



ADDRESS OF

Dr.DONKUPARROY
DEPUTY CHIEF MINISTER, MEGHALAYA

at the

MEETING

of the

NATIONAL DEVELOPMENT COUNCIL

at

New Delhi

9th December, 2006.

Esteemed Prime Minister, Distinguished Members of the National Development Council and Friends,

I express my gratitude to the Prime Minister for convening the National Development Council to discuss and approve the Approach Paper to the Eleventh Five Year Plan. I also compliment the Planning Commission for a progressive and insightful Approach Paper. While agreeing with its general tenor and approach, I would like to emphasize the need for massive Central investment in physical infrastructure in the North Eastern Region during the Eleventh Plan period. Without this, balanced regional development will remain a distant dream.

2.1. It is indeed gratifying to note that the country has achieved a growth rate of 7.2 percent which is the highest growth rate achieved in any plan period. However the growth rate for Meghalaya has been 6 percent as compared to 7.8 percent in the Ninth Plan. The main reason is the inability of our infrastructure, particularly power, to sustain and support a high level of growth. There is, therefore, need for accelerated investment in infrastructure.

2.2. Among the States and UTs in the country, Meghalaya ranked 24th in Human Development Index (HDI), 21st in Index of social and economic infrastructure, 16th in per capita consumption of electricity, 25* in road density, 30th in per capita utilization of credit, 19th in per capita income, 13th in Infant Mortality Rate and 24th in Literacy Rate. As per 1999-2000 survey, 33.8% of the people live below the poverty line.

2.3. The overall projected growth for the country during the Eleventh Plan is 9 percent. In the case of Meghalaya, it has been fixed at 7.2 percent. This would imply that, at the end of the Plan period, Meghalaya will lag even further behind the other States of the country.

3. **Para 5.6.4. of the Approach Paper regarding special problems of North East does acknowledge that the per capita income in N.E. was above national average in 1947 but has fallen to almost 40 percent below national average today.** The Approach Paper has rightly identified remoteness, poor connectivity, hilly and inhospitable terrain, poor infrastructure, sparse population density, shallow markets, lack of skill and problems of law and order situation as special problems. It has been correctly argued that connectivity is a key issue. I would

like to add that power is a key issue in my State where the current deficit is 300 MW and still growing.

4. **Of the total of 5782 villages in Meghalaya, 2762 villages, comprising 48 per cent of the total, have a population of less than 200.** These small sized villages are scattered through out the State. As such, the cost of providing physical and social infrastructure like roads, electricity, health care, primary education, potable drinking water, etc. is very high as compared to other States in the country. **This calls for high allocation of resources including manpower to improve the social and physical infrastructure in the state.**

5.1. **There is substantial gap between the infrastructure required and that in place at present. Some of the gaps in critical infrastructure are :**

Sl. No.	Development Sectors	Unit of Development	Infrastructure Development	Present Status	Infrastructure Gap
(1)	(2)	(3)	(4)	(5)	(6)
1.	Power	Total demand of power (MW)	610	185.20 (30%)	424.80 (70%)
	-Do-	Villages electrified(Nos.)	5782	4217 (73%)	1565 (27%)
	-Do-	Households electrified(Nos.)	365989	135416 (37%)	230573 (63%)
2.	Roads Communication	Road density (Kms./Sq.Kms.)	75/100 (All India)	36/100 (48%)	39/100 (52%)
Sl. No.	Development Sectors	Unit of Development	Infrastructure Development	Present Status	Infrastructure Gap
(1)	(2)	(3)	(4)	(5)	(6)
	-Do-	Village connectivity (Nos.)	5782	2857 (49%)	2925 (51%)
3.	Health & Family	Sub-Centres (Nos. as per G.O.I, norm)	773	401 (52%)	372 (48%)

	-Do-	P.H.Cs (Nos. as per G.O.I, norm)	116	102 (88%)	14 (12%)
	-Do-	C.H.Cs (Nos. as per G.O.I, norm)	29	24 (83%)	5 (17%)
4.	Education	Training of teachers (Nos.)	21152	9294 (45%)	11558 (55%)
	-Do-	Literacy rate(%)	100%	62.6%	37.4%
5.	Irrigation	Potential (Lakh hectares)	2.18	0.26 (12%)	1.92 (88%)
7.	Water Supply	Number of habitations	8636	8389 (97%)	247 (3%) + Slipped-back habitations
8.	Infrastructure	CMIE Index of infrastructure(92- 93)	100	65 (100)	35
		10 th Finance Commission index of Economic & Social Infrastructure	100	70 (100)	30 [Massive investment in infrastructure required]

5.2. A calculation of the infrastructure Index for all the North Eastern States in a scale of 0-1 indicate that within the region itself Meghalaya stands at the lower rung of the ladder.

