

**Respected Prime Minister,
Hon'ble Finance Minister Shri. Chidambaramji,
Hon'ble Dy Chairman, Planning Commission,
Hon'ble Union Ministers,
Esteemed Members,
Distinguished Invitees and Friends.**

It is truly a privilege for me to be a part of this 57th Meeting of the National Development Council convened today to consider and approve the draft 12th Five Year Plan (2012-17) document. I compliment Dr. Montek Singh Ahluwalia and his Team, in the Planning Commission, for preparation of a well drafted & focused 12th Plan document for consideration by the National Development Council. We welcome and support the proposal for setting a realistic annual average growth rate of 8.2% over the 12th Plan period. We also endorse the proposed targets for reduction of poverty, particularly the framework for balanced regional development which will be faster, more inclusive and sustainable.

2. We wish to place on record our appreciation of Dr. Ahluwalia-led Planning Commission's vision and the initiative to engage in wide-ranging consultations with all stakeholders including the State Governments, Civil Society and PRIs by holding regional consultations. We believe the consultations have resulted in a well drafted draft 12th Plan document. This initiative by Dr. Ahluwalia and Shri. BK Chaturvedi gave an opportunity to the stakeholders to articulate their concerns and views on issues of growth and development. We are extremely happy to note that the special problems of our North East Region have found a place in the draft document. This, hopefully, will result in realization of the long cherished aspirations of our people in the North Eastern

Region. *It is gratifying to note that the critical areas for intervention for speedy implementation of NH-39/02 & 53/37, Jiribam-Tupul Railway Line Project, Upgradation of Imphal Airport and the “Look East Policy” find suitable place in the document.*

3. The 12th Plan document also delineates the proposed monitorable targets for 25 identified important items across sectors including reduction of infant mortality rate targets to 25 per thousand live births, maternal mortality ratio to one per thousand live births, raising mean years of schooling to seven, creation of 50 million new non-farm jobs and adding 30,000 megawatts (MW) of renewable energy by the end of March 2017 and proposed growth rate during the 12th Five Year Plan. Mr. Prime Minister, Sir, allow me to assure you, and Dr. Ahluwalia, that we will work together with the Planning Commission and make sustained efforts to achieve the projected growth rate in our State.

4. Mr Prime Minister, Sir, we are pleased to note that the 12th Plan document not only seeks to achieve GDP growth but faster and inclusive growth that is sustainable. Our record on inclusiveness during the 11th Plan period has been creditable. We hope to do even better during the 12th Plan. The inclusive growth will encompass the SCs, STs, OBCs and the Minorities. They must all participate fully in the growth process.

5. We appreciate the Planning Commission’s initiative to constitute the Working Group on States’ Financial Resources for the 12th Plan period. Based on certain underlying assumptions and also keeping in mind the resources available during the period, the Planning Commission has projected an outlay of Rs.21,718 crore

for Manipur over the 12th Plan period at current prices. However, in view of the limited resources and the critical financial position facing my State during the first Annual Plan (2012-13) of the 12th Plan period, *I specifically appeal to Shri. P Chidambaram, Hon'ble Finance Minister to restore the Rs.800 crores allocated by the Planning Commission for our Annual Plan,2012-13. I also appeal to him to come forward to support our Annual Plan, 2012-13 with Rs.300 crore Other Central Resources indicated by the Planning Commission.*

6. The draft 12th Plan document seeks an ambitious programme in renewable energy, health, education, water resource management, energy, urbanization, nutrition, banking, infrastructure development and the increasing importance of Public Private Partnership (PPP) alternative. The Planning Commission's proposal to support the State Govts through ACA for setting up a nodal Cell for PPP in each State during the 12th Plan will go a long way in mobilization of additional resources for taking up a number of infrastructure projects under PPP. A number of programmes aimed at inclusiveness, most notably through the MGNREGA, the PMGSY, the IWDP and the NRLM have also been identified as key sector priorities. We note with satisfaction that considerable resources are proposed to be allocated for these programmes. At this stage, a word of caution, there is a dire need to devise effective methodologies to ensure delivery of results on the ground. For this, we need better monitoring and concurrent evaluation. I also suggest that the Central Ministries must

invariably incorporate sufficient flexibility while designing the Central Programmes.

