



**52<sup>nd</sup>**

**MEETING OF  
THE NATIONAL DEVELOPMENT COUNCIL**

**ADDRESS BY**

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**CHIEF MINISTER**

**ASSAM**

**NEW DELHI 09.12. 2006**

**Respected Prime Minister,  
Hon'ble Deputy Chairman, Planning Commission,  
Hon'ble Members of NDC, Members of the Union  
Cabinet,  
Distinguished delegates.**

I am very grateful to the Hon'ble Prime Minister and all of you for giving me this opportunity to address the 52<sup>nd</sup> meeting of the National Development Council convened to discuss and finalise the Draft Approach Paper of the Eleventh Five Year Plan. In July 2006, in the Regional Consultation held on this Draft Approach Paper at Shi Hong, I have expressed my views and the strategy proposed to be taken by my Government for the Eleventh Five Year Plan. I trust that these views would be considered while finalizing the approach paper for the Eleventh Five Year Plan.

2. Assam, which was once a prosperous state at the dawn of independence, became gradually a backward state. The history of woes began with the partition of the country, which made Assam a totally land locked region with a narrow corridor to connect it with the mainland. All transit routes through Bangladesh were closed to the state and access to Chittagong and Dhaka ports was denied to us. The traditional trade relations with the neighboring countries were disrupted. After partition, the great earthquake of 1950 followed by successive devastating floods changed the topography of the region. Indo-China war of 1962 followed by Indo-Pak war of 1965 and Bangladesh liberation war of 1971 has broken the backbone of economy of the region. Assam agitation started in 1979 and growth of insurgency in the region thereafter, gave a severe blow to the prospects of development of the state. All these factors have sent negative signals to the prospective investors. As a result, no significant development could take place in the state during this period of turmoil. The efforts of the state for development in the last few years have brought positive results, as the economy appears to be on the upswing.

3. The state economy on the eve of Eleventh Five Year Plan is in a much healthier position than ever before. The annual average growth rate of GSDP as per advanced estimate during 2005-06

is 6.14% as against 9<sup>th</sup> plan growth rate of 2.73%. The state is expecting an annual average growth rate of 5.59% of GSDP during Tenth Five Year Plan against the targeted growth rate of 6.2%. Similarly, per capita income growth rate at constant (1993-94) prices, which was 1.23% and 1.86% for the Eight and Ninth Five Year Plan respectively, had increased to 3.9% during first three years of Tenth Plan. **Considering this trend of economic growth in the state, we have targeted an overall growth of the state economy at 8.5 per cent during Eleventh Five Year Plan. To enhance the growth rate from 5.59% to 8.5%, the total Investment rate would be required to grow from 30.96% to 32.05%.**

4. The state government has initiated several steps to check the growth of revenue expenditure. Due to continuous increase in expenditure on salaries, growing debt burden and increasing financial support for loss making Public Sector Undertakings (PSU), the Non plan Revenue Deficit increased from Rs. 5.56 crore in 1991-92 to Rs. 1358.42 crore in 1999-2000. In 2005-06, salaries, wages, pension and interest payments accounted for 79% structure by Fifth Pay Commission and first National Judicial Commission have also put unavoidable burden on the state resources.

5. The state finance is now in a much better position. The state has fully achieved the Eleventh Finance Commission stipulated revenue deficit reduction target under Medium Term Fiscal Reform Programme for the entire five year period of Eleventh Finance Commission. During last four years, total tax collection exceeded Rs.6817 crore against total collection of tax of Rs.2873 crore for the period from 1996-2001. For almost three years, no ban was imposed by the RBI on state government payments. Improved financial position has also boosted the credit worthiness of the state in the money market. State government has enacted the Assam Fiscal Responsibility & Budget Management (AFRBM) Act in April 2005 and is enforcing it strictly.