Infrastructure index and States Ranking		
States	Index Value	Rank
Nagaland	0.39	1
Tripura	0.37	2
Manipur	0.35	3
Mizoram	0.33	4
Assam	0.30	5
Meghalaya	0.23	6
Arunachal Pradesh	0.22	7

6. The **national approach** to the problem of infrastructure

creation has gravitated towards the Public Private Participation (**PPP**) model. We welcome this approach but the size of the economy and the quantum of business available in a small State like ours will not prove very attractive to private enterprise. Our experience so far does not encourage us to believe that private enterprise will be forthcoming in areas like road and irrigation in the next few years. Therefore, the public sector must take a lead in the **creation of such** infrastructure for the present and major **public investment in** infrastructure will be essential to remove **the wide disparities** existing between Meghalaya and the advanced States of **the** country. The Power sector may attract private investment in generation to some extent. But public investment will be crucial in transmission and grid connectivity. Our State is in the process of formulating a policy for private investment in power generation.

7. An issue which has frequently come up for discussion in the recent past has been that of "user charges" for services such as irrigation, drinking water and health services. **Considering the high cost of providing services in our State and the poor paying capacity of our people in general, it will be unrealistic to expect at present for a very significant percent of the population to pay for these services.** For the next few years we will have to subsidize the services for the poor while trying to realize the cost of maintenance from those who can pay.

8. I would like to refer to the vision for the Eleventh Plan Approach Paper which is based on **faster, more broad based and inclusive growth.** For Meghalaya, inclusive growth would mean an agenda that addresses intra State disparity in infrastructure and human development index across districts and communities.

9. While rapid growth is essential, we have to ensure that it does not lead to further deepening of the divide that exists between States. Meghalaya's economy is projected to grow at about 7 percent while its population has been increasing at a higher rate than the national average. The national target to double the real income of the average citizen in ten years does not appear achievable for our State, therefore. However, we hope that with much higher public sector investment in the N.E. Region in the Eleventh Plan, things may start looking up from the Twelfth Plan onwards.

10. The Planning Commission has suggested certain State-wise monitorable targets. The State Government broadly agrees with them. We will break these targets up district-wise and make every effort to achieve them.

11. I would request coverage of all districts of Meghalaya under NREGA,

wider coverage of poor families under TPDS through liberalising entitlement norms, adding commodities like pulses and extending midday meal to private schools in the tribal and hilly areas. Apart from addressing the issue of poverty, these steps would also address the demand side of agriculture and basic services.

12. We agree that manufacturing should grow at a rapid rate. Our State is endowed with rich natural resources. It has a coal reserve of about 560 million tonnes and lime stone reserve of about 12,000 million tonnes. We also have substantial deposits of industrial clay, kaolin, feldspar, glass and uranium. The forest cover is 69.4% percent of the total area of the State. From a very low base, **industrialization in Meghalaya has picked up quite a bit since the announcement of the Central Government's Industrial Policy for the North East.** To count only large and medium industries, the total number stands at 108 involving an investment of Rs. 511.00 crores. **Just 5 of these units account for a total investment of Rs. 245.00 Crore.** Two more units with investment of about Rs. 100.00 Crore each are under implementation. A 1.00 million tonnes cement plant involving an investment of about Rs. 250.00 crore is at an initial stage of implementation. Pending proposals which are under examination include 1.4 million and 2 million tonnes Cement Plants and expansion proposal of additional capacity of about 5 lakh tonnes of cement per year from an existing unit. In food processing, we have recently cleared a proposal for processing of cashew at an investment of Rs. 4.27 crores. Much more investment is expected in the horti-processing sector in the coming years.

13. **However, power is proving to be a crucial constraint for industrial development.** Of the total power committed to industries (480 MW), we have been able to provide actual connections to only about half (256 MW). Even to those who are connected, the total power supply at present is only about 70 MW. With required investment in power generation, transmission and grid connectivity, we can easily achieve a growth rate of about 10 percent in manufacturing.

14. 12 out of 39 Development Blocks in Meghalaya abut the **Indo-Bangla border**, constituting about 22 percent of the land area of the State and 23 percent of its population. This population has been traditionally dependent on trade with Bangladesh. The formal export to Bangladesh is of the order of Rs. 200 crores per year at present and nearly all of it comes from border areas. The extent of informal export is not known but it is variously estimated to be equal to or twice or thrice as much as the formal export. The formal import from Bangladesh is very little and informal import may not be much higher. It appears that Bangladesh has not shown much interest in trade with our State because most of the trade is one way (that is, from Meghalaya to Bangladesh). **A complete policy framework is required to**

increase formal trade with Bangladesh including sizeable import at least to our State.

