



सत्यमेव जयते

51ST
MEETING OF
THE NATIONAL DEVELOPMENT COUNCIL

ADDRESS
BY

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ASSAM

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

I am very happy to be present in this 51st meeting of the National Development Council, convened to discuss the Mid Term Appraisal of the performance of the economy of the country as a whole in comparison with the 10th Plan targets. In November last year, the Planning Commission undertook the Mid-Term Appraisal for the North Eastern States at Guwahati where we presented the achievements made during the first half of the 10th Plan and the problems faced in achieving higher targets of growth. Planning Commission has made similar appraisals for all the States and has now come out with an overview of the performance of the economy and identified the priority areas for future action.

2. Briefly, I would like to recall our presentation during the Mid-Term Appraisal held at Guwahati last year. Assam has been trailing behind most of the States of the country in the matter of economic development during the last several years inspite of five decades of planned development. In all economic parameters, the State has been far behind the national averages. The per capita income, which was higher by 4% of the All India average in the initial years after independence, stands much below the National average and a quick calculation shows that to catch up with the national average by 2019-20, the growth rate of GDP for Assam should be more than 9%. We have achieved a growth rate of 5.3% as per advance estimates of 2004-05 against the National average of 6.9%. This highlights the problem faced by my State in the economic development.

3. The overview of the Mid-Term Appraisal of 10th Plan presented by the Planning Commission indicates that during the first three years of the Plan, the National average growth rate of GDP has been 6.5% whereas for Assam this average is 4.7%: The projected National growth rate for 2005-06 is 7.6% and to achieve this, the State would have to put a lot of efforts and investment will have to come in growth related areas. Agriculture in Assam continues to be affected adversely due to floods and erosion and the infrastructural inadequacies have impeded the growth of the economy. Lack of financial resources has affected progress in education and health sectors. Employment situation continues to be stagnant and in fact after the introduction of MTFRP, the situation has worsened as

employment in Government sector has reduced without any proportionate increase in employment under private sector. Self-employment, inspite of Government initiative has not picked up due to reluctance of the Banking sector to provide loans. The development in the State, in comparison to the development in other States, has lagged behind further and resulted into continuously increasing gap between per capita income of the State and the country as a whole. In fact the entire North East Region has been suffering from this imbalance in development process. In this context, I am happy that the North Eastern Council has been converted into a Regional Planning Body and I hope that it will receive adequate funds to finance its regional plans. It is needless to reiterate that the regional plan, if financed properly and quickly shall give a boost to the efforts of the States of this region, in this context, I would also like to mention that the Ministry of DONER which has recently been created needs to be provided adequate funds to support infrastructure development at a rapid pace.

4. The Mid-Term Appraisal document presented by the Planning Commission has identified a number of priority areas, which are indeed very significant, particularly for the North East Region. The following acquire special relevance for the State of Assam:

5. Agricultural growth in the State has not been able to show continuous up trend. The floods and consequent land erosion cause severe damages both to the standing crops and the land, which ultimately affects the production and productivity. I take this opportunity to express our gratitude to the Hon'ble Prime Minister for recognizing the flood problem of Assam as a National problem and directing appropriate measures to deal with it. I am sure that action in this area would be promptly taken by all the agencies involved. The flow of credit in agriculture sector is inadequate and it is of importance that this issue is given serious attention. We have been able to provide around 1.9 lakh Kisan Credit Cards and we want better support from the banks to increase this number substantially during the next two years.

6. On irrigation front, we need to complete some of the very old ongoing major and medium irrigation projects in the remaining period of 10th Plan and it is necessary that adequate funds under AIBP be provided to complete these projects. On the other hand, we need a time bound programme for providing STW coverage to other areas which need irrigation facilities. We have made a beginning to collect user charges for irrigation but due to small size of the holdings we are

unable to enforce it on the farmers till their paying capacity is built.

7. Assam offers an excellent opportunity for horticulture development and it has a potential of transforming the agriculture of the State as well as agro-based industries. In the light of this and the possibilities of export under the Look East Policy, it is of great importance that the agriculture diversification into horticulture is given priority for Assam. As a complementary strategy, marketing and storage facilities for agriculture products have to be evolved to help the agriculture diversification in the State. It is also necessary that food-processing laws should be so simplified that an ordinary entrepreneur can enter into this domain easily. Many young entrepreneurs have started Tea Gardens replacing the traditional agriculture. Their initiative needs to be supported by market institutions in an appropriate manner. As a measure of diversification, extensive cultivation of winter crops viz. pulses, spices and wheat is proposed which would require assured irrigation.