7. Mr. Prime Minister, Sir, the Planning Commission has, for the first time, in the Plan document, come out with three alternative scenarios with the central message that we can achieve our objectives provided we put in place policies that will take care of our weaknesses. Scenario-I, which is called “Strong Inclusive Growth”, presents what is possible if the numerous policy actions outlined in the Plan are substantially implemented. Scenario-II is “insufficient action”. It describes a state of partial action on policies with weak implementation and Scenario-III is called “policy logjam” which reflects a situation where, for one reasons or another, most of the policies needed to achieve scenario one, are not in place.

8. Sir, we are of the considered view that we should adopt Scenario-I without hesitation and the revised growth rate at 8.2%. We are confident that given the recent reforms initiatives under your dynamic leadership, we can, as a determined nation, achieve the targeted growth rate and other objectives under the 12th Five Year Plan.

9. Mr Prime Minister, Sir, we acknowledge yet another landmark development. The constitution of the B.K. Chaturvedi Committee by the Planning Commission to review the entire gamut of Centrally Sponsored Schemes for their rationalisation and consolidation is a laudable step. We hope that the Committee’s recommendations will factor the special needs of the NE Region

and provide adequate flexibility and specificity of our backward region during the 12th Plan period. Implementation of the recommendation may start from 2013-14 onwards.

10. Sir, I congratulate Dr. Ahluwalia, and his Team, for the efforts made by the Planning Commission in bringing the State Planning Boards on board for improving the process of engagement between the Planning bodies in the States and the Planning Commission in the context of 12th Five Year Plan, 2012-17 in the recent past through a consultative process. This has provided an opportunity to share our ideas in an innovative and interactive manner. This process should continue.

11. The planning process should aim at providing need-based development for each Region in a manner that would strengthen national objectives. It is in this context that I would like to particularly mention a few specific requirements in respect of Manipur which need to be addressed during the 12th Plan period.

12. Sir, it is heartening to note that the North Eastern States, including Manipur, have during the 11th Five Year Plan period, benefitted in terms of better infrastructure and health care, better education facilities, rural roads, rural housing, and generation of employment among others through the national flagship programmes. However, there is much more that needs to be done. During the 12th Plan, capacity building of our Govt. officials for better project planning and implementation and skilling of the unemployed and under-employed to enhance their employability

should receive priority side-by-side with upgradation of physical infrastructure to enable the North Eastern States to respond and catch up with the rest of the country. *Sir, given the serious infrastructure deficit and the lack of attractive investment climate for private sector investments in most NE States, may I seek your indulgence to advise both the Planning Commission and the Central Ministries to substantially enhance Govt. investments into the less developed North Eastern States during the 12th Plan. Even External Aid Agencies are not coming forward to support infrastructure development projects in our State.*

13. Sir, Manipur has projected a growth rate of 6.6 per cent during 12th Plan period comprising growth rate of 5.3 per cent in agriculture, 5.0 per cent in industry and 8.5 per cent in service sector. We will certainly aim at achieving higher growth rate for which higher investment during the 12th Plan period is a necessary pre-requisite. Under the flagship programmes, 1313.99 lakh mandays employment was created with 17,92,404 household provided jobs under MGNREGA. 34,016 nos of houses constructed under IAY. Drop-out rate for Class (I-V) has been reduced from 18.42% (2007-08) to 11.55% in 2011-12 and in Class (VI-VIII) from 4.33% to 1.84%. During the same period, number of out-of-school children has been reduced from 54,351 to 21,340. All 3063 Primary & Upper Primary Schools are now covered under the MDM with 1,93,111 students at Primary level and 41217 students at Upper Primary. Institutional delivery has reached upto 70%,

14. We have fixed the following monitorable targets for the 12th Plan period which will help in achieving the targets set for the country by Planning Commission:

- i) Infant Mortality Rate (IMR) is proposed to be brought down from 11 to 9 per thousand.
- ii) Maternal Mortality Rate (MMR) from 100 to 80 per lakh live birth.
- iii) Total Fertility Rate (TFR) to 1.5 per productive Couple.
- iv) Sex Ratio (0-6 Years) be raised from 934 to 960.
- v) Anaemia among Women (15-49 years) to be brought down from 35 to 20 percent.
- vi) Malnutrition among Children (0-3 years) to be brought down from 22 to 15 percent.
- vii) Drop Out Rate in Elementary Education to be brought down from 9.44 per cent to 0.
- viii) Literacy Rate to be raised from 81.66 per cent to 100 per cent.

