



Speech of
SRI LAL THANHAWLA
Chief Minister of Mizoram
at
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National Development Council
Held at New Delhi
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Govt. of Mizoram

Respected Prime Minister, Deputy Chairman and Members of the Planning Commission, esteemed colleagues from other States, Ladies and Gentlemen!

It is a great pleasure for me to participate in this 55th meeting of the National Development Council. I believe our deliberations at this august Council will have a fruitful outcome.

The country's economy has been steady in its growth path and we can legitimately take pride in its growth rate and its resilience in the face of global recession. However, the prosperity at the national level has to be a shared and distributive one. Rural poverty at 50%, as assessed by Tendulkar Committee, is disturbingly high. The level has to be brought down. Prosperity has to percolate to the grass root so that rural India and the deprived section can share it. In a country where more than 80% of the people live in rural areas and over 70% depend on agriculture with low human resource development rate and alarming unemployment, shared prosperity and inclusive growth can be ensured only if the growth rates in these priority sectors are raised substantially. The Eleventh Plan aims at achieving this goal. Hopefully we would succeed, provided, as the Mid Term Appraisal states, supportive policies and programmes are put in place.

We endorse the broad vision of the Eleventh Plan. It rightly aims at accelerating GDP growth with an annual growth target of 9%. At the same time, it poses a challenge of achieving a tough target. Of course, some of the positive developments in agriculture, as indicated in the MTA document, generate optimism. The Mid Term Appraisal seems to be as comprehensive as it could be at this point of the 11th Plan

implementation. I would make only a few observations: (i) A mechanism for realistic and transparent evaluation of Plan programme execution, particularly in the agriculture and rural development sectors, by closely involving local traditional institutions may be evolved and effectively applied, (ii) In the power sector the Hydro Development Policy of the Ministry of Power should take special care of the needs of the under-developed tribal States where greater emphasis may be laid on small power projects including adequate utilization of removable resources of energy. Further, the power evacuation, transmission and distribution programmes should have special provision to meet the needs of these States; (iii) Under the National Afforestation Programme the SFDA's may be given enhanced financial resource and the jhum control projects should not be taken up as stand-alone activity but as a part of integrated programme.

I would now like to refer to certain development related issues that concern the North East generally and the hill areas in particular. The average rate of growth in the agriculture and rural development in the region hovers between 1.5 to 2%. It has to be raised atleast to 4% by the 11th Plan end. We are happy that the Centre has taken up the North Eastern Rural Livelihood project as a strategy for growth with equity based on increasing livelihood options and incentives in the rural sector through agriculture and better management of rural resources. I only hope that it would be launched without further delay.

We are also happy that more than 40% of the Central budget for higher education during the current year is earmarked for the North East. Human resource development, particularly skill development, is an area of concern. According to a survey, less than 4% of the total working force

in the region are skilled. This is not an employment generation friendly environment. Therefore, skill development has to receive greater priority. The National Skill Development Coordination Board should quickly formulate appropriate strategies and guidelines. NEC is considering an innovative scheme for skill development through institutions with specially designed courses to enable educated unemployed youths to be self-employed. The scheme may be finalized quickly.

Any effective intervention for livelihood promotion in this region faces the hurdle of lack of opportunity for sustainable activity. The National Commission for Unorganized Sector was expected to suggest measures for creation of Growth Poles as an answer to this problem. The Commission' recommendations would be very relevant to the North East and may be considered for early appropriate action.

The other common point that concerns all the States of this region is about infrastructure development. At the present level of development we cannot expect private investment in any good measure. Therefore, as the NER Vision : 2020 suggests, investment for infrastructure development in this region, particularly in the hill states, may initially come from the public sector. The Planning Commission envisages investment of 8% of the GDP in infrastructure development during the Eleventh Plan. The North East may be assured of a big share of this proposed investment.

I may point out another development constraint in the hill States of the North East. The cost of execution of any project in the North Eastern Hill States is 15% to 20% more than that in other developed areas. Therefore, if the all-India uniform criteria continues to apply for assessing economic viability of development projects in the region without taking

into account this ground reality and unless a separate standard is adopted, not many schemes in the region would stand the economic viability test. It also reduces the chance of taking up projects on PPP mode. This fact has also been underscored in the first draft of the Task Force looking into the Problems of Hill States and Hill areas.

Institutional finance plays a very crucial role in the development of rural economy. There is larger need and demand, particularly for micro-credit currently estimated at about Rs.3600 crore. But there is no adequate institutional arrangement to meet this need. The recommendations of the Thorat Committee on financial sector plan for North Eastern Region may be fully implemented. Besides, I very strongly suggest creation of a dedicated venture capital fund for micro credit for the North Eastern Region.

We have been pleading for modification of guidelines in respect of various Central Sector schemes as also the pattern of funding so that the peculiar situational needs of these States could be met. The small and financially weaker States in the region find it really hard to provide matching contribution. Central Govt. has modified norms in certain cases , the latest being the revision of funding pattern under the National Land Records Modernization Programme. We are thankful to Govt. of India and would like to request for revision of the funding pattern in respect of the other schemes.

