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## Spatial Development and Regional Imbalances

### 7.1 REGIONAL IMBALANCES

#### INTRODUCTION

7.1.1. As the Eleventh Plan commences, a widespread perception all over the country is that disparities among States, and regions within States, between urban and rural areas, and between various sections of the community, have been steadily increasing in the past few years and that the gains of the rapid growth witnessed in this period have not reached all parts of the country and all sections of the people in an equitable manner. That this perception is well founded is borne by available statistics on a number of indicators. Though there is some evidence to indicate a movement towards convergence on human development indicators across States, one of the reasons for this convergence could also be that most human development indicators have a value cap. However, widening income differentials between more developed and relatively poorer States is a matter of serious concern. The objective of the Eleventh Plan is 'faster and more inclusive growth' and each chapter has dealt with what the Plan proposes to do to achieve this objective, insofar as the sector dealt with by that chapter is concerned. In this chapter, the attempt is to look at broad aggregates in order to understand the dimensions of the issue and to highlight some of the methods by which the problem is being redressed.

#### STATE-WISE GROWTH RATES

7.1.2. The Tenth Plan was the first Plan that specified targets for the growth rate for each State, in consultation with the State Governments. Through the Eighth and Ninth Plan periods, the rate of growth in the better-off States (that is, States with per capita income above the national average) had been generally higher than those of the States with a lower than average per capita income. This had led to gradually increasing differences in per capita income among the States. The Tenth Five Year Plan targeted a growth rate of 8% per annum for the country as a whole; however, the Gross State Domestic Product (GSDP) growth rate targets for different States adopted by the Tenth Plan were both higher and lower than this average.

7.1.3. The latest available figures show the following growth rates as having been achieved by various States during the Tenth Plan period as compared to the targets. For obtaining a longer term perspective, growth rates achieved in the Eighth and Ninth Plans are also given in Table 7.1.1.

7.1.4. The Eleventh Plan has continued the Tenth Plan initiative of working out GSDP growth targets for States. Consistent with the country's overall GDP growth target

**TABLE 7.1.1**  
**Growth Rates in State Domestic Product in Different States**

S.No.	State/UT	Eighth Plan	Ninth Plan	(% per annum)	
				Tenth Plan Target	Actuals #
Non Special Category States					
1	Andhra Pradesh	5.4	4.6	6.8	6.7
2	Bihar	2.2	4.0	6.2	4.7
3	Goa	8.9	5.5	9.2	7.8
4	Gujarat	12.4	4.0	10.2	10.6
5	Haryana	5.2	4.1	7.9	7.6
6	Karnataka	6.2	7.2	10.1	7.0
7	Kerala	6.5	5.7	6.5	7.2
8	Madhya Pradesh	6.3	4.0	7.0	4.3
9	Maharashtra	8.9	4.7	7.4	7.9
10	Orissa	2.1	5.1	6.2	9.1
11	Punjab	4.7	4.4	6.4	4.5
12	Rajasthan	7.5	3.5	8.3	5.0
13	Tamil Nadu	7.0	6.3	8.0	6.6
14	Uttar Pradesh	4.9	4.0	7.6	4.6
15	West Bengal	6.3	6.9	8.8	6.1
16	Chhattisgarh	NA	NA	6.1	9.2
17	Jharkhand	NA	NA	6.9	11.1
Special Category States					
1	Arunachal Pradesh	5.1	4.4	8.0	5.8
2	Assam	2.8	2.1	6.2	6.1
3	Himachal Pradesh	6.5	5.9	8.9	7.3
4	Jammu & Kashmir	5.0	5.2	6.3	5.2
5	Manipur	4.6	6.4	6.5	11.6
6	Meghalaya	3.8	6.2	6.3	5.6
7	Mizoram	NA	NA	5.3	5.9
8	Nagaland	8.9	2.6	5.6	8.3
9	Sikkim	5.3	8.3	7.9	7.7
10	Tripura	6.6	7.4	7.3	8.7
11	Uttaranchal (now Uttarakhand)	NA	NA	6.8	8.8
<b>All India</b>					

*Note:* # Average of 2002–03 to 2005–06 for all States except J&K, Mizoram, Nagaland (2002–03 to 2004–05) and Tripura (2002–03 to 2003–04).

*Source:* CSO (base 1999–2000 constant price) as on 31.8.2007.

of 9% per annum for the Eleventh Plan, the following growth targets for each State, broken up into targets for each sector, have been worked out (Table 7.1.2). For the agricultural sector, the State-wise projection has been made on the basis of a rigorous panel data regression model. The growth target for Industry and Services sectors has been made by linearly projecting the past contribution of each State to the overall growth performance of these two sectors at the national level.

7.1.5. The Eleventh Five Year Plan has attempted in a similar manner to break down the monitorable targets at the

national level into State-level targets. These targets will help to focus attention on the extent to which progress has been achieved in the relatively backward States and districts.

7.1.6. Table 7.1.3 presents summary indicators of disparity in per capita income across States in India. This does not consider the intra-State distribution of income. The ratio of minimum to maximum per capita GSDP increased for three years from 21.56% in 2001–02 to 22.71% in 2003–04 and then decreased in 2004–05 to 20.11%. The weighted coefficient of variation also shows an increase over the years. The Gini Coefficient indicated in column

**TABLE 7.1.2**  
**State-wise Growth Target for the Eleventh Five Year Plan**

		(Annual Average in %)			
States/UTs	State-wise Growth Target			GSDP Growth	
	Agriculture	Industry	Services		
Non Special Category States					
1	Andhra Pradesh	4.0	12.0	10.4	9.5
2	Bihar	7.0	8.0	8.0	7.6
3	Chhattisgarh	1.7	12.0	8.0	8.6
4	Goa	7.7	15.7	9.0	12.1
5	Gujarat	5.5	14.0	10.5	11.2
6	Haryana	5.3	14.0	12.0	11.0
7	Jharkhand	6.3	12.0	8.0	9.8
8	Karnataka	5.4	12.5	12.0	11.2
9	Kerala	0.3	9.0	11.0	9.5
10	Madhya Pradesh	4.4	8.0	7.0	6.7
11	Maharashtra	4.4	8.0	10.2	9.1
12	Orissa	3.0	12.0	9.6	8.8
13	Punjab	2.4	8.0	7.4	5.9
14	Rajasthan	3.5	8.0	8.9	7.4
15	Tamil Nadu	4.7	8.0	9.4	8.5
16	Uttar Pradesh	3.0	8.0	7.1	6.1
17	West Bengal	4.0	11.0	11.0	9.7
Special Category States					
1	Arunachal Pradesh	2.8	8.0	7.2	6.4
2	Assam	2.0	8.0	8.0	6.5
3	Himachal Pradesh	3.0	14.5	7.5	9.5
4	Jammu and Kashmir	4.3	9.8	6.4	6.4
5	Manipur	1.2	8.0	7.0	5.9
6	Meghalaya	4.7	8.0	7.9	7.3
7	Mizoram	1.6	8.0	8.0	7.1
8	Nagaland	8.4	8.0	10.0	9.3
9	Sikkim	3.3	8.0	7.2	6.7
10	Tripura	1.4	8.0	8.0	6.9
11	Uttarakhand	3.0	12.0	11.0	9.9

Source: Planning Commission.

(6) of Table 7.1.3 reflects the income inequality across the States, which increases from 0.2078 in 2001–02 to 0.2409 in 2004–05. In other words, the income inequality across States is worsening.

7.1.7. However, we also need to reckon with the fact that the slower growing States cannot catch up with the faster growing States within a short time period of five years. What this Plan seeks to do is to target the slower growing States, and the backward areas within these States, for higher levels of public investment that will enable the backlog in physical and social infrastructure to be addressed. This would, in turn, provide a platform for much more rapid growth in the Twelfth Plan period.

7.1.8. While differences in GSDP growth rates, and absolute levels of per capita GSDP, are summary economic indicators of disparities, there are wide variations between the States even on other health, education and infrastructure indicators. In the current scenario where high growth rates have led to a spiral of commercial and service sector activity in the already developed regions, the backward areas continue to lack even basic amenities such as education, health, housing, rural roads, drinking water and electricity. Livelihood options are also limited as agriculture does not give adequate returns and industry is virtually absent, leading to limited trade and services. People seeking employment in low skill, low paying jobs is a common

**TABLE 7.1.3**  
**Disparity in per capita GSDP**

Year	State with lowest per capita GSDP	State with highest * per capita GSDP	Ratio of Minimum to Maximum per capita GSDP	Coefficient of variation	Gini Coefficient \$
(1)	(2)	(3)	(4)	(5)	(6)
			(in %)	Weighted	
1993–94	Bihar	Punjab	30.527	34.549	0.1917
1996–97	Bihar	Maharashtra	27.586	36.781	0.2071
1999–2000	Bihar	Maharashtra	28.899	37.417	0.2173
2001–02	Bihar	Punjab	21.556	35.610	0.2078
2002–03	Bihar	Punjab	21.608	36.686	0.2771
2003–04	Bihar	Punjab	22.705	36.230	0.2290
2004–05	Bihar	Maharashtra	20.105	38.440	0.2409

*Note:* 1993–94, 1996–97 and 1999–2000 as per the TFC Report based on 1993–94 series; 2001–02 onwards. Comparable GSDP 1999–2000 Series: Current Prices; \*excluding Goa; \$ weighted by population; 1993–94, 1996–97 and 1999–2000 relates to 14 States (Assam and general category States excluding Goa) as per TwFC; and 2001–02 to 2004–05 relates to 27 States (excluding Goa).

*Source:* (i) TFC Report for the year 1993–94, 1996–97 and 1999–2000.

(ii) Central Statistical Organization for years 2001–02, 2002–03, 2003–04 and 2004–05.

manifestation of these constraints in many rural areas. Compounding these problems is the lack of manpower to man essential services such as educational institutions and health centres. A large part of the disparities are probably due to historical reasons, differences in initial conditions and natural resource endowments. However, there is no clear pattern that seems to be applicable to all cases.

7.1.9. While the above is the situation as between States, very much the same picture is seen among the different districts and regions within States. Even in highly developed States, there are regions and districts whose indicators are comparable to those of the poorest districts in the most backward States. While some level of intra-State and inter-State disparity is bound to exist even in the best possible situation, the effort of the planning process must be to enable backward regions to substantially overcome the disadvantages they labour under and to provide at least a certain minimum standard of services for their citizens.

#### INTER-STATE DISPARITIES AND THE ROLE OF THE CENTRE

7.1.10. Redressing regional imbalances has indeed been a vital objective of the planning process. However, despite the efforts made, regional disparities have continued to grow and the gaps have been accentuated as the benefits

of economic growth have been largely confined to the better developed areas. Paradoxically, it is the natural resource-rich areas which continue to lag behind. This has in turn tightened the stranglehold of the Naxalite movement and demands for division of States in these areas. With the removal of controls and the opening up of the economy to external forces, the pressure of market forces may tend to exacerbate inter- and intra-State disparities. The role of the Centre in promoting equity among States and regions, therefore, has assumed added importance in the post liberalization era.