15. With considerable increase in plan investments over the years and consequent improvement in the economic and fiscal situation, the growth prospects in respect of my State Manipur are also quite encouraging. Agriculture and Service sectors have recorded substantial growth. Anti poverty and employment oriented programmes have gained momentum and these should not only be sustained, but also consolidated. Our Human Resource Development Programmes have been given a new direction. This objective of integrating different activities within the

human resources development sector encompasses the health, education and other related sectors.

16. Further growth in the agriculture sector needs to be sustained by expeditious completion of irrigation projects by providing adequate funds so that rewards of rural growth can be reaped during the 12th Plan. Towards this end, as a Member of this august body, I fully support the proposal to augment funding for the agriculture and allied sectors. The strategy outlined in the draft Paper on this count is endorsed. The *large potential of horticulture* in the North Eastern Region, and our State, has remained unexploited. With proper planning and efficient delivery system, the hill areas of the North Eastern Region can flourish with orchard and plantation crops. The draft Paper, therefore, needs to provide a thrust to this important sector.

17. The optimization of existing irrigation capacity utilization through renovation and modernization of irrigation projects, expansion of irrigation facilities, effective harnessing of water and the operational strategy for the 12th Plan as outlined in draft paper, are endorsed. However, in the context of the North Eastern Region, the draft Paper needs to take into account conservation of the eco-systems, and effective management of large water bodies like the Loktak Lake and 19 identified water bodies in Manipur, which sustain not only the Loktak Hydro Electric Project and a large population of fishermen, but also provide sanctuary to rare species of wild life. Minor and micro-irrigation systems are ideal largely for the hilly areas in the North Eastern Region. Completion of the three ongoing major and medium irrigation projects is crucial

for optimizing use of our water resources and delivering the benefits of substantial investments to our rural people.

18. Given the fact that good roads are an economic driver, connectivity through roads should be accorded one of the highest priorities for infrastructure development in the NE Region. Mr Prime Minister, Sir, there is a dire need for more extensive road network and improvement of the existing road network in the North East. The density of road per 100 sq. km. of area for my State is 57 kms only as against 62 kms for all-India average. While endorsing the operational strategy for the 12th Plan, it is suggested that for significantly improving surface connectivity within the NE Region, the Special Accelerated Road Development Programme needs to be substantially expanded and funding assured. During the 12th Plan, the MORTH should ensure completion 4-Lane Highways connecting all State Capital Cities and all 2-Lane State Highways to connect all District HQs.

19. Mr. Prime Minister, Sir, allow me to re-emphasise the need for expediting completion of the railway projects taken up in the NE Region. The ***Jiribam-Tupul-Imphal Railway Line Project***, a national project, is suffering considerably due to inadequate funding by the Railway Board. This project, of critical importance to us, needs to be stepped-up for completion of the projects on schedule. May I request for your personal intervention, Sir, so that the Railway Board accords the highest priority to completion of this project?

20. Similar is the picture in respect of requirement of energy and its per capita consumption. In Manipur, we have to contend with the availability of 115 MW at best as against the peak demand of 180 MW, resulting in per capita consumption of energy count for Manipur being a paltry 158 Kwh, as against 500 Kwh for all India. In respect of industry, Manipur has recorded some progress under village and tiny industries. We have not attracted even a single large and medium industry due to lack of infrastructure, particularly power. Unless the Central Government comes forward in this direction, our State with poor resource-base will have to forego the benefits of industrialization. The Central Government should accord priority to establishing area-specific large and medium industries in state like Manipur. This will, apart from providing avenues for resource mobilization, also mitigate the unemployment problem to a considerable extent.

