



GOVERNMENT OF MIZORAM

SPEECH

OF

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AT

VIGYAN BHAVAN, NEW DELHI

Respected Prime Minister, Deputy Chairman, Planning Commission and my esteemed colleagues.

1. I am very happy to take part in this 51st meeting of the National Development Council today which will consider the recently completed Mid-Term Appraisal of the Tenth Five Year Plan. This occasion offers us an excellent opportunity to discuss the agenda placed before us. While I do not consider it necessary to offer my detailed comment on the Agenda Paper which is generally in consonance with the economic reforms process being carried out in the country today, I would like to touch only on some of the important economic development issues of the whole country as they relate to Mizoram and other similar hilly States.

2. The Tenth Five Year Plan offers us quite a challenging job particularly in view of the targeted annual GDP growth rate of 8%. This exercise not only calls for the most efficient use of the available resources but also mobilisation of additional resources. While it will be extremely necessary to gear up the existing implementing machinery it is also imperative to give utmost importance to improve the capacity of the Government and other concerned organisations implementing development schemes. Regarding this critical aspect, I would like to mention the uphill tasks confronting Mizoram.

Mizoram State was created in 1987 as a result of Mizo Peace Accord. It is thus relatively a new State with difficult geographical conditions and communication connections with other parts of the country. However, being the most peaceful State in the North East, it looks forward to the speedy socio-economic development.

3. While implementation of the objectives and strategies of the Tenth Plan will improve the national economy, we should also not forget that the same can bring about inter-State inequality leading to regional imbalance thereby jeopardising existing national harmony. It is, therefore, necessary to have flexible norms and guidelines for implementation of the various Central schemes in order to cater to the peculiar requirements of the hilly States which still require special attention. While redefining the role of the Government in the changing economic circumstances so as to give appropriate role to the private sector, special considerations and dispensation will still be required in States like Mizoram and other similar special category States because there are hardly any vibrant and efficient private sector organisations to play meaningful role within these States. The

Central Government should, therefore, make all-out efforts to assist these special category States in their effort to build up the capacity of the Government machinery and local non-Government organisations.

4. The basic difficulties faced by States like Mizoram is resources constraint. While most States in the country are facing difficult financial resource conditions, the peculiar problems of hilly States like Mizoram is an extremely limited resource base with committed expenditures in the form of salaries and wages, pensions and interest payments etc. are on the increase. Fiscal reform measures are taken in right earnest. However, as we have been emphasizing from time to time that some small States in the international border areas were formed not so much with a hope to be a viable economic entity but for political and security reasons. I would, therefore, place before your consideration that these small hilly States in the international border areas should be continuously given special considerations by the Central Government and their fiscal reforms measures should not be assessed uniformly with other more established States which have already been provided with necessary economic infrastructure and viable resource base. In short, for the special category States in border areas, grant of Central assistance for economic development should not be linked entirely to fiscal reforms performance.

5. The concept of "core plan" at both Central and States and recognition of agricultural development as core element of the strategy and suitable land use to encourage for higher production are sound propositions. In this context it will be required to evolve specific strategies for productive use of hilly regions in Mizoram and other similar States for the purpose of economic plantation, in other words, the uniform patterns/ guidelines of the whole country should be modified to suit the peculiar needs of Mizoram and similar hilly States.

6. Mizoram has a great prospect of Agro-Forest based economy. However, due to inadequate infrastructural facilities private entrepreneurs are not attracted to the State. It is extremely essential that the big gap in infrastructural need should be narrowed down speedily. It is, therefore, necessary to increase fund allocation for the development of roads and power sector on priority basis. Sharp increase should be granted in rural connectivity fund for connecting all the villages with good roads in Mizoram. We have huge hydel power potential in the State which should be harnessed to generate relatively cheaper electric power for meeting the above

requirement of the State as well as contributing the surplus power to the Power Grid for the neighbouring States. In this connection, I would like to make special mention of the Bairabi Hydro Electric Project [80 MW] which we proposed to take up in the very near future. The CEA has accorded techno-economic clearance for the project. I am hopeful that all the necessary support will be forthcoming from the Central Government.

