1. Overview

1.1 The North Eastern Region comprising eight States of the North East viz. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura is a region of challenges and opportunities, offering extraordinary potential for development. The subject of development and growth of the NER is an extremely important one and has engaged the Central Government. The special requirements of the NER and the need for significant levels of investment are now well recognized. The various policy initiatives undertaken by the Central Government have been strengthened over time to fast track the economic growth of the NER.

1.2 Role and functions of Ministry of DoNER

The Department of Development of North Eastern Region was created in 2001 and subsequently elevated to the 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. While this Ministry is addressing the requirements of state specific infrastructure projects through its scheme of Non-Lapsable Central Pool of Resources (NLCPR) as a direct facilitator for infrastructure development, it is also monitoring the progress of implementation of projects / schemes in the
infrastructure sectors of power, irrigation, roads and communications taken up by Central Line Ministries / Departments. A number of key infrastructure projects of regional character are supported by North Eastern Council (NEC). By acting as an interface between the NE States and the Central Government, the Ministry of DoNER endeavours to provide necessary impetus to the development of the region.

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

i. Matters relating to planning, execution and monitoring development schemes/ projects of the 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).

iv. All matters relating to the North Eastern Council (NEC).

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).

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 the 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 the Ministry is headed by Secretary assisted by three Joint Secretaries, Economic Adviser, Financial Adviser 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 Senior Statistical Officers and seventy four non gazetted posts apart from fourteen gazette and non-gazetted posts in the Minister’s office and fifteen posts (gazetted & non gazette) in Principal-cum-Pay & Accounts Office.

1.5 Large Plan investments and focus on infrastructure development has helped growth in this region. There has been substantial improvement in the growth rate in the NE States particularly in the 11th Plan.

1.6 However, as stated in the 12th Five year Plan document the NER needs “……Continued emphasis on development of physical and social infrastructure for it, to become strong, confident and capable of engaging with external market”. During the year under review, Ministry of DoNER, recognising that infrastructure development is an essential pre-requisite for realizing the Vision, to accelerate pace of socio-economic development of North
East Region, continued 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 through projects of North Eastern Council.

1.7 Recent reviews by concerned line Ministries reveal that there has been progress towards completion of some of the ongoing infrastructure projects in railways, roads, airways, power and telecom sector etc. However, there is need to hasten the pace of implementation / completion of the ongoing projects. General concern in the region has been that many of the projects are under implementation for a long time. The issues slowing down the completion of projects relate to land acquisition; Right of Way (ROW), environment and forest clearances, pending court cases, positioning of adequate staff at the ground level / project site etc. These need to be pursued relentlessly by State Governments and Central Ministries.

1.8 Provision of additional financial resources during 2013-14 have stepped up the pace of work and would help towards early completion of some of the railway projects. The Rangiya – Rangapara Gauge conversion has been completed and operationalized. Railways is likely to complete the following Gauge conversion and new lines during current calendar year 2014: Rangapara – North Lakhimpur Gauge conversion; Harmuti - Naharlagun (New Line) ; Dudhno – Mendipathar (New Line).

1.9 Road Connectivity

The critical roads identified for intervention and speedy completion during the 12th Plan period are (i) the East - West Corridor (670 Km in Assam) by NHAI. (ii) All stretches of SARDP-NE connecting State Capitals/ District Headquarters (including NH-31 A in Sikkim, NH-39 and NH-53 in Manipur, NH – 44 in Tripura) (iii) Strategic Border roads (iv) Trans Arunachal Highway (added subsequently in SARDP - NE) (v) Important road bridges over Brahmaputra river and all other crucial bridges on major road projects (vi) roads connecting Kaladan Multi-model Transit Transport Project.

The works on most of the highways and some of the road bridges mentioned above has been slow with slippages in targets in terms of time limit and work completed. The East West Corridor (NHAI) is likely to be completed by December, 2014. The critical issues holding up construction of highways is land availability and clearance for extraction of minerals used in building of roads. Reviews regarding progress of road projects in the NER held during 2013-14 have recommended strengthening of road execution capabilities on the ground.