7.1.11. Redressing regional disparities is not only a goal in itself but is essential for maintaining the integrated social and economic fabric of the country without which the country may be faced with a situation of discontent, anarchy and breakdown of law and order.

7.1.12. There is probably no easy answer to the question of what really drives the growth process in the States. In the early years of planning, attempts were made to control a large part of the key drivers of growth and to make them fit into an overall consistency framework. This covered not only fiscal variables, but also other areas such as credit and financial markets, physical investments, locational decisions, and the like. However, this approach has now long since been given up for reasons that are not required to be discussed here. Over the past several years,

the share of public investment in the overall investment made in the country has been steadily declining. In recent years, public investment has been a little over 20% in the aggregate. There is, therefore, a very great limitation on the influence that fiscal quantities, allocations and strategy can directly exert on growth rates, especially at the State level. States have, therefore, to focus on providing the necessary policy framework and supporting environment that makes economic activity possible and attractive enough for private sector investment. This would include the entire gamut of services provided by the State Governments, right from maintaining law and order, providing quick and effective dispute resolution through an efficient adjudication system, avoiding an extortionate and distortionary tax system to enabling and empowering the general mass of the population to take advantage of economic activity. Many of these factors are covered under the broad rubric of governance and have been discussed elsewhere in the Plan document. Here, we attempt to analyse the patterns of resource flows from the Centre to the States, and of government spending, in order to understand its implications for balanced development.

### General Purpose Resource Transfers

7.1.13. In the system of division of powers between the Union and the States, the most productive sources of revenue have been assigned to the Union from the point of view of administrative convenience, uniformity and efficiency. At the same time, the major responsibility for the delivery of social services to the population has been vested with the States, and has now been devolved further downward to the PRIs. Given this situation, therefore, a very substantial responsibility falls on the Central Government to ensure that the overall flows of resources from the Centre to the States is such that the relatively backward States are enabled to achieve a level of service delivery at par with the more advanced States. This involves issues of the fiscal capacity available to States to raise revenues, the extent to which such capacity is actually being utilized and the specific difficulties that the States face which result in increased unit costs of service delivery.

7.1.14. Part of the Centre's responsibility in this regard is fulfilled through transfers under the Plan process. At the same time, an equally, if not more, significant volume of transfers takes place through the mechanism of the Finance Commissions. For a proper appreciation of the

extent to which Central transfers help in mitigating inter-State disparities, it is necessary to look at transfers by the Finance Commissions also.

7.1.15. The TFC has used the following criteria and weights for transfers of Central taxes to the States. These have been applied uniformly across all States, both in the Special Category as well as others.

7.1.16. It is seen from Table 7.1.4 that the Income Distance criterion (which measures the extent to which the per capita income of a State is below that of the State with the highest per capita income) is given a weight of 50%. This has had the effect of making transfers of the share of Central taxes steeply progressive. The formula for inter se distribution of share of Central taxes is now generally more progressive than the formula used for the distribution of NCA among the States (Gadgil Mukherjee Formula). Under the NCA Gadgil Mukherjee Formula, the following criteria and weights are used.

7.1.17. The Gadgil Mukherjee formula applies only to States that are not in the Special Category. In the case of the Special Category States, 30% of the total NCA is

**TABLE 7.1.4**  
**Criteria and Weights**

Criterion	Weight (%)
Population	25.0
Income Distance	50.0
Area	10.0
Tax Effort	7.5
Fiscal Discipline	7.5

Source: Report of the TFC.

**TABLE 7.1.5**  
**Criteria and Weights under Gadgil Mukherjee Formula**

Criterion	Weight (%)
1 Population (1971)	60
2 Per capita income	
(i) For States with lower than National average	20
(ii) For all States	5
3 Performance (Tax effort, fiscal management, national objectives)	7.5
4 Special Problems	7.5

Source: Planning Commission.

earmarked, and this amount has been apportioned among them in a constant ratio over the years.

7.1.18. Table 7.1.6 shows the share of each State as per the TFC in the share of Central taxes, share in NCA, the per capita income, and population share of a State in total population of the country. Since there is a difference in the manner in which NCA is provided to the Special Category States and the other States, these two groupings are taken separately.

7.1.19. While there could be different points of view about whether relative backwardness should be assigned as much weight as it has been under the TFC's award, or otherwise, it would also appear that there does not seem to be any reason any more for continuing with two different formulae for apportionment of share of Central taxes and NCA among the States. Elsewhere in the Plan, the need to do away with the distinction between Plan and non-Plan in expenditure has been emphasized. This would logically imply that the need for two different

**TABLE 7.1.6**  
**Inter-se Shares**

S. No.	States	Per Capita GSDP 2004-05 (in Rupees)	Population (2001- census)	Share in NCA# (2007-08: BE)	Share % as per Twelfth Finance Commission
Within Group (%)					
Non-Special Category States					
1	Andhra Pradesh	26655	8.03	6.345	8.011
2	Bihar	7486	8.75	11.062	12.009
3	Chhattisgarh	20336	2.20	2.877	2.890
4	Goa	80392	0.14	0.495	0.282
5	Gujarat	34223	5.35	3.926	3.887
6	Haryana	35893	2.23	1.768	1.171
7	Jharkhand	19908	2.84	3.544	3.660
8	Karnataka	28774	5.57	4.417	4.856
9	Kerala	32818	3.36	3.259	2.902
10	Madhya Pradesh	16597	6.36	6.922	7.308
11	Maharashtra	37235	10.21	6.913	5.442
12	Orissa	18440	3.88	6.257	5.620
13	Punjab	36376	2.57	2.113	1.415
14	Rajasthan	18909	5.95	5.864	6.108
15	Tamil Nadu	31603	6.58	5.943	5.777
16	Uttar Pradesh	13842	17.52	19.481	20.978
17	West Bengal	23145	8.45	8.814	7.685
			(100.00)	(100.000)	(100.000)
Special Category States					
1	Arunachal Pradesh	23326	1.75	7.928	3.525
2	Assam	18172	41.88	19.532	39.591
3	Himachal Pradesh	36785	9.55	9.656	6.388
4	Jammu and Kashmir	22430	15.92	19.148	15.873
5	Manipur	22457	3.34	5.840	4.430
6	Meghalaya	24978	3.66	4.849	4.540
7	Mizoram	27663	1.43	5.590	2.925
8	Nagaland	22021	3.18	5.908	3.219
9	Sikkim	28332	0.80	3.771	2.778
10	Tripura	26693	5.10	8.243	5.238
11	Uttaranchal (now Uttarakhand)	25276	13.38	9.535	11.492
			(100.00)	(100.000)	(100.000)

Note: # Calculated including a notional loan component.

Source: Planning Commission.

formulae for resource transfers would not exist any more. Two components of resource flows being distributed to the States on the basis of the same formula could continue. One portion, namely, the share of Central taxes, would be entirely untied; while the second could be earmarked for being spent on specific development sectors, with considerable flexibility to States about how exactly to spend the amounts. It needs to be remembered that, in fact, the significance of the NCA amount has got substantially reduced since 2005–06, the year from which the Central Government ceased to provide the loan component of NCA. This revised procedure would have the added advantage of providing for a fresh examination of the formula, criteria and weights by an impartial, professional body once every five years, unlike in the case of the Gadgil formula and its variants, where the process of adapting to change is very time consuming.

### Transfers under Centrally Sponsored Schemes (CSSs) and Additional Central Assistance

7.1.20. Apart from the above, the Central Government also transfers substantial resources to the States in the form of CSS and ACA for State Plan schemes. These transfers have an in-built mechanism for progressiveness since they are directed at filling gaps in the provision of basic services in the most backward areas. The instruments being used by the Central Government to channelize funds into sectors and areas which need special attention include the Flagship Programmes, particularly Bharat Nirman, BRGF, and the NREGP.

7.1.21. Most of the schemes for rural development and poverty alleviation use poverty as a criterion for distribution of funds and therefore people and areas with low income benefit automatically. The NREGP is self targeting as it is expected that only the unemployed with no other source of income for that period would opt for a programme of wage employment. Also, NREGP provides an opportunity to States and districts to plan and execute programmes that provide employment and create rural assets that would support further economic activity. The availability of funds on demand distinguishes NREGP from other schemes. The SGSY is targeted at BPL families and has in-built safeguards for the weaker sections with 50% benefits reserved for SCs/STs.

7.1.22. Most of the flagship programmes also address backwardness in terms of the particular sector. Table 7.1.7

gives the State-wise allocation of funds under some of the major programmes in the budget estimates for 2007–08. The overwhelming shares of the relatively backward States clearly show that the flagship programmes are a major instrument to direct funds to areas which lack infrastructure.

7.1.23. Under the IAY, 75% weightage is given to housing shortage and 25% to poverty ratios. For district-level allocations, 75% weightage is given again to housing shortage and 25% to the SC/ST component of the population. In the Annual Plan 2007–08, Bihar has been allocated 26% of the total funds while Uttar Pradesh will get 12%.

7.1.24. Under the NRHM, 18 focus States which have weak public health indicators and/or weak infrastructure have been identified. These 18 States are Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Himachal Pradesh, Jharkhand, Jammu and Kashmir, Manipur, Mizoram, Meghalaya, Madhya Pradesh, Nagaland, Orissa, Rajasthan, Sikkim, Tripura, Uttarakhand, and Uttar Pradesh. 30% of the funds in 2007–08 will flow to three States, namely, Uttar Pradesh (16%), Bihar, and Assam (7% each).

7.1.25. The SSA tackles backwardness in primary education through the formulation of district plans based on habitation level plans which are to be prepared on the basis of gaps in infrastructure for which norms have been laid down.

7.1.26. In the case of SSA, Uttar Pradesh alone receives nearly 17% of the allocation of the programme, while Bihar has been allocated 11%. In fact, seven States account for 64% of the total outlay.

7.1.27. The allocation under the PMGSY to the States is based on, inter-alia, a weightage of 75% for need (share of unconnected habitations in the total unconnected habitations of the country) and 25% on coverage (share of connected habitations in the total unconnected habitations in the country). Keeping the original inter-State allocations intact, the additional allocations on account of cess accruals are distributed to various States based on the target of road length to be connected under Bharat Nirman in each State. Madhya Pradesh, Chhattisgarh and Uttar Pradesh have been allocated one-third of the allocation under PMGSY in 2007–08.