6. In the scheme of financing of Annual Plans 2005-06 and 2006-07, the state has been able to contribute its own resources for development. VAT has been introduced in the state from 1<sup>st</sup> April 2005 and has resulted in achieving the additional tax collection growth targets. Several administrative measures have been taken to improve tax collection and to further the process of reforms in this sector. Reform measures taken up in State Transport Corporation have yielded positive results. Reforms in state power sector have been initiated with assistance from Asian Development Bank (ADB). State government has also initiated steps to close down economically

non-viable Public Sector Undertakings and revitalize those, which have potential for improvement.

7. Poverty & un-employment are root causes of backwardness of the state. As per Planning Commission's estimate (1999-2000), 36.1% of the state's population was below the poverty line against all India average of 26.1%. To handle these twin issues, the state government has taken steps to promote self-employment. As the public sector is not likely to provide adequate opportunities for employment and income generation, government intervention is essential. Innovative schemes like **Kalpataru, Karmajyoti and Bayanjyoti** started during the Tenth Five Year Plan provide young entrepreneurs financial assistance enabling them to seek bank assistance individually or in groups for taking up economic activities and up-gradation of their skills. The state government has conceived a "**Mission to generate employment & stimulate the economy of Assam**" which would be launched in the current financial year with a total estimated cost of Rs. 669 crore spreading over a period of three years with beneficiary contribution of Rs. 349 crore and Govt, contribution of Rs. 320 crore. **Chief Minister's Swaniyojan Yojana** is another scheme, which has been implemented in the state for employment generation with financial assistance from Banks. All these programmes will be continued in the Eleventh Plan period. For capacity building and skill development, State Government has taken up schemes for augmenting and modernizing the ITIs. We propose to complete these programmes in a time bound manner so that the benefits can be reaped right from the beginning of the Eleventh Five Year plan.

8. I am happy that the **National Rural Employment Guarantee Programme** will support our efforts to provide employment on large-scale basis. It will generate potential for capital formation in the rural areas apart from providing employment opportunities.. We would like that the Government of India will consider to give equal emphasis on asset creation in the rural areas along with employment generation through the programme.

9. In addition to the employment generation programmes, the state Government has started several other innovative programmes like **Rajiv Gandhi Computer Literacy**

**Programme (RGCLP), Gyanjyoti, Udyogjyoti, Mukhya Mantrir Jeevan Bima Achoni (MMJBA) and Anundoram Barooah ( ARB ) award scheme.** Higher Secondary Schools are provided computers and accessories under the scheme of **RGCLP for computer education.** The school children are provided exposure to places of historical and academic interest under **Gyanjyoti Scheme.** Under **Anundoram Barooah Award Scheme,** computers are provided to the meritorious students as an incentive. College students are exposed to various industrial activities taking place in and outside the state under **Udyogjyoti Scheme.** Health and accident risk insurance coverage is provided to the people of the state under **MMJBA.** All these programmes have a positive impact of the employability of younger generation and are proposed to be continued during the Eleventh Five Year Plan.

10. Although the economic achievements of my Government in the recent years are very encouraging, the acceleration that is required in the economy to achieve the national level growth target has not yet been achieved. Looking at the sectoral growth targets, the performance of **agriculture** sector in the state is not encouraging, as it has not shown any significant growth trend from the beginning of the Tenth Five Year Plan. Therefore, focused attention needs to be given in the Eleventh Five Year Plan for faster growth of agricultural economy in the state.

11. I understand that the growth rate of agriculture sector for the country as a whole during the Tenth Five Year Plan is not encouraging. Draft Approach paper has suggested a target for development of this sector at 4% for the Eleventh Five Year plan period. **But considering the weak infrastructure for development of agriculture in the state, we propose to achieve a growth target of 2% in agriculture sector during Eleventh Five Year Plan.**

12. Natural calamities like flood, erosion and occasional drought, low cropping intensity, uneconomic holdings, inadequate irrigation facility, low use of agricultural inputs, inadequate marketing facilities and the dismal performance of credit mechanism etc. are some of the factors which have retarded the growth of agriculture. The state

government proposes to address all these problems during the Eleventh Five Year Plan for which adequate funds through central sector schemes and state plans will be required.