1.10 Improvement of air connectivity to NER specifically within the region is a priority area. Flight services to the region and within the region have to be made more regular and assured. Towards this end, the development of Guwahati, Imphal and Agartala as regional hubs has to be hastened. In this connection the construction of 3 hangers at Guwahati Airport will be completed by September 2014. The Apron extension is going on at Imphal Airport (which has been notified as an international airport on 14th November, 2013). Construction of new terminal building in Agartala has to be initiated. Pakyong a Greenfield airport near Gangtok is likely to be completed by December, 2014. There is
also need to sort out the land acquisition and other pending issues for operationalizing the non-operational airports in Arunachal Pradesh and Meghalaya.

1.11 The **power** sector in NER has huge untapped potential. While the aggregate technical and commercial (AT&C) losses are slowly coming down, the problem of slow evacuation of power continues (due to lack of readiness of transmission / sub-transmission lines and substations). Environment and Forest clearances, delays in of land acquisition; poor approach roads are stalling some of the hydro power projects of Arunachal Pradesh. Under the NLCPR Central Scheme of Ministry of DoNER, the Intra-State Transmission Line network for Arunachal Pradesh and Sikkim is being taken up. The first Unit of the 726 MW Palatana gas based project (Tripura) was commissioned in December, 2013. However, the Transmission Network for evacuating this power is facing problems because of delay in land acquisition by Meghalaya State Electricity Board.

1.12 The NER lags behind rest of the country in **telecom** connectivity. Apart from low tele-density due to hilly terrain / sparse population density there are problems of ensuring optical fibre connectivity. The utilization of USO funds has not been commensurate with requirements of telecom connectivity across NER. There is need to develop a comprehensive North East Telecom Plan which will examine and recommend use of appropriate technologies for increased tele connectivity across the NER. Such a plan should ensure level playing field to all telecom operators in the region and increase the efficiency of government funding keeping in view the ongoing USO funded schemes particularly the National Optic Fiber Network.

1.13 The **891 Km inland waterways** on National Waterways - 2 on river Brahmaputra provides safe, cheap and eco-friendly route for carriage of commodities. The IWAI’s efforts are to ensure navigability of 2.0 to 2.5 meter depth. However, this is difficult as the Brahmaputra being a typical alluvial river has huge sediment load, bank erosion and multiple channels. The inland waterways on NW-2 route should be made fully functional with adequate approach roads, terminals, jetties and dredging activities.

1.14 Apart from infrastructure sectors, NER requires significant interventions in development of **Agriculture and Allied sectors** (including Horticulture, Animal Husbandry, poultry, piggery, fisheries), **Education and Health** sectors. There is need to improve productivity of crops (including horticulture and plantation crops). Agriculture is the main stay of the economy of the North East States. Interventions for increasing farm productivity through greater synergy between schemes of Central Ministries and those of North East
1.5 While the special provision under the National Rural Health Mission has yielded many positive health outcomes across NER, the health coverage remains far from satisfactory in the region as seen from wide inequities and deficiencies in access to quality health care. The hilly terrain and sparse population density, riverine islands, frequent flooding makes access more difficult. The interventions would need greater flexibility in funding to ensure: primary healthcare coverage at sub centre and PHCs; forward linkages to NRHM for creation and upgradation of secondary and tertiary healthcare; augmenting trained health manpower at all levels through setting up medical colleges, nursing training institutes for general nurses and ANMs and institutes for training of paramedics; incentivizing medical professionals of Central and State Governments to serve in the region etc. The specific health needs of NE States such as malaria, HIV / AIDS de-addiction and mental health needs to be addressed in a focused up scaled manner.