**TABLE 7.1.7**  
**Allocation of Funds to States/UTs during 2007–08 under various Centrally Funded Schemes**

(Rs in crore)

State	Population (2001) % share	PMGSY		NRHM		SSA		IAY		Supplementary Nutrition	
		Allocation	%age	Allocation (Central Share)	%age	Allocation (Central Share)	%age	Allocation (Central Share)	%age	Allocation (Central Share)	%age
Andhra Pradesh	7.41	105.00	1.62	597.84	6.67	625.00	6.03	360.28	8.93	101.51	5.01
Arunachal Pradesh	0.11	77.00	1.18	43.39	0.48	57.04	0.55	13.95	0.35	5.32	0.26
Assam	2.59	456.00	7.02	642.28	7.16	498.34	4.81	308.54	7.65	76.71	3.78
Bihar	8.07	457.00	7.03	680.70	7.59	1154.46	11.13	1063.44	26.37	185.15	9.13
Chhattisgarh	2.03	690.00	10.62	225.23	2.51	390.25	3.76	55.71	1.38	59.02	2.91
Goa	0.13	5.00	0.08	13.38	0.15	10.18	0.10	2.22	0.05	1.54	0.08
Gujarat	4.93	65.00	1.00	380.58	4.24	190.97	1.84	176.69	4.38	58.69	2.89
Haryana	2.06	30.00	0.46	137.60	1.53	174.56	1.68	24.81	0.62	40.86	2.01
Himachal Pradesh	0.59	287.00	4.42	67.70	0.75	61.03	0.59	8.75	0.22	13.19	0.65
J & K	0.99	115.00	1.77	86.77	0.97	169.55	1.64	27.18	0.67	13.96	0.69
Jharkhand	2.62	225.00	3.46	262.92	2.93	668.99	6.45	94.85	2.35	59.58	2.94
Karnataka	5.14	110.00	1.69	395.95	4.41	348.62	3.36	138.80	3.44	108.63	5.36
Kerala	3.10	30.00	0.46	218.57	2.44	81.50	0.79	77.19	1.91	30.19	1.49
Madhya Pradesh	5.87	890.00	13.69	544.04	6.07	894.21	8.62	110.80	2.75	130.57	6.44
Maharashtra	9.42	145.00	2.23	671.14	7.48	509.11	4.91	217.27	5.39	145.29	7.17
Manipur	0.21	33.00	0.51	66.68	0.74	29.83	0.29	12.11	0.30	9.14	0.45
Meghalaya	0.23	45.00	0.69	62.27	0.69	43.77	0.42	21.09	0.52	8.02	0.39
Mizoram	0.09	52.00	0.80	36.70	0.41	22.03	0.21	4.50	0.11	4.89	0.24
Nagaland	0.19	30.00	0.46	56.19	0.63	29.67	0.29	13.96	0.35	11.69	0.58
Orissa	3.58	543.00	8.35	345.20	3.85	449.34	4.33	208.93	5.18	96.07	4.74
Punjab	2.37	35.00	0.54	161.97	1.81	111.32	1.07	30.68	0.76	36.02	1.78
Rajasthan	5.49	434.00	6.68	548.18	6.11	800.00	7.71	88.79	2.20	97.87	4.83
Sikkim	0.05	30.00	0.46	23.25	0.26	11.66	0.11	2.67	0.07	0.92	0.05
Tamil Nadu	6.07	90.00	1.38	433.16	4.83	345.50	3.33	144.25	3.58	36.59	1.80
Tripura	0.31	40.00	0.62	81.28	0.91	43.45	0.42	27.18	0.67	10.77	0.53
Uttar Pradesh	16.16	675.00	10.38	1459.42	16.27	1759.14	16.96	477.66	11.84	508.84	25.10
Uttarakhand	0.83	130.00	2.00	84.44	0.94	126.36	1.22	23.95	0.59	15.15	0.75
West Bengal	7.79	376.00	5.79	540.20	6.02	700.53	6.75	288.21	7.15	140.88	6.94
UTs	1.61	10.00	0.15	102.63	1.15	64.16	0.62	8.24	0.20	20.38	1.01
Others	–	290.00	4.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>6500.00</b>	<b>100.00</b>	<b>8969.68</b>	<b>100.00</b>	<b>10370.57</b>	<b>100.00</b>	<b>4032.70</b>	<b>100.00</b>	<b>2027.44</b>	<b>100.00</b>

Source: GoI Budget Estimates 2007–08.

### BACKWARD REGIONS GRANT FUND (BRGF)

7.1.28. The development of backward regions has been a major concern of planners in India. However, prior to the Tenth Plan, the issue of development of backward areas was approached as primarily one of development of States through the formula for distribution of Central Assistance which was weighted in favour of less developed States and through Special Area Programmes such as Hill Area Development Programme, Border Area Development Programme, Drought Prone Area Programme, Tribal

Sub-Plan, and so on. The emphasis was on backwardness in terms of economic performance, though the impact of historical and social factors in economic matters was also recognized. It was also observed that special development schemes should not be mere palliatives but the potential for growth present in most backward areas needs to be tapped if these schemes are to have an impact.

7.1.29. The Mid-Term Appraisal of the Ninth Plan showed that despite these efforts, one of the most serious problems



facing the country was the wide disparity and regional imbalances between States, and within a State between districts. It was these pockets of high poverty, low growth and poor governance that were slowing down the growth and development of the country. In the Tenth Plan, it was decided to have a new approach to target these areas through a specific programme for Backward Areas, and the Rashtriya Sam Vikas Yojana (RSVY) was introduced in 2003–04.

7.1.30. The Rashtriya Sam Vikas Yojana covered 147 districts. Each district was to receive Rs 45 crore for schemes that would address the problems of low agricultural productivity, unemployment and fill critical gaps in infrastructure. Each district prepared a three-year Action Plan which showed the flow of funds from various schemes into the sector which was considered for additionality. An amount of Rs 4673 crore was released under RSVY during the Tenth Plan period. Thirty-three districts received the full allocation of Rs 45 crore during the Tenth Plan while others are in various stages of completion of the programme. Keeping in view the experience of the operation of the Programme in the first two years, it was decided that the process of implementation needed to be changed to provide a more participative and holistic approach and to involve PRIs. Thus, BRGF was initiated with two major changes, namely, the involvement of PRIs not only in the choice of schemes but also in their implementation and supervision, and the preparation of district plans which would ensure convergence and prevent duplication

7.1.31. The BRGF aims to help converge and add value to other programmes, like Bharat Nirman and NREGP, which are explicitly designed to meet rural infrastructural needs but which need supplementation to address critical gaps. It aims at catalysing development in backward areas by: (i) providing infrastructure; (ii) promoting good governance and agrarian reforms; (iii) converging, through supplementary infrastructure and capacity building, the substantial existing development inflows into these districts.

7.1.32. The Fund will accordingly provide financial resources for supplementing and converging existing development inflows into identified districts, so as to:

- Bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows;

- To this end strengthen Panchayat and Municipality level governance with more appropriate capacity building to facilitate participatory planning, decision making, implementation and monitoring and to reflect local felt needs;
- Provide professional support to local bodies for planning, implementation and monitoring their plans;
- Improve the performance and delivery of critical functions assigned to Panchayats, and counter possible efficiency and equity losses on account of inadequate local capacity.

7.1.33. A series of exercises have been undertaken to identify backward areas. Districts identified for coverage under RSVY used the criteria recommended by the ‘Task Force on Identification of Districts for Wage and Self-Employment Programmes’ (Planning Commission, 2003). The three criteria used were agricultural wage rate, value of output per agricultural worker and SC/ST population. However, the number of districts to be covered in a non-Special Category State was based on the proportion of poor in the State while in the case of Special Category States, population was the basis. The districts under BRGF include all the 200 districts covered under the first phase of NREGP which also used the same three criteria. Fifty districts (that were not covered under the list of 200 NREGP districts but were left out of the 170 districts identified by the Inter Ministry Task Group on Redressing Growing Regional Imbalances) were added to make a total of 250 districts for coverage under BRGF.

7.1.34. The BRGF will be anchored in a well conceived, participatory district plan by implementation of programmes selected through peoples’ participation for which PRIs from the village up to the district level will be the authorities for planning and implementation. The dominant features include: (i) consolidation of sub-district plans by the District Planning Committees (DPC); (ii) convergence of all on-going Central Sector, Centrally Sponsored and State Plan Schemes operating at the sub district level; (iii) flexibility in the form of untied grants which may be used by Panchayats and Urban Local Bodies (ULBs) guided by transparent norms for filling critical gaps vital for development; (iv) capacity building grants for all stakeholders including professional support for preparation and consolidation of district plans; (v) empowerment of district-level local government institutions with adequate investments for social

development such as education, health, food security, and so on; (vi) provision for specific social assistance programmes designed to deliver infrastructure and other financial support needed by them; (vii) concentration on pro-poor infrastructure with transparent norms for distribution of funds among various levels of rural and ULBs with focus on backward areas and disadvantaged people; and (viii) stress on development of assets and livelihood of the economically and socially weaker sections.

7.1.35. The scheme has two components, namely, (i) Districts Component covering 250 districts and (ii) Special Plans for Bihar and the Kalahandi–Bolangir–Koraput (KBK) districts of Orissa.

7.1.36. The Districts Component of BRGF covers 250 districts and has two funding windows, namely, (i) Capability Building Fund, and (ii) a substantially untied grant. The guidelines for BRGF already issued by the Ministry of Panchayati Raj in consultation with the Planning Commission contain detailed provisions for the processes of planning, capacity building, approvals and implementation of the district component.

7.1.37. In addition to the funding of the Districts Component of the programme, the Special Plans for Bihar and the KBK districts of Orissa, which were being funded under the erstwhile RSVY during the Tenth Plan, will also be funded under the BRGF during the Eleventh Five Year Plan.

7.1.38. The Special Plan for Bihar had been formulated, in consultation with the State Government of Bihar, to bring about improvement in sectors such as power, road connectivity, irrigation, forestry and watershed development. The prime emphasis has been laid on improvement of roads and power projects in the State under the Special Plan. An allocation of Rs 1000 crore per annum was being made for the Special Plan during the Tenth Five Year Plan period. The same allocation, that is, Rs 1000 crore per annum, will continue to be made during the Eleventh Five Year Plan period.

7.1.39. The KBK region comprises the undivided Kalahandi–Bolangir–Koraput districts situated in the southern and western parts of Orissa which have since been divided into eight districts, namely, Kalahandi, Nuapada, Bolangir, Sonapur, Koraput, Nabrangpur, Malkangiri, and

Rayagada. A Revised Long-Term Action Plan was drawn up for these districts and the Planning Commission has been providing ACA to this region since 1998–99. To make the planning and implementation process more effective, the Central Government has been funding a Special Plan for these districts since 2002–03 using a project based approach and an innovative delivery and monitoring system. The Special Plan focus is on tackling the main problems of drought proofing, livelihood support, connectivity, health and education as per local priorities. In the Eleventh Plan, the total allocation for the KBK districts will be protected at Rs 250 crore per annum. These districts will be funded as per the BRGF district norms and the balance will be provided under the Special Plan.

7.1.40. It has been decided to provide Rs 5820 crore per annum during the Eleventh Five Year Plan for the two components, that is, the Districts Component and the Special Plans for Bihar and the KBK districts of Orissa. The total provision for BRGF during the Eleventh Five Year Plan would be Rs 29100 crore.