13. Lower use of high yielding varieties of seeds is one of the reasons for low productivity in agriculture. During the Eleventh Five Year Plan, we propose that the National Research Institutions and the Agriculture University should take up special projects for developing high yielding varieties suitable for the state. Adequate support would be required during the Eleventh Five Year Plan for taking up these works. State government has already initiated steps toward this end and for establishment of a Biotechnology Institute under Assam Agricultural University, which will help the farming community through training in various aspects of seed technology.

14. The infrastructure of Assam Agriculture University requires immediate upgradation. The State Government has accorded highest priority for revival of the University. In this regards I have requested to provide a One Time Assistance of Rs. 100.00 crore for modernization of the Assam Agriculture University, which is catering the needs of entire North Eastern Region.

15. Although there is vast potential for irrigation, much more requires to be done to harness it for development. During Tenth Five Year Plan, only 21.52 % of the net-cropped area could be covered through STW, LLP, Drip and Sprinkler irrigation. During Eleventh Five Year Plan, it is proposed to cover at least 40% of the net-cropped area through installation of STW and LLPs. During the Eleventh Five Year Plan, stress would be given for renovation and modernization of existing major and medium irrigation projects and adequate steps would be taken to tap the underground irrigation potential and utilization of water of the river Brahmaputra, Barak and its tributaries for irrigation purpose. This would require adequate fund through Central Government schemes like AIBP and resources from the state plan. This would help the state government to increase the cropping intensity from 175% to at least 300% during the Eleventh Five Year Plan.

16. Per hectare consumption of fertilizer (NPK) in the state during 2003-04 was 49.5 kg. as against All India average of 89.8 kg. Focused attention would be given in the

Eleventh Plan period to increase the level of fertilizer consumption in the state if necessary, by providing subsidy.

17. Diversification of cropping pattern from low to high value crops, e.g. sugarcane, fruits oilseeds & other horticultural crops, mechanization of agriculture, use of fertilizer and power in agriculture are some of the areas which the state government propose to give emphasis during the Eleventh Five Year Plan to achieve the targeted growth rate of agriculture. This would require adequate funds from Central Government as well as from the state plan.

18. To provide effective and timely credit support to the farming communities, 2.68 lakh **Kishan Credit Cards (KCC)** have been issued since 2001-02 up to August, 2006. During Eleventh Plan period, it is proposed to issue an additional 10 lakh KCC to the farmers.

19. Flood is a recurring phenomenon in the state. Around 4.75 lakh hectares of land are chronically flood prone and around 0.94 lakh hectares are under drought prone area. To mitigate the distress of the farmers, emphasis would be given for crop insurance during the Eleventh Five Year Plan period.

20. I appreciate the idea of a **second green revolution** in the country to achieve the desired level of growth in agriculture. In this regard, I would like to mention that the impact of the first green revolution was not at all felt in Assam and in the entire North Eastern Region as compared to the other parts of the country. **I therefore, urge upon the Government of India that the second green revolution should focus attention for growth of agriculture in the North Eastern Region.**

21. The draft Approach Paper has rightly mentioned about special packages for individual agro climatic zones. **Considering the specific issues hindering the development of Agriculture sector in Assam, I propose that a special package should be provided for the state integrating all related activities. Development research, appropriate marketing strategy, diversification of crop, proper nutrient**

**management and pest control, storage should be integral parts of the package among others.**

22. The performance of the **Industries sector** in the economy of the state is encouraging as compared to the Ninth Plan performance. The growth rate of this sector during Ninth Plan period was only 0.49% but it is expected to increase to around 8% by the end of Tenth Plan period. In spite of this, growth of small scale and other industries in the state are not up to our expectations. As compared to the performance at National level, the index of industrial production (Base: 1993-94 = 100) as on 2003-04 in Assam is lower (141.4) than the rest of the country (188.9). **Therefore, special attention will have to be given for development of small scale and other industries in the state during the Eleventh Plan period.**

