

TRANSFORMING

THE NORTHEAST

*Tackling Backlogs in Basic Minimum Services
and Infrastructural Needs*

*High Level Commission Report
to the Prime Minister*



Government of India
Planning Commission
New Delhi
March 7, 1997

PREFACE

In pursuance of the Prime Minister's announcement of 'New Initiatives For the North Eastern Region' made at Guwahati on October 27, 1996, a High Level Commission was appointed under the Chairmanship of Shri S.P Shukla, Member, Planning Commission, with Shri B.G Verghese, Fellow, Centre for Policy Research, New Delhi, Shri Sainghaka, Vice-Chairman, Planning Board, Mizoram, and Shri Jayanta Madhab, Chairman, North Eastern Development Finance Corporation, as Members. Shri Darshan Kumar, Adviser, Planning Commission, was appointed as Secretary to the Commission.

The terms of reference of the Commission required it to:

- (i) critically examine the backlog in respect of Basic Minimum Services in the seven North-Eastern States,
- (ii) critically examine the gaps in important sectors of infrastructure development in the North-Eastern Region, specially in power communication, railways, roads, education, agriculture, etc.,
- (iii) suggest policies programmes and requirement of funds to bridge the gaps in infrastructural Sectors and the backlog in Basic Minimum Services in the seven North-Eastern States, and
- (iv) consider any other issue which the Commission considers relevant for achieving the above objectives.

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INTRODUCTION

The Prime Minister's economic package and offer of unconditional talks announced on the occasion of his visit to the Northeast last October has aroused great expectations in the Region. The consequent appointment of a Commission to recommend measures to make good Infrastructural and Basic Minimum Service Gaps and a Committee on stimulating Employment is seen as indicative of serious intent to bring the Northeast on par with the rest of the country within the next five to ten years in a process of poverty alleviation and infrastructural upgradation.

It would be simplistic to believe that development by itself can end insurgency and restore tranquility. Yet it constitutes a most important element in that task and an effective entry point for dealing with complex problems of historical neglect, rapid transition and social change. The extraordinary ethno-geographic and bio-geographic diversity of the Region precludes uniform solutions as different communities' are at varying stages of growth.

The Northeast is divided into discrete plains regions encompassed within hills, with a number of agro-climatic zones within them. It is characterized by heavy precipitation, extremely rich bio-diversity, fragile hills, high seismicity, and a drainage pattern marked by lateral valleys in the north and transverse valleys in the south, dissected by huge rivers and raging torrents. All of this renders communication difficult and expensive, especially in view of the neglect of the great waterways that were once major arteries of commerce and culture.

Partition further isolated an already geo-politically sequestered region. It was left with over 4500 km of external frontier with Bhutan, China, Myanmar and Bangladesh but no more than a slender 22 km connection with the Indian heartland through the tenuous Siliguri corridor, the Gateway to the Northeast. The very considerable market disruption, socio-economic distancing and retardation that resulted has not been adequately appreciated or compensated.

The Northeast spreads over a vast expanse of 255,000 sq. Km with a relatively small population of under 40 million today. However, the cultivable area is limited and the land-man ratio has become increasingly adverse. Barring the Imphal Vally and pockets elsewhere, agricultural yields are low while traditional farming with a shrinking jhum cycle has become ecologically unsustainable. Nevertheless, jhum represents a way of life interwoven with collective tribal practices and can be improved. Much land in the hills is owned by the community, not the states, though privatisation and "enclosures" are evident in some places. Urbanisation is generally low, except in Mizoram and Nagaland.

The regional economies are simple, heavily deficit and dependent on the rest of the country for many basic needs. All seven units are special category states whose development plans are almost entirely centrally financed on the basis of 90 per cent grant and 10 per cent loan. The development funding pattern for the special category states accords them built-in preferential treatment. There is no agricultural surplus and limited capital formation and entrepreneurial skills. Assam had seen some early development around tea, oil and timber, the region is, however, basically pre-industrial despite a number of saw mills and plywood factories, a few cement plants and other miscellaneous enterprises apart from oil and coal. Handlooms and handicrafts, once the pride of the Northeast, are on the decline but have a considerable potential if given contemporary functionality through design, marketing and other inputs.