7. Mizoram State has a literacy percentage of 88.49. Infant mortality rate was 19 and there were just 33 cases of maternal deaths during 2003. It is not only necessary to sustain these favourable education, health and other indicators but also it is our utmost endeavour to make significant improvement during the course of Tenth Plan period. This will be possible if the Central Ministries take cognisance of the peculiar needs and requirements of the hilly State of Mizoram in formulation, implementation and monitoring of relevant schemes.

8. In spite of these social favourable indicators, Mizoram State is still one of the most economically backward States in the country. We are yet to attain self-sufficiency in food production. Only 9.32% of net cultivated area is irrigated. The per capita power consumption is only 202.04 KWH [Urban] and 121.22 KWH [Rural]. About 6% of our villages are yet to be connected by roads and the per capita annual income was only Rs. 19,709.00 in 2001-02. Unemployment among educated youth is on the rise. While government alone cannot provide employment to all, it is extremely essential to create ample opportunities for the emerging educated youth for employment or self employment in private sector. This will entail the need for upgrading the technical capability of the educated youth in the field of Information Technology, economic plantation, industries, services, tourism, marketing and other relevant sectors. In this regard, special attention of the Central Government Ministries is invited with a request to formulate projects to suit the peculiar needs of the State.

9. Regarding criteria for allocations of funds under major rural poverty alleviation programme, I cannot overemphasise the need for giving special attention to hilly States with sparse population. For such hilly States, population should not be the main criteria. Lack of economic infrastructure, difficult terrain, poverty level of the people, performance of the State Government and other similar economic conditions should form the main criteria for allocation of fund. In short, funds should be

allocated on the basis of need in order to reduce regional imbalance in the country.

10. Regarding food security for rural population, it may be mentioned that while food for work programme may be taken up in areas of distress and wages paid in terms of food grains at the rate of 5 kgs per day to a worker for standard work as envisaged, the existing employment programmes are required to be continued particularly in a State like Mizoram where the scope of more employment in the Government sector is quite limited now and private sectors are not vibrant enough to create sufficient scope for employment.

11. Border Area Development Programme has appreciable impact in areas along the international border with Bangladesh and Myanmar. It is essential to continue BADP with enhanced allocation of fund and improved monitoring system to ensure that the required funds are sanctioned and released in time and not at the fag end of the financial year.

12. The Centrally Sponsored Scheme being implemented by various Departments of the State Government have been making significant contributions to the development process of the State. In this regard, a mere proliferation of CSS will increase a mismatch between the intention of the Government of India and inadequate implementation capability of the State Governments. A thorough study of CSS is required to identify some schemes, which should continue, and others which may be transferred to the States with fund. The schemes should be drawn to suit the needs of individual State. Stereo-type uniform scheme should be avoided. Outlays should be demand driven rather than mathematical calculations. An effective monitoring system should be evolved. Wherever State's matching shares are required, only a token share of about 10% may be demanded from special category States. The funding pattern of CSS between the Central Government and special category States may thus be 90:10. In order to avoid confusion, the percentage of State's shar in CSS projects may be uniform for all the projects.

13. Regarding implementation of various central sponsored Rural Development Programmes, I am happy to mention that the Inter-Ministerial Committee constituted by Ministry of Rural Development have been making satisfactory progress in their efforts to examine the various issues raised by the conference of the Rural Development Ministers of North Eastern States. I do hope that the recommendations of the Inter-Ministerial Committee, especially those relating to

Cut-Off Line for BPL, pattern of sharing of funds between the Centre and the States in the ratio of 90:10 and allocations of funds to States on the basis of 0% of population and 50% on the basis of inverse of density of population, would be accepted and implemented by the Planning Commission and the Government of India. While appreciating the efforts so far made by the Government of India to solve various problems faced by the North Eastern States in the implementation of different Rural Development Programmes, I would like to mention that certain demands put forward by the North Eastern States have not been considered favourably. For instance, the demand of the North Eastern States for conversion of employment Assurance Scheme into a "Demand Driven Scheme" has not been favoured by the Govt. of India. I would like to request the Govt. of India to consider this request favourably.