23. The ongoing central Government schemes for development of industrial infrastructure like **Growth Centers, Border Trade Centers, setting up of Training Institute in the state would continue during Eleventh Plan period** in order to create a conducive climate for development of industries. More Growth Centers, IID and Border Trade Centers would have to be established for faster growth of industries in the state. Focused attention would be given for development of cottage and small scale industries which have potential for absorbing unemployed manpower during Eleventh Plan period for which necessary policy intervention and investment will be required. Another area of focus should be in **food processing industries** where the existing infrastructure would have to be developed further. The existing NEC scheme for promotion of small-scale industries in the state should be continued during the Eleventh Plan. I would also like to have **Special Economic Zones (SEZ)** to promote such industries even if it is not be as large as provided for in the rules at present. Considering the locational disadvantage of the state and the entire North Eastern Region, the stipulated norms for the **SEZ** may be modified suitably and funded fully with central support till any private party is willing to invest.

24. The tea industry in the state, which provides employment for more than six lakh



persons, has been passing through serious crisis since last few years. It has not only threatened the jobs of persons engaged in it but also caused loss of state revenue, which comes as agriculture income tax. There is need for replacement of old and withering tea bushes for increasing productivity and production of better quality tea. **Therefore, a special package, involving increase in re-plantation subsidy, extension of transport subsidy and exemption of excise duty etc. should be formulated for implementation during Eleventh plan. In addition, diversification of plantation in teagardens along with plantation of medicinal, herbal, horticulture and orchids will increase the financial health of the industry.**

25. In the Eleventh Five-Year Plan, it is proposed to encourage special schemes for plantation of **bamboo and jatropha** in the state for which adequate funds will be required.

26. The process of establishment of the Gas Cracker Project has already been started. The next step would be for establishment of down stream industries of the project for which adequate financial and infrastructure support would be required.

27. Except mining, quarrying and oil industries, there has been no significant growth in the medium and large industry sector despite immense potential for it. The main constraint for industrial development has been the lack of favorable climate for investment from outside the state. It is proposed to create a conducive environment for investment by private sectors both from within and outside the state. I have mentioned in different forums about the **North East Industrial Policy (NEIP)** announced in 1997 for development of industries in the North Eastern Region which due to its extension to other states like Uttaranchal, Himachal Pradesh and Jammu & Kashmir has been diluted and become less attractive for the North Eastern states. The above mentioned three states have already attracted industrial investment of more than Rs. 17000.00 crore in nearly three years time as against

Rs. 1300 crore only by entire North Eastern states during last nine years. **I therefore, strongly urge that various provision of NEIP should carefully be reviewed and a modified NEIP should be formulated exclusively for the North Eastern states so that the benefit of the policy can be reaped by the states of this region during Eleventh Plan.**

28. The state has enough potential for development of waterways in the river Brahmaputra, Barak and its tributaries, which can provide alternative cheap mode for transport of goods and over-dimensional cargo. During the Eleventh Five Year Plan, special attention should be given to this area. Emphasis should be given for development of ghats, mechanical handling facility of cargo and provision of night navigational facilities to reduce journey time. Development of waterways will definitely increase the life of National Highways and roads in the state in addition to reduction of cost of transportation. **Besides developing the waterways, it is also proposed that for the growth of industries in the region, the state rail network should be connected to the Delhi-Howrah dedicated freight corridor. This would not only help Assam but also take care of the increasing volume of trade and freight movement from the entire region. Ministry of railways may consider the proposal during the Eleventh Plan period.**