15. Besides, with a fence being erected all along the Indo-Bangladesh border, informal trade is likely to dry up. People who take part in informal trade at present are not equipped to undertake formal trade through permitted routes. Frequently, the nature of the commodities being exported and their quantity will also inhibit export through formal channels. As a result, **we anticipate a severe economic crisis in the border villages when the fencing is fully in place. A special livelihoods, infrastructure and security based engagement of border villages** is urgently required to be put in place.

16. There is an urgent need to extend mobile phone connection to the border areas to protect and promote our trade with Bangladesh. Telephone services in our State are still poor and unreliable and requires to be improved. It is embarrassing to note that in our border areas, Bangladesh TV is easier to access than our own Doordarshan. This has been discussed for many years now but concrete action has been lacking.

17. Meghalaya is totally dependent on road transport at present. There is a small project to connect the Industrial township of Byrnihat to the rail network, but it has not taken off yet. The capital city of Shillong is connected by air to Kolkata only, that too with a small aircraft. Because of this dependence on roads, the State has been spending a high percentage of its Plan funds on road construction. Despite this, the present road density is less than half that of the country as a whole. A major problem faced not only by Meghalaya but also by other North Eastern States is limited capacity for speedy and quality construction, with delays in road construction. It would be better if some important roads are taken up for construction by a central organisation with the help of qualified contractors and machinery so that road infrastructure can be improved quickly. A legislative framework to expedite acquisition of land and other concomitant activities to facilitate infrastructure creation also seems to be necessary.

18. **NER in general and Meghalaya in particular is an ecological hotspot and rich in biodiversity.** The State has nearly 300 orchids varieties, about 700 odd varieties of medicinal plants, home to some of the rare varieties of paddy, banana, citrus plants and a storehouse of diverse germ-plasm reserves which can be rich resource for crop and plant improvement programmes. **There is a need to establish and strengthen the bio-resources planning, development and regulation efforts in the state and the region.** The mandate, scope and organisational support for BRDC at Shillong may be enlarged. It should be

expanded to provide application-based research for production of quality planting materials and conservation of bio-resources with financial and technical assistance from the Department of Biotechnology. Government of India should **facilitate the entry of established Laboratories/ Commercial organisation for inventory, conservation, management and resource based economic activities.**

19. Though Meghalaya is a high rainfall area, it suffers from water scarcity for the greater part of the year. Because of topography, there are severe limitations on the exploitation of ground water and surface water is already utilized to a great extent. Rainwater harvesting and aquifer recharge have become essential for ensuring the stability of supply. Effective management of surface water including rivers, canals, water bodies, lakes, ponds and rainwater can reduce water scarcity. The only hope to increase the availability of water during the dry months is rain water-harvesting. Unfortunately, Meghalaya has no strong tradition of rain water harvesting; nor is necessary expertise locally available. **The Central Government may consider helping the State set up a Rain Water Harvesting Mission.**

20. Agriculture, which registered a growth of 6.3 percent during 1997-98 to 2001-02, has come down to just 3.1 percent during 2002-03 to 2006-07 in Meghalaya. Since it is the mainstay of 70% of the population, priority have to be given on agriculture in the State with strong emphasis on horticulture including water management. The State Government would work to introduce new and innovative programmes aimed at regaining agricultural dynamism in the State. We are in broad agreement with the strategy outlined in the Approach Paper for agricultural development.

21. I am happy to inform you that my State is rich in production of certain horticulture products like potato (1,45,000 tonnes) ginger (47,000 tonnes), pineapples (92,000 tonnes), bananas (68,000 tonnes), oranges (35,000 tonnes) and turmeric (9,000 tonnes) and also grows substantial quantity of cashew nut, arecanut and some tea and rubber. Certain high-value low-volume non-traditional crops such as strawberry, roses and anthurium are fast establishing themselves as revenue-spinners. We will be adopting a cluster approach to ciccord the desired focus in the growing of these potential horticultural crops. What is most important in this area is post harvest management like cold chain for perishables, marketing and fruit processing.

