



Government of Manipur

ADDRESS

BY

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in the

Regional Consultation Meeting
on the Draft Approach Paper
for the 11th Five Year Plan

at

SHILLONG
on 8th July, 2006

Speech of the Hon'ble Chief Minister of Manipur for the meeting with the Deputy Chairman, Planning Commission of India on 8th July 2006 at Shillong.

1. It is a privilege for me to be here in this august gathering on regional consultations on the Draft Approach Paper for the 11th Five Year Plan and share my views with all the Chief Ministers of NE States. I am thankful to **Shri J. D. Rymbai**, Chief Minister of Meghalaya for hosting this regional consultation.

2. I would like to compliment Dr. Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission for the far-reaching changes he has initiated in the planning process of the country. I would like to mention two of them which have made good impact especially in Manipur.

2.1 Earlier the Annual Plans of the States were finalised and approval conveyed sometimes late during the end of the financial year concerned. Now the process has been brought forward by a year and the Annual Plans are finalized and approval conveyed before the start of the financial year. This has helped my State and we are able to present a complete budget for 2006-07 in March 2006 even before the commencement of the current financial year. The present consultation with the State Governments on the approach to the 11th Five Year Plan is another initiative and the first of its kind which had not taken place in the earlier Plans. The consultation on the Approach Paper has given us an opportunity to give suggestions for preparing the Five Year Plan in a more realistic way. I thank Dr. Montek Singh Ahluwalia for giving me this opportunity and involving us more deeply in the process of planning for the coming five years.

2.2 Consultation on the Approach to the 11th Five Year Plan for the North Eastern States is important so as to have stronger regional cooperation. The North Eastern Council (NEC) has been set up for

regional planning and co-operation. The North Eastern States have poor resource base and acknowledging this, the Planning Commission has also accorded Special Category Status to all States of NE region. Further, unlike the States in peninsular India, the North Eastern States do not have adequate infrastructure. In many parts, the infrastructure is yet to be developed. The creation of the Ministry of DoNER is a step in rapid infrastructure development in the region.

3.0 The Approach Paper to the 11th Five Year Plan has laid emphasis on accelerating agriculture, better water management and expansion of irrigation, industrial growth, creating employment in the services sector and infrastructure development and the importance of Public-Private Partnership (PPP) alternative. It has also brought out some of the major challenges faced by the nation besides touching upon all the important aspects of development including the importance of inclusive development. It envisages a very high growth rate co-relating its achievability to conditions which needs to be created. I compliment the Deputy Chairman for bringing out a well-drafted approach paper and assure him that we shall certainly endeavor to work towards contributing to the growth rate and achieving the various objectives of the 11th Five Year Plan.

4.0 Against the backdrop mentioned earlier, I would like to suggest a few important strategies for rapid development of the NER in the Approach to the 11th Five Year Plan:

4.1 Improving the resource potential of the NE States by developing infrastructure with resource generation potential: The Approach to the 11th Five Year Plan has rightly mentioned the importance of having sufficient and regular power supply for catalysing development. Hydro power generation potential in the North Eastern Region is immense. In respect of Manipur, there is still an un-utilised hydro-power of 1104 MW. Two hydro-electric projects in respect of Manipur – namely

Loktak Downstream Hydro Electric project and Tipaimukh Multipurpose project - have been in the pipeline for several years but are yet to start. These are important projects for Manipur which should be taken up early

Further, many States are unhappy with the benefit sharing arrangements from hydro projects. I believe that the Arunachal Pradesh Government has suggested a revised benefit sharing arrangement with the CPSEs for some proposed hydro electric projects and has decided to take up these projects as State Owned projects or as a joint venture projects. Providing 12% free power to the States from hydro-electric projects by the CPSEs is not acceptable to many States. There are also concerns about providing more benefits to the people whose lands would be submerged by projects. Unless new methodology of sharing benefits is formulated, some States may like to opt to implement hydro power projects as State Owned projects or as JVCs. Such alternative would generate resources for the States in addition to generating sufficient power for industrial growth and agricultural activities. No doubt, the investments in hydro powers will be large investments but it would be a one-time investment with far reaching impact for small States. The Approach Paper may flag this issue and consider ways and means to increase financial resources of the States in the NER