14. Regarding allocation of Annual Plan funds to the State, huge earmarking of funds for specific projects made the sectoral allocations of Plan Fund very difficult as there is very little fund for the un-earmarked sector. We are already facing a very tough time in meeting the demands for the fund for the service sector Departments like Education, Health Services, etc. where the salary component of Plan Fund is very high. Salary components of other development Departments have also been increased sharply because of implementation of the Fifth Pay Commission's recommendations. It is, therefore, suggested that while the proposed expansion of project based support to the States from the normal Central assistance is implemented, adequate un-earmarked fund should also be provided to the State for meeting its on-going commitments. As pointed out earlier, we are making sincere efforts for mobilising additional resources and at the same time reducing revenue expenditure.

15. We have introduced sale tax on several new items and increased tax rates of some others. We have banned creation of new posts and purchase of new vehicles. But in spite of our efforts, the fiscal reforms programme undertaken by us may appear to be of little consequence because of our narrow resource base. If sectoral assistance to us is made contingent on the success of the fiscal reforms programmed, I am afraid that the developmental process initiated in the State will come to a stand still. I, therefore, do not agree with this suggestion. However, with the adoption of VAT with effect from 1.4.2005, a sizeable revenue is expected during the coming years.

16. In view of the Plan fund constraints at the State level, assistance of World Bank has been sought by the Government of Mizoram for road construction. Generally, for projects being funded by the World Bank, the State's matching contributions varies between 10% to 15%. Government of Mizoram is implementing road infrastructure involving an amount of Rs. 340 crores through World Bank. The State's matching contributions under the project is substantial. For a State like Mizoram which is facing financial constraints, matching contribution of this magnitude is quite difficult. In view of this, Central Government may kindly agree to provide additional Central Assistance to the extent of State's matching share to the project being funded by the World Bank until the project is completed.

17. We extremely appreciate the Prime Minister's initiative for the development of the North — East. The development package evolved under Prime Minister's programmes for the North East will definitely go a long way towards economic development of the North East. I would specially say that the State of Mizoram will greatly benefit this economic package of the Prime Minister. The State of Mizoram continues to be the most peaceful State in the region and under such conditions the path of peaceful development is being followed with a firm determination to uplift the present economic condition of the people. The Central as well as the concerned States may evolve a more effective monitoring system for speedier achievement of the objective of the package.

18. I also appreciate the initiative of the Central Government in earmarking 10% of the various Ministries Plan Fund for the North East and also for creating a system of Non-Lapsable Pool of Central Resources in the Ministry of DONER in favor of the North East. This has already made visible impact in the North East. With continued and vigorous implementation of this laudable initiative of the Central Government, the various States of the North Eastern Region will be benefited and it will go a long way towards reduction of regional imbalances in the country.

19. In conclusion, the most important point I would like to emphasise is the need for Regional flexibility of funding system, norms and guidelines to suit the requirement of hilly areas. A vast country like India, having diverse geographical terrain and climate, from snowbound area to hot desert, from everflooded plain area to hilly mountainous region, the same development funding pattern and guidelines can in no way suit the different local requirements. The present system is mainly

plain area oriented. As I attach a very high priority to this point, I would once again urge the National Development Council to resolve that regional flexibility in funding system, norms and guidelines be permitted to meet the local developmental requirement of the States of hilly areas.

20. I sincerely hope that the National Development Council will appreciate our view points and give them due consideration.

21. I would now like to offer my views regarding some of the specific issues placed for discussion in this august Council. First of all, I will deal with the issue of agriculture diversification and development of irrigation potential. As we know, the principal crop in Mizoram is rice, most of which is produced through jhum cultivation. This slash and burn method has resulted in serious destruction and degradation of forests in the area. We wanted to totally stop this practice but till suitable alternative is identified, the farmers cannot be prevented from their cultivation. We have started cultivation of cash crops and encourage sections of the population to take up floriculture, particularly cultivation of anthurium, roses etc. which has shown encouraging results. We have also began "contract farming" in a very limited way, under which hawaiian solo papaya has been cultivated by a number of families, with buy-back arrangements. We are quite hopeful of the success of the scheme. Almost all kinds of crops and vegetables grow very well in Mizoram, and there is tremendous scope for increasing the production level of various cash crops. However, due to marketing bottlenecks, the farmers have not been able to get remunerative prices for the products. We are confident that with liberal assistance and guidance from the Central, especially in the field of marketing and contract farming, the cash crop production will increase substantially and we will be able to completely stop the harmful practice of jhuming in the near future.