#### HILL AREA DEVELOPMENT PROGRAMME (HADP)/ WESTERN GHATS DEVELOPMENT PROGRAMME (WGDP)

7.1.41. The HADP/WGDP have been in operation since the Fifth Five Year Plan in designated hill areas. Under these programmes, SCA is given to designated hill areas in order to supplement the efforts of the State Governments in the development of these ecologically fragile areas.

7.1.42. Areas under HADP were identified in 1965 by a Committee of the NDC and areas to be covered by WGDP were recommended in 1972 by the HLC set up for the purpose. After the formation of Uttaranchal (now Uttarakhand) in 2001, the designated areas covered under HADP/WGDP include:

- Two hill districts of Assam—North Cachar and Karbi Anglong
- Major part of Darjeeling district of West Bengal
- Nilgiris district of Tamil Nadu
- 171 talukas of WGDP comprising the Western Ghats in Maharashtra (63 talukas), Karnataka (40 talukas), Kerala (32 talukas), Tamil Nadu (33 talukas), and Goa (3 talukas).

7.1.43. The main objectives of the programme have been eco-preservation and eco-restoration with emphasis on

preservation of biodiversity and rejuvenation of the hill ecology. For the hill areas covered under HADP, the sub-plan approach has been adopted. The State Governments concerned prepare their total plan comprising of flow of funds from the State Plan, SCA made available under HADP and other sources. In the case of WGDP, the schematic approach was followed since the flow of funds from the State Plan to the taluka, which is the unit of demarcation, is difficult to quantify. Under WGDP, the States were advised to prepare their plans on watershed basis. Watershed-based development continued to be the basic thrust area of the programme. Allocation for the programme has remained almost static during the Tenth Plan period at Rs 160 crore. It was only during 2006–07 that the allocation was stepped up to Rs 250 crore.

7.1.44. Evaluation studies which have been carried out to assess the efficacy of these programmes have shown that while it is not possible to isolate the impact of the programme, the outcome of these programmes are visible in the form of increase in the level of the water table, preservation of forest area, increase in irrigated area, decrease in fallow land, increase in income, and so on.

7.1.45. The HADP and the WGDP will be continued in the Eleventh Plan with renewed vigour so that the natural resources of these fragile areas can be used in a sustainable manner based on environment-friendly technologies. These programmes need to be continued for the following reasons: first, most of the hill areas lack infrastructure facilities particularly roads, power, education and health facilities. Second, most of the hill areas lack political power and consequently adequate funding. Third, many of the programmes are not suitable to hill areas. For example, wages are often higher in the hill areas than the wages under wage employment programmes, and normally machines are required for earthwork as the rocky terrain is not suitable for manual labour. This also holds true for the norms set for some programmes as settlements are often small hamlets which do not qualify for coverage or are too expensive to cover. Hence, local solutions have to be found and encouraged.

7.1.46. The objectives would be two-fold—ecological balance and preservation as well as creation of sustainable livelihood opportunities.

7.1.47. Keeping in view the existing administrative and fund requirements of HADP areas, it could perhaps be more appropriate to have a different approach for HADP areas compared to WGDP areas. In the case of HADP areas, the district planning guidelines should be followed. District Plans should be prepared based on the vision for the district through a participative process starting from the grass roots level. This would involve articulation of a vision in each Planning unit right down to the village level. This vision would address the three basic aspects of development, namely, human development, infrastructure development and development of the productive sector. The Bill proposed to be introduced in Parliament to include the Darjeeling Gorkha Hill Council Area in the Sixth Schedule should be expeditiously considered.

7.1.48. In the case of the WGDP areas, the plan for these areas should be prepared as part of the district plan. While preparing the district plan, it should be ensured that WGDP areas receive priority and are brought at par with the best developed areas of the State. The ecological and biodiversity issues are to be dealt with on high priority. These areas should be given priority under other schemes, particularly the flagship schemes including Bharat Nirman, SSA, NRHM, and so on.

7.1.49. The State Governments need to allocate funds to the more fragile and backward pockets of the Western Ghats talukas. Keeping in view the increasing fragility of the hill areas, the allocation for the programme should be Rs 2500 crore for the Eleventh Plan.

#### BORDER AREA DEVELOPMENT PROGRAMME (BADP)

7.1.50. The BADP introduced during the Seventh Plan, aims at making special efforts for socio-economic development of the border areas and to promote a sense of security among the people living in these areas. The programme was revamped in the Eighth Plan and extended to the States adjoining the international border with Bangladesh and it was further extended during the Ninth Plan to the States which have borders with Myanmar, China, Bhutan, and Nepal.

7.1.51. The programme is a major intervention of the Central Government and is a part of the comprehensive approach to Border Management. The main aim has been to meet the special needs of people living in remote and inaccessible areas situated near international land borders.

7.1.52. On the basis of the report of the Task Force on BADP, it has been decided that the strategy for its implementation during the Eleventh Plan would be as follows:

- To accord high priority to the border areas (villages/blocks) in all the schemes of Bharat Nirman and other flagship programmes of the GoI and to saturate the border areas with full coverage of these schemes/programmes during the Eleventh Five Year Plan period, or earlier. To this end, appropriate modifications will be made in the relevant guidelines. The Planning Commission has comprehensively identified the border areas (villages/blocks/districts) and this data will be made available to all the ministries to facilitate early action.
- Ministries/Departments which do have programmes, schemes and projects focused on border areas, would initiate suitable programmes and activities.
- The Ministries of Power, Civil Aviation, IT, Telecom, Railways and Road Transport and Highways would prepare comprehensive proposals for infrastructure development in the border areas. These proposals, which would form part of the existing programmes and activities of the ministries, will then be collated with the overall infrastructure Plan for Border Areas. All incomplete large projects in border areas will receive priority for completion.
- Particular emphasis will be given to skill development and vocational education in the border areas. To this end, the Ministry of Labour and Employment and the Ministry of Human Resource Development would suitably re-orient their existing programmes, in consultation with the Planning Commission. Priority will be given to the border districts in the establishment of government sector polytechnics/ITIs/Skill Facilitation Centres.
- While modifying the guidelines, the relevant ministries will also revise the cost norms for border areas (villages/blocks/districts) and provide for necessary flexibility in order to accommodate accessibility issues.
- The Ministry of Finance will ensure by 31 March 2008 that all border blocks have at least one channel of Banking, be it a commercial bank, a cooperative institution or an RRB. The Ministry of Finance would also ensure that appropriate linkages with the overall plan for border development are developed in consultation with the National Bank for Agriculture

and Rural Development (NABARD) and the Planning Commission.

- The planning process for the preparation of comprehensive perspective and annual plans for Gram Panchayats and Blocks on participatory basis should be significantly strengthened on the basis of guidelines issued by the Planning Commission and contained in the report of the Expert Group on the Planning at the Grassroot Level (Ministry of Panchayati Raj, 2006). These plans must show the convergence of the flow of funds for all ongoing Central and States programmes/schemes and identify the gaps in physical and social infrastructure and the livelihood options which should then be filled through funds available from BADP. Preparation of these plans and their use for all development activities, including BADP, should be insisted upon and arrangements for professional support and capacity development of PRIs, District Autonomous Councils, Traditional Village Bodies and DPC should be initiated.
- The Ministry of Home Affairs would augment the funds given to Para Military Forces guarding the border areas (namely, BSF, ITBP, Assam Rifles, and SSB) so that they too can undertake some civilian welfare activities in order to enhance their rapport with the civilian population in these areas.
- Since most of the border areas are remote and inaccessible, flexible financing through untied grants for attracting trained staff and participation of NGOs should be provided to strengthen the institutions and the personnel working in these areas.
- The Home Ministry would also undertake a special review of the infrastructure available at International Check Posts and Land Customs Stations. If required, additional funds would be earmarked under BADP for this purpose.

7.1.53. It is clear, therefore, that backward States and districts are being allocated a large proportion of the funds available under the flagship programmes. The effectiveness of these programmes will depend on the absorptive capacity of these States and regions. As administration in these areas tends to be weak and thin, this is an area which will require special attention. BRGF provides for strengthening of administrative machinery to deliver programmes more extensively. Similar provisions are also made in NREGP and other flagship programmes.

Local recruitment by PRIs can go a long way in ensuring attendance and availability of staff in remote areas. The State Governments also find it easier to invest in better developed areas as implementing agencies are available there. Backward areas also lack the voice and vote as they are often hilly, desert, forested, border or otherwise thinly populated areas. The other issue is the withdrawal of State Plan funds from these areas once Central funds become available. To circumvent this and ensure attention to these areas, district plans must be drawn up showing the availability of funds from all sources.

## INTRA-STATE DISPARITIES AND DISTRICT PLANNING

### Statistical Database

#### DISTRICT DOMESTIC PRODUCT (DDP) AND DISTRICT POVERTY ESTIMATES

7.1.54. That severe disparities exist between the districts and regions within States is well known, but statistics generated on the basis of a uniform methodology have yet to become easily available. Many States have been preparing estimates of the GDP of districts for quite some time now. However, these estimates are not comparable across States. It is only recently that the Central Statistical Organization (CSO) has come out with a uniform methodology for computation of DDP that will now be used throughout the country for these estimates. During the Eleventh Plan Period, therefore, the database for assessing the relative backwardness of districts would get substantially improved. Similarly, the poverty estimates prepared by the Planning Commission are available only at the State level and not for divisions below the State level. There are problems of sample size that do not permit the computation of poverty estimates at the district level at present. The Planning Commission has engaged the Indian Statistical Institute, Kolkata, to develop a methodology that will be capable of generating statistically valid estimates of poverty at district level from the existing NSSO sample data. Once this methodology is put in place, we should be able to obtain a better picture of the variation in poverty levels across districts within a State.

#### DISTRICT HEALTH PROFILE

7.1.55. During the Eleventh Plan period, it is proposed to start the preparation of District Health Profiles for all districts in the country based on an annual health survey

undertaken through the Registrar General. The need for this has arisen because of the partial nature of coverage of the Civil Registration System.

#### STATE HUMAN DEVELOPMENT REPORTS (SHDR)

7.1.56. India today has the largest programme of any country in the world for the preparation of Human Development Reports (HDRs) at the sub-national (State and lower) level. As on date, 18 States have published State HDRs (SHDRs). Madhya Pradesh has already brought out three SHDRs, while Karnataka has published two. Several other States are also in the process of preparation of their second SHDR. Even with the problems at present regarding data, one of the major contributions of SHDR preparation has been the documenting and highlighting of inter se disparities among districts. The State HDRs have computed HDIs for each of the districts in the States. These reports are based on available summary indicators at the present time of the relative standing of districts on a development scale. The actual values of district HDIs are not comparable across the States because of differences in methodology, different data sources, the method of construction of indices, and so on. However, HDIs computed for districts within a State are comparable. The following table summarizes the range in HDIs among the districts within each State in comparison with the average for that State.