22. In the 5th **Report of the National Commission on farmers**, it has been **rightly stated that agricultural progress should be assessed in terms of net income of farm families** rather than in million tonnes of farm commodities

produced. Amongst other things related to improvement of farm incomes, the importance of **organic farming** in Meghalaya and other tribal States of the North East cannot be over emphasized. There has been talk of organic farming in Meghalaya for quite some time now but nothing concrete has emerged because of lack of technological guidance, poor knowledge of and access to affordable certification facilities and effective market support. Organic farming also requires greater scientific and technical inputs than chemical farming calling for a high level of multidisciplinary attention. **The Government of India may reconsider taking up organic farming in a mission mode, involving private players as well.**

23. Understanding the vulnerabilities of farmers a social security system for the farmer is necessary. The 5th **Report of the National Commission on farmers** has indicated agriculture as a high risk economic activity where credit without insurance may lead to a greater risk. As suggested in the report user-friendly insurance instruments covering production and marketing for all crops are necessary.

24. In respect of **credit**, and particularly agricultural credit, the outreach of formal banking has not been encouraging and the CD Ratio remains at around 35 percent only. The efforts of the Reserve Bank of India and NABARD as brought out in the North East Financial Sector Plan need to be supported and carried forward. **The Co-operative Credit structure is proposed to be revived with relaxed norms by the Vaidyanathan Committee for the North Eastern States and other tribal areas. I understand that the modalities are being worked out with NABARD in this regard which may be expedited to realise the revival objectives early in the region. I would, however, suggest that this revival plan should be fully financed by the Central Government as a one time measure. A more proactive and sensitive approach of formal banking towards the NER is of paramount importance.**

25. Creation of Jobs and employment has been rightly stressed in the approach paper. All efforts are needed to increase jobs in the farm sector by increased investment in irrigation, watershed development, wasteland development, land reclamation, etc. There is a need to increase employment in non-agricultural sector and rural non-farm sector with development of clusters around towns/ market centers. One of the priorities of the State Government is to create jobs in post harvest management, agro-processing and tourism, especially in the country side. The State has already implemented the watershed based and SHG based approach on livelihoods under North Eastern Region Community Rural Management Programme and Livelihoods Improvement Programme assisted by

IFAD. These are on pilot basis. Learning from the experience, we propose to cover all areas of the State under livelihood improvement programme with adequate investment and appropriate institutional mechanisms. The 'Rural Business Hubs' approach recommended by the National Commission on Farmers should be implemented to improve livelihood opportunities in rural areas. Various agencies, both Central and State, concerned with the development of agriculture, animal husbandry, fishery, sericulture and weaving, plantation crops, forestry, medicinal herbs, etc. should meet at a common forum for an integrated approach to livelihood development in our villages.

26. In Meghalaya, we have traditional tribal institutions at the village level and elected District Councils at the regional/ district level. The 73rd Amendment of the Constitution does not apply to our State. In order to ensure the participation of the people at the grassroots level in planning process, we are in the process of evolving a model of development which will be a combination of the traditional tribal institutions and elected representatives at the village level. A beginning has been made in the implementation of the National Rural Employment Guarantee Act (NREGA) in two districts of the State. We have evolved a system of village councils consisting of both elected representatives at the village level and the traditional village heads and tribal institutions. This will ensure the participation of village people in the formulation, execution and monitoring of plans locally, in a democratic manner.

27. **Need for flexibility for certain norms under Centrally Sponsored Schemes/ Central Sector Schemes** – One of the problems we face is the inflexibility of certain norms under the Central schemes. On the physical side, it may be mentioned that certain national norms of such Programmes are not appropriate for our rural areas, for example in the case of PMGSY and ARWSP. On the financial side of the norms, it may be mentioned that some schemes are funded on 50:50 basis, some on 75:25 basis and some on 90:10 basis. We are not able to fully meet the State's share of these schemes where our share is 25 percent or 50 percent. Therefore, we could not take full advantage of the Central funds meant for these programmes. Construction of houses under Indira Awas Yojana (IAY) can be doubled or tripled in order to meet the Bharat Nirman targets provided the State's share is not on 75:25 basis and the project costs are enhanced to take into account inflation, etc. The nature of work or the minimum number of workers under the National Rural Employment Guarantee Scheme (NREGS) needs to be fine tuned for my State to enable us to derive maximum benefit. Further, while the objectives of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) are highly welcome for the capital city of Shillong, some changes in

conditionalities are needed in view of the local situation. **I would strongly emphasise the need to have 90 percent Central share to the Centrally Sponsored Schemes and also suggest a thorough review of their norms in consultation with the North Eastern States.**

28. I welcome the 'outcome oriented' approach indicated in the Eleventh Plan, moving away from the expenditure incurred' approach. This will definitely lead to improvement in the quality of implementation of plans and programmes and will be a good beginning. We would need support for training the cadre of statisticians to enable them to monitor effectively and build up proper statistical data base. We would seek the support of the Planning Commission in this regard.