4.2 Transit Route via Bangladesh and Bay of Bengal: The entire NER are landlocked and is connected with peninsular India by a 24 kms widestrip in West Bengal. Through the chicken's neck all commodities are transported. The distance to States like Manipur, Mizoram and Tripura from this point is very far making the cost of transportation exorbitant. Due to this reason alone many goods produced in these States become uncompetitive in markets outside the NER. Manipur State is nearly 1600 kms from the Kolkata. The transportation bottleneck is the biggest impediment to the development of the NER. There has been some relief, although in a small way, through the border trade posts whose scope of activities also needs to be expanded. A transit route for the NER through

Bangladesh to the State of West Bengal and to the Bay of Bengal will not only reduce transportation cost of essential commodities but will help in boosting the economy of the NER. It is requested that the strategy to explore the possibility of these transit route may form part of the strategy for the rapid development of the NER.

4.2 Trans-Asian Highways and Railways: It is imperative that the NER becomes an integral part of globalization perspectives and as such the ideas for reviving construction of a Trans-Asian Highway and Asian Railway is a welcome step. Historically, India has had close cultural relations with South East Asian countries. Strengthening of trade and cultural relations with the economies of South Asian countries and South China will be beneficial to the nation as a whole. This prospect has further brightened recently with the softening of geo-political rigidities following the understanding with China, Myanmar and Bangladesh. While this proposed Highway and Railway passes through the North East, its economies will be poised for playing a dynamic role. This issue may also be considered for finding a place in the 11th Five Year Plan as a strategy for the rapid development of the NER.

4.4 Construction of Super Highways- Government of India has started the construction of Super Highways through the length and breadth of the country under National Highway Development Project (NHDP). This project envisages four/six-laning of total road length of 14162 kms in the Country. As a component of the project, it has started corridors to link Kashmir to Kanyakumari and Silchar to Porbandar with a total road length of 7300 kms. It may be worthwhile to mention that the extreme border of the country does not end at Silchar in Assam. It is therefore requested that extending this super Highway right up to Moreh (Manipur), a town located near border of Myanmar via Imphal, State Capital of Manipur may also figure in the 11th Five Year Plan document as a strategy for rapid development of the NER.

4.5 EAP: The adoption of the 12th Finance Commission of passing EAP loans to the States on back-to-back basis would not affect the bigger States as much as it would affect the smaller States. The new EAP method would amount to blocking EAP for small States like Manipur. The Fiscal Responsibility and Budget Management Act (FRBMA) has prescribed ceilings for borrowings which is very low in respect of Manipur within which EAP cannot be availed. The NE States share of EAP availed even under the earlier system is very low with hardly any financial impact in absolute terms. Acknowledging the low level of development in the NER, efforts are being made to step up investments including the EAP route through the World Bank (WB) and Asian Development Bank (ADB). But EAP investments may not materialize if the back-to-back basis is not reviewed for the NE States. I would like to suggest that the Central Government may consider reverting back to the earlier system of EAP for the NE States along with modification of funding the State share component of EAP by the Ministry of DoNER.

4.6 10% loan component of NEC/NLCPR projects: M/o DoNER and NEC are now sanctioning projects without 10 % loan component stipulating that this should be funded by the States. The States are finding it difficult to find funds and this new arrangement has increased the burden of the States affecting normal Plan programmes. ***This 10 % loan component for NLCPR and NEC projects would burden Manipur to the extent of about Rs. 100 crores annually.*** Projects funded by the M/o DoNER and NEC should be funded inclusive of the 10 % loan component as done in the past.

4.7 Uniform CSS State Share of 90:10 for the NE States: CSS financing pattern between Centre and NE State should be lowered as they are generally not able to avail CSS due to their poor financial position and may be kept uniformly at 90:10 ratio between Centre and NE State. This is suggested as there are still many CSS where the funding pattern is 50:50

or 75:25, etc. where the off-take of funds by the NE States has not improved.

4.8 Flexible CSS: There are several CSS which do not fit the local conditions and needs of the northeastern States but are sometimes availed as targets have to be fulfilled based on the current practice of measuring performance by input and output rather than outcome. It is suggested that such types of CSS may be identified and made flexible for the NER to fit the needs and local conditions of the northeastern States.