Mizoram is hilly State with rugged hills and so far have only Minor Irrigation facilities. There are very limited flat lands by the side of rivers/streams for permanent wet rice cultivation. As per the Master Plan prepared by WAPCOS, Mizoram has a potential for irrigation of 96,000 ha., out of which only 16,464 ha. have so far been developed. If all the cultivable flat lands are developed and provided irrigation facilities, about 2,80,000 MT rice could be produced, which is much more than the total rice requirement of 1,60,000 MT per year. At present the main source of funding is through Accelerated Irrigation Benefit Programme (AIBP). The State Government

has been unable to fully avail this programme, as it cannot afford to meet the 25% of the cost as share contribution. I would like to appeal to the Hon'ble Prime Minister to help the State to take up this land development and irrigation as a Special Project to be fully funded by the Centre. If the scheme is successfully implemented, there will be no more requirements for jhum cultivation and the green cover in Mizoram will exponentially increase within the next few years.

22. Mizoram has done very well in the field of education, achieving the 2nd highest literacy rate in the country. However, I must admit that there are lots more to be done for improving teaching quality, especially in English, Science and Mathematics. There are a number of schools without proper Science laboratories as well as language laboratories. The teachers have to up-date their knowledge and teaching skills. The present level of funding in the education sector is not adequate to cater to meet these requirements. Education being one of the most important tools for human development, I would like to urge the Government of India to extend liberal assistance so that teachers are given proper training and are facilitated to improve their teaching skills. With a view to minimizing teacher absenteeism in primary education, my Government has resolved that whenever there are vacancies, persons from the locality/village should be appointed as teachers to create sense of accountability, which will act as strong deterrent against absenteeism. The social organizations, such as Young Mizo Association (YMA), the student organization known as Mizo Zirlai Pawl (MZP) and other concerned organizations are also keeping a watchful eye to ensure that teachers perform their duties with dedication and sincerity.

In Mizoram, there is already strong involvement of private sector in Secondary Education. Infact, many of the educational institution have been established by the civil society, whose members contribute their labour, money, etc. However, the buildings are temporary in many of the cases, as it is beyond the capacity of villagers to construct permanent pucca buildings. If the Government could help in reconstruction of these buildings, they could be leased out to the private sector for management, which will improve the quality of education and at the same time, the burden of the State Govt. in running such educational institutions would reduce. I would also like to mention another aspect of education which is of vital importance. The SSA scheme of the Govt. of India has been providing yeoman service in improving education standards in the State. One constraint under the scheme is that

25% of the costs has to be borne by the State, which is quite difficult due to financial constraints. The conclave of Chief Ministers as well as Conference of Education Ministers have already resolved to move the Centre for change in the pattern of assistance from 75:25 to 90:10. This may be favourably considered. I would also like to suggest that teaching of Hindi in non-Hindi speaking areas may be started from the Primary school.

23. I am strongly in favour of the National Rural Health Mission to serve the rural areas. To make it effective, the necessary infrastructure, such as Hospital, Dispensaries etc. and quarters for the Doctors and medical staff should be made available. This will greatly reduce the reluctance of Doctors and para Medical staff to work in rural areas. Measures also be taken to make necessary tools for diagnosis and treatment of patients available in the rural areas.

24. I fully appreciate the concern expressed by the Hon'ble Prime Minister regarding administrative reforms, especially ensuring the security of tenure of civil servants. It is an admitted fact that civil servants perform their best if assured security of tenure, and their postings and transfers are not dictated by extraneous considerations. States should strive to create congenial atmosphere so that Civil Service Officers are facilitated to perform their duties without fear or favour.