7.1.57. It is clear from Table 7.1.8 that in some States with high average level of development, there is a wide variation in the HDI of individual districts. For example, Maharashtra has calculated HDI of 1.00 for Mumbai city. However, considering this as an outlier, the next highest HDI in Maharashtra is 0.82 for Thane district. The lowest HDI for any district is only 0.210 (Gadchiroli). Even after removing the effect of the district with HDI of 1.0, the coefficient of variation for Maharashtra is 30.50% which remains the highest in the country. This shows the extent of intra-State disparity. On the contrary, all districts in Kerala lie between a range of 0.749 and 0.801, and with a coefficient of variation of only 2.37%, thereby denoting very limited intra-district disparity.

7.1.58. In States that have already published SHDRs, the emphasis now is on the preparation of District Human Development Reports (DHDRs), at least in a few selected districts to start with. As of date, DHDR preparation is



**TABLE 7.1.8**  
**Disparities in State HDI**

S. No	State	No. of Districts in the State	State HDI	Highest HDI for a District in the State	Lowest HDI for a District in the State	Coefficient of Variation %
1.	Arunachal Pradesh	17	0.515	0.660	0.362	18.36
2.	Assam	23	0.407	0.650	0.214	27.99
3.	Chhattisgarh	16	0.471	0.625	0.264	21.16
4.	Gujarat	25	0.479	0.582	0.309	16.14
5.	Himachal Pradesh	12	0.433	0.534	0.390	11.14
6.	Karnataka	27	0.633	0.753	0.547	7.62
7.	Kerala	14	0.773	0.801	0.749	2.37*
8.	Madhya Pradesh	45	0.394	0.694	0.372	11.37
9.	Maharashtra	34	0.580	1.000	0.210	36.55
10.	Nagaland	8	0.620	0.733	0.450	15.89
11.	Orissa	30	0.404	0.736	0.389	16.94
12.	Punjab	17	0.537	0.761	0.633	4.93
13.	Rajasthan	32	0.424	0.656	0.456	8.88
14.	Sikkim	4	0.454	0.501	0.391	8.92
15.	Tamil Nadu	29	0.657	0.757	0.584	5.97
16.	Uttar Pradesh	70	0.532	0.710	0.366	11.59
17.	West Bengal	18	0.610	0.780	0.440	16.68

Source: SHDRs.

under way in over 45 districts all over the country. The process of preparation of DHDR is in itself as important as the final product. This is because the process is one of capacity building. Widespread participation among all the government departments dealing with Human Development, academic institutions, Civil Society organizations, NGOs, and so on, is the route adopted for preparation of DHDRs. This enables active dissemination of the findings and recommendations of SHDR on the one hand, and awareness building and sensitization among all key stake holders at the district and lower levels on the other. The process of preparation of DHDR is to be closely linked to the district planning process. During the Eleventh Plan period, all the districts in the country would need to be progressively covered. The DHDRs attempt to identify and quantify the status of Human Development in the administrative sub-divisions of the district. This process helps in assessing the development imbalance within the district and throws up possible solutions to these problems. Various districts have used innovative tools for this purpose, including extensive use of computerized (IT) NRDBMS. An advantage of the process of drilling down is that often, at the grass roots level, data problems are not as severe as at an intermediate aggregate level. In some States, a set of indicators that can be monitored at the Gram Panchayat level have been

identified and efforts are on to vest the Gram Panchayats themselves with the responsibility of generating this information for their own use. One of the advantages of DHDRs has been stated to be the increased use of hard data in planning at the local level, and therefore of more rational decision making.

**7.1.59.** In the Eleventh Plan, the Planning Commission has issued detailed guidelines to the States reiterating the necessity of preparation of district plans through the DPC that are Constitutional bodies created for this purpose. In fact, in some of the new CSS and ACA Schemes, the preparation of the district plan has been insisted upon as a pre-requisite for accessing funds. Elsewhere in the Plan document, the details of these guidelines have been spelt out. This emphasis in the Planning process, it is hoped, will provide an institutional basis for the regular and systematic study of intra-State disparities as part of the Annual Plan and Five Year Plan processes.

#### INTERVENTIONS BY STATES

**7.1.60.** Simultaneously, many State Governments are also taking action to redress the problem of regional imbalances. In West Bengal, 4612 revenue villages have been identified for special attention. Female literacy and employment opportunity were used as variables to capture the extent

of poverty. Thus villages in which over 60% of the population in the working age group are either non-workers or marginal workers and villages with female illiteracy over 70% have been identified for special attention. The services to be universalized in these villages are: (i) food security; (ii) social assistance; (iii) elementary education with emphasis on enrolment and retention of girl children; (iv) nutrition programmes; (v) employment generation; (vi) housing for the houseless; (vii) formation of SHGs and bank linkages to them; (viii) sustainable drinking water and strengthened public health services. As many of these villages are small hamlets hitherto excluded from proper connectivity and social infrastructure, they are to be given high priority now under all relevant schemes. The District Magistrates and other senior officials have been asked to visit these villages and ensure time-bound implementation of their activities. In addition to sensitizing the Panchayats at all levels about the priority to be given to these villages, all government departments have been instructed by the Chief Secretary to conduct special review of the implementation of their development programmes in these villages. The Government of West Bengal has been providing additional financial assistance since 2006–07 for meeting the critical gaps in these backward villages.

7.1.61. In Andhra Pradesh identified backward villages have been selected for saturation/universalization under eight schemes/activities under the 'Indiramma' Village Scheme. These schemes are: (i) Pension for all eligible old persons, persons with disability and widows; (ii) weaker section housing; (iii) sustainable drinking water; (iv) Power supply to every household; (v) sanitary latrines in every household; (vi) enrolment and drop out prevention in elementary education; (vii) Anganwadi with building and (viii) improvements in primary health with 100% immunization, 100% institutional delivery and 100% maternity benefit for eligible pregnant women.

7.1.62. The Government of Gujarat had set up a committee to study the backwardness of talukas in 2004. This Committee has now identified 30 talukas falling under least developed talukas in the State, based on 44 indicators. The Government of Gujarat has developed a strategy to raise the level of development of these talukas in a time-bound manner. The senior most officers of the rank of Secretary and above have been asked to voluntarily adopt one taluka each to prepare and implement development plans for these talukas in a time-bound programme.

7.1.63. Thus, it is seen that from a general area approach there is a move towards more vulnerable settlements. This approach of identifying settlements which need special attention will help to concentrate development efforts in laggard habitations which either because of their isolation or the social composition of their population, continue to depress the HDI and other development indicators of the district/State.

## 7.2 NORTH EASTERN REGION

7.2.1. The North Eastern Region (NER) of the country forms an area of low per capita income and major growth requirements. Growth in social infrastructure through national programmes must be complemented by development of physical and economic infrastructure. In this context, the development efforts of the States have to be supplemented in order to minimize certain distinct geo-physical and historical constraints.

### BASIC FEATURES OF THE NORTH EASTERN REGION

7.2.2. The process of development had been slow in the NER for many reasons. Traditional system of self-governance and social customs of livelihood in NER remained virtually untouched during the British rule. The creation of a rail network for linking tea-growing areas for commercial interests was the only major economic activities taken up in the Region during this period. The partition of the country in 1947 further isolated the region. This has also disturbed the socio-economic equations in many parts of the Region resulting in the demand for autonomy by the relatively more backward areas. The late participation in planned development process by some of the North Eastern States (for example, Nagaland and Sikkim) has also deprived the region from the benefit of the strategies adopted for infrastructure improvement and creation of basic minimum services for some years after independence. While development efforts over the years have made some impact (as reflected in some of the HDIs which are comparable with the rest of the country), the region is deficit in physical infrastructure which has a multiplier effect on economic development. The basic development indicators of NER are provided in Annexure 7.2.1.

### NER AS A SPECIAL CATEGORY FOR DEVELOPMENT EFFORTS

7.2.3. Recognizing the special requirements of the region and the need for significant levels of government investment, the North Eastern States have been categorized



**TABLE 7.2.1**  
**Central Assistance as Percentage of GSDP during the Tenth Plan**

S. No.	Category	2002–03	2003–04	2004–05	2005–06	2006–07
1.	North Eastern States	9.07	9.18	10.67	10.55	10.60
2.	Special Category States	9.30	10.14	10.44	10.03	9.65
3.	Non-Special Category States	2.43	2.30	2.26	2.05	1.94
4.	All-India	2.83	2.75	2.72	2.49	2.35

as Special Category States and Central Plan assistance to these States is provided on liberal terms. For the Special Category States of NER, the per capita level of Central assistance is among the highest in the country. A statement indicating total Central assistance provided during Tenth Plan indicating per capita Central assistance is shown in Annexure 7.2.2(a). It may be observed that against the all-India average of Rs 683.94 the per capita Central assistance, in the NER was Rs 2574.98 in 2006–07. It may be observed that per capita Central assistance is the highest in the State of Sikkim. A statement indicating total Central assistance as a percentage of GSDP in the NE States, Special Category States and Non-Special Category States is given in Table 7.2.1.

7.2.4. It may be observed that Central Assistance as a percentage of GSDP of Special Category States had been considerably high as compared to Non-special Category States during the Tenth Plan period.

#### **SPECIAL INITIATIVES (10% MANDATORY EARMARKING OF FUNDS FOR NER)**

7.2.5. Special attention has been given to the economic development of the region from the Eighth Plan period onwards. In October 1996, the Central Government's announcement of 'New Initiatives for the North Eastern Region' included a number of measures for the development of the NER which covered policy changes, special area development and development projects in key sectors. In order to mobilize financial resources, a policy decision was taken to earmark at least 10% of the Plan Budget(s) of the Central ministries/departments for development of the North Eastern States.

#### **NON-LAPSABLE CENTRAL POOL OF RESOURCES (NLCRP) AND SETTING UP OF MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION**

7.2.6. The Non-Lapsable Central Pool of Resources (NLCPR) created in 1997–98 (operationalized in 1998–

99) is the accrual of the unspent balance of the mandatory 10% budgetary allocation of the Ministries/Department. The broad objectives of the NLCPR Scheme is to ensure speedy development of infrastructure by way of filling the existing infrastructural gaps (economic and social) in the region by making funds available from the pool.

7.2.7. The Ministry of Development of North Eastern Region (DoNER) was set up in 2001 to coordinate and give impetus to the Centre's development efforts pertaining to socio-economic development of the region. NLCPR, which was initially handled by the Planning Commission, was transferred to DoNER after its creation. DoNER is responsible for coordination the planning, execution and monitoring of the developmental schemes and projects in NER; NEC; NEDFI; North Eastern Regional Agricultural Marketing Corporation Limited; NEHHDC, and so on. While DoNER is to coordinate with various Ministries/Departments primarily concerned with development and welfare activities in NER, the respective Ministries/Departments are responsible in respect of subjects allocated to them.