1.6 While the literacy levels in the North East States are high, there is need to focus on quality of education imparted to reduce drop-out rates both at the primary and elementary stages in these States. Investment in teachers training, pedagogic process, learning outcomes and evaluation is necessary. Access to higher education in the NE States continues to be low. As against 44 colleges earmarked for the NER under the new Model Degree Colleges Schemes that envisages setting up of a college in every district that has a gross enrolment ratio below the national average, only 18 colleges have so far been set up. A serious problem is the low levels of enrolment in science and engineering and the inadequate number of colleges offering science education. Promotion of science and engineering is necessary to strengthen the production base in the region – agricultural, environmental and manufacturing. The apex institutions set up by MHRD in the NER namely Central Universities, an IIT, an IIM, NITs etc. are not in a position to cater to the needs of the students in terms of infrastructure, hostels, and other facilities.

1.17 During the year 2013-14, 53 non-exempted Central Ministries/ Departments, under mandatory 10 percent earmarked GBS, allocated Rs. 25078.50 crore for the region. The annual accrual to Non Lapsable Central Pool of Resources (NLCPR) on 31st March, 2013 (for the previous year 2012-13) was Rs. 1968.71 crore.

1.18 Given complexity of task, augmenting investment to accelerate growth in the region is very crucial. Successful transformation of investments into development outcomes requires a variety of initiatives in every sector of the economy: primary, secondary and tertiary. North Eastern Council has taken initiatives in agriculture including horticulture sector through its projects of supporting training institutions in the field of biotechnology, horticulture and commercial crop cultivation. NEC has also been supporting duck breeding, breeder seed potato farms, and cold storage units in NE States. The 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 In the secondary sectors of Industries and Tourism, NEC, during the year under review continued to support its institutions set up earlier such as Regional Handloom and Handicraft marketing complex at Guwahati, Emporia complex in Manipur; enhancing capacity of tea processing factory at Tebaria, West Tripura; bamboo technology park at, Burnihaat and infrastructure development of existing industrial estate at Tura. In the services / tertiary sector NEC supported projects in hotel management, hospitality, tourism, skill development and capacity building.

1.20 North East Development Finance Corporation (NEDFi), has been 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 East 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 Handloom & Handicrafts Development Corporation (NEHHDC), another Public Sector Enterprise under this Ministry, is providing critical support to vast number of artisans of the Region. Established in the year 1977 with the mandate of promotion and development of Handicrafts and Handlooms sectors in the North Eastern Region, the Corporation plays a key role in the development and promotion of the Handicrafts and Handlooms sectors of the North Eastern Region by way of providing training to the artisans and weavers through conduct of awareness Seminars and Workshops, marketing support through procurement of Handicrafts and Handlooms products directly from the artisans, weavers, self help groups and enables the artisans and weavers to sell their products directly through the North East Trade Expos, Crafts Bazaars etc.

1.21 Economic development and consequent fresh opportunities for education and employment has been transforming the lives of the people. However, there is a pressing need to improve quality of implementation and service delivery mechanism. Constraints to implementation, which cause time and cost over- runs are being identified and tried to be overcome through stream lining of procedures. Moreover, capacity building and skill levels of officers from North East State Governments are to be improved. The Ministry of DoNER through its scheme Capacity Building and Technical Assistance (CB&TA) is making efforts in this direction. The scheme has a component to train non IAS/ IPS, middle / senior level officers in State Governments / organisations to equip them in becoming effective public office functionaries.

The above scheme is primarily meant to introduce build capacities of youth of the region for employability. 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 encouraging. The structural transformation of the 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 upgradation of skills, concerned Line Ministries implementing schemes in the North East States and Chambers of Commerce and Industry have to play a big role in complementing the initiatives.

1.22 The development initiatives by government are required to be sustained through private sector participation. Besides meeting the 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 under its scheme Advocacy & Publicity is providing necessary platform for private sector to interact in the Region through Business summits as well as one-to-one interaction with specific countries thereby paving way for future investments. Ninth North East Business Summit was organized during 22-24 November, 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, seminars, workshops, etc. organized by government as well as non-government agencies at various places.

1.23 Concerted efforts of Central and 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 region as a whole, North Eastern Region can be revitalized to become increasingly self-sufficient. The Ministry of DoNER expects to play an important and proactive role to ensure both speedy implementation of programmes and projects for a planned development of the Region.