8. Participatory natural resource management should be introduced to empower the rural population in the matter of local planning for developing the resources. The vast area under forest as well as degraded lands should be allowed to be utilized by the local communities for growing economically beneficial plantations. In case of Assam, activities relating to bio-diesel production, silkworm rearing and plantation of medicinal and aromatic plants can be gainfully undertaken in these areas. Suitable projects in these areas during the remaining period of 10th Plan would be necessary. The funding under the Integrated Forest Protection Scheme needs to be enhanced to protect the forest wealth and put it to the better use of the community.

9. The State of Assam has a large number of people below the poverty line which include people of ST, SC and OBC communities in large proportion and therefore, it is considered necessary that the present system of pricing of PDS commodities should continue. In this context, I would also like to mention that procurement of paddy and rice for the PDS should also be made from Assam. This will support the initiative for increasing production.

10. Education and Health sector have been chosen by us for focused attention. With our limited resource, we have started new initiatives to revamp the education and health infrastructure in the State. Health Insurance Scheme, Rajiv Gandhi Computer Literacy Programme and Gyanjyoti are some of the schemes, which we have introduced to promote education and health care. We are also going to start

new medical colleges and introduce a new medical course for Rural Health Practitioners to cater to the needs of urban and rural areas in a better way. The Rural Health infrastructure in the State needs a large investment. In the absence of such investments, the health delivery system has been crippled. While we support the idea of integrating various disease control programmes and involvement of PRIs in their management, it is considered essential to develop the rural health infrastructure as first priority.

11. Sarva Siksha Abhijan has been in operation in the State for the last two years but we have not been able to attract adequate funds due to our difficulties to pay the State Share. I strongly feel that the State Share in this programme should be brought down to 10% for Assam. I understand that the Ministry of Human Resource Development has supported this demand and recommended the 10% State Share for the State of Assam. This proposal should be agreed to immediately. I support the suggestion of the MTA that the teachers' education programme should be merged with the SSA and the local communities and PRIs be more closely associated with this programme.

12. As a consequence of the SSA success, the State would have to invest more in developing the Secondary School infrastructure in the rural areas where the possibilities of private investment are very limited. This issue needs to be given thought right at this stage and planning should be initiated. I propose that the Navodaya Vidyalayas be set up at every Subdivisional headquarters and in addition to this a Model School should be set up at each Block headquarters. Adequate funds should be provided to develop this infrastructure in the State during the remaining period of the 10th Plan.

13. There is a great need to revise the outdated syllabi and introduce such other courses in the Colleges and Universities, which will equip young men and women with the knowledge required for new opportunities coming up. This should be done through an institutional mechanism on a regular basis.

14. Anganwadi workers are the backbone of ICDS but unfortunately their service conditions are not favourable enough to motivate them in their work. They need better service conditions and training for which necessary funds and infrastructure should be made available during the 10th Plan.

15. Assam has substantial population of tribals and to improve their condition of living, we have initiated several measures. We have set up autonomous councils for four major tribal groups in addition to the two such existing councils in the Hill Areas. The objective of this initiative is to empower the tribals in managing their own development programmes. Conferring ownership rights in the forest areas and supporting higher education for these groups would go a long way in our efforts. The Government of India has provided a package of Rs.500 crores for the infrastructure development of the recently created Bodoland Territorial Council area and it is felt that a similar package is required for other councils also.

16. The Mid-Term Appraisal has very rightly revealed infrastructure as a major weak spot, which is preventing the economy from transiting to higher rates of growth. This observation is more relevant for Assam in particular and North East region in general. Development of road network and conversion of meter gauge railway lines are to be completed faster. The major highways passing through Assam are in a bad shape and need a time bound programme for improvement. The NH.-52 on the north bank of river Brahmaputra needs to be improved very quickly. The meter gauge line between Rangia and Murkongselek needs to be converted into broad gauge as early as possible.

