



## 1. OVERVIEW



1.1 Balanced Regional Development has been amongst the foremost objectives of economic planning in India. In this endeavour, the Union Government has always accorded due priority to the needs of the North Eastern States. However, the process received a major fillip in the late 1990s as a result of the introduction of the policy of mandatory budgetary allocation by the Central Ministries for the NE States. Further, to synergize the process of development of the region, the Central Government created the Department of Development of North Eastern Region in 2001, subsequently elevating it to the level of a full-fledged Ministry in 2004.

1.2 Infrastructure development is a fundamental prerequisite for realizing the vision of

progress towards peace and prosperity and for creating an investment climate and market development in the North Eastern Region. Expansion in the supply of basic infrastructure such as efficient transportation network, power, telecommunication and broadband connectivity, is extremely important for the development of the region. Apart from delivering essential services that improve the quality of life and livelihoods, these elements of infrastructure are crucial for establishing a modern, aspirational society for the progress and prosperity.

1.3 While the primary role of Ministry of DoNER is advocacy with Central Ministries/ Departments, Planning Commission and the States, the Ministry is addressing the State specific Infrastructure gaps of the region



## MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION

through its Scheme of Non-lapsable Central pool of Resources. Further, a number of key infrastructure projects of regional character are supported by the North Eastern Council. As a result of joint efforts of all (Centre, States, NEC and M/DoNER) infrastructure scenario in the region is undergoing a rapid transformation. This Ministry has also taken up various initiatives in collaboration with other Ministries / Departments. There are:-



- (i) Construction of a Working Women Hostel in Jasola, Delhi in association with Ministry of Women & Child Development,
- (ii) Inauguration of Centre for North Eastern Culture at Centre for Cultural Research and Training (CCRT), Dwarka, Delhi in association with Ministry of Culture.
- (iii) Sponsoring of a very innovative, noble and inclusive programme “Youth to the Edge” which entails bringing youths from rest of India to the North Eastern States for exposure and familiarisation and understanding the customs and cultures being practiced in the region in association with the Ministry of Youth Affairs.

1.4 There has been an increase in the overall percentage utilization of Central budgetary funds allocated for the NER in 2010-11 (90.84%) over previous year's 2009-10 (90.53%). Some of the heavy weight Ministries such as those of Power, Railways and Tourism by spending more than their earmarked outlays in the NER have contributed to the overall utilization. However, the outcome in terms of development has not been commensurate. For instance, the inability of the North Eastern States to implement APDRP and R-APDRP reforms has resulted in some of the problems that plague the power sector in the NE States namely: High T&D losses; under utilization of capacity / slow evacuation of power (due to lack of readiness of transmission / sub transmission lines and sub stations); inequality in power supply and consumption between districts; presence of very few rural households with even single point connections etc. Some of the projects of the Railways in the NER which are in the nature of game changer for more than one State, have not resulted in major increase in kilometer coverage nor in bringing about seamless connectivity in the NER. The achievement has only been in terms of limited / local point to point connectivity and gauge conversion. On the other hand, the utilization by some of the major Ministries / Departments having scope for employment generation in the region such as Agriculture and Cooperation, Textiles (including handlooms), Micro, Small & Medium Enterprises has been below expectation (taking into account





the percentage utilization for the year 2010-11 alone). Some of the service sector Ministries such as HRD (both School and Higher Education departments) which have potential for imparting skill and vocational education leading to employment have also been under spending earmarked outlays. The percentage utilization of earmarked outlay of the Ministry of Road Transport and Highways which is critical for road connectivity within NER has on an average been between 60-75% in the last 3 years of the current Plan. Many crucial ongoing road projects require greater investment thrust. In view of above, there is a need for enhancing efficiency in utilization of earmarked funds for the NER.

- 1.5 During the year, there was significant increase of budgetary support under the NLCPR and NEC Schemes. Further, the Ministry took a number of measures to streamline the selection of projects, expeditious formulation of DPR and release of funds under NLCPR. The Ministry has also tried to take into account the intra-regional and intra- state disparities to rationalize project support. Development strategy for the Region has to be evolved based on prevailing resources, conditions and people's needs and priorities. Faster economic growth can only be possible if accompanied by requisite structural changes. Public investment has been going up significantly in the Region. The budgetary provision for the North Eastern States in Central Plan of various Ministries / Departments has steadily increased from Rs.3211.00 crore in 1998-1999 to about Rs. 21772.22 crore in 2010-11.

- 1.6 The Ministry of DoNER has brought out the Human Development Report of the North East States. The report is an attempt to evaluate the performance of North Eastern States in recent times on sectors having direct impact on human development such as health, education and basic amenities like drinking water and sanitation. An attempt has also been made to rank North East States in terms of a composite index employing available data and where the relevant data for generally accepted variables is unavailable, an alternative data has been used to proxy the variable. The Report shall be of help to the Central Ministries of HRD, Health and Family Welfare, Drinking Water & Sanitation and Power, in better targeting of schemes and projects in these States in order to reduce inter and intra-State disparity. The write-up as well as the extensive data base at two points of time 1993-94 & 2004-05 (including latest Census (2011), SRS & NSSO data) in terms of gender as well as rural-urban dimension will serve as a useful guide in formulation of various development policies of the Government of India.

- 1.7 Given the complexity of the task, augmenting investment to accelerate growth in the region is only a part of the story. The successful transformation of investments into development outcomes requires a variety of initiatives in every sector of the economy: primary, secondary and tertiary. The North Eastern Council has taken initiatives in agriculture sector through the introduction of double cropping and exotic cash crops. NERAMAC, a PSE of the Ministry, is providing support through



marketing, value addition and capacity building.

