



1. OVERVIEW



1.1 Rapid development of North Eastern Region is among foremost priorities of Central Government. Recognizing that North East Region (NER) is a area with physical and social infrastructure deficits and needs special development efforts, the Central Government, (especially since Eighth Plan period) through various policy initiatives, is devising concerted ways to fast track economic growth in the Region. North East States are categorized as Special Category States and are granted central assistance on liberal terms, establishment of NEC in 1971; earmarking (since 1998-99) of atleast 10% of Plan Budgets of Non Exempted Central Ministries / Departments for expenditure in NER; creation of Non-Lapsable Central Pool of Resources

(NLCPR) in 1997-98 from accrual of unutilized 10% earmarked funds of non exempted Ministries / Departments; are examples of policy initiatives of Central Government steps for development of NER. These policy steps have resulted/ helped in transfer of resources to the Region.

1.2 **Role and Functions of Ministry of DoNER**

Creation of Department of Development of North Eastern Region in 2001, subsequently elevating it to level of a full-fledged Ministry in 2004, **to synergize the process of development of the region so that it enjoys growth parity with the rest of the country was an important step.**



While primary role of Ministry of DoNER is advocacy to stimulate planning, facilitate and accelerate project / scheme implementation in NER, including those in infrastructure sectors of power, irrigation, roads and communications taken up by Central Line Ministries, Ministry is also addressing state specific infrastructure projects through its scheme of NLCPR. Further numbers of key infrastructure projects of regional characters are supported by NEC. By acting as an interface between NE States and Central Government, Ministry of DoNER endeavours to provide necessary impetus to development of the region.

1.3 To fulfil its role Ministry of DoNER undertakes following **functions and activities**:

- i. Matters relating to planning, execution and monitoring development schemes/ projects of North-East Region including projects in roads, power, irrigation and communication sectors.
- ii. Non-Lapsable Central Pool of Resources (NLCPR).
- iii. Non-Lapsable Central Pool of Resources (NLCPR) Scheme (State and Central Scheme).
- iv. Anchoring North Eastern Council (NEC) in regard to Budgetary and Parliamentary matters.
- v. Providing support and guidance to (a) North Eastern Development Finance Corporation (NEDFi) (b) North Eastern Regional Agricultural Marketing Corporation (NERAMAC) and (c) North Eastern Handlooms & Handicrafts

Development Corporation (NEHHDC). Sikkim Mining Corporation

vi. Building capacities and competencies in critical areas.

vii. Showcasing strength and potential of the region.

1.4 Ministry of DoNER comprises four Wings i.e. NLCPR, NEC, Administration and Integrated Finance including Economic Advisor and its organizations - NEC is a statutory advisory body with functions to plan, finance and execute schemes of regional importance. NEHHDC and NERAMAC are CPSEs under administrative control of Ministry of DoNER. NEDFi is a deemed government Ltd. Company. Ministry functions through its aforesaid four wings and organizations. Main Secretariat of Ministry is headed by Secretary, assisted by three Joint Secretaries, Economic Advisor, Financial Advisor and Principal-cum-Pay & Accounts Officer. There are 12 posts of Director/Dy. Secretary, one Superintending Engineer, One Senior PPS, seven Under Secretaries, one Dy. Director (OL), one Executive Engineer, four PPSs, one Asst. Director (OL), nine Section Officers, two Assistant Engineers, eight PSs, two Statistical Investigators (Grade I) and fifty eight non gazette posts and fourteen gazetted and non-gazetted posts in Minister's office and fifteen posts (gazetted & non gazetted) in Principal-cum-Pay & Accounts Office.

1.5 Large plan investments and focus on infrastructure development has helped the growth in this region. However,

the region continues to be deficit in physical infrastructure viz. road, rail and air connectivity.

1.6 Biggest constraint in NER has been slow pace of implementation of infrastructure projects of roads, railways, airways, waterways and power. At 66 km/100 sq. km area, **road** length in the region is lower than that national average (75 km/100sq.km). Progress in construction of roads especially national highways [NHDP phase-II, (East-West Corridor) and SARDP-NE] has been slow with slippages in targets in terms of time lines and work completed. At current pace of construction of 178 km on an average per year under SARDP-NE it will take a number of years to achieve highway construction target for NER. Apart from national and state highways NE States need district and rural roads under PMGSY and strategic border roads for better connectivity.

1.7 Inter and intra state **air connectivity** continues to be a weak area. Government initiatives for improving air connectivity in the region through NEC Grants for construction / modernization / upgradation of airports in NE and viability gap funding to make Alliance-Air's operation viable has yielded partially positive results. While airports have been modernized with improved facilities, Alliance-Air's operations did not improve connectivity to the satisfaction of people at large and has been discontinued. Efforts need to be made for operationalisation of 12 non operational airports and development of Guwahati, Imphal and Agartala as regional hubs.

1.8 Total **railway** track length in the entire region is 2,592 km, with broad-gauge track confined to Assam. Most of rail projects are progressing at very low speed with multiple revisions in target date of completion leading to cost over runs. Broad gauge railway line connectivity of all NE State capitals should be completed in a time bound manner. In view of time involved for completion of gauge conversion, steps should be taken to improve passenger services and amenities in existing meter gauge rail network.

1.9 **Inland waterways routes** on the Brahmaputra, Barak rivers is not yet functional due to lack of IWT terminals and shortage of vessels which is impeding cargo movement.

