



# GOVERNMENT OF NAGALAND

*Speech of*  
**Shri Neiphiu Rio,**  
*Chief Minister, Nagaland*

AT THE  
53<sup>rd</sup> MEETING  
OF  
NATIONAL DEVELOPMENT COUNCIL

New Delhi  
29<sup>th</sup> May 2007

**Speech of Shri Neiphiu Rio, Chief Minister, Nagaland  
at the 53<sup>rd</sup> Meeting of the National Development Council  
held on 29<sup>th</sup> May 2007 at New Delhi**

*Respected Prime Minister, Dr. Manmohan Singh,  
Chairman of NDC, Dr. Montek Singh Ahluwalia, Dy  
Chairman of the Planning Commission, Union Ministers,  
Chief Ministers of the various States, other Members of the  
NDC, Senior Officers of the Government of India and other  
Central Institutions and the State Governments, ladies and  
gentlemen.*

1. I thank Dr. Manmohan Singh, Hon'ble Prime Minister and Chairman of NDC for having convened this 53<sup>rd</sup> meeting of the NDC to discuss the report of the Sub-Committee of NDC on Agriculture and related issues. I am hopeful that under his able and dynamic leadership and stewardship, the NDC will be revitalized, and become a more effective instrument for the accelerated socio-economic transformation of the country.

**Comments on the Report of the Sub-Committee of NDC  
on Agriculture and related issues.**

2. We are in broad agreement with most of the recommendations of the Sub-Committee of NDC on Agriculture and Related Issues. I would like to commend the Sub-Committee under the Chairmanship of Shri Sharad Pawar, Union Minister for Agriculture, for having brought

out such a comprehensive report, containing an in-depth analysis of the nature of agricultural problems being faced in various regions of this vast country, as well as proper identification of the priority issues to be addressed. The growth target of 4 percent set for the Agriculture sector during the 11<sup>th</sup> Five Year Plan may look modest; but going by the past achievements in this sector, it is admittedly a daunting and challenging target. But as Agriculture continues to be the major employer of the work force in this country, a reasonably high growth in Agriculture sector is a must to ensure food security, as well as the objective of “inclusive growth” enunciated in the approach to the 11<sup>th</sup> Five Year Plan. To rejuvenate the agriculture sector, and thereby enable the vast majority of our people to participate in the overall economic growth process, it is necessary that all stake holders, including the farmers, the Central and State Governments and the Indian Industry should work together hand in hand. Let me also briefly comment on a few of the major recommendations of the Sub-Committee that are considered to be particularly relevant to my State, Nagaland.

(a)        **Institutional Arrangements**

We have already set up good institutional arrangements at the grass root and district levels to oversee implementation of projects. The Sub-Committee had rightly pointed out “Participatory Rural Appraisal” as the key element in assessing the developmental priorities of a village. In Nagaland, we have set up “Village Development Boards” in every village under the supervision of the

village council and the district administration. They are being appreciated by various outside agencies as models of participative development process. At the district level, we have District Planning and Development Board, with all elected MLAs as members.

**(b) Marketing Reforms & Contract Farming**

(i) We are in agreement with the suggestion that the National and State Level Contract Farming Policies need to be framed early.

(ii) We also agree that contract farming is a better option than corporate farming to protect the interest of the farmers.

(iii) We also feel that the State Governments need to be associated in all agricultural trade related policy matters, including matters relating to WTO.

(iv) We also believe that institutional mechanism should be put in place to safeguard the small farmers from surge in imports, or decline in international prices, including protection against dumping of agricultural produce.

(v) In Nagaland, we have set up APMC in every district and State Agriculture Marketing Board at the State level. The State had also passed our own APMC Act, 2005.

**(c) Credit and Banking System**

We support the recommendation of the Sub-

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Committee regarding “Universal Access to Financial Systems”. This issue is being elaborated with certain proposals in the subsequent portion of my speech.

(d) **Animal Husbandry**

We are in agreement with the Sub-Committee recommendation for promotion of appropriate cross-breeds, while conserving and developing the indigenous breeds. We are seriously in the business of bringing about a white-revolution in the State, as the State is quite suitable for fodder cultivation and development.

(e) **Jhum Cultivation**

The Sub-Committee had discussed about jhum system of cultivation and the need for its substitution by a more settled cultivation. While not totally dis-agreeing to this commonly accepted line of thought, let me also point out that jhum per se is not actually as bad as it is generally made out to be, especially in a State like Nagaland, where the land-man ratio is still very favourable. It is found that in one jhum field alone, as many as 30 to 40 varieties of crops grow together, thus helping in the preservation of our agro-biodiversity. Further, we have introduced a system of planting fast-growing trees in the jhum land as one of the many crops, thereby helping the quick regeneration of the jhum areas. That is why, in spite of the wide prevalence of jhum, Nagaland still has one of biggest area of forest cover, which is about 82%. We are also in the process of taking up bamboo cultivation on a large scale, both in the jhum and non-jhum areas. Our declared policy is to develop bamboo as ‘resource’ and as an “enterprise”, so as to generate maximum employment

opportunities and additional income for our farmers. We are also trying to introduce a new concept of horti-forestry, whereby the emphasis will be on planting fruit bearing trees in our social forestry programmes.