#### **FLOW OF RESOURCES THROUGH SPECIAL INITIATIVES**

7.2.8. A statement indicating year-wise expenditure by Central Ministries (other than exempted Ministries/Departments) in NER is given in Annexure 7.2.2(b). According to the assessment made by DoNER, the Central Ministries/Departments (except the exempted Ministries/Departments) invested Rs 35186.30 crore from 1998–99 to 2005–06 (2006–07 estimates are not available). The utilization of the 10% mandatory earmarked funds by the Central Ministries has gone up in recent years. An amount of Rs 10426.36 crore has accrued to NLCPR till the end March 2006. Out of this accrual, an amount of Rs 4660.46 crore has also been released to the States from NLCPR for specific projects. As on 31 May 2007, a total of 836 projects had been taken up (including four interstate/regional projects), out of which 389 projects have been completed.

### SPECIAL PACKAGES FOR NER

7.2.9. The Central Government has also been announcing special packages for socio-economic development of the NER from time to time. Priority funding (both in the Central plan and State Plan) are being arranged from time to time for expeditious implementation of these packages.

### NORTH EASTERN COUNCIL (NEC)

7.2.10. The NEC was established under the NEC Act, 1971 to act as an advisory body in respect of socio-economic development and balanced development of the seven States of the NER. In 2002, Sikkim was included by an amendment and the Council has been designated the Regional Planning Body. The functions of NEC are to discuss matters of common interest in the field of economic and social planning of the region and advise the governments (Central and State) as to the action to be taken on such matters, formulate Regional Plans and recommend the manner in which the Regional Plan may be implemented. NEC is also to monitor the progress of project implementation and recommend to the Central Government the quantum of financial assistance to be given to the States. However, the absence of a well coordinated Regional Plan is being felt constantly.

7.2.11. Since its inception, NEC has invested Rs 7182.61 crore till the end of the Tenth Plan. Statement of sector-wise investment by NEC from 1973 to 2006–07 is given in Table 7.2.2.

**TABLE 7.2.2**  
**Sector-wise Investment by NEC from 1973 to 2006–07**

Sectors	Rs crore
Agriculture and Allied Sectors	241.53
Water and Power	2586.27
Industry and Mining	110.36
Transport and Communication	3315.32
Manpower Development	393.15
Social and community services	472.85
General Services	48.07
Externally Aided Projects	15.06
<b>Total</b>	<b>7182.61</b>

7.2.12. The major investments had been in transport and communication followed by the water and power sector. Investments include construction of roads, upgradation/improvement of airports, survey and investigation of hydroelectric power projects, funding support for hydro

and gas based power projects, transmission lines and transformation projects, and so on. Schemes taken up under the health sector are development of technical manpower (MBBS, postgraduate courses, para-medical and other specialists/super specialists' courses), improvement of health infrastructure/health centres, and so on. Important regional institutes funded by the NEC are the North East Police Academy (NEPA); Regional Institute of Medical Sciences (RIMS), Imphal; Regional Institute of Para-medical and Nursing (RIPAN), Aizawl; Regional College of Nursing, Guwahati; Regional Dental College (RDC), Guwahati; LGBRIMH, Tezpur; and Regional Institute of Pharmaceutical Science and Technology, Agartala. Based on the suggestion made by the Planning Commission, RIMS, Imphal; LGB Regional Institute of Mental Health (LGBRIMH), Tezpur; RIPAN, Aizawl; have been transferred to the Health Ministry and NEPA has been transferred to the Ministry of Home Affairs from the Annual Plan 2007–08.

7.2.13. Notwithstanding the volume of investments made by NEC, it is in the role definition and discharging of it that NEC requires a critical review. The function of NEC was to have been an effective regional planning body which will act as a bridge between the State's priorities and the regional perspectives and ensure well orchestrated investments of States and Central resources within a common regional perspective.

### TOTAL FLOW OF PLAN INVESTMENT RESOURCES IN THE TENTH PLAN

7.2.14. As per the assessment made by DoNER, total Plan investment by the Centre and States of the NER had been approximately Rs 80000 crore during the Tenth Plan through various windows of funding (including Central assistance provided to the States under their plans) indicated above (Annexure 7.2.3). These include project-based assistance under the State Plan, NLCPR, NEC and the Central Ministries as well as CSSs.

7.2.15. It is often criticized that despite these huge investments the impact is not visible. Major projects in the transport and communication, irrigation and also in the power sectors are incomplete due to poor planning and execution. The need for a coordinated approach to investment is evident. Although it would be difficult to come to a definite conclusion on the impact of the investments made so far without any evaluation study, it is prudent to

intensify closer monitoring and evaluation of outcomes from investment made as a self-improvement mechanism. It would be necessary to evaluate some of the programmes under DoNER (NEC, NLCPR).

7.2.16. The NEC's continued role as a Regional Planning Body is crucial for overall development of the region. Priorities for development, especially those which have a regional bearing, must not get diluted while selecting projects for sanction. The forward and backward linkages of developmental projects must be given due consideration. It is observed that major projects suffer immense time and cost overruns due to poor management and little accountability. NEC's role as a planning and coordinating body has to be considerably strengthened and its procedures streamlined, so that it may act as a mentor to the States in their quest to bring about greater inter-regional coordination. NLCPR funds are also sanctioned based on the priorities fixed by the States, at times without any regard to the regional thrust. DoNER's coordinating role for Central investments in the NER has become very effective in the Tenth Plan. It needs to be further strengthened. Some important decisions taken in this regard in the review meetings must be followed up. One of the important issue DoNER needs to stress is the monitoring of economic activity in terms of availability of credit.

#### CENTRALLY SPONSORED SCHEMES (CSS)

7.2.17. It is evident from the plan performance review that North Eastern States were unable to contribute the State's share as per the norms of various CSS due to fund constraints. As a result, North Eastern States are not availing of the programmes to the fullest extent. North Eastern States have been demanding an uniform funding pattern (90:10) for CSS for the NER. There is a need for a clear policy so that North Eastern States are able to take full advantage of all the CSS.

#### FINANCIAL STATUS OF STATES

7.2.18. The States of the NER have a weak financial base and also limited scope to raise additional resources. While some States have made some efforts in controlling expenditure and have taken initiatives in fiscal reforms under the direction of the Ministry of Finance, other States in NER need to step up their efforts. Often, the full benefit which should be apparent from the total fund flow has been curtailed as the Central funds earmarked

for development have been diverted towards meeting the non-plan revenue gap.

7.2.19. One of the critical developments having a major affect on the financial position of the States is the revision in the salaries of the State Government employees comparable to the Central pay pattern based on Fifth Central Pay Commission's recommendations. This has created a heavy burden, especially in the light of the States' inability to generate their own resources. Due to the sharp increase in the salary bill, States depend more on borrowing to finance their revenue expenditure.

7.2.20. Analysis of the States' plan resources during the Tenth Plan period shows that Sikkim, Nagaland, and Mizoram could achieve the projected SOR for the Tenth Plan. However, there had been deterioration in States Own Resources (SOR) of the remaining States. Additional Resource Mobilization (ARM) had been negligible in the North Eastern States. Funding of the Plan had mainly been through Central Assistance during the period.

#### FINANCIAL INSTITUTIONS AND CREDIT AVAILABILITY

7.2.21. Availability of credit is one of the critical weaknesses in the development of economic activity. Various indicators for NER show that despite improvement in banking facilities the last five years, the level of financial outreach is low. Credit to Net State Domestic Product (NSDP) ratio of all the States ranging from nine in Nagaland to 41 in Meghalaya, is lower than the national average of 62. The ratio of current and savings accounts of scheduled commercial banks per 100 adult population as on 31 March 2005, ranged from 19.5 in Manipur to 40.9 in Meghalaya, with a regional average of 37.3, distinctly lower than the national average of 59.3 (Table 7.2.3).

7.2.22. The main impediments for banking and financial development are topography of the region, sparse population settlements, infrastructural bottlenecks, smaller size of the market, lack of entrepreneurship, law and order conditions in some parts of NER, land tenure system especially in hilly areas, development strategy based on grants rather than loans, low network of branches, lack of simple, customized and flexible financial products to suit the needs of the local population, poor loan recovery experience, lack of awareness of banking services and inadequate payment systems.

**TABLE 7.2.3**  
**Indicators of Banking Development in the North East**

S. No.	States	APPBO		CD Ratio		Current and Savings Accounts per 100 adult		Credit Accounts per 100 Adult population		Per Capita Deposit (in Rs) Population		Per Capita Credit (in Rs)		Credit to NSDP Ratio Latest NSDP data
		2001	2005	2001	2005	2001	2005	2001	2005	2001	2005	2001	2005	
1	Arunachal Pradesh	15813	16211	15	22	45.9	37.8	6.8	6.2	5629	10869	786	2287	1
2	Assam	21008	20960	32	35	39.4	39.1	4.5	5.9	3701	6669	1155	2261	26
3	Manipur	28436	29791	40	42	20.1	19.5	3.2	4.0	1808	4289	717	1713	11
4	Meghalaya	12741	12658	17	44	44.3	40.9	6.9	8.3	7139	13087	1138	5281	41
5	Mizoram	11279	11278	24	48	25.8	29.0	5.4	7.7	4441	8741	1030	4028	NA
6	Nagaland	28009	27990	12	23	22.3	19.7	2.6	3.6	4513	6425	518	1356	9
7	Tripura	17438	17429	22	29	37.0	36.7	12.3	13.6	4905	8200	1015	2240	18
	NE Region	19894	19885	28	35	38.2	37.3	5.4	6.7	4003	7199	1068	2407	NA
	All India	15209	14949	57	66	55.0	59.3	9.7	13.3	9245	16700	4976	10474	62

Source: Report of the Committee on Financial Sector Plan for NER.

7.2.23. The penetration of banking in NER, particularly in the rural areas, has been very low. Though the annual growth rate of deposit for NER was more or less aligned with the national average, there is a wide variation among individual States. The CD ratio of NER as a whole, as also the individual States, was far below the national average, which is a matter of concern. The sectoral share of total credit shows significant divergence from the national pattern. The trend clearly shows the low level of commercialization of agriculture and low level of industrialization in NER. Poor recovery of loans, especially those under government-sponsored schemes, and default by borrowers act as a deterrent for granting fresh loans. Micro credit linkages of the banks with SHGs leave much scope for improvement. There is a need to upscale the operations through SHGs, especially for providing working capital and investment credit.

7.2.24. The land tenure system prevalent in most States of the region (except non-scheduled areas) restricting alienation of land from a tribal to a non-tribal, together with absence of personal ownership rights and commensurate land records, makes it difficult for the banks to lend in the region. Important suggestions have been given by committees set up for looking into the issues of credit supply in NER. Suggestions have been made for using social capital as alternative collateral and also devising an alternative to land documents for extending small credits. There are also other important suggestions for expanding credit supply for economic activity which need to be looked in to.