17. I am happy to note that the Ministry of Shipping , Road Transport and Highways have taken a new initiative for development of roads in the North East Region through a massive special accelerated Road Development Programme. Under this programme, 989 KMs of road are proposed to be developed in Assam which will include 537 KMs of National Highway and 138 KMs of State Highways which are at present maintained and developed by State PWD. I am given to understand that under the new programme, the works of these roads are proposed to be entrusted to the Central Agencies like BRO and the NHAI. It is pertinent to mention that out of 2793 KMs of NH in Assam, 1532 KMs are already under the jurisdiction of BRO and NHAI. If another 537 KMs of NH under this programme are entrusted to NHAI or BRO, the State would be left with only 704 KMs of NH to look after. This would not only create problem for the existing PWD set up but also result into unemployment for local contractors. I urge that this issue should be considered carefully keeping in mind the employment potential of this scheme.

18. Important Hydro-electric Power projects like Subansiri and Ranganadi need to be expeditiously completed. River Brahmaputra and Barak have been declared as

National Waterways and necessary infrastructure need to be created to make them operational. We expect that both Government of India and the North East Council will focus attention on these infrastructure needs. The major urban centers in Assam are deficient in basic infrastructure and there is very little possibility of any private and Foreign Direct Investment to improve them. Consequently the responsibility for development of this infrastructure also falls on the State Government, which should have adequate resources to develop the same.

19. While the APDRP has been under implementation in the State and the transmission and distribution system is likely to be improved in the near future, there is a need to complete the ongoing power projects as early as possible. Karbi Langpi Hydro Electric Project and Lakwa Waste Heat Recovery Project are two such projects which would need Rs. 386 crores. In addition to this the State Government proposes to start five more generation projects, which will require Rs.466 crores. We have also proposed revival of the Bongaigaon Thermal Power Station through NTPC on long term lease basis and approached the Ministry of Power with this proposal. This proposal needs to be agreed without delay. Adequate resources for these should be provided during the remaining period of the 10th Plan.

20. Assam has not been able to generate employment in consonance with the growth of the labour force and the rising expectation of the educated persons. The employment opportunities being generated in the other parts of the country have not been able to benefit the people of Assam substantially although, some young men and women have been able to take its advantage, In this context, suitable policy intervention is required to provide manpower training and skill development facilities so that the benefits of new opportunities can be availed by our unemployed young persons also.

21. Tea industry in the State, which provides employment to about six lakh persons, is passing through a crisis since last few years. It has not only threatened the jobs of persons employed but has also caused loss to the State revenue coming as agriculture income tax. Special package for improving the financial health of this industry is called for to protect the employment avenues and State resources. Our proposal in this regard for re-plantation subsidy, transport subsidy, exemption of additional excise duty and amendment of tea marketing control order should be given serious consideration.

22. The I.T.I.s and Polytechnics in Assam need revamping, upgrading and modernization to meet the changing needs of unemployed people. I suggest that a High Powered Task Force should be set up to assess the needs of these i.T.Is as well as the need for other manpower development institutions and the recommendations of this Task Force be implemented as early as possible.

23. With the liberalization of economy, the country has witnessed industrial growth but Assam has not been able to receive the benefit of this liberalization. The North East Industrial Policy has also not been able to bring any substantial improvement in the industrial climate of the State. One of the causes for this has been the extension of this policy to other States of the country, which have many other advantages over the State of Assam. During the period from 1991 to 2003, Assam's share in the number of LOI granted was only 0.32% of the total LOI granted in India. Similarly, only 0.05% of the Export Oriented Units set up in the country were in Assam and the share of Assam in FDI was around 0.2% of the National figure. During the period from August 1999 to December, 2002, following immediately after the announcement of the Policy for North East, 150 industrial entrepreneur memoranda were filed in Assam. With the extension of the policy to other states, this number dropped to mere 10 during January 2003 to July 2003. Several investors have moved out of the State to Uttaranchal and Himachal Pradesh since then. While the North East attracted an investment of Rs.1268 crores during last 7 years under this Policy, Himachal Pradesh could attract more than Rs.7019 crores within a period of one year. This calls for a review of the North East Industrial Policy to promote industries in the State.

24. The Small Scale Industry in the State, inspite of reservation policy in the area of production for such sector, has not grown. Any attempt to de-reserve the area of such sectors would have further adverse affect on its growth. To protect the interest of Small Scale Industries in Assam in particular and in North East in general and to encourage it in view of the Look East Policy, suitable policy interventions are called for. It is also desirable that bank credit for such industries should be provided on softer terms to encourage its growth and generate self-employment.

25. The State has potential reserves of Oil and Natural Gas which needs to be explored for increasing oil and gas production in the State. Action for such exploration should be undertaken by the ONGC to exploit this resource for the benefit of the economy of the State.