### **Agri & Allied Sectors**

3. Broadly speaking, the State's main thrust area for the 11<sup>th</sup> Plan is Agriculture and allied sectors. The favourable land-man ratio, the good rainfall and temperate climatic conditions, the naturally fertile soil which supports luxuriant growth of all kinds of plants, are some of the advantages and potentials that can be exploited to harvest rich dividends, and to produce exportable surplus sufficient to sustain the State's economy at a sufficiently high level of development. Horticulture, floriculture, sericulture, aromatic and medicinal plants, animal husbandry and bee keeping etc. can be taken up on commercial scales, with organic farming as an essential element to enhance its market value. As a corollary to this, we shall have to develop food processing industries for value addition, post-harvesting and marketing infra-structures, including agri-link roads to potential areas etc. Therefore, in the 11<sup>th</sup> Plan, we have set a rather stiff target of 8 percent growth in agriculture sector. However, going by our experience of the last few years, we believe it is quite achievable.

### **Micro credit facilities & strengthening and widening the scope of existing good practices.**

4. However, our vision of revolutionizing and commercializing agri and allied sectors, and creating self

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employment opportunities in the agri & allied sectors, in the handloom and handicraft and in agri processing and other small scale industries by promoting entrepreneurship etc cannot materialize without putting into place adequate credit infrastructure. The C.D. ratio in Nagaland is one of the lowest in the country, and currently hovers around 25%, against the national average of 60%. The private money lenders are charging exorbitant and back breaking rates of interest. Out of 52 R.D. Blocks in the State, as many as 21 RD Blocks, covering 421 villages, are still without any banking facilities. Our success in communitisation of public services and institutions in rural areas have demonstrated the strength of our village communities and traditional institutions. Hence, we propose to provide micro credit in our rural areas through the VDB (Village Development Board) by using them as credit channelising agencies. This is considered to be the surest way of reaching cheap credit in rural areas, combined with assured recovery. In this, we will require liberal financial assistance from the various agencies of the Central Government in making available the initial corpus fund to the VDBs. A beginning has been made last year with 25 selected VDBs being given corpus fund of Rs. 1 lakh each as seed money, and banks agreeing to extend another Rs. 1 lakh of credit to each VDB. It is targeted to cover 540 more VDBs during the current year. We are also looking forward to support and assistance from the Planning Commission and other financial institutions, particularly NABARD, to support this micro credit facilities through VDBs, and also to strengthen and

further broaden the scope and coverage of the Communitisation programme.

### **Bamboo Mission**

5. Much has been discussed about the launch of the National Bamboo Mission. However, nothing very concrete has so far come up. As the NE Region has about 67% of the country's bamboo resources, we should immediately launch a "Bamboo Mission for the N.E. Region", and adequate funds provided for the development of Bamboo as a resource and an enterprise. As far as Nagaland is concerned, we had already gone ahead and launched Nagaland Bamboo Mission in 2005 to promote bamboo as 'a resource' and as 'an enterprise' with a mission mode approach. The Nagaland Bamboo Research Centre at Dimapur was recently inaugurated by Shri Kapil Sibal, Union Minister for Science & Technology & Earth Sciences.

### **Converting the Bio-diversity of North East into economic benefits**

6. The North East is one of the world's richest biodiversity hot spots, and the region also has very high forest cover. A policy to benefit from this speciality of the region requires to be immediately drawn up. Such a policy should lay emphasis on the preservation of the environment, and how the people may reap the benefits through such an activity. The deprivation of the means of livelihood to the people due to the stringent Supreme Court directives on felling of trees, and a compensatory mechanism or incentive also require a



clear policy, both in the region as also in the country. The Kyoto protocol and issues of Carbon trading has to be vigorously pursued by the Central Government.

### **Infrastructures – roads, railways & airports**

7. The other equally important thrust areas are roads and other transport infrastructures, such as building of new airports and railway lines. In this connection, the N. E. Express Highway linking all State capitals, which has been discussed several times in the past, should now be made a reality, and if necessary, with private public partnership. Railway line from Dimapur to Kohima, and construction of a new green field airport at Chiethu (Kohima), both of which are presently under investigation, should be expedited. Another Railway line from Dimapur to Tizit via the foothills of Nagaland, and roads of economic importance connecting the eastern belt of the State are other priority areas to open up the agricultural and mineral rich belts of Nagaland, and to enable full exploitation of their potentials for economic prosperity of the State. The railway line from Dimapur to Tizit will be particularly vital for the success of the Tuli Paper Mill, which is in the process of being revived.