4.9 Unbanked Blocks: Institutional finance for financing employment and income generating schemes is not easily available in the rural areas of NER. The few banks in the rural areas of NER are not financing even the priority sector of the Centre. The State government cannot tackle poverty alone without the active participation of the banks. Out of 37 blocks in the State as many as 18 blocks are without banks. The CD ratio for the State as on June, 2005 is only 47.35 per percent which is far below the all India average of 66.5 percent. It is requested that the Ministry of Finance may work out a mechanism for ensuring better banking coverage and lending by way of opening new bank branches or reopening of closed bank branches in all unbanked blocks particularly in the rural areas of Manipur.

4.10 Clear delineation of scope of work between Ministry of DoNER and NEC: I am making this suggestion as with the creation of the Ministry of DoNER and the establishment of NEC there has been much improvement in the development of infrastructure and regional institutes. The NEC has been revitalised recently with increased thrust on regional planning. In line with this it is proposed that NEC may carry out the mandate to taking up regional character infrastructure development and institutes, and also take up State-specific projects for employment and income generation which are both not funded by DoNER. The thrust for NEC should be in fostering regional cooperation in infrastructure

development, establishment of regional institutes to cater to the needs of human resource development of the NER, and bringing about convergence in employment and income generation activities, State specific or more than one State, through projects designed to take-off from the existing and emerging ground situation. NEC should take steps to strengthen the capacity of existing nursing institutions, where the potential has been acknowledged, and establish regional polytechnic and vocational institutions for developing the human resources for job-oriented courses. State-specific infrastructure development projects may continue to be taken up by DoNER. In this manner there will be a clear delineation of functions between DoNER and NEC and their development activities will not overlap.

4.11 Setting up more regional institutions for human resource development: The Approach paper has rightly laid emphasis on quality higher education. One IIT has been set up at Guwahati and one IIM is being set up at Shillong. Manipur would like to see a situation where at least one such institute is available in each of the NE States. However, the immediate pressing need is for imparting skills and knowledge for industries. There is a large number of educated unemployed youths in Manipur and other NE States and this number will rise. Imparting job-oriented education, skill and knowledge may prove to be more beneficial for the youths who are still in school and would be entering the employment market soon. The Planning Commission may give special thrust for setting up regional institutes for nursing, more polytechnics and it is besides IIMs and ITIs in the NER.

4.12 NLCPR fund: The Approach Paper states that growth and competitiveness of any economy is linked to availability of infrastructure. DoNER has been providing the State specific infrastructure needs of the NE States towards fulfilling its mandate for rapid infrastructure development of the NER. Since the infrastructure gaps of the NE States are huge and many, and it has been learnt that NLCPR funds are

decreasing due to increased utilisation by the Ministries, a modified mechanism may need to be considered for increasing the availability of NLCPR fund during the 11th Five Year Plan period.

4.13 NEC fund: NEC has been rightly set up as a regional body to address all the regional needs of the NER as the NE States are small and more benefits can be derived if the infrastructures and institutions are shared by the NE States. There is a need to concentrate on establishing more regional institutes especially for human resource development and funding regional character projects for maximising the benefits. Stress may be made for making NEC an effective Regional Planning body.

4.14 SPA/ACA fund: Several administrative/functional infrastructures including residential quarters in the NER States were constructed many decades back and are of semi-pucca nature. Heavy rainfall, humidity and irregular/poor maintenance have taken its toll on most of the old infrastructures. There is an urgent need for renewal of infrastructure falling under this category. Besides this, there are also infrastructure gaps which need to be provided. Availability of such infrastructures will help improve governance and this needs special attention being generally a weak area in the NER. Since the construction of such infrastructure is not supported under NLCPR or NEC it is suggested that the mechanism of ACA/SPA funding of infrastructure and functional buildings by the Planning Commission may be continued under the 11th Five Year Plan period.

