

EECH OF SHRI LAL THANHAWLA, CHIEF MINISTER, MIZORAM IN THE 56TH NATIONAL DEVELOPMENT COUNCIL MEETING ON 22ND OCTOBER, 2011 AT NEW DELHI

DATED: 3rd November 2011,

Respected Prime Minister, Deputy Chairman, Planning Commission, Hon'ble Union Ministers, my esteem colleagues from other sister states and friends.

I am happy to be able to take part in this important meeting of the National Development Council convened to discuss the approach to the Twelfth Five Year Plan. The nation is soon crossing another milestone in its march towards planned, democratic, socioeconomic development. It is only appropriate, at this stage, to look back and take stock of achievements and short comings. The Planning Commission's document on the approach to the 12th Plan contains a reasonably comprehensive review of our performance during the 11th Plan. It is encouraging to note that in the growth front the economy has done fairly well. However, the low performance of the farm sector has been a cause of concern and we are confident that performance boosting measures would be initiated during the next Plan period in this core sector.

2. We endorse the broad vision and strategy of the 12th Plan as proposed in the document. The growth target of 9 or 9.5% may be achievable provided the necessary enabling condition is created. That would call for larger resources with better management, disciplined performance, doubling growth rate in the farm sector and curbing price rise which may, otherwise, retard the momentum necessary to achieve the projected growth rate. Above all, there must be the political will to do what is really required to be done for the larger interest. Admittedly, a sizeable portion of the required investment for the next Plan will have to come from house hold savings. That will depend on two conditions - the people must have more power and the price level, at least in respect of essential commodities, is kept under control. The planners will no doubt keep this in mind.

3. The draft Approach Paper emphasizes the need for social and regional equity in development. While the country as a whole has developed at a fair pace, some regions and some historically disadvantaged groups are still lagging behind. This apparently lopsided development has to be tackled effectively so as to ensure equitable, balanced and distributive growth. The North Eastern Region is one such part of the country that lags behind in the race for development. The Hill Areas within this group has large number of communities that are historically disadvantaged. The region has its own peculiarities - geographical, social and economic. It, therefore, deserves more focused attention with a region specific approach and larger dose of assistance. It was indeed thoughtful of the Planning Commission to have organized regional level consultations on the approach to the Twelfth Five Year Plan at Guwahati in last July . A cross section of people in the region expressed views as regards the strategy, direction and content of the next Five Year Plan for the North East. We hoped that the Approach Papers would reflect all these in a separate chapter on North East. The reference in the document is, however, very scanty and somewhat peripheral.

5. The growth rate in the agriculture sector in the region has been pathetic - ranging 1.5 to 2.5 percent. The 12th Plan objective should be to raise it to at least four percent and to sustain it. Agriculture in this region requires diversification with greater emphasis on raising production and productivity. In the Hill Areas of the Region, where crop husbandry has geo-climatic limitations, development of horticulture has to receive priority. It has to be an integrated and comprehensive programme covering all the contributory areas and, very importantly, a market mechanism for product disposal. Mizoram has taken up an innovative system call the New Land Use Programme aimed at promoting agriculture,

economically empowering the people, generating livelihood options and preserving the environment. I may, mention here that demand on the resources of the North Eastern States from other important sectors have been so high that per force lesser fund is allotted to this sector than what it really deserves. Twelfth Plan should, therefore, provide much larger fund for the sector. While on this sector, we would like to suggest that for providing much needed connectivity to the permanent farming areas in the hill states, farm roads may be covered under MNREGA. As it will also generate wage employment in rural areas, it will fit into the scheme.

6. In the hill areas there is pressing need to go in a big way for water harvesting. Planning Commission has to provide much larger fund in the 12th Plan for taking up a big programme for rain water harvesting with modern technology. That would serve three important objectives - (a) to provide water for agro-horticulture activities, (b) provide water for domestic use, and (c) prevent soil erosion. This point may be noted while formulating future plans. With regard to IWMP, I would like to suggest modification of the existing guidelines, including modification of components and strategy for the North Eastern Region to meet the region's peculiar needs. Convergence, for which there is scope, should be affected.