29. In **power sector**, reforms programme with Asian Development Bank (ADB) assistance has already been started. Immediate need is to increase the generation capacity, which is only 16% of the present peak requirement, develop transmission and distribution networks for distribution of quality power as per requirement of different sectors of development and of the domestic consumers. Substantial fund will be required during the Eleventh Five Year Plan to make the nonfunctional generating units functional and to take up new power generation plants. Support from Government of India in the form of Centrally Earmarked funds and Externally Aided Project funds will be required in this area to achieve the desired goal. **It is also proposed that the surplus power generated by the mega projects in North Eastern Region, should be made available on first**

**priority for growth of the industry to the deficit states of NE Region before its evacuation to other states. For this purpose policy intervention, if required, should be made on priority basis.**

30. Information Technology is another area, which has enough potential for employment and income generation, to exploit this potential, necessary training and backup support will be required in the form of venture capital so that the youths can avail the benefit of IT revolution. I trust that the Planning Commission would provide required financial and technical support to the state in this area.

31. The state Government is committed to fulfill the targets of the **Bharat Nirman Programme, a bold initiative taken by the Hon'ble Prime Minister for development of required infrastructure leading to growth of economy of the country.** More resources will have to be provided to the state to make this programme a great success.

32. State government has already initiated steps to revamp the existing Decentralized Planning structure in the light of the Government of India's guidelines so that district plans for the Eleventh Five Year Plan can be formulated involving PRI's and Urban Local Bodies at the district level. It is expected that the basic objectives of peoples' participation, income & employment generation and asset creation based on the specific needs of the districts would be fulfilled through the system.

33. All the efforts for development will prove futile if adequate steps are not taken to control floods **and erosion**, which not only affect the standing crops but also cause loss of assets, infrastructures, cattle and human lives every year. Focused attention needs to be given during Eleventh Five Year Plan for controlling **floods and erosion** and to reduce damages.

34. Development of human resource is an integral part of the overall development process in an economy. The literacy rate in the state (63.25%) is slightly below the all India average (64.84%). We propose to increase it further to the levels achieved by best performing states like Mizoram and Kerala by the end of Eleventh Five Year Plan.

Enrollment scenario in the state is better in Elementary Education sector after introduction of SSA but the rate of drop out is still a concern. We are of the opinion that the benefits of SSA should also be extended to the secondary level. There are at present more than three thousand habitations in Assam uncovered by Elementary Education institutions. I propose to cover all the uncovered habitations under Elementary Education by the end of the Eleventh Five Year Plan for which financial support will be required from Government of India. At the secondary level, I propose to give more emphasis on skill development so as to equip the students to take part in future growth process in the economy. The existing vocational stream in the secondary education, where the outlet for higher education is blocked, should be completely revamped by suitably designing the curriculum at this stage.

35. The curriculum of the engineering colleges, ITIs and the polytechnics needs to be reviewed immediately so as to make it employment oriented and suited for the emerging employment opportunities. This activity has to be undertaken on priority basis and my Government would make full endeavour to achieve this in as short a time as possible. We expect support of the Planning Commission and the Government of India in this task.

36. Similarly, in the universities and colleges of the state the academic courses should be re-designed to make them suited for the employment market. Job oriented subjects like Bio- informatics, Biotechnology, Mass Communication, Fashion Technology, Information Technology etc. should be introduced. This would require huge investment and we propose to encourage private investment along with public funding for this purpose. Special package for this purpose may be provided to the state during the Eleventh Plan.