The region is bountifully endowed with bio-diversity, hydro-potential, oil and gas, coal, limestone and forest wealth. It is ideally suited to produce a whole range of plantation crops, spices, fruit and vegetables, flowers and herbs, much of which could be processed and exported to the rest of the country and worldwide. Markets must be developed and problems of transportation, power, infrastructure, finance and services overcome. Its natural beauty, serenity and rich flora and fauna invite trekking and tourism.

The Northeast tends to be seen as a distant outpost, some kind of land's end. Yet it was until recently a crossroads and a bridge to Southeast and East Asia, with its great rivers ending in ocean terminals at Calcutta and Chittagong.

The recent MOU with Myanmar restoring border trade and the just concluded Ganga Treaty with Bangladesh, however, herald a new chapter. The possible restoration to the Northeast of its erstwhile transit routes and markets and vice versa suggests new opportunities that can be creatively exploited to mutual benefit. New concepts have begun to excite the international imagination: the South Asia Development Triangle, including eastern and Northeastern India, Nepal, Bhutan and Bangladesh, an extension of this within a larger growth quadrant that takes in Myanmar, Thailand, Laos and Southwest China along the old Burma Road and proposed Trans-Asian Highway and Railway; and a Bay of Bengal Triangle with Calcutta and Chittagong at the apex of a vast hinterland stretching down to Sri Lanka on one side and Singapore on the other.

Even as these ideas are nurtured and exploited, the Northeast must be enabled to grow at its own pace and in accordance with its own genius. It cannot be treated merely as a resource region, market dump and transit yard. There is strong resentment over what is seen as an earlier phase of "colonial exploitation" in which its wealth was extracted for others' enrichment. Such a path of development is not advocated. On the contrary, the people of the Northeast must feel that they are equal partners in a process of culturally friendly, equitable and sustainable development. This must be the thrust. Yet delay would be denial.

The Northeast is a latecomer to development. The trauma of partition, political evolution and reorganisation of Assam along the present state boundaries, and continuing internal adjustments to achieve decentralised sub-state structures such as autonomous councils, punctuated with protest movements and insurgencies, have interrupted progress. The building of new political institutions, with former districts graduating to statehood, has necessarily been a slow process. Traditional institutions were in some cases too soon or somewhat carelessly by-passed for newer structures that are perhaps not always well-suited to the region. Likewise, all-India norms and patterns of administration and planning have been extended to or have sometimes been sought by these units only to prove an embarrassment.

These are not insuperable problems; but they need to be addressed. This can be done by changing from planning for the Northeast to planning with the Northeast for the benefit of the individual units, the region and the country as a whole.

The Northeast has vast potential resources but little or no "plan" resources to-day It is heavily indebted in spite of high per capita Plan outlays and subventions Huge establishment costs exceed state revenue collections as government service provides the sole and certainly the principal avenue of employment This situation cannot be abruptly ended without creating viable alternatives. The paradox is that there is an enormous amount of work to be done but few jobs Imaginative solutions must be found. Likewise, there have been grievous leakages, partly to underground extortion and "taxation" but also as a result of the breakdown of traditional values and institutions, the bewilderingly rapid changeover from a barter to a monetised economy, and the rise of new elites.

Many of the Northeastern states joined the planning process later than most others Mizoram did so only in the Seventh Plan while Nagaland has been insurgency-prone since the 1950s. It is often asserted that the Northeastern states were created for good and sound political reasons and not on the basis of economic viability.

It would perhaps help understanding to place the development of the seven Northeastern states in several concentric circles: first the local community; next the autonomous councils/states; third, the Northeastern region, in view of the interdependence of the several constituent entities and the overriding reality of a common gateway to the heartland; beyond that the bigger Ganga-Brahmaputra-Meghna (GBM) resource region; and, finally, the larger world of Southeast Asia and Southwest China; the Northeast is indeed India's cultural and economic bridgehead to these fast growing economies.

There are four deficits that confront the Northeast, a basic needs deficit; an infrastructural deficit; a resource deficit, and, most important, a two-way deficit of understanding with the rest of the country which compounds the others. The Northeast has so far depended exclusively on the Centre for development funding. A more rapid pace of the growth would generate larger internal resources. This could perhaps be enlarged through the additionality of private investment, Indian and foreign, within a well-defined framework

In terms of per capita state domestic product or other standard development indices such as power, road length or hospital beds, the Northeast ranks well below the national average. Only in literacy does it stand high. Yet this too can be misleading as vocational training, entrepreneurial skills and the basic grounding in mathematics and science is weak. The school infrastructure is inadequate, including that of trained teachers. Imphal has 28 Intermediate colleges which, in the absence of matching employment opportunities, is adding to problems of educated unemployment, frustration drugs and insurgency The right overall balance and linkages are missing.