5.0 Now, I would like to dwell upon some issues relating to Manipur State. As per the Index of Relative Development of Infrastructure/report prepared by different agencies such as the Centre for Monitoring of Indian Economy, the Planning Commission as well as Eleventh Finance Commission, Manipur occupies a low place in the list i.e. 71%. The level of development in infrastructure such as roads, power, irrigation, etc lags behind other states of the country. Main focus of 11th Plan will be to bridge the development gap and create capital infrastructure to enable to

regenerate infrastructure for sustainable development. In the context of rapid infrastructure development of the NER and Manipur, I would like to suggest the following:

5.1 Strategies for development of village assets: Participatory approach with the full involvement of the community and the Village Council along with community contribution of about 10% in the creation of village assets appears to be a good model for development of village infrastructure since the assets constructed with contribution from the community on PPP (Public Private Partnership) approach will create a sense of involvement, belongingness, ownership and improve the quality of assets and optimize its utility. This approach may be considered for village infrastructure development especially for NER.

5.2 Irrigation: The three irrigation projects viz Khuga, Thoubal and Dolaithabi are scheduled to be completed by 2007-08. With the completion of these projects, the State would be proposing to take up more medium and minor irrigation projects in the State for improving agricultural production.

5.3 Power: The State is already facing shortage of power, it has the lowest per-capita power consumption in the NER and the supply is also irregular. All these have affected industrial growth and agricultural and allied activities. During the 11th Five Year Plan period the State would like that the following hydro electric projects are taken up:

(a) The Loktak down Stream HE project: This project will generate a total of 90 MW and is expected to cost of Rs.659 crores. Even though the project was sanctioned by Central Government in the year 2000, NHPC has not taken up the work so far. This could be considered for implementation as State Owned or joint venture project.

(b) Tipaimukh Hydro-Electric (Multipurpose) Project: This project will generate 1500 MW of power. NEEPCO should expedite its implementation.

5.4 Upgradation of the National Highways in Manipur: Manipur is a land locked State depending entirely upon the National Highways for movement of commodities and passengers from the railheads in Dimapur (Nagaland) and Jiribam (Manipur). It is therefore imperative that the three National Highways connecting Manipur are upgraded:

NH-39: Four laning of NH-39 from km 210.17 (Mao) to Km 320/0 (Imphal) have been approved under the Policy of the Union Government of linking all State Capitals of North Eastern region with four lane Highways. Four laning should be extended from km 320/0 (Imphal) to km 365/0 (Pallel) also.

NH-53: To request the Govt. of India for (a) Double laning of the single lane portions between Km 145/0 to Km 225.20,(b) Four laning of the portion from km 0/0 (Imphal) to km 17/0 (Keithelmanbi);

NH-150: To request the Govt. of India for (a) Double laning of all the balance single lane portions within the State km 140/0 (Tipaimukh) to km 663/0 (Jessami), (b) Four laning of the portion from km 0/0 (Imphal) to km 402/0 (Churachandpur).

5.5 Railway line for Manipur-The Ministry of Railways had agreed for extension of Railway line from Jiribam to Imphal. The State Govt has already proposed to take the project on priority. The 11th Five Year Plan document may provide for timely completion of the project by December 2010.

5.6 PAP/RAP: As mentioned in the Approach Paper for gradual de-regulation of small scale industries to boost industrial growth, there is a need for considering lifting of Protected Area Permit (PAP)/ Restricted

Area Permit (RAP) applied in the NER for providing one of the enabling environment for promotion of tourism and eco-tourism in the NER. The importance of this may be brought out in the 11th Five Year Plan approach paper.

5.7 Food Security: The Government of India is requested (i) to upgrade FCI godown capacity of 2500 MT at Jiribam by augmenting another 10,000 MT storage capacity to enable food-grains and sugar to be lifted from Jiribam through NH-53. and (ii) increase the stoking capacity of FCI godown in Imphal of 14,000 MT to stock sufficiently to meet the monthly requirement of Rice – 5000 MT, Wheat 1450 MT and Sugar – 1800 MT. Also FCI godowns may be set up at all district Headquarters of the State.

5.8 Fuel Security: The Government of India is requested to increase the tankage capacity of different consumable petroleum products from the existing 16 days levels to 90 days reserve capacity.

6. The North Eastern Region is unique in many ways. It is considered a hotspot for environment. There are concerns that the flora and fauna is fast disappearing and needs to be protected. Everyone shares this concern but there has been no major initiative towards preserving its environment. I would suggest that the single-most important strategy to prevent the degradation of environment, flora and fauna would be through prosperity. This can come about only with rapid development of the economy of the region as a whole and in this context the regional strategies and approach may be given the weightage it deserves in the Approach to the 11th Five Year Plan.

Thank You.