37. Performance of the **service sector** in Assam during Tenth Five Year Plan is encouraging. The service sector growth in the state has increased from 7.45% during Ninth Five Year Plan to 8.49% during Tenth Five Year Plan period. The Eleventh Five Year Plan of Assam will envisage higher investment in tourism, health care and IT enabled services. There is enough scope for development of tea tourism, river tourism,

island tourism, wild life tourism, pilgrim circuits, golf tourism, adventure tourism & eco tourism in Assam and in the North East. **Among all other services, Tourism has the highest potential to generate employment in terms of its capital employment ratio. Substantial increase of investment in Tourism sector during Eleventh Five Year Plan would ensure generation of adequate employment opportunities in the state.**

38. The health indicators show that health services in the state require further strengthening. The birth and death rate in Assam in 2003 was 26.3 and 9.1 per thousand as against all India average of 24.8 and 8.0 respectively. The IMR in the state was 67 per thousand as against 60 per thousand of the all India average. The MMR of the country was estimated to be 4.08 per thousand live births in 2000, which was 4.09% in Assam. To meet the challenges on this front, necessary steps have already been initiated in the state to provide PHC/CHC and sub-centers with adequate and reliable facilities so that health services can be extended effectively to the entire rural population. Mobile hospitals would also be put into operation to extend the health facilities in the rural areas more effectively. These mobile hospitals would be equipped with standard diagnostic and treatment facilities with medical kits. **National Rural Health Mission**, being started in the state, would help us in this matter to a great extent. During the Eleventh Plan period, we would like to continue further investment for the development of medical colleges and the district hospitals through state plan resources. The state Government has initiated the process of setting up three new medical colleges in the state, which have to be provided with necessary infrastructure and financial support from the Planning Commission. The state Government is also considering setting up a medical college in BTC area as per the provisions of the Bodo Accord signed by Government of India and the state Government.

39. The present status of drinking water supply facilities in the state is not at all satisfactory. As per statistics of 2001, Assam 50.8% household had access to safe drinking water against all India average of 77.9%. Almost one third of the total habitations in the state are yet to be covered under safe drinking water facility and

another one third habitations are partially covered. My government proposes to cover entire non-covered and partially covered habitations with safe drinking water supply facility during Eleventh Plan period. Arsenic and Fluoride affected areas will be given special emphasis for which adequate fund from government of India will be required. **In this regard, I would like to emphasize that under ARWSP, state matching contribution should be made 10% in place of existing 50% so that the state is not deprived of availing adequate central assistance due to limitation of state plan resources for such state share.**

40. My Government also proposes to cover the entire rural population under **Total Sanitation Campaign** involving the PRIs and school authorities in this programme during the Eleventh Five Year Plan period.

41. For the development of urban areas, the existing norms for selection of districts for implementation of **Jawaharlal Nehru Urban Renewal Mission (JNURM)** need to be reviewed for the cities and towns of North Eastern Region where the population density is low as compared to the rest of the country. If this is not done, many of the urban settlements in this region will be deprived of the benefit of the programme. **During the Eleventh Five Year Plan, I would like to take up integrated development of at least five major towns of the state so that they can act as a development nucleus for the neighboring areas.**

42. In addition to the Sixth Schedule Councils covering six districts, the state has another six Councils, which are predominantly inhabited by tribal people. The existing infrastructure available in these Council areas is very poor and not conducive for taking up developmental works. **I urge upon the Planning Commission that special package, offered by the Govt, of India on the lines of Bodoland Territorial Council, may also be given to these Councils also.**

43. The population of the Sixth Schedule areas of the state is 39 lakh. As against this, the state of Meghalaya, Nagaland and Mizoram, which were carved out of Assam earlier, have a population of 23 lakh, 20 lakh and 9 lakh respectively as per latest census figures.

Although the population of the Sixth Schedule areas of the state is more than the population of the above mentioned three states, the plan assistance received by the Sixth Schedule areas of Assam (Rs. 380 crore) is far less than the plan assistance received by Meghalaya (Rs. 800 crore), Nagaland (Rs. 685 crore) and Mizoram (Rs. 620 crore). This has resulted in slow development of these areas, generating support for extremist activities and demand for separate state-hood in the region. **I therefore, urge upon the Planning Commission that these anomalies should be tackled during Eleventh Five Year Plan and adequate financial support to these areas may be given through Special Central Assistance under the annual plan to equalize the benefit.**

44. We have requested the Planning Commission to increase the Central Assistance given for Hill Areas under HADP to Rs.100.00 crore per year. I trust that Government of India will consider this favorably in the Eleventh Plan for the benefit of the people living in the Hill areas. Similarly special assistance given for TSP which has remained stagnant at Rs.27.53 crore per annum should also be raised to at least to Rs.70.00 crore per annum during the Eleventh plan.