For the same reason, it would be a pity for the Northeast to sprout more and more run of the mill universities, Central or State. What is needed is for the concerned vice-chancellors and the UGC to get together and plan to develop within each of them strong area studies and a few centres of excellence in disciplines and languages relevant to the region.

New patterns of development need to be structured There are examples of innovation: Nagaland's village development boards with their common fund and the Nagaland environment

protection and economic development (NEPED) programme for introducing upgraded tree farming into the jhum cycle as a starting point for tapping its considerable bio-diversity, Meghalaya's groping towards a new concept of "tribal interest" for acquiring land, as well as its Economic Development Council and plans for reorganising its electricity board; Mizoram's new land use policy; Tripura's smallholder rubber plantations, and Assam's experiments with apex councils and proposals for reinvestment of agricultural income tax by assesseees for approved purposes Each State could learn from the others' experience

One can envisage other models such as the establishment of special economic zones and EPZs to take advantage of the emerging opportunities of trade with Bangladesh and Myanmar; counter-guarantees to attract investment into the region, the establishment of upper-catchment area authorities in relation to the large dams under consideration; and the application of a special income tax regime for the hitherto exempted tribal areas of the Northeast

It might also be worth exploring the idea of freezing the disputed areas along Assam's borders with Meghalaya, Arunachal Pradesh, Nagaland and Mizoram for, say, 25 years and developing them with Central assistance into infrastructural and industrial hubs for hills-plains interchange. These could provide sites for airfields, railheads, warehousing, cold storages, market yards, regional institutions, medium/large industry, processing units, and R&R centres for persons displaced by dams and development in the hills

Such innovations could form the basis for creative and cooperative federalism

The Commission makes bold to suggest such ideas as investment and development can only take place in an environment and security and tranquility even as they promote such an environment. Therefore, while some of these proposals appear to go beyond its strict terms of reference, the Commission nevertheless ventures to put them forward as elements of what might be described as basic political needs and building of the political infrastructure.

A POLICY FRAME: FROM DESPAIR TO HOPE

The Commission sees its charter to secure the elimination of backlogs and gaps in basic minimum services and infrastructure in the Northeast not just incrementally but through a quantum leap. These Prime Minister's pronouncements clearly mandate this as a national priority. The task is to end the Region's perceived sense of isolation and neglect and break the vicious circle of economic stagnation and unemployment which feeds militancy and, in turn, hampers investment and the harnessing of its abundant resources.

Rapid provision of basic minimum services will make for poverty alleviation even as infrastructure development paves the way for accelerated growth. The two are interlinked if there is to be human resource development and the translation of mere potential into tangible wealth.

Effecting a quantum jump will require a very considerable increase in outlay and capacity-building to develop and implement programmes and projects with appropriate monitoring mechanisms to preclude leakages and time and cost overruns. Local, State and Central authorities alike will need to gear themselves to the task and devise more effective norms and systems to ensure results. The Northeastern Council (NEC) will also need radical reorganisation if it is to be a meaningful nodal agency in the new context.

It is for the Planning Commission to determine the exact quantum of funding. However, some might question why the Northeast should be specially favoured when per capita outlays in the Region are already high and all the units are Special Category States with a 90 per cent grant component by way of Central assistance. The reasons are clear.

First and foremost, the Northeast was uniquely disadvantaged by Partition which left its external perimeter with no more than two per cent contiguity with the rest of India. The remaining 98 per cent represents what are often difficult and, until recently, inhospitable international boundaries. No other part of the country, barring J&K, has had to bear a comparable burden with severe market disruption, total isolation and loss of traditional communication infrastructure, all of which has pushed regional costs and prices well above national norms, transport subsidies notwithstanding. This rendered the normal market production processes in the region less attractive and State intervention that much more costly. Fifty years after Independence, partial redressal does not constitute a special favour.

Secondly, no part of the country has been so riven by prolonged and multiple insurgencies that have held development to ransom. The underlying discontents have a strong social and economic background with added trauma as pre-industrial tribal communities inevitably undergo rapid modernisation.