29. I would also like to urge that in order to achieve the targets laid down for the Eleventh Plan, the funding by the Government of India should be need based. This implies that adequate funds should be provided to bridge the gap between the 'current levels' and the 'target levels' of various social and infrastructure indicators. This would also ensure quality implementation of the programmes, as otherwise, there is always a tendency to spread the resources thin, making it difficult to achieve the targets.

30. To ensure smooth funding of NEC Schemes/ projects to ensure their 100% completion, it is suggested that the Govt, of India should continue funding of the NEC Schemes/ Projects on 100% basis, i.e. inclusive of 90% Grant and 10% Loan as practiced from the beginning of the NEC till the year 2004-2005. Similarly, the Govt, of India should continue funding the NLCPR Schemes/ Projects on 100% basis, i.e. inclusive of 90% grant and 10% Loan as practiced from the inception of NLCPR. Further, recently, the Government of India had indicated that **the Externally Aided Projects** of a regional nature would receive assistance on the basis of 90 percent grant and 10 percent loan. However, externally aided projects which benefit an individual State will receive the funds **on back to back basis**. Such a policy will be detrimental to the small resource starved States like Meghalaya. The Government of India is requested **to provide the EAP funds on 90:10** basis as in the case of schemes of regional nature, till the deficiency of infrastructure and human development indices is bridged.

31. Summing up, I would like to endorse the Planning Commission's Approach Paper to the Eleventh Plan but would also like to add the following :-

(a) Our State is already substantially behind the rest of the country in all development indices and a modest growth rate has been proposed for the Eleventh

Plan which, though realistic, is bound to place us further behind. Massive central investment in physical and social infrastructure is required to create the wherewithal for a faster rate of development in the coming Plans.

(b) While we appreciate the concept of using PPP mode in creation of infrastructure facilities, in States like Meghalaya, private participation is not likely to be forthcoming except in Power sector, since adequate revenue may not be generated for Public Private Partnership even with 60 to 80 percent viability gap funding. This would be true for roads and other public utilities. Even for four-laning of the Guwahati - Shillong -Agartala National Highway under SARDP-NE Programme which was proposed under Build Operate Transfer, did not get any private participation response even with repeated extension of dates. This is one of the most important routes in the region. Therefore, the infrastructure development programmes for N.E. Region should be funded from budgetary resources by the Government of India for the time being.

(c) I fully endorse the importance given to agriculture and allied activities in the Approach Paper. However, the problems of agriculture in our State have to be evaluated in the context of nearly total lack of irrigation and the potential for organic farming. Financial and technical assistance from the Government of India in these two areas will be vital for us to achieve development in agriculture.

(d) There is considerable scope for the development of the manufacturing sector in Meghalaya, based on the State's mineral and horticultural resources. However, power is a crucial constraint. Large central investment will be required in power generation, transmission and grid connectivity to improve the prospects of manufacturing in Meghalaya. Judging from recent trends we are fully confident of exceeding the target of 10% if the power problem is solved.

(e) Generation of employment, particularly in the rural areas is one of the State's top priorities. For Meghalaya, we see great potential for creation of jobs in the rural areas in the field of post harvest management, agro processing and tourism.

(f) We welcome the importance given in the Approach Paper to vocational training to make the people employable. The trades selected should be based on the demand for such skills in the local markets. The other important factor in this regard is that adequate institutions should be built to provide training to the trainers of various trades, so that the trainers are equipped with the latest knowledge and the latest equipments

should be provided to the vocational training centers. Same will apply to polytechnics also.

(g) Both for addressing the issue of poverty and for addressing the demand side of agriculture, we propose that all districts of Meghalaya should be covered under NREGA. The entitlement norms under TPDS should be liberalized and pulses should be added to the basket of commodities supplied through TPDS. The Mid-day Meal Programme should be extended to cover private schools in tribal areas.

(h) Trade with Bangladesh, both formal and informal, has traditionally been an important component of the State's economy. We will require a lot of help from the Government of India in the form of policy initiative and infrastructure building to develop trade with Bangladesh which has been stagnating for many years. With the erection of fence on the Indo-Bangla border in Meghalaya, informal trade will dry up causing distress to people living in more than 1500 villages. The Government of India will have to help us relieve the anticipated distress in the border areas of our State.

32. Once again, I thank the Hon'ble Prime Minister for affording this opportunity for interaction on the Approach Paper to the Eleventh Plan.

Thank you.

JAI HIND