### **Hydro- power development**

8. Other priority areas are Hydro-power development and tourism. While the vast hydro-power potential of the N.E. region should be exploited to produce exportable surplus, at the same time, the vast potentials for mini and mico hydel

power plants should be harnessed for power self-sufficiency at the grass root level, and also to avoid high transmission loss and costs. Our experiments with the Chinese made hydroger has shown that this simple technology can be conveniently and economically introduced on a large scale in all rural areas. After the initial installation, the farmers themselves can maintain and look after the hydrogers with negligible cost.

### **Tourism & RAP/PAP**

9. The North East region, with its natural beauty and ethnic charm, can be turned into a virtual 'tourist paradise', provided the required infrastructures are built up, and proper marketing strategy adopted. Rural tourism, eco-tourism, adventure tourism, culture tourism etc are the strong points of the region. The North East could be marketed as a common tourist destination, and attractive tourist circuits to fit various pocket sizes can be worked out and advertised world wide through internet. In this regard, the proposed creation of 'North East Tourism Development Council' is a welcome step. However, before we can project the NE region as a tourist paradise, the out-dated RAP/PAP regimes, which were the product of the Cold War era, and which do not appear to serve any useful purpose now, shall have to be further relaxed, or altogether removed from the statute book. Even if it cannot be removed immediately, the process of issuing PAP/RAP

may be entrusted to the concerned State Governments who may file weekly returns to the Ministry of Home Affairs in whatever format as may be prescribed by the Government of India.

### **Industrialization, Trade and Look East Policy**

10. Revival and modernization of our traditional handlooms and handicrafts, along with their patenting and marketing is another priority area. We are happy that the Government of India has given its approval in principal for the revival of Tuli Paper Mill, which is a matter of vital importance to the State. This project will have vast multiplier impact on the economy and employment scenario of the State through its ancillary and downstream activities. Another priority area is development and opening of trade with the South East Asian countries, not only to boost trade and economy, but also to remove the sense of isolation and neglect felt so long by the people of N.E. region. In this connection, the 'Look East' policy of the Government of India needs to be better defined and crystallized into specific action programmes, so that it does not remain a mere 'policy statement' or a 'attractive slogan'. This would require restructuring of the various policies of the country, including its foreign policy. As a component of this look east policy, and to facilitate trade and cultural exchanges, the learning of Mandarin, Japanese, Korean and other oriental languages should be encouraged, and facilities created for the purpose.

### **Youth Empowerment and Employment**

11. Another important area that needs focused attention is Youth Empowerment through training and capacity building to enable them to find gainful employment, either in the organized sector, or as self-employed entrepreneurs. For this

purpose, appropriate technical and training institutes, such as Engineering Colleges, Institutes of Communication & Information Technology etc. may be set up within the region itself, instead of solely depending on institutions outside the region. The existing ITIs also need to be expanded and modernized, and their syllabi upgraded to suit the market demands for technicians. We also need to promote youth activities in the areas of sports, music, art and culture; and towards this end, to create the necessary sports infrastructures and other facilities. These measures may also be seen as means of weaning away the youth from insurgency and other destructive tendencies. It may be mentioned here that the nation spends huge sums of money on army and para-military forces being deployed in the N.E. region on counter-insurgency duties. This money could, perhaps, be better used for youth empowerment and other development activities, which may, in the long run, prove to be a more effective way of countering insurgencies in the region. Peace and development are inseparable, like the two sides of the same coin. That is why in Nagaland, we have coined a new slogan, "Development for peace, and peace for development", to emphasize the importance and inter-linkage of development and peace. We have also declared both the years 2004 and 2005 as the "Years of Youth Empowerment", and used them as launching pads for organizing a number of youth empowerment activities to be continued from year to year.

### **Promotion of border trade and construction of roads in Border Areas.**

12. A new thrust need to be given to the promotion of border trade under the 'Look East Policy'. The N.E. region

can become an effective cultural and economic bridge between India and S.E. Asia. To achieve this objective, infrastructure development must be stepped up. In this connection, I would plead for construction of a highway along the Indo-Myanmar border, which will not only open up the area for trade and economic development, but will also serve as the highway for patrolling international border, and for checking of illegal trafficking of drugs and arms through the famous Golden Triangle. Large sums of money has been invested in constructing roads and fencing along the Indo-Bangladesh border; but surprisingly, no tangible investments has been made along the strategic Indo-Myanmar border, which is equally important.