21. In regard to development of human resources, initiatives as outlined in the draft Paper are fully endorsed. Besides, upgrading the skills of teachers, the consolidation and improvement of the physical infrastructure, particularly at the school level, would require focused and sustained attention. The quality and reach of Adult Education programmes further needs to be strengthened through an intensive awareness campaign. In so far as the North Eastern States are concerned, a special emphasis needs to be given to Technical and Vocational Education. The capacities in the existing technical Institutes need to be expanded to meet growing demands. While continuing its sustained effort to attract private

investment in higher education, the Central Govt needs to evolve a clear cut policy for development of higher education to address the abysmal levels of infrastructure facilities in our Colleges and Universities.

22. I agree with the assessment of the current problems of the health sector as outlined in the Draft Paper of 12th Plan and endorse the operational strategy. In view of the extremely limited funds available for Health Care Services under the State Plan for resource poor North Eastern States, it is essential to provide more funds for Centrally Sponsored Schemes for filling gaps in manpower and infrastructure, especially at the primary health care level. Similarly, ambulance services for catering to patients in remote rural areas need to be strengthened.

23. The initiative made in the draft document for Skill Development and Innovation Programme for enhancing employability and growth is endorsed. It is suggested that higher allocations be earmarked during the 12th Plan for the North Eastern States for *skilling of our young boys and girls in skills they excel in like hospitality, retail, wellness, IT and ITeS*. We have already initiated steps by earmarking Plan funds for skill development programmes and have entered into agreements with reputed private sector companies for skilling and placement of our youths. Locally, Self Help Group, particularly Women SHGs, are being provided skills training in handlooms and handicrafts. These need to be supported by providing larger quantum of funds. Innovative strategies for capacity building and skill development in the draft 12th Plan Paper for the purpose of skill development and

employment creation deserve a special place given the new employment avenues opening-up under the policy to allow FDI in retail.

24. Keeping the above consideration in mind, the vision of our State for the 12th Plan would be the consolidation of the gains of the 11th Plan; according priority to completion of ongoing projects in both State and Central sector and initiating new projects.

25. I would, therefore, like to draw your kind attention to the following priority areas:

States' Finances:

26. Sir, I would like to take this opportunity to draw the attention of Shri. P. Chidamabaram, Hon'ble Finance Minister that following implementation of the 6th Pay Commission's recommendations, the finances of my State Government have come under stress. The impact of revision of pay and pension has resulted in considerable increase of non-plan revenue expenditure. You are aware, Sir, that the 13th Finance Commission did not fully factor in the actual non-plan requirements of the State in their Award. As a consequence, my State Govt. is currently in the midst of a fiscal crisis and is finding it increasingly difficult to provide requisite funds for capital expenditure. I would like to take this opportunity to urge Hon'ble Finance Minister to agree to release the Rs.300crore "Other Central Resources" factored by the Planning Commission while approving the plan financing scheme for our Annual Plan,2012-13. You will appreciate, Sir, that only you can help us bridge the

resources gap left uncovered by the 13th Finance Commission and to overcome the imbalance in non-plan finances created due to additional expenditure on account of pay and pension revision.

27. Mr Prime Minister, Sir, you are aware, Manipur has been affected by insurgency and militancy for decades. To effectively deal with this problem, which is also a serious national problem, we had to perforce create and fill-up a large number of vacant posts in the Police Department over the last couple of years. The burden of maintaining such a huge security establishment on the State Exchequer is immense. The total expenditure on maintenance of the State Police and other Para-military forces has more than doubled in the last one year. Today, the State Police expenditure constitute about 18% of the estimated total non-plan Revenue Expenditure of the State. The ballooning expenditure on the State Police Force has pre-empted much of State's scarce resources which could have been used for developmental purposes. In fact, its impact on the State's Balance from Current Revenues (BCR) and the consequent impact on the available plan resources of the State is a matter of serious concern for us. Sir, given the State's extremely narrow fiscal resource base and the deep and wide ranging effect of increasing expenditure on the security apparatus on our finances, and hence the development process, I appeal to you to evolve an alternative mode of financing all security related expenditure in the Union Budget through the Ministry of Home Affairs. I must confess, the present arrangement under which MHA re-imburses a small part of the security related expenditure and provides limited funds annually for modernization