Various CSSs are administered by different Ministries of the Government of India. The pattern of funding varies from 50:50, 75:25, 80:20, 90:10 to 100:0. Such variation creates confusion and problems in accounting. Besides, in view of their poor financial condition, these States

are forced to meet the State share out of the Annual Plan provisions thereby reducing resources for taking up its own prioritized schemes. It is, therefore, essential that the pattern of funding in CSS be made uniform irrespective of the Ministries administering them. My request is that if fund cannot be released as 100% grant, the pattern of funding may be 90:10 uniformly for all CSSs for the Special Category States.

As we all are aware, Normal Central Assistance (NCA) comes to the States as financial support in the form of Block Grants for financing the Annual Plans, the amount of support for each State being determined by the Gadgil Formula. However, in actual release of funds, various conditionalities are attached by the Ministry of Finance and as a result, the full amounts of grants as NCA are never received by the State Governments. This practice of withholding NCA and imposing cut on the last installment result in fund constraints for the State Governments as the grants are already factored in the budget. This practice may be discontinued and the grants on accounts of NCA may be released fully to the State Governments without imposing any conditions, as is done in the case of Non-Plan Revenue Deficit Grants.

The report of the NDC Sub Committee On Agriculture And Related Issues has, amongst other things, pointed out the major factors that have impeded growth in the sector. Sadly, the share of this sector in GSDP has been declining over the years. The Eleventh Plan target is to raise the agriculture sector's share of GDP to 4 percent. This is a challenging task for the most States of North East where the growth in agriculture hardly goes beyond 2%. In our case, achieving the target of 4 percent growth in agriculture would require an average growth rate of 9 percent per annum in the next two years. The strategy for agricultural development in the hill

States of the region has to focus on basic food-nutrition security and proper land management providing for, among other things, an acceptable alternative to shifting cultivation. Govt. of Mizoram has drawn up a comprehensive programme called New Land Use Programme envisaging integrated development of agriculture and promotion of rural economy through participatory process. I am glad that the programme has been approved by the Union Cabinet recently. It will definitely go a long way in ensuring inclusive growth.

There is no provision for construction of farm roads or horticulture potential area connectivity roads in the Horticulture Technology Mission for North East Region. In the North Eastern Hill States most of the potential areas are far flung and away from the main road network. Therefore, the Mission should also provide for construction of connectivity roads in the farm sites.

Utilization of the vast water resources of the N.E. Region is a matter that should receive due attention of the development planners. For instance, Mizoram alone has hydro potential of about 5000MW of which hardly 1% has been harnessed so far. Six workable hydel projects with a total installed capacity of over 2000 MW are listed. These have to be taken up for execution. In the event of completion of the above projects the State has to have adequate Transmission and Distribution capacities for power evacuation. I would request the concerned Central agencies to take initiative in strengthening the existing Transmission and Distribution networks within Mizoram.

The terrain of Mizoram being very uneven with inadequate road communication network, conventional industries can hardly survive.

Therefore, we propose to avail of the benefits of Information & Communication Technologies (ICT) for socio-economic development through Software Industries, IT Enabled Services, and BPO Industries. In order to achieve this, a reliable telecommunication network needs to be established with adequate bandwidth and reliable connectivity to cover all the villages in Mizoram. In this regard, we require the support of the Central Government to extend the reach of IT and Communications to the masses in the remotest villages of the State.

Mizoram is sandwiched between Myanmar in the east (404 Km of border) and Bangladesh in the west (318 Km of border). Considering the entire breadth of the State, it is totally a border State. As such, the entire State should be eligible for the BADP instead of certain selected blocks as is the case now. The normal allocation of Rs.20 to 25 crore annually is found to be insufficient to bridge the gap in physical infrastructure and more funds are required to realize the goals set out in the Perspective Plan. I, therefore, request that BADP programme in Mizoram should be extended and expanded.

Before I conclude, I would like to briefly comment on the issue of Tribal Development. Balanced national development would presuppose accelerated development of the tribal groups who form a sizable chunk of the country's population and who remain relatively less developed. The UNDP's latest Human Development report, as reported by the media, suggests that over 59% of the tribal people in India are poor. It tells a disturbing story and calls for determined and speedy remedial action. Development initiatives for tribal areas have to aim at creating a basic food-livelihood oriented structure, an appropriate land management system, adequate facilities for commercial exploitation of natural

resources and, of course, human resource and skill development. These measures will create new and increased means of livelihood and raise rural people's purchasing power. With it the local economy will grow. As a follow up of a direction given by the Hon'ble Prime Minister in the 54th NDC meeting, Planning Commission had constituted a Task Force to look into the problems of the Hill States and Hill Areas and to suggest measures to ensure that economic and human resource development do not suffer due to the peculiar geographical conditions of these areas. The recommendations of the Task Force are presumably available by now. These would provide a realistic direction for tribal development and may, therefore, be acted upon urgently in consultation with the States. However, in our anxiety to effect speedy economic development of the tribal people, their traditional culture and social values must not be allowed to be adversely effected. Otherwise, development will be lopsided. In fact, I would suggest that Regional Documentation Centres for folk art and culture of the tribal groups may be set up beginning with one for the North East where the art and cultural mosaic is most varied and colourful.

With this, I would like to express my gratitude to the Hon'ble Prime Minister and the Deputy Chairman, Planning Commission for giving me this opportunity to express my views and share some thoughts.

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