45. My government proposes to give special attention to the welfare of the people living in Char (riverine), Border Areas and Tea garden Areas by providing them with facilities of all-weather road connectivity, safe drinking water facility, primary health care and education during the period of Eleventh Five Year Plan for which adequate financial support in the form of central assistance will be required.

46. There is a great need today for removing regional imbalance, which is growing with the advent of market reforms and globalization of economy. Northeast has been a backward area and unless adequate financial and institutional support is provided, it will be difficult to come out of this backwardness. The Draft Approach Paper has very rightly highlighted this issue and we would like the Planning Commission to set up an expert group for examining this matter at the earliest and make specific recommendation to ensure that the growing regional disparity does not come in the way of our progress.

47. As per Twelfth Finance Commission award, DONER has been releasing only the

90% grant component of the sanctioned schemes without the 10% loan component for NEC and NLCPR projects since 2005-06 leaving for the state to raise the loan portion through market borrowings. **I propose that, funds under NLCPR and NEC projects should be released as 100 percent grant to the state by the Government of India on the following grounds:**

a) Funds from NLCPR released by DONER are from the unspent balance out of the 10% fund earmarked by various Departments and Ministries of Government of India for development of NE region under the Prime Minister's package. Had the Central Ministries/Departments utilized the earmarked 10% fund and implemented the projects/schemes in the NE Region, the desired development would have taken place without any loan burden on the state. Therefore, the funds from NLCPR under DONER should be released as 100% grant.

b) North Eastern Council was created by the NER Act, 1971 as a regional planning body for integrated development of NE Region. Assam being the corridor to the NE states, infrastructure created in Assam serves as a common facility for other NE states benefiting all of them. Moreover, NEC sanctioned projects/schemes are also implemented by various central government agencies like Border Roads Organization, North Eastern Electric Power Corporation etc. who are not saddled with 10% loan burden. Funds for NEC projects may, therefore, be released as 100% grants.

48. Because of financial constraints, the state government has been finding it difficult to provide the state share against various centrally sponsored schemes. The fund sharing between the centre and the state in most of the cases is in the ratio of 75:25 or 50:50. The state government has been requesting for a change in this funding pattern to uniform ratio of 90:10 for all schemes Special Category States. It is suggested that this change should be effected during the Eleventh Plan period.

49. Some schemes/projects under annual state plan are funded from Additional Central Assistance (ACA) as 100% grant and some as 90% grant and 10% loan. As per award of the Twelfth Finance Commission, Central Government has discontinued to



provide 10% loan of AC A since 2005-06, as states are required to raise the 10% loan component of ACA from the market. Twelfth Finance Commission has restricted the borrowings of the state to the fiscal deficit level of 2004-05. If the state is required to borrow 10% loan of ACA from the market, it will be difficult for the state to remain within the prescribed borrowing limit. As such, Central Government may provide 100% grant for the schemes/ projects funded from ACA under annual state plan.

50. The Special Category State like Assam may not be in a position to avail substantial doses of external assistance as 100% loan under back-to-back arrangement and at the same time to meet the requirement of Twelfth Finance Commission Award to contain the fiscal deficit in the current year at least to the level of 2004-05 and progressively reduce it to 3% of the GSDP by March 31, 2009. Our request is to continue the existing arrangement of passing of external assistance to the Special Category States as 90% grant and 10% loan for the future projects.

**51. To conclude, Sir, I am confident that under your dynamic leadership, the strategy for the Eleventh Five-Year Plan will address the issues mentioned earlier and remove the regional imbalance in development.**

**JAI HIND**