7. Availability of institutional credit, particularly micro-credit, both for agriculture and small industrial endeavour have been a serious problem. We would strongly recommend implementation of Thorat Committee's report on improving the credit delivery system in the North East. Besides, a dedicated Venture Capital Fund should be set up exclusively for this region to help farmers as well as unemployed youths making sincere efforts to be self-employed.

8. In the power sector for the hill areas one of the strategies should be to harness hydel power potential through micro- hydel generation. The terrain and environmental concerns support adoption to technology that is relatively simple, cheaper and readily available. The Planning Commission appointed Task Force headed by former member; Shri Yugandhar also recommended such an approach. Centre may consider encouraging a new, unconventional method involving the communities in formulation, execution, operation and maintenance of such projects as informed stake holder. This pattern has produced very encouraging results in some of the Western Himalayan States. The Ministry of New & Renewable Energy should modify the funding pattern for micro-hydel projects in the North Eastern Region. It should be 90:10. In regard to rural electrification, the suggestion to restructure the RGGVY to remove the huge backlog in regard to access to electricity in the rural areas of North East is very appropriate.

1. As regards bigger power projects, while we would advocate PPP model, the problem in States like Mizoram is that there is no private taker. Due to logistic and other problems posed by nature, project cost becomes relatively higher and so also the cost of generation rendering investment economically unviable. Center has to relax the existing ceiling of VGF for infrastructure projects in respect of North East hill areas and raise it to 40 per cent of the final cost estimate.

1. The proposal to take up a special project for evacuation of power generated in the North Eastern Region is most welcome. At the same time, the transmission system for distribution of power within the States should be strengthened and expanded. As the State Governments do not have adequate resources, the central plan should provide for it.

11. The North East has to go a very long way in the matter of human resource development. The system of education requires revamping both in terms of quality and standard. The North Eastern Regional Education Council has made a number of important recommendations concerning improvement

in the standard of education and development of skills relevant to the development needs of the region which are required to be implemented. The Twelfth Plan should provide for the resources required.

12. One of the shortcomings in the field of education, particularly in the hill areas, is teaching of science and mathematics because of which majority of students at the secondary level opt for general courses. This has been one of the causes for growing number of educated unemployed. NCERT has brought out teaching modules, and science and mathematics kits along with a specially designed teachers' training programme which ideally suit the N.E. region's need. Adequate fund to the State Governments should be provided to enable them to implement the scheme during the 12th Plan. The Mizoram Education Commission has made a number of important recommendations for ensuring quality education. Implementation of these recommendations will entail an estimated expenditure of Rs. 700 crores over a period of 5 years and this may be allotted in the State's 12th Plan.

13. Only about 4% of the total workforce in the region being skilled, a major thrust area will obviously be skill up gradation. It will help more youths getting wage-employed or becoming self-employed. The Twelfth Plan should provide for at least one Centre of Excellence in each District of the constituent States. An expert consultancy agency submitted a DPR, at NEC's initiative, for setting up of specially designed institutes for the States of this region for training of unemployed youths in relevant skills. Regrettably, the matter has been lying with the NEC Secretariat for nearly two years now. The same may be sanctioned and implemented immediately.

14. In the industrial sector, I would strongly recommend implementation of Shri Yugandhar Committee's recommendation for formulation of a Regional Industrial Policy to complement and supplement the Govt, of India and State Government policies concerning availability of credit, quality power and water, transportation network, ware housing and marketing network. In hill areas we would prefer to go for small and cottage industries utilizing local resources with a conveyor belt system starting from production, processing to marketing. With a huge quantity of horticultural produce and over 60% of nation's bamboo resources being available in this region, a chain of small industries can be successfully created. It would need much higher level of investment than the present. As regards bigger industries, private sector should be encouraged to play a more pro-active role. However, in hill areas, the private sectors would have to be provided more incentives to make any venture commercially attractive. It would call for policy intervening at appropriate level.