### **Non-Implementation of Prime Minister's Package for Nagaland**

13. The following commitments were made by the former Prime Minister of India during his visit to Nagaland in October, 2003. However, in spite of the best efforts on the part of the State Government, they are yet to be sanctioned for implementation:-

<b>Name of the Project</b>	<b>Estimated cost(Rs. in crore)</b>
1. Revival of Tuli Paper Mill	555.00
2. Four-Laning of NH-39 from Dimapur to Kohima	400.00
3. Creation of 25,000 Employment opportunities for Youths in Nagaland.	250.00

4. Upgradation of Higher and School Education  
for Science Education and facilities  
for girls in Mon and Tuensang Districts      10.00
5. Regional Institute for Information  
Technology      20.00
6. Extension of Railway Line from Dimapur to Kohima

I would request the Hon'ble Prime Minister's intervention in expediting sanctions for the above projects, so that commitment made from the highest executive office of the country are given due importance and respect by all concerned.

**Certain pertinent issues of policy affecting the N.E. States**

15. I would also like to place before this august house some of the policy issues which has a bearing on the planning and economic development of Nagaland and other N.E. States, so that corrective steps are taken by the Government of India through the intervention of the NDC.

(i) The recent change in the pattern of raising loans for financing of development projects, whereby the States are required to raise the 10% loan component of schemes funded by NEC/NLCPR/CSS/NCA etc, has caused considerable problems and delays in implementation and completion of the projects. This is because of the fact that the States have no idea of how much loans they would need to raise each year in respect of NEC/NLCPR/CSS schemes, as there are no

indicative outlays for these schemes. In fact, the States would be able to assess the loan requirement for the year only at the fag end of each financial year. That means, the loan component can be raised and released by the States to the implementing agencies only during the next financial year. Besides, the N.E. States have no direct access to financial markets, and even if they can somehow raise the loan at a belated stage, there is no prospect of their being able to raise such loans at the rates cheaper than the rates of which the Central Government have been borrowing and passing on such loans to the States. Besides, in the case of Nagaland, the restrictions on the ceiling of borrowing under the FRBM Act comes in the way of raising even the 10% loan component during the current year. We had referred the matter to Finance Ministry for special relaxation and dispensation, but we have not got any positive response till date. This delay will result in partial implementation of projects. Hence, we do not find any logic or advantage in the new system. We would therefore, strongly plead for reversal to the earlier system, whereby, the 10% loan component was raised and passed on by the Central Government to the States.

(ii) There is also a need to standardize the pattern of funding of various CSS schemes. We had all along been pleading that in respect of special category N.E. States, the pattern of all CSS schemes be standardized, and fixed at 90:10. The recent decision of the Government of India to fund one of its flagship scheme, SSA, on a 50:50 basis between the Central and the State Governments will spell doom for its implementation in the North East. All the Chief Ministers of

the North East States had made a joint petition to make it 90:10, which had been strongly supported by the Ministry of DoNER.

(iii) I would like to make mention of the abnormally high transmission tariff of 35 paisa charged by PGCIL in the North East compared to about 11 paisa and lower in other parts of the country by the same Central Agency which is a major bone of contention and has been discussed at various forums. However, this issue has never been given its due importance or attention. Power being the most critical input for any economic activity, this huge difference of more than 300% of transmission tariff compared with the rest of the country significantly increases the cost of power. The North Eastern States should not be made to pay higher tariff on account of lack of proper planning and coordination between the Generating and Transmission Utilities of the Central Sector. During the last six years (2000-2006), Nagaland alone has paid an additional Rs. 37.00 crores, which is equivalent to one year's power revenue collection of the State, to PGCIL on account of the tariff difference alone. It is high time that this discriminatory transmission tariff be immediately rectified with retrospective effect by the Government of India and the problem not left to the regulatory mechanisms like the Central Electricity Regulatory Common (CERC) alone, as this is a matter of policy being wronged to the region. In fact, we had even suggested uniform transmission tariff for the entire country by averaging the additional burden across the country if the rigidity of only commercial consideration on investment and return is to be applied by the CPSUs. If the Railways and



the Postal Departments can have uniform tariff for the entire country, surely, there is no reason why transmission tariffs cannot be worked out on the same principles.

(iv) The benefits of fund allocation by the Ministry of Tribal Affairs under the Tribal Sub Plans are not being extended to the fully tribal States of the N E region. We feel that the fully tribal States of the N E region should be eligible to receive their due and proportionate shares of the funds under the Tribal Sub Plan.

(v) Lastly, most of the N E States do not have Panchayati Raj, but we have our own village councils (by whatever name they are called) constituted as per respective traditional and customary practices, and duly recognized by the concerned State Governments. I feel that the Ministry of Panchayati Raj, should also work out special schemes for implementation through the Village Councils of the N E tribal States.

16. With these words, I thank the Chairman for giving me the time to raise these issues, and the members and others in the audience for their patient hearing.

Thank you.