Thirdly, this resource-rich region is truly a national asset. The development of its hydro-electric, oil and gas, coal, bio-diversity and agro-silvicultural potential holds out promise of national solutions through regional development. This in turn will add immeasurably to national security in every respect.

Fourthly, with the recent softening of geo-political rigidities following understandings with China, then Myanmar and, most especially, with Bangladesh, the Northeast is no more burdensome peripheral region somewhere out there, but is poised once again to resume its dynamic role as a bridge to the booming economies of Southeast Asia and Southwest China to mutual benefit. No surprise that proposals to construct a Trans-Asian Highway and Asian Railway have been revived.

The new-found warmth in Indo-Bangladesh relations offers opportunities to both sides that could significantly alter planning priorities and development perspectives. Many options, previously barred, are opening up and hold out prospects of attendant employment and income-generating dividends through mutual cooperation.

The changing contours of economic policy also suggest opportunities for private and foreign investment as well as joint ventures. In view of what some investors might regard as an uncertain security environment, it might be necessary and desirable for the Government to underwrite critical investments with suitable counter-guarantees. If this was done to encourage so-called fast-track energy projects in peaceful and well-developed parts of the country, there is little reason to baulk at its selective application in the Northeast.

Table I**BASIC MINIMUM SERVICES****(Rs in crores)**

| Sector Slate | | Assam | Tripura | Manipur | Arunachal Pradesh | Nagaland | Meghalaya | Mizoram | Total |
|------------------------------|----------|----------|---------|---------|-------------------|----------|-----------|---------|---------|
| Housing for Shelterless Poor | Const. | 1616.77 | 450.96 | 174.06 | 60.15 | 258.61 | 27.00 | 28.90 | 2616.51 |
| Rural Connectivity | - Const. | 269.20 | 467.71 | 797.55* | 740.00 | 85.19 | 68.25 | 178.10 | 2606.00 |
| State Drinking Water Supply | - Const. | 744.65 | 306.13 | 338.01 | 172.67 | 142.85 | 48.42 | 110.31 | 1863.04 |
| Elementary Education | - Const. | 253.45 | 61.47 | 25.22 | 30.74 | 10.40 | 72.73 | 4.19 | 458.20 |
| Primary Education | - Salary | 588.09 | 123.34 | 40.75 | 21.60 | 2.30 | 200.20 | 8.64 | 1005.66 |
| Health | Const. | 249.31 | 58.88 | 26.71 | 12.52 | 78.33 | 11.70 | 52.06 | 489.51 |
| P.D.S. | Salary | 225.33 | 40.76 | 20.70 | 10.86 | - | 5.49 | 41.78 | 344.92 |
| | Const. | 5.00 | 3.00 | - | - | - | - | 3.70 | 11.70 |
| Total: | Const. | 1138.38 | 1348.15 | 1361.55 | 1016.08 | 575.38 | 228.10 | 377.32 | 8044.96 |
| Total: | Salary | 813.42 | 164.10 | 61.45 | 32.46 | 23.04 | 205.69 | 50.42 | 1350.58 |
| TOTAL: | | (951.80) | 1512.25 | 1423.00 | 1048.54 | 598.42 | 433.79 | 427.74 | 9395.54 |
| GRAND Total | | | | | | | | | 9395.54 |

Const = Construction and equipment component.

Salary = Salary component for the 9th Plan period

Vide note in the detailed statement relating to Nagaland.

* The Manipur Government proposes to provide connectivity to villages with a population >200 during the 9th Plan period for which it has asked for a provision of Rs.401 crores out of a total requirement of Rs.797 crores.

Table 2
INDICATIVE REQUIREMENT FOR INFRASTRUCTURE

We give below a broad overview of the indicative requirement of funds for various infrastructural development programmes:

| Sector | Estimated Investment (Rs. crores) | Ninth Plan Requirement (Rs crores) | Remarks |
|----------------------------|-----------------------------------|------------------------------------|---|
| 1 | 2 | 3 | 4 |
| POWER | 63528.00 | 3673.00 | The estimates are tentative. These include the estimated cost of Dihang and Subansiri Cascades totalling Rs 47,650 crores. |
| ROADS | 13637.00 | 8553.42 | These are updated equivalents of the estimates of the Working Group on a Perspective Plan for Roads (1 994-95 to 2001-2002) in the NE Region Figures in brackets are the estimates |
| | (10829.00) | (172400) | independently furnished by the State Governments. These proposals remain to be fully worked out. The Commission would go by the Working Group estimates which should form the basis of early action in the 9th Plan |
| RAILWAYS | 6128.00 | 3000.00 | The Railways have indicated that their works capacity in the Northeast is of the order of Rs 500-600 crores per annum |
| IRRIGATION | 9065.00 | 1875.00 | |
| FLOOD CONTROL | 1261.00 | 545.00 | |
| (Short-term measures only) | | | |

| Sector | Estimated Investment (Rs crores) | Ninth Plan Requirement (Rs crores) | Remarks |
|------------------------|----------------------------------|------------------------------------|---|
| 1 | 2 | 3 | 4 |
| INLAND WATER TRANSPORT | | 174.00 | |
| MISCELLANEOUS | | 175.00 | We have recommended a number of policy initiatives requiring studies and some initial funding as well as certain other programmes in different sectors such as agricultural research. Commodity Boards, Broadcasting, Handloom and Handicraft, design and exhibition facilities, tourism, renovation of cultural sites, Higher Education, external trade, etc. A broad order of magnitude of funds required is indicated. |
| TOTAL | 93619.01 | 1799542 | |

Note: 1. For Flood Control and Irrigation, the Statewise break-up is available. For the rest, the sectoral requirements for the Region as a whole are more meaningful.

2 For other infrastructure sectors such as Telecommunication, Broadcasting, Civil Aviation, the requirements are not significantly large and can be accommodated within the respective 9th Plan outlays Details are to be found in the concerned chapters

3. ONGC, OIL and Coal India's investments will be coming out of their own resources.

FINALE

The Commission had very limited time at its disposal but would like to acknowledge the cooperation and assistance it received from the State Governments, NEC, Central Ministries, public undertakings, NGOs and others. Their experience and insights illuminated the way and rendered our task that much easier. Extensive documentation was provided. Tribal leaders, political representatives, academics and the media gave us leads to popular opinion and public concerns.

Field visits were organised by the various administrations and these gave us a glimpse of ground realities and brought home to us the rigours of the terrain, the enormous diversity of the region, and the innate quality and artistry of the people.

We are grateful to one and all for providing us with such a wealth of material and helping us to understand the problems and aspirations of the region. Some of the matters brought to our attention are clearly beyond our competence. We have nevertheless brought some of the more salient issues to the notice of those more directly concerned.

Not all the many proposals placed before the Commission could be accepted or included in our recommendations. This is because some of them were outside our terms of reference or were no more than ideas or generalised propositions that need greater investigation and examination. Others will be included in the 9th Plan in the normal course as extensions of on-going schemes. Still others have had to be left out as the Commission cannot obviously present a long wish list. We have sought to be selective so as to ensure focus and coherence and have detailed the background to major sectoral themes because of the need to provide context and perspective.

We have avoided pronouncing on a number of complex political, social and technical issues as we lack the necessary mandate and expertise. We have even so thought fit to flag some of these for further study by appropriate agencies. We hope that the Government will take necessary follow-up action, as continuing innovation and creative thinking is required to progress the future of the Northeast.

The Northeast requires a massive development thrust to make up for lost time and put it on a fast track. It has vast natural resources in its bio-diversity and water wealth. These should be suitably exploited to raise living standards and the quality of life of all the people, with equity and safeguards to prevent degradation of the natural and socio-cultural environment. It is for this reason that the Commission has made certain recommendations that will hopefully contribute to enhancing the rich cultures and essential cultural values that are such a distinctive feature of the Northeast.

True growth must mean human as much as material development. The Northeast has a special aptitude for sport and cultural expression as manifest in its rich tradition of music, dance and crafts. We place emphasis on development of these talents which will foster regional and local pride and confidence through the acclaim that goes with excellence.

India is in the midst of a revolutionary transition. Within that, the Northeast is itself in process of radical change. This "revolution within the revolution" has to be managed with great sensitivity and care.