15. Absence of required infrastructure has been a big hurdle in faster economic growth of the region. However, because of logistic problems and relatively higher project cost, return from investment in the sector not appearing to be attractive, it will be difficult to bring in private investors. This fact has been highlighted in the NER Vision 2020 which has suggested that for sometime investment has to come largely from the public sector. This point may be kept in mind in the formulation of the twelfth plan. Maintenance of infrastructure related assets is another serious problem in the North East for which the States have hardly any resource of their own. A separate Regional Infrastructure Maintenance Fund, particularly in regard to roads and buildings, may be created to meet this need. As per Hon'ble Prime Minister's direction, a high level committee was formed to suggest appropriate measures to ensure that terrain and other geographical difficulties do not hinder economic development of these areas. I hope the Committee's report is available by now. Planning Commission may kindly take note of the Commission's suggestions while formulating approach for the Twelfth Plan in relation to hill areas.

16. We are happy that the Planning Commission document has made a special reference to the need for capacity building of PRIs. The Autonomous District Councils need urgent strengthening for higher level of efficiency in the delivery system and project implementation. These areas are relatively backward and face greater constraints. Therefore, capacity building and provision of adequate fund to the ADCs are

two necessities. Government of Mizoram proposes to prepare an integrated development plan for the three District Councils which includes, among other things, capacity building and better functioning. This would demand substantial additional fund from the Planning Commission. Similarly, we have taken up a programme to revitalize the Village Councils which act as the catalyst for accelerated rural development. These Councils are proposed to be provided with skilled expertise needed for formulation and execution of projects. Additional plan fund would be needed on this account.

17. In regard to Human Resource Development, we are proposing to set up higher technical institutions like NUT, HM, Medical College, Institute of Agriculture Science etc. We expect these institutions to come up in the Central Sector and State can meet its share of expenditure only with additional central assistance. Government of Mizoram constituted an Education Commission whose recommendations are required to be implemented for improvement of educational quality, strengthening of infrastructure etc. Planning Commission may kindly provide additional fund for the same in the Twelfth Plan.

18. The existing infrastructure in Health Care is poor and inadequate. These are required to be improved urgently by constructing District Hospital buildings, Community Health Centers, PHC and PHSC and strengthening diagnostic facilities. The Planning Commission document suggests setting up of health sub-centres in every Panchayat. But we are still not able to provide one for each block. It also suggests opening of a Medical College even for each bigger district. But we do not have a Medical College even for the State as a whole. The Twelfth Plan should provide for a Medical College for those States which have none.

19. Road being one of the most important infrastructures for development, the existing strategy for construction of road may be modified to achieve a quantum jump in density of road. The National Highways in the hill areas happen to be the life line of communication for both goods and passengers. Railways practically do not exist and alternative roads rarely available. Therefore, double-laning, strengthening and proper maintenance of these Highways must be accorded priority. At the end of 11th Five Year Plan, road density of Mizoram will be 28.36 km per 100 sq. km against national average of 96.57 km per 100 sq. km. Mizoram proposes to increase length of road to reach road density of 54.46 km by end of 12th Plan. This needs total support from the Planning Commission.

20. Due to paucity of fund under untied fund, the State Government is not able to avail the CSS/Central Schemes fully resulting in the loss of Central funds. Against projected fund flow of Rs. 1498.80 crore for 2011-2012 from the existing CSS/ Central Schemes, Rs. 161.00 crore is required as SMS against which the state government can provide about 60% of SMS. More untied funds may be allotted to cover matching share of the state.

21. Locational disadvantage compounded by frequent road block due to landslide during monsoon season fully justifies Mizoram's case for installing an Automatic Weather Monitoring & Transmitting station and an integrated Satellite Communication System under the Civil Aviation Ministry at Aizawl Airport to tackle air hazards and frequent cancellation of flights. Air Cargo flight should also be introduced at the earliest.

22. Mizoram is possibly the first State in the North East to take up comprehensive land reform to introduce land ownership system in an area where customary land holding system prevails. Planning

Commission may support the initiative of Mizoram and enable it to take up this pilot project that would set a desirable trend in land management.