of the State Police Force is inadequate. You will be surprised to know that MHA's grants under these schemes to us constitute just about 15% of the entire security related expenditure being incurred by my Government. Moreover, Sir, items covered under the MHA's Police Modernisation Scheme are limited and the strict conditionalities and dilatory procedures delay and reduce even admissible re-imburements. Sir, it may kindly be appreciated that funding under both the Modernisation of State Police Forces and SRE Schemes needs to be enhanced and the conditionalities minimized specifically in respect of the militancy affected States like Manipur. I do hope our proposal will receive serious consideration of both MHA and the Ministry of Finance. I am afraid unless a realistic alternative means of financing security related expenditure is worked out by the Central Government, the finances of my State Government will continue to remain under stress.

Green Bonus:

28. Mr Prime Minister, Sir, the status of our environment is an area of major concern today- both at the national as well as at the international level. I am sure, as a MP representing Assam, you are aware that most of the Northeastern States maintain a forest cover of more than three-fourth of their area! In Manipur, the forest cover is over 77%, much more than what is envisaged by the National Forest Policy! While we are happy contributing to the national, and for that matter, the global environment, we are also compelled to look at its implications: Firstly, it means less land, which is a very important resource, available for development;

Secondly, it also costs extra to the State Government to maintain and preserve the forest cover. On the other hand, we have highly urbanized and developed states with much less forest cover than the mandatory minimum of 33% envisaged by the National Forest Policy. They have more land resource at their disposal and less cost of maintenance and protection of forest.

29. Sir, at the global level in various international fora, we have maintained that developed countries have consumed more than their fair share of environment and developing countries are a victim of that. It is easy to see a parallel here within our own country. Sir, in order to maintain a sustainable environment, may I suggest that the Ministry of Finance, under the enlightened leadership of Shri. Chidamabaram take the lead and consider setting up a Corpus Fund to assist the States maintaining a higher level of forest cover. Allocation out of this Fund could be mainly to meet the efforts of the eligible States towards environment protection and regeneration and partly for compensating them for keeping a larger area under forest cover. It will also work as an incentive towards maintenance of our forest cover and support our national case at the international fora on Climate Change.

Initiatives under PPP:

30. We have, as an experiment under PPP, entrusted management of three remote Primary Health Centres at Tousem, Borobekra and Patphaimun to the Karuna Trust, a reputed NGO with experience in managing such PPP initiatives in the healthcare

sector in Arunachal Pradesh and Jammu Kashmir. We propose to transfer another five PHCs to them shortly for providing basic healthcare services to our tribal people in remote hill districts. This effort is a concrete step under our policy of inclusive growth with our tribal people as the direct beneficiaries. We look forward to your support in our endeavours, Sir.

31. We continue to explore the possibility of expanding PPP reach in the infrastructure sector. However, the perception of difficult security situation in my State, inadequate infrastructure, and extremely poor connectivity come in the way of attracting private investments and private sector partnerships in major projects. I urge both the Ministry of Finance and the Planning Commission to assist us pro-actively to incentivize at least one large infrastructure project, under the PPP mode, which could be the much awaited breakthrough, for lesson learning and creating the critical mass for attracting more private sector investments into Manipur State. Trade with Myanmar through the land-route could be such an economic driver if the ICP at Moreh on our border with Myanmar is established without delay by the Deptt. of Border Management and the LPAI. It definitely has the potential for revenue generation for private firms to invest in infrastructure development for enabling the trade to take off.

Suggestions with regard to Central Sector Projects

32. I need hardly emphasise the need for expediting other Central sector projects being implemented in Manipur State. We believe, these Central Sector projects will accelerate the developmental process, through creating the critical infrastructure for growth. These include enhancing availability of power, tapping irrigation potential, improving connectivity and thus improve our resource position.