#### TASK FORCE ON CONNECTIVITY ON PROMOTION OF TRADE AND INVESTMENT IN NER

7.2.25. The Planning Commission constituted a Task Force on Connectivity and Promotion of Trade and Investment in NER. The main recommendations of the Task Force are completion of modified Phase A of SARDP-NE, to take the Trans Arunachal Highway on priority; road links in Manipur; completion SARDP-NE Phase B selectively based on resources availability in the Eleventh Plan; construction of a bridge at Sadia-Dholaghat over the Brahmaputra River; completion of ongoing railway projects; priority funding for identified projects; construction of three greenfield airports at Pakyong in Sikkim, Itanagar in Arunachal Pradesh and Cheithu in Kohima; modernization of airports of NER and

harnessing of the maximum potential of inland water as a mode of transport. Endeavour is on to look for possible funding arrangements for the priority projects during the Eleventh Plan.

#### SECTORAL SUMMITS

7.2.26. The North Eastern Council has been reviewing sectoral programmes of the respective ministries with regard to NER and has also suggested appropriate steps for expeditious implementation of important projects/programmes. Important suggestions have come out of these sectoral summits on Power, Health, Tourism and Hospitality, Roads, Irrigation and Flood Control and Education and Sports held during 2007.

7.2.27. NER has hydro-power potential of 63257 MW (42.54%), including Sikkim, against the all-India potential of 148701 MW. Arunachal Pradesh alone has the potential of 50328 MW which is 80% of the total hydro-power potential of the NER and 34% of the total potential of the country. Despite recognizing this potential, the desired thrust is not there as hydro power development requires huge investments. The sectoral summit on power suggested a two-pronged strategy for power generation with focus on small/localized hydel and thermal and NER power projects for local needs and high capacity hydel and thermal power projects with associated transmission lines for meeting the demands of the region and also supply to the rest of the country. Transmission, sub-transmission and distribution system improvements have been identified as one to the thrust areas for the Eleventh Plan. The summit also suggested preparation of a master plan for power development for NER, including an appropriate funding mechanism relevant to the Region.

#### FOREST RESOURCES AND NER

7.2.28. The forests of NER face unrelenting pressures from increasing population and development resulting in degradation and deforestation. Over-exploitation due to the shortening cycle of shifting cultivation is assumed to be the core driver of this forest degradation and depletion, affecting the biodiversity of the region.

7.2.29. Forest cover statistics of NER reveals some contradictory trends. One set of data (forest survey) showed a steady reduction in forest cover at an annual rate of 0.15% during 1991–2001. However, State-level



data provides a clear indication of increase in forest cover in almost all the States in 1997–2001. There is a popular perception that the biological potential for carbon finance in the forest sector of the NER is substantial. Afforestation and reforestation are being suggested for increasing forest cover in NER. However, this needs huge investment, which the States are unable to meet from their own resources. There is need for incentives to the States for increase in forest cover.

### NATURAL DISASTERS AND THE NER

7.2.30. The NER is regularly struck by natural disasters in the form of floods and landslides, though other extreme events causing disaster are rare except the disastrous earthquake of 1950. Damages caused by the menace of floods, which assume an alarming proportion, especially in the Brahmaputra and Barak Valleys of Assam, exert considerable strain on the economy not only of Assam but also other North Eastern States. Other than temporary measures like construction of embankments, long-term measures for construction of multi-purpose storage dams for moderating the effect of floods are lacking. Floods causing disruption in communication network and loss to human life and property have become almost an annual feature in Assam, Tripura, Arunachal Pradesh and other plains areas of North Eastern States. Considering the regular periodicity and gravity of such disasters, appropriate measures need to be adopted and continually refined for management and mitigation of the consequences.

### PRIMARY SECTOR DEVELOPMENT

7.2.31. The pattern of agricultural growth has been uneven across the region. The NER is a category of its own kind. The Region, which is about 8% of the country's total geographical area, produces a very meagre proportion of food grains (1.5%). The enormous potential of the region in agriculture, horticulture, animal husbandry and fisheries is contrasted by the low levels of productivity in the region, which are generally below the national average.

7.2.32. To attain sustainable development of agriculture in the Region, the availability of the critical inputs like irrigation facilities, including field drainage to prevent water logging, fertilizers, high-yielding variety (HYV) seeds and institutional credit would have to be ensured.

Large irrigation schemes may take their time. Modest but useful unexploited potential for groundwater, river lift and small diversions offer significant immediate possibilities by promoting the use of cost-effective means of irrigation. Agricultural growth can be stepped up by taking measures to improve cropping intensity. The problem of agricultural credit can be overcome by revitalizing the cooperative credit structure and availing of NABARD credit.

7.2.33. Taking into account the connectivity problem and the perishable nature of the primary produce, in the short run, greater emphasis needs to be given to food processing industries. Cultivation of vegetables, fruits and spices, and commercialization of agriculture needs to be encouraged by investing in marketing and storage facilities. Institutional reforms are needed to ensure equitable distribution of benefits from groundwater resources. The emphasis should be agricultural strategy and programmes for income enhancement of the farmer through provision of multiple livelihood opportunities.

### APPROACH AND STRATEGIES FOR THE ELEVENTH FIVE YEAR PLAN (2007–12)

7.2.34. The NER, though rich in development potential in terms of human capital and natural resources, lacks in adequate physical infrastructure which is impeding its growth. While considerable progress has been made over the years, certain crucial gaps remain. The primary sector has remained largely stagnant; the secondary sector has been handicapped due to a variety of reasons. The planning exercise has resulted mainly in the expansion of the tertiary sector. Lack of employment opportunities, especially among the educated youth, gets reflected in social disturbances, further slowing down the developmental process.

7.2.35. The Approach document for the Eleventh Plan emphasizes inclusive growth as its aim. To this end, it is the collective endeavour of the Central and State Governments to formulate appropriate policies during the Eleventh Five Year Plan for NER. As stated earlier, significant levels of government investment had been made during the Tenth Plan. Both NEC and DoNER were strengthened. The mandatory earmarking of minimum 10% of Central ministries' budget as also setting up of NLCPR have accelerated the pace of development. These steps need to be continued during the Eleventh Five Year

Plan with strategy strengthening particularly in the area of regional planning.

7.2.36. The NEC has to convert itself into an effective planning body. The long awaited Vision 2020 document needs to be finalized at the earliest. The thrust of NEC has to be the preparation of a perspective plan for each of the major/critical sectors in consultation with the States and ensure that the forward and backward linkages are accorded priority as well as pledging of funds by the State Governments annually.

7.2.37. The Approach to the Eleventh Plan document has emphasized connectivity as the key area for the development of NER. The Eleventh Plan would have a special thrust on transport infrastructure under the identified programmes and areas identified by the Task Force which would necessitate a concerted and multi-pronged action, including resource mobilization, which may also comprise of VGF. Various road development programmes, including SARDP-NE would be taken up at an accelerated pace. High priority would be accorded for converting the Meter Gauge (MG) network to Broad Gauge (BG) in the region during the Eleventh Five Year Plan period. Efforts will be made to provide rail link to all State capitals of the NER. Construction of three greenfield airports at Pakyong in Sikkim, Itanagar in Arunachal Pradesh and Cheithu in Kohima would be taken up on priority. Important airports in the NER are proposed to be modernized. In order to harness the potential of inland water as a mode of transport, and the River Brahmaputra National Waterway 2, which provides trunk route connectivity to the Region, will be made fully functional.

7.2.38. 98% of the borders of the States of NER (excluding Sikkim) are with other countries—Bhutan and China in the north, Myanmar in the east, and Bangladesh in the south and west. Economic ties with the neighbouring countries have special significance for the States of the NER due to the long, common border with neighbouring countries and proximity to South-east Asian countries. There is wide scope of generating economic activity through interaction with these countries. A transit route through these countries could also provide larger integration of several States and bring considerable mutual economic advantage. The Look East Policy, hence,

is important for bringing these areas out of isolation and gradually developing an economic identity and moving on a higher growth path. Land Customs Stations, which are the gateways for the transit of goods, services and people between neighbouring countries, need upgradation of infrastructure facilities. There are twelve Land Customs Stations in NER, which need to be strengthened on priority basis.

7.2.39. Agriculture, horticulture and related activities can be the engines of economic growth and should be the focus of development planning of the States as well as the Centre. For sustainable development of agriculture during the Eleventh Plan, the thrust would be to ensure availability of the critical inputs (irrigation, facilities of drainage, fertilizers, HYV seeds and institutional credit). Implementation of a region-specific strategy depends critically upon State-level agencies. The Central Government will provide them both technical and financial support.

7.2.40. Horticulture, including floriculture, is assuming great significance in NER. Apart from more predictable shortages of planting materials, marketing infrastructure is the weakest link in the value chain. The approach will be to substantially step up efforts in 'field to road' connectivity and also to strengthen the transportation network through dedicated road/rail/air cargo routes. There is need for greater research and training inputs for converting the horticulture produce to low volume, high value products having long shelf life. During the Eleventh Plan, the 'Technology Mission for Integrated Development of Horticulture' should address these issues. To realize the full potential of horticulture, all four stages between the producer and the consumer—production, procurement/transportation, processing and marketing/distribution—would be strengthened.

7.2.41. There is need for conscious effort in banking and financial sector development to ensure unhindered credit flow for supplementing the developmental efforts of the governments in NER. Periodic meetings between industry associations and banks would be of help in understanding the associated problems related to industries in the region. A dialogue with banking and financial institutions is necessary in order to review their existing norms and procedures and adapt suitably to respond to the special



**Box 7.2.1**  
**Critical Parameters for Growth of the North Eastern Region**

- Two-pronged growth strategy: creation of critical infrastructure and creation of employment opportunities.
- Improvement in the security, law and order and governance.
- Capacity building of implementing machinery (government functionary); technical assistance programmes for capacity building.
- Thrust on major sectors of connectivity (road, rail, air, inland waterways, telecommunication) and power with major step-up in investment in these sectors.
- Thrust on major social infrastructure: Health, Education (upgradation of quality) and Tourism, clearly identifying gaps therein, and Skill Development.
- Emphasis on the primary sector of the economy to substantially step up productivity in food grains within a period of five years. Emphasis on agriculture extension services, irrigation.
- Farm-based economic activities: Horticulture, Animal Husbandry, Fisheries, Poultry, and so on.
- Post-harvest management and marketing infrastructure.
- Synergy and dovetailing of programmes/schemes between Central ministries and the State Governments for filling up gaps in infrastructure.
- Building capacity and bringing professionalism in NEC as a Regional Planning Body.
- Active involvement of Autonomous District Councils, Panchayati Raj and local Self Government institutions, communities and Self-Help Groups in various development welfare schemes.
- Making the region an attractive destination for private sector investment and PPP.
- State-specific approach for the creation of opportunities for employment generation.
- Development of the region linked to the Look East policy of the government and development of relationship with neighboring countries of the entire region.
- Development of LCS to make international trade attractive through the North East.
- Systematic approach to infrastructure development (road/rail/power/IWT/airports) in the Region. Resources requirement for development is huge. Many of these roads or airports cannot be justified on the basis of economic viability, but these are vital for opening up the region and better integration.
- Maintenance of roads is an important aspect and needs a separate financial arrangement.
- Setting up of an interdisciplinary body for overseeing the planning and timely execution of communication projects undertaken including, inter alia, the absorption capabilities and their augmentation.

land laws and other features prevailing in the NER with a view to augmenting the flow of credit to the Region during the Eleventh Plan.