23. It is heartening to note that the country's annual growth rate in Tourism sector was over 8%. But in the North East, the rate of growth is almost negligible. We have the potential. It is a situation somewhat like poverty in the midst of plenty. Lack of appropriate infrastructure and resources, and the resultant inadequate efforts to sell our tourist destinations have been the major causes for such a situation. The 12th Plan should adequately take care of this problem with provision for required resources for the disadvantaged States. It would be a booster to the economy as well as employment generation.

24. One of the most important instruments for good governance and project implementation is construction of information super highway. While the Ministry of communication & Information Technology has taken giant steps to revolutionize nation wide broadband telecom and multimedia network in all parts of the country, the efforts of BSNL and other telecommunication service providers cannot make much progress mainly due to topographical problem of Mizoram and adoption of OFC underground. Laying OFC underground is not viable because of frequent land slide, and high incidence of damage through road construction activities. The telecommunication services including mobile, broadband, internet and other services are also still very poor.

Apart from problem of connectivity from outside to the state capital, communication system within the state is also very poor. Against the original decision to construct 72 USOF mobile telecommunication towers, only 37 towers have been constructed out of which about 22 towers could not be utilized due to absence of backbone connectivity. Microwave-based system has limitations because of geographical terrain and the climatic condition like sudden bandwidth drop due to heavy rain with thick cloud. V-SAT can hardly meet the requirement due to various reasons.

BSNL is the main service provider having OFC as telecommunication backbone which is also not reliable as their network uptime is hardly 60%. Other service providers have similar problem because of poor connectivity from the main gateway. BSNL is reluctant to sign Service Level Agreement (SLA) for Mizoram SWAN Projects under NeGP because they cannot provide 99.8% uptime connectivity. Establishment of Software Technology Park (STP), ITES/BPO, Call Centre, Medical Transcription, Telemedicine and various other internet-based activities cannot be taken up because of unreliable telecommunication infrastructure.

I would therefore suggest adoption of OPGW in lieu of OFC underground from Badarpur, near Silchar, Assam to Aizawl and from Aizawl to District Hqrs, Sub-Division/Block Hqrs down to village level. Decisions already taken to lay OFC underground in different districts of Mizoram may be changed to OPGW. The concerned authorities in the Ministry of Communication & Information Technology may sit with state officials to revise the strategy of USOF and the implementation plan by keeping in abeyance work order already issued including execution of work through RailTel Corporation of India Limited.

25. In the past, fund for maintenance of buildings were used to be allotted under Finance Commission Award. But the 13th Finance Commission did not allocate any fund. In view of the State's poor resource position, Planning Commission may separately allot fund for maintenance of buildings already constructed within the norms prescribed by Finance Commission.

26. The draft approach Paper tries to outline a new direction and new content to the country's plan process for the next 5 years. The course suggested is by and large appropriate and workable. I hope today's deliberations would help the commission in drafting a relevant and rewarding Twelfth Plan.

27. I would, at the end, like to invite the attention of this august house to an important issue that particularly concerns underdeveloped States in the North East and possibly all the Special Category States. The weak financial base of these, States which is a product of history and geography, and the growing gap between resources and expenditure in the non-Plan sector has been an insurmountable hurdle in the path of faster economic development. There are genuine development, administrative and political compulsions for increase in genuine non-plan expenditure. Of necessity, part of it has to be met by diverting Plan fund drastically reducing fund for development expenditure. We look to Finance Commission for relief. But to our utter disappointment successive Commissions did not appreciate our peculiar and genuine needs. The normative assessment of non-Plan fund requirements leaves a big gap between our projected need and TFC's award. In the case of my State the gap between projected need and the TFC's award is to the tune of Rs. 3,673 Crore for five years period. It is just impossible for a poor State with no industry, no private investment and inelastic tax base, to meet this gap - there being very limited scope for raising internal resources. The Plans get down-sized and growth stalled. Unless a solution to this problem is found, inclusive, balanced and faster economic growth will remain a distant goal.

Thank you, Mr. Chairman, for giving me this opportunity to put on records our views and expectations.