33. The following projects are already being implemented, and need to be completed soon.

- i. Completion of the Jiri-Tupul-Imphal Railway Line project by 2016.
- ii. Upgradation of NH -2, NH 37 and NH-202 by 2014.
- iii. Expediting work on the NIT, Manipur.
- iv. Construction of the Rail Fed Depot at Imphal by the Indian Oil Corporation for increasing the storage capacity of POL products.
- v. Construction of Foodgrain Godowns by the FCI at all outlying District HQs.
- vi. Upgradation of Imphal Airport to International standards.
- vii. Expediting all mandatory clearances for initiating work on the 66MW Loktak Downstream Project and the 1500MW Tipaimukh Hydro Project.

34. Additionally, new projects, for consolidating the gains of the 10th and 11th Plans, and creating infrastructure in new sectors are required. These include:

a. Power: We have the lowest per-capita power consumption in the country and the power is both inadequate and erratic. This has affected our industrial growth as also agricultural and allied activities. During the 12th Plan period, we would like that the two hydro electric projects namely i) 66MW Loktak Downstream HE project and ii) the 1500MW Tipaimukh Hydro-Electric (Multipurpose) Project are taken up on priority basis. Further strengthening of the inter-State Transmission, Sub-Transmission and Distribution Network, with World Bank funding, is should be implemented. We are taking steps in parallel to reduce AT&C losses by taking certain innovative steps.

b. Water Supply: Imphal and other urban centres are growing rapidly, and the pressure on existing water supply infrastructure is acute. Over the course of the 12th Plan, these will need to be augmented. Two projects are of critical importance here: (i) Pipeline from the Thoubal Multi-purpose Dam to Imphal City for Augmentation of Drinking water supply and (ii) Upgrading water supply systems in district Hqs in all five Hill Districts (not covered under JNNURM).

c. Irrigation: Expanding irrigation potential is critical to ensure better agriculture yield, thus enabling a push to rural economy. Two projects under New AIBP, require to be implemented during

the 12th Plan: (i) the Chakpi Multipurpose Project in Chandel district, and (ii) Regional Jiri Irrigation Project in Jiribam sub-division, Imphal East.

d. Enhance Storage Capacity for Foodgrains.

This is a critical area, considering our dependence on supplies from outside the State for all essential commodities, and the tenuous supply chain which gets disrupted ever so often. Three projects namely (i) Setting up Rail-fed Oil Depot at Malom, Imphal West district, (ii) Doubling the capacity of LPG Bottling Plant at Sekmai from 600 Mt to 1200 MT by 2013, (iii) Construction and operationalization of FCI's Foodgrains Godowns at all outlying DHQs to enable easy availability of foodgrains to people in the remote villages are of priority nature. These should be included in the 12th Plan document and implemented within 2017.

e. Strengthen Administration in Tribal Areas

Devolutions and elections to the 6 tribal District Councils in our Hill Areas has not kept pace with required capacity upgradation to deliver the promise of grassroots democracy. A package for strengthening Administration through concerted programme of human resource development, capacity building and skills training for effective governance and service delivery to the tribal people by the six District Councils is an absolute necessity.

f. Boost International Trade

There is great promise of enabling growth and jobs in Manipur State through leveraging trade with our eastern neighbours, via the land route through Moreh on our international border with Myanmar. Under our “Look East Policy” the Ministry of External Affairs and the CII organised the ASEAN-India Car Rally on 15 December, 2012 through this route. The Rally has raised the profile of this remote, but strategic, region and highlighted the need for expeditious upgradation of infrastructure, particularly NH-02 and NH-37 to facilitate movement of people and goods seamlessly. We will work with the MHA’s Deptt of Border Management and the LPAI to i) operationalise the Integrated Check Post at Moreh with all requisite facilities and services and (ii) initiate the Bus Service between Imphal and Mandalay during the 12th Plan. We look forward to your support, Sir.

g. Strengthen Police Infrastructure

Mr Prime Minister, you will agree with me that the development process is intrinsically linked with a stable and secure environment. We have been trying, within our limited resources and some support from the MHA, to augment capacity and enhance security. However, as already mentioned, the Central Govt. will need to come forward to assist us to meet the large investments in men and machinery required to strengthen the State Police Force. We need to (i) establish, with full funding under

MHA's SRE Scheme, dedicated infrastructure in outlying districts, including Police housing, District Reserve Lines and proper Bn. HQs for all 8 India Reserve Battalions raised by us with assistance from the MHA.

