologies in nearby countries.

Infrastructure requirements in terms of production centres and communication facilities including waterways and ports must also be planned out. The overriding objective would be to ensure that a goods container could seamlessly move from its point of origin anywhere within the region to its final destination or terminal market. The siege mentality prevalent in most of the inhabitants of the region because of its geographical isolation

and landlockedness should change with opening of windows towards the East. NEC will prepare the roadmap through the mechanism of the Vision 2020 document.

A consistent representation from the member states is for NEC to petition Govt. of India to relax the procedure relating to the 10% loan component. The Centre could be petitioned to allow reversion back to the previous system of 90 percent grant and 10 percent loan.

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