7.2.42. There is an urgent need for intensive, effective, focused and time-bound drive for capacity building of State machinery wherever States feel that the existing capacity is inadequate. There is need to revisit the 'Capacity Building' scheme of DoNER. One critical area that requires immediate re-look is the States' capacity to mobilize their own resources. The desired Plan size will depend considerably upon the ability to mobilize resources. There is realization that it is through effective control on non-plan expenditure and generation of resources in all possible areas that sustainable growth is feasible. Capacity building of personnel in this area would have to be upgraded.

7.2.43. The development of human resources needs to be taken up on the highest priority. Upgrading of skills of the workforce, as are relevant to the area, need to be emphasized. Redesigning of the educational map for quality education in the NER should be a priority concern. A holistic planning of education and vocational skills are essential to provide enough opportunities for gainful employment to the youth of the Region. This would form an interfaced core point of the Plan.

7.2.44. Health and education requires an expanded role for the States of NER for achieving the 'monitorable targets' of the Eleventh Plan. Access to essential public services such as health, education, clean drinking water and sanitation calls for strong State intervention to ensure delivery of these services. The NRHM has been launched in order

to improve the access and availability of quality health care and nutrition. However, due to the difficult terrain conditions, access to these basic services remains a concern for all. During the Eleventh Plan, the delivery mechanism will be strengthened and schematic flexibility of content as well as operationalization, and partnership with private/non-governmental organizations working in the area will be promoted.

7.2.45. Several areas of the region are sparsely inhabited or have special requirements (for example, the islands in

the Brahmaputra river) where development programmes, particularly basic services, like education and health have to be provided. State governments would be supported in all the schemes which aim at these.

7.2.46. While the above-mentioned issues are critical to the growth of the region, effective implementation and monitoring of the above programmes holds the key to any quantum jump in the growth of the region.

**ANNEXURE 7.2.I**  
**Socio-economic Indicator of North East and India**

S. No.	Indicators	Name of the States								All India
		Arunachal	Assam	Manipur	Mizoram	Meghalaya	Nagaland	Sikkim	Tripura	
<b>I. General</b>										
1.	Area(Sq. Km)—2001	83743.00	78438.00	22327.00	21081.00	22429.00	16579.00	7096.00	10486.00	3166414
2.	No. of Districts—2001	13	23	9	8	7	8	4	4	593
3.	No. of Blocks—2001	54	214	34	30	39	52	8	38	5550
4.	No. of Towns and Cities—2001	17	125	33	22	16	9	9	23	5161
5.	No. of Villages—2001	4065.00	26312.00	2391.00	817.00	6026.00	1317.00	452.00	870.00	638588
<b>II. Demography</b>										
6.	Total population-2001	1091117	26638407	2388643	891058	2306069	1988636	540493	3191168	1027015247
	(i) Rural Poulation	868429	23248994	1818224	450018	1853457	1635815	480488	2648074	741660293
	(ii) Urban Population	222688	3389413	570410	441040	452612	352821	60005.00	543094	285354954
7.	Sex Ratio(female per 1000 male)	893	935	978	935	972	900	875	948	933
8.	SC/ST polulation									
	(i) SC	6188.00	1825949	60037.00	272.00	11139.00		27165.00	555724	1666635700
	(ii) ST	705158	3308570	741141	839310	1992862	1774026	111405	993426	84326240
9.	Population density(per sqkm)	13.11	339.83	97.05	42.15	103.38	236.37	76.22	305.07	324.85
10.	BPL (1999–2000)	33.47	36.09	28.54	33.87	19.47	32.67	36.55	34.44	26.02
	(i) Rural	40.04	40.04	40.04	40.04	40.04	40.04	40.04	40.04	27.01
	(ii) Urban	7.47	7.47	7.47	7.47	7.47	7.47	7.47	7.47	23.62
<b>III. Health</b>										
11.	Crude Birth/Death rate									
	(i) Birth Rate	23.3	25.0	14.7	18.8	25.1	16.4	19.9	16.0	23.0
	(ii) Death Rate	5.0	8.7	4.1	5.1	7.5	3.8	5.1	5.7	7.6
12.	TFR	NA	2.9	NA	NA	NA	NA	NA	NA	NA
13.	IMR	37	68	13	20	49	18	30	31	58
14.	MMR	NA	301	NA	NA	NA	NA	NA	NA	301

*(Annexure 7.2.I contd.)*

(Annexure 7.2.1 contd.)

S. No.	Indicators	Name of the States								
		Arunachal	Assam	Manipur	Mizoram	Meghalaya	Nagaland	Sikkim	Tripura	All India
<b>IV.</b>	<b>Education</b>									
15.	Literacy Rate(Total)	54.3	63.3	70.5	88.8	62.6	66.6	68.8	73.2	64.8
	(a) Male	63.8	71.3	80.3	90.7	65.4	71.2	76.0	81.0	75.3
	(b) Female	43.5	54.6	60.5	86.7	59.6	61.5	60.4	64.9	53.7
16.	Gross enrolment ratio (class I-VIII) 6–14 years-2001–02	98.82	99.54	91.65	105.21	94.26	89.72	97.72	89.83	82.35
17.	Drop out ratio (1–VIII)-2001–02	60.02	69.21	37.75	59.89	76.99	53.36	63.41	69.02	54.65
<b>V.</b>	<b>Other Eco. Indicators</b>									
18.	No. of Districts with access to Safe Drinking Water(2001)	13	23	9	8	7	8	4	4	593
	(a) 100% access	0	1	2	0	1	5	0	0	
	(b) 90% access	0	5	3	0	0	2	0	1	
	(c) 80% access	10	7	2	0	2	1	3	1	
	(d) less than 20%	3	10	1.00	0	4	0	0	2	
19.	Rail Density as on 31.03.2003 (Route Kms/1000 sq. Kms)	0.02	32.09	0.06	0.07		0.78		6.14	19.22
20.	Road per 100 Sq. Kms of area(Kms.)	21.80	109.04	51.20	23.00	40.70	122.70	26.10	148.40	76.80
21.	CDR (scheduled Bank) March, 2002									
	(a) As per sanction	15.80	31.70	26.40	26.40	18.30	12.80	16.00	21.50	58.40
	(b) As per Utilisation	27.40	70.30	27.30	36.20	24.30	18.10	22.50	21.60	58.40

*Note:* Literacy Rate—percentage of literate to total population aged seven years. Per capita investment ratio is total investment (Public and Private divided by population 2001 Census).

*Source:* Census Website India—Demographic figures; Ministry of Health and Family Welfare—Health Sector.

**ANNEXURE 7.2.2**

**(a) Central Assistance for State Plans during the Tenth Plan (2002–07)**

(Rs crore)

S. No.	States	2002–03	Per Capita CA	2003–04	Per Capita CA	2004–05	Per Capita CA	2005–06	Per Capita CA	2006–07	Per Capita CA	Population
1.	Arunachal Pradesh	653.16	5937.82	695.49	6322.64	802.49	7295.35	859.31	7811.91	939.50	8540.91	0.11
2.	Assam	1962.99	737.97	2043.48	768.23	2720.99	1022.93	2907.45	1093.03	3008.02	1130.83	2.66
3.	Manipur	609.72	2540.50	668.79	2786.63	874.39	3643.28	1080.70	4502.92	1216.46	5068.58	0.24
4.	Meghalaya	452.59	1967.78	492.24	2140.17	611.36	2658.10	656.23	2853.17	695.78	3025.13	0.2
5.	Mizoram	471.24	5236.00	555.42	6171.33	675.72	7508.04	705.00	7833.33	717.25	7969.44	0.09
6.	Nagaland	497.36	2486.80	546.34	2731.70	662.06	3310.28	642.64	3213.20	721.97	3609.85	0.20
7.	Sikkim	320.02	6400.40	362.42	7248.40	437.19	8743.88	399.49	7989.80	464.92	9298.40	0.05
8.	Tripura	683.61	2142.31	754.93	2365.81	876.17	2745.76	860.98	2698.15	976.22	3059.29	0.32
9.	Total Northeast (1 To 8)	5650.69	1449.23	6119.11	1569.36	7660.38	1964.65	8111.80	2080.43	8740.12	2241.57	3.90
10.	Spcl. Cat. States	10349.82	1625.01	12294.28	1930.30	13880.23	2179.31	14559.74	2286.00	15310.33	2403.85	6.37
11.	Non-spl. Cat. States	43829.92	455.75	46568.41	484.23	50343.89	523.49	51455.24	535.04	54820.41	570.04	96.17
12.	Grand Total (10+11)	54179.74	528.38	58862.69	574.05	64224.13	626.34	66014.98	643.80	70130.74	683.94	102.54

**(b) Central Assistance to NE States, including NLCPR and NEC and per capita Assistance (eight States taken together)**

(in Rs Crore)

	NLCPR	NEC	Central Assistance	Total	Per Capita Assistance
2002–03	550.00	450.00	5650.69	6650.69	1705.70
2003–04	550.00	500.00	6119.11	7169.11	1838.66
2004–05	650.00	500.00	7660.38	8810.38	2259.59
2005–06	679.17	461.5	8111.80	9252.47	2372.98
2006–07	700.00	600.00	8740.12	10040.12	2574.98

**ANNEXURE 7.2.3**  
**Year-wise Expenditure by Central Ministries in NER**

Year	GBS	Expenditure in NER		%
		(In Rs Crore)		
1998–1999	32113.10		2128.28	6.63
1999–2000	3651.46		2228.57	6.25
2000–2001	42478.54		2920.49	6.88
2001–2002	52186.12		3802.93	7.29
2002–2003	*55297.08		5139.59	9.29
2003–2004	*58356.18		5237.31	8.97
2004–2005	*63030.75		6403.74	10.16
2005–2006	*87061.62		7325.39	8.41
2006–2007	*11279.57			

Note: \*Excluding Externally Aided Projects (EAP)

**ANNEXURE 7.2.4**  
**Investment in NER during the Tenth Five Year Plan**

Source of funding						Rs crore
	2002–03 RE	2003–04 RE	2004–05 RE	2005–06 BE	2006–07 BE	Total
State Plan	5367	5702	6833	8274.00	9685.00	35861.00
Central Ministries/ Central Sector/CSS	5460	6776	6787	9150.14	11268.14	39441.28
NEC	450	500	500	461.50	600	2511.50
NLCPR	550	550	650	679.17	700	3129.17
<b>Total</b>	<b>11827</b>	<b>13528</b>	<b>14770</b>	<b>18564.81</b>	<b>22253.14</b>	<b>80942.95</b>