Specific areas that State would like to highlight:

35. Considering the constraints and disadvantages faced by our State, which is a Special Category State, in terms of poor fiscal resource base, poor infrastructure, higher cost of providing physical infrastructure and public services and diverse social problems such as insurgency and militancy, the 12th Plan period will prove vital in overcoming some of these challenges and problems, if the State's special needs, particularly, in terms of financial resources and developmental requirements are assessed and addressed adequately by the Planning Commission.

36. Sir, I would also like to emphasise the need for timely release of funds by the Finance and other Central Ministries. Delays in release of Central Funds, coupled with the short working season between October and mid-April, continues to be a major constraint. I must Mr. Prime Minister, draw your kind attention through this forum that this year the Central Fund releases has been particularly tardy. Although nine months of the financial year has lapsed, most funds have not been released to us despite repeated requests at all levels. Please intervene Mr. Prime Minister.

37. My State is far below the all India average on most indices of development. Larger investments are, therefore, necessary, first to build-up sustainable physical infrastructure to raise it to all-India level, and then to sustain it.

38. Sir, given the policy of inclusive and sustainable growth, the rapid development of scheduled castes and scheduled tribes has been uppermost in our minds. Much has been done in this direction but since nine-tenths of the area of Manipur is hilly and mainly inhabited by tribals, the process has been slow and results hard to show. At the same time much more remains to be done. The new approach of developing scheduled tribes with earmarked budgeting should be kept up. Sir, we have set aside 34% of our plan investments for development of the tribal inhabited hill areas. This is supplemented by investments through such programmes as NLCPR focusing on targeted development of hill areas. Allow me to assure you that we will continue to enhance investments in our tribal areas to make inclusive growth a meaningful process.

39. Our locational disadvantage and unfavourable terrain imposes high transportation costs which cannot be effectively offset through the usual package of economic incentives. This has been further aggravated by the problem of extremist activities in the region. The factors impeding the integration of the NE Region's economy with domestic and foreign markets far outweigh the integrating forces of liberalization and an open market economy. In this background, development of intra-North East trade assumes significance. There is substantial variance and plurality in the culture and heritage of the people, endowment of resources, skills,

types of outputs and production etc. This diversity needs to be exploited to promote inter-state trade to offset the disproportionate transportation cost to a great extent. The region could be treated as an economic unit with its policies and markets made more integrated and area specific.

40. Sir, the locational and transport bottlenecks are accentuated by poor infrastructure particularly in areas of power, transport and communication. Normal Government expenditure will not be able to cater to these requirements, which demand huge investments in the short, as well as, the long run. This gap can only be bridged by a proactive role of financial Institutions for speedy development of the region. More favourable terms of investment will have to be offered to attract large investments in the infrastructure sector.

41. Most of the North Eastern States have long international border. These borders are porous and, therefore, experience high cross-border movement. The porous nature of the border also facilitates cross-border movement of terrorist groups. It is, therefore, essential that effective border management is ensured.

42. The "*Look East Policy*" which has been a path-breaking initiative of the Government of India has yet not been fully operationalised even after 10 years since the much talked of policy was launched. The Strategic Cooperation Agreement signed between India and ASEAN envisages free trade with these countries from 2006 onwards. This augurs well for economic prosperity of people of the North East Region, especially Manipur State. The existing number of 22 tradable items, through the land route at Moreh, needs to be increased.

43. The existing borrowing ceiling fixed by Govt of India from the open market to finance the State Plan is found to be quite inadequate. The funding pattern of the State Govt may not permit it to raise resources from the open market and the burden would therefore fall upon the State. Most North Eastern States will not be in a position to raise loans for the State plan projects as it is already burdened with the resources to be generated for funding the State Plan. I, therefore, request the Central Government to provide all the funds to State in the form of 100% grants

44. It is also appropriate that this meeting will deal exclusively with economic and developmental issues. The people of North East have high expectations for the development of the areas under your able leadership.

45. With these observations, I fully endorse the draft 12th Plan Document.

Thank You Sir.