1.10 **Power sector** in the NER has huge potential but continues to face problems such as: 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). Generation, transmission and distribution systems have to be developed holistically.

1.11 **Need for bigger investment in NER:** Infrastructure deficits in NER will require committing adequate public funding. Cost over runs due to delay in implementation / completion of projects shall further increase burden on exchequer. **During Eleventh Five Year Plan (2007-12) North Eastern Region Vision 2020 document projected investment requirement of Rs 2.11 lakh crore while actual Plan outlay for NER through various sources of**



funding works out to Rs 1.84 lakh crore, thus showing a shortfall of Rs 27458 crore when compared with investment requirement as projected in NER Vision 2020.

- 1.12 Apart from infrastructure sectors NER requires significant interventions in development of **Agriculture, Education and Health** sectors. There is need for improving productivity of Agriculture in NER, the main stay of economy of NE States through intensive and scientific irrigation, introduction of appropriate technology and forward and backward linkages.
- 1.13 Healthcare services in North East States is already under pressure. Limited public funding, lack of trained human resources and near absence of private healthcare provider is putting strain on public healthcare delivery system. This is compounded by inaccessible terrain and poor connectivity in NE States.
- 1.14 In **education sector**, adequate number of polytechnic and Industrial Training Institutes are required to be set up for providing vocational and technical education. Unless qualified and skilled manpower is developed, it may not be possible to sustain growth in the region by depending on flow of trained and skilled manpower from outside the region.
- 1.15 During the year under review Ministry of DoNER, recognizing that infrastructure development is an essential pre requisite for realizing the vision, to accelerate pace of socio-economic development of North East Region continue to address the state specific infrastructure gaps of the

region through intense engaging with infrastructure central line Ministries; expansion and strengthening its own NLCPR Scheme and also projects of NEC.

- 1.16 During 2011-12 53, non exempted Central Ministries under mandatory 10% earmarked GBS allocated Rs. 2424.50 crores for the region. There has been increase in percentage utilization of Central Budgetary funds allocated for the NER in (2011-12) 93.26% over previous years (2010-11) utilization of 90.84 %.
- 1.17 Annual accrual to **Non Lapsable Central Pool of Resources (NLCPR)** on 31st March 2011 (for the previous year 2010-11) was Rs. 2142.53 crores. At the time of writing of report expenditure figures received from non exempted central line ministries are being compiled and forwarded to Ministry of Finance for vetting and reconciliation of cumulative and annual accrual / balance in the Pool.
- 1.18 Given complexity of task, augmenting investment to accelerate growth in the region is only a part of the story. Successful transformation of investments into development outcomes requires a variety of initiatives in every sector of economy: primary, secondary and tertiary. North Eastern Council has taken initiatives in agriculture sector through introduction of double cropping and exotic cash crops. North Eastern Regional Agricultural Marketing Corporation Limited (**NERAMAC**), a Public Sector Enterprise of this Ministry, is providing support through marketing, value addition and capacity building.

- 1.19 North Eastern Development Finance Corporation (**NEDFi**), a deemed Government Company engaged in business of providing credit and other facilities for promotion, expansion and modernization of industrial enterprises, infrastructure projects, agro-horticulture plantation, medicinal plantation, sericulture plantation, aquaculture, poultry, dairy and animal husbandry development in North Eastern States. It has been consistently performing well in project financing as well as in micro-financing. North Eastern Region has rich tradition of crafts. In this regard, North Eastern Handlooms & Handicrafts Development Corporation Ltd. (**NEHHDC**), another Public Sector Enterprise under this Ministry, is providing critical support to vast number of artisans of the Region.
- 1.20 As a result of efforts of the Union and State Governments in NE Region, landscape in the Region is undergoing considerable improvement. At the same time, there is a pressing need to improve quality of implementation and service delivery mechanism. Constraints to implementation, which cause time and cost over-runs and adversely affect absorptive capacity of the States, are being identified and overcome. Ministry is vigorously attempting to improve financial management in NE States. Moreover, requisite skill levels have to be created. These call for putting in place back-up human resources development program for capacity building and training of technical man-power, other civil servants, as well as of youth. NER Vision document - 2020 has laid great emphasis on capacity building

particularly, human development and manpower planning. Development of human resources is critical to development of the region. While literacy rate in the region is high, employability of youth in the region in skill-intensive activities and within manufacturing and service sectors is not very high. Structural transformation of economy can only take place by creating and enhancing multi-dimensional capacities that are linked to human resource requirements for expanding primary, manufacturing and service sectors. While the Ministry and NEC have taken a number of measures towards capacity building and up-gradation of skills, their efforts are also to attract attention of relevant ministries and chambers of Commerce and Industry for the same.

- 1.21 Development initiatives by government are required to be sustained through private sector participation. Besides meeting need for additional resources for development, it creates environment for providing job opportunities, better utilization of resources, enhanced credit flow in the Region and consequent development. Ministry of DoNER is providing necessary platform for private sector to interact in Region through Business summits as well as one-to-one interaction with specific countries thereby paving way for future investments. Eighth North East Business Summit was organized during January 9-10, 2013 for attracting investments in NER. Also, for encouraging events having bearing on socio-economic and socio-cultural life of people in NER, this Ministry has sponsored events viz. : Expos,