The people of the Northeast cannot remain cocooned and wish to take their places as full and

equal partners, contributing to that great enterprise that is Project India It is right not to want to be swamped by Indians from outside the region, even less by an influx of foreigners. But the region does not need to fear "outsiders" and lapse into "localism" Violence, insurgency and easy money are no solution to any problem, real or imagined. These eruptions, and the bandhs, extortion, kidnappings, leakages, and the sulking and cynical indifference they have engendered in sections of the populace, can only delay and could even deny the pace, progress and prosperity that everybody seeks.

The country must assist the Northeast to realise its full potential and avail of the emerging opportunities within and around it. Its external boundaries are no more tightly sealed and invite trade and cooperation in forging dynamic new growth triangles This is no favour, but a recompense for past neglect and the unrequired price the region involuntarily paid for the partition of the country. The development of and tranquility in the Northeast is also a national security interest and can offer regional solutions to national problems.

Ultimately, whatever the Centre does, the Northeast must essentially help itself. The BMS and infrastructural investments proposed may spread over a decade and take time to show results. Certain benefits will of course, start flowing sooner This programme, taken with the Prime Minister's package and the proposals being made separately by the Committee on Educated Unemployment, will render the Northeast economy more productive and buoyant, more self-reliant and less dependent that it is today. Administrative and political capacity-building will be necessary to manage the accelerated development proposed. Close monitoring, transparency and wide public participation are recommended

The Commission sees the constituent units of the Northeast both as one and several. The region is a complex mosaic of variegated political, cultural and ethnic elements held together by many common strands and, not least, its geo-political location. It is poised to assume once more its earlier interrupted role as a bridge to lands beyond, to Southeast Asia It will no longer remain just a remote destination on the Indian periphery

We have suggested restructuring the NEC to make it a more purposeful body and strengthen the organic developmental link between the Northeast and the rest of the country. Resource mobilisation for implementation of the tasks outlined and investments proposed will place an onerous burden on the Centre. The States too must play their part and ensure a more productive work culture and encourage local accountability in accomplishing what must be done.

The youth of the Northeast need an alternative to the gun. We recommend that all sections of the 9th Plan bearing on the Northeast be collated and separately published as a "Northeast Plan" for wide dissemination within the region and outside

Further, a special effort might be made by the Planning Commission to prepare and project a perspective plan, "Northeast 2015" that offers a vision of the future.

The Commission's Report is but a first step along that road.

(S.P. SHUKLA)
Chairman

(B.C. VERGHESE) Member
New Delhi, March?, 1997.

(SAEVGHAKA)
Member

(JAYANTA MADHAB)
Member

SUMMARY OF RECOMMENDATIONS

Basic Minimum Services

1. The creation of infrastructure in the elementary education and primary health sectors will be of little use unless an adequate complement of personnel is made available as soon as the structures are complete. This will require advance action, particularly in regard to the recruitment of trained and qualified personnel so that the facilities created are put to use without delay and the stipulated targets are achieved.
2. The State Government should raise resources to the extent of 15 per cent of the allocations made by the Planning Commission for Basic Minimum Services, thereby augmenting total availability. This recommendation was followed while formulating the State Plans for 1996-97.
3. Full details about the schemes to be taken up, their location, estimated expenditure, and those responsible for the works should be suitably published so that local communities and beneficiaries become fully aware of the flow of funds as well as the schedule of implementation. Transparency will ensure greater accountability and prevent leakage.
4. An effective monitoring system will have to be worked out from the block up to State administration with systematic and periodic reviews. The State Plans Division of the Planning Commission should also help the States to set up or strengthen similar units.
5. A mechanism will have to be found to relate credible assurances of maintenance of assets to the release of funds for new schemes. One way could be to stipulate that absence of proof of maintenance of assets already created will result in a proportionate reduction in the funds to be released for new schemes in the following year.

Farm Sector

6. The Assam Government in collaboration with the Centre should prepare a package that gives a new thrust to agriculture in the State. The elements are known. They have to be put together with appropriate research, extension and other linkages.
7. Cleansing of cooperative overdues to restore credit flows.
8. Rapid development in particular of the considerable groundwater resources available alongside other minor and medium schemes in Assam, the Imphal Valley and the Tripura plains.
9. Rejuvenation and strengthening of the Assam Agricultural University, Jorhat, which is in financial distress, though one-time Central assistance as may be assessed by the ICAR.
10. Providing more seats for NE students in post-graduate agricultural institutions elsewhere in the country to ensure an adequate supply of local talent to meet the urgent and expanding scientific needs of the region.