26. Empowerment of Panchayati Raj Institutions is extremely essential and they should be encouraged to take up the responsibility of development in their jurisdiction. However, it is also important that these institutions are equipped with a qualified administrative set up capable of handling Government funds. This requirement is in contrast with the policy of downsizing of the Government. It is this aspect that should be in our focus in the first place and adequate financial resources should be made available to the State to provide such manpower to these institutions. Once the administrative machinery is in place, funds under various schemes including CSS can also be transferred to these institutions. We have already made a beginning in this direction and we are committed to empower these institutions fully.

27. The Common Minimum Programme of the UPA has stated that a detailed Blue Print for revamping the public administration system will be prepared. In this context, a scheme for creation and up-gradation of the infrastructure of administration at the district level, including the revenue administration, needs to be introduced on the lines of the police modernization scheme. This would include housing for key Govt. functionaries, computerization of important services and other communication facilities to improve the delivery system at the lowest level.

28. The Mid-Term Appraisal has very rightly pointed out that the priority areas for action call for a substantial increase in our plan outlay. Priority areas identified in the State for 10th Five Year Plan, among others are infrastructure development, employment generation, flood control, development of irrigation potential and agriculture production. In respect of the schemes of infrastructure development, adequate funds could not be provided from the State Plan resources during the initial three years of the 10th Plan. The Normal Central Assistance provided to the State was stagnant during the first two years of the Plan, though this has been stepped up in the third and fourth years. However, it needs to be augmented further to meet the requirement of infrastructure development.

29. In the matter of increasing the plan outlay, I would like to mention the following areas of our concern for the consideration of this Council:

- a) Only few Centrally Sponsored Schemes have 90:10 patterns of assistance and most others like Rural Development, Sarva Siksha Abhijan etc. have the funding pattern as 75:25. I propose that State Share in respect of all CSS

should be brought down to 10% level for the State of Assam which will enable us to attract more Central Share of such schemes.

- b) Due to discontinuation of PMGY from the current year, the State Government is finding it difficult to continue the schemes taken up under different component of PMGY and to meet the liabilities created. It would be desirable to continue the PMGY Schemes or introduce similar schemes having the same financing pattern as that of PMGY in view of their importance for the State.
- c) The Government of Assam had presented a draft Annual Work Plan and budget amounting to Rs.432.46 crores for SSA during 2005-06. The Ministry of Human Resource Development has insisted to reduce this plan size in accordance with the State Share provision in the budget which is Rs.70 crores only. The Ministry has also insisted on clearing the backlog of Rs.46.60 crores of State Share for releasing the first installment of SSA in the current year. It is desirable that in such an important programme, the funds should flow without any pre-conditions. The State Government would like the State share to be reduced to 10% in the programme as referred earlier by me.
- d) As regards infrastructure for irrigation and water resources, adequate Special Central Assistance is required for completion of on going irrigation projects, control of floods and conservation of water through water shed management practices.
- e) In case of Mid-day Meal Scheme, the scale of financial support @ Re.1.00 per child per day needs to be enhanced to Rs.1.50 per day per child for the State of Assam in view of higher Consumer Price Index in Assam and accordingly the allocation for the State needs to be increased.
- f) State Government has taken steps to review the functioning of the sick PSUs and take up reform measures. This requires a huge amount of funds for VRS and revitalization of these units. ASTC is one of the major PSU in the State, which is now functioning well after reform and restructuring with the assistance of Planning Commission. Similar support of Planning Commission during the current year and the next year is necessary to continue the reform process.

- g) Central assistance provided for two Hill districts of the State remains stagnant over the years although the needs have increased. This assistance needs to be augmented. Similar assistance should also be provided to the Bodoland Territorial Council.
- h) Assam being the gateway for the North East provides infrastructure support for various development activities of the other North Eastern States. To develop this infrastructure, the resources under the Non-lapsable Central Pool and other sources have to be mobilized during the remaining part of the 10th Plan.
- i) More resources are required to develop the areas inhabited by tribals, tea and ex-tea garden community and char areas (riverine areas) which are deficient in infrastructure and where pace of development is extremely slow.

To conclude, Sir, I am confident that under your dynamic leadership, the Mid-Term corrections proposed will go a long way in achieving the targeted development of the State in particular and the country in general.

JAI HIND