25. There is urgent need to encourage public private partnership at State level to fund investment in infrastructure. There is a marked reluctance on the part of private sector to invest in the N.E. Region due to various factors, including the perceived bad law and order in the Region. In fact the region's share of private investment after the economic reforms is negligible. The N.E. Region has the highest potential for hydro power generation in the country. However, there is hardly any private sector investment in the sector. We do not have much hope that this situation will change in the near future. To prevent the natural hydro potential going unutilized, which is a big national loss, the Central Govt. should extend liberal assistance to the State Govts. of the region and help them to obtain funds from external sources, including bilateral and multilateral funding agencies. Regarding reforms in the power sector, I would like to inform this august House that so far Mizoram has no State Electricity Board (SEB). The process of running the power sector on commercial lines has began by initiating measures for setting up of Power and Electricity Corporation. A joint Electricity Regulatory Commission is being

established in the near future. Mizoram is one of the few States which has achieved 100% consumer metering. T & D losses have been substantially reduced. Tariff has been revised by almost 50% of the previous level. Two projects for improvement of distribution efficiency has been finalized and could be executed as soon as Ministry of Power agrees to release fund for the purpose.

26. Regarding the rural connectivity under "Bharat Nirman", I feel that the managerial and technical capacity in Mizoram is quite adequate to achieve the objectives. In fact, Mizoram is one of the first State to finalise the master plan for road net works under PMGSY. The main bottleneck experienced under the project was the unsatisfactory cash flow. We have estimated that at the current rate of fund flow, the project cannot be completed till 2020. A sum of Rs. 100.00 crores per year is required to complete the project in time, as against the sum of Rs.40.00 crores provided per year at present. A condition has been stipulated that a contractor should maintain the roads for 5 years after completion. We feel that this condition is not practical. Many of the contractors reside outside N.E. region in far off States, such as Andhra Pradesh, Maharashtra etc. and in view of the topography of the region, which is prone to land-slides and other problems, it will be impractical to expect the contractors to take up the maintenance works for so long. It may be more practical to provide maintenance fund by the Central Govt. and the actual works may be entrusted to the State Govt. agencies.

27. Regarding the National Food for work Programme and the proposed National Rural Employment Guarantee Act, I support the proposed measures. We have been implementing various schemes related to Food for Work in the State, mainly to support rural people in the lean season. From our practical experience, it is observed that the carrying charges of the food grains have been not adequate. The Central Govt. provides carrying charges up to the FCI godowns, from where the State Govt. has to transport the food grains at the work sites to be given to the beneficiaries. We in Mizoram have to still practice "head-load" economy in this computer age. The cost of transporting food grains to hilly habitations, first by jeep and in some cases by "head-load" is so exorbitant that the people find it more beneficial to sell off the food grains at the FCI godowns rather than transporting to their villages. It is, therefore, essential that the transport cost should be extended right up to the villages to make the programme successful. This assumes greater importance in view of the forthcoming gregarious flowering of bamboos, which will be accompanied by

famine conditions in the State and non-availability of locally produced foodgrains.

28. I would like to take up two issues which are not included in the specific issues. The first of this is that the subject of sports has been transferred from the State List to the Concurrent List recently. As a result of this change, funds coming from the Govt. Of India for promotion of sports, including CSS fund and many ongoing schemes have come to a stand still. Considering the nature of sports, and the direct involvement of thousands of youth in this field, it is highly desirable to review the issue, and sports may revert back to the State List. This Council may give serious consideration to this subject.

29. A very massive Road Development Programme called Special Accelerated Road Development Programme of the North East is being launched by Ministry of Road Transport & Highways to cover a total length of 6396 Kms at a total cost of Rs.9725 crores to be implemented within a period of 5(five) years. The programme covers National Highways, G.S. Roads and State Highways. On the plea of recommendation by Planning Commission and Public Investment Board, the Ministry of Road Transport & Highways, without consulting State Chief Ministers, has decided to entrust all the Road Development Programmes to the NHAI and BRO. This is undesirable as the State Governments of the North Eastern Region will not be given a chance to participate in this crucial programme. This could send wrong political signals among the people of the region. We are also given to understand that the Ministry of Road Transport & Highways has no option but to adopt this system, which is as per the instructions of the Hon'ble Prime Minister. Respected Sir, we would like to earnestly request you to kindly reconsider the matter and allow some portions of this project to be implemented through the State agencies, who have gained adequate technical competence to carry out such works in their States

Thank you