- 1.8 The North Eastern Development Finance Corporation Ltd. (NEDFi) is enlisted with the role of catalyzing project financing as well as micro-financing. The Region has rich tradition of crafts. In this regard, North Eastern Handloom & Handicrafts Development Corporation (NEHHDC), another PSE of the Ministry is providing critical support to the vast number of artisans of the region.



- 1.9 As a result of the efforts of the Union and State Governments in the NE Region, the landscape in the region is undergoing a considerable improvement. At the same time, there is a pressing need to improve the quality of implementation and service delivery mechanism. The constraints to implementation, which cause time and cost over- runs and adversely affect the absorptive capacity of the States, are being identified and overcome. The Ministry is vigorously attempting to improve the financial management in the States. Moreover, the requisite skill levels have to

be created. This calls for putting in place a back-up human resources development program for capacity building and training of technical man-power, other civil servants, as well as youth. NER Vision document - 2020 has laid great emphasis on capacity building particularly, human development and manpower planning. Development of human resources is critical for the development of the region. While the literacy rate in the region is high, the employability of the youth in the region in skill-intensive activities and within the manufacturing and service sectors is not very high. The region does not have an adequate entrepreneurial class to take up the challenge of generating economic activities. The structural transformation of the economy can only take place by creating and enhancing the multidimensional capacities that are linked to the human resource requirements for expanding the primary, manufacturing and service sectors. While the Ministry and the NEC have taken a number of measures towards capacity building and up-gradation of skills, their efforts are also to attract the attention of relevant ministries and industry-organisations to the same.

- 1.10 Ministry of DoNER has also taken up the review of implementation of key infrastructure projects. Regular meetings are held with the States and line Ministries to expedite implementation. Besides, the Ministry takes a look at sectoral development on the basis of efforts of Central Ministries on one hand and State Governments efforts on the other.
- 1.11 The North Eastern Region is rich in natural



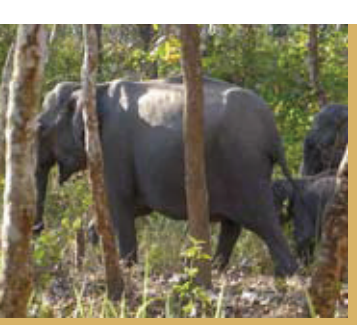


and human resources, both of which have not been effectively tapped. It is also a treasure trove of flora and fauna biodiversity. However, the last decade has seen a sustained effort on the part of Government of India to significantly and systematically increase the investment for the economic development of the Region. It has also invested substantially in the social sector through various schemes and programmes. A number of Central Institutions have been set up in the fields of health and HRD and all the States in the Region now have a Central University. A number of Centres of Excellence have also been set up. Initiatives of the Government are now being complemented by the private sector. This has come about because of the perception in Government of India and in the NE States regarding the path of Development of the Region.

- 1.12 The Tourism sector holds the highest promise for generating large employment and income- augmentation opportunities spreading and reaching down to all segments of society in all States of the North-Eastern Region (NER). Capital costs are modest compared to large industrial investments and gestation periods are short. Moreover, as is being recognized by hospitality industry all over India, the people of North-East are exceptionally well-endowed, in terms of personal and social characteristics and a long tradition of hospitality in their homes and communities, for employment in the hospitality industry. Therefore, the tourism sector should be thrust area for intervention and the region should emerge as the most favoured tourist destination. The NEIIPP is providing concessions to tourism

related projects as well. A number of new projects have come up in recent years with the support from NEDFi and other financial institutions. The erroneous perception of NER as being ridden with insurgency, militancy and terrorism is being sought to be countered through publicity campaigns in print and electronic media.

- 1.13 The process of development cannot be sustained solely through Government intervention. The private sector participation is most essential. It will not only provide additional resources but more importantly will create the necessary environment for providing job opportunities, better utilization of resources, enhanced credit flow in the region and consequent development. Ministry of DoNER is providing the necessary platform for the private sector to interact thereby paving the way for future investments. The Ministry has been encouraging this process by organizing North East Business Summits to showcase the potential of the North Eastern Region. It has also initiated the process of attracting private investment which includes foreign investments. This has been done both through the business summits and also by one-to-one interaction with specific countries.
- 1.14 As a part of strategy to showcase the potentials of NER six centres of excellence of the region i.e. Dr. B. Borooah Cancer Institute, Guwahati, North Eastern Hill University, Shillong, Rajiv Gandhi University, Arunachal Pradesh, Regional Institute of Medical Sciences, Shillong, NEIGRIHMS, Shillong and Namgyal Institute of Tibetology, Gangtok, Sikkim



were publicised in the National and Regional dailies through DAVP. A month long media campaign was launched in November, 2011 by telecast of Video Clips one each on Cultural Uniqueness of NER and NER as a tourist destination on various TV channels through DAVP, apart from undertaking many other activities.

- 1.15 Concerted efforts of the Central and the State Governments are helping in providing a thrust to the process of socio-economic development of the region. With properly

defined targets, clear outcomes, strategies and coordinated planning for the region as a whole, the North Eastern Region can be revitalized to become increasingly self-sufficient and a net positive contributor to the national exchequer and the country's economy. This Ministry has prepared a strategic plan for the next five years and expects to play an even more important and pro-active role to ensure both speedy implementation and a planned future development of the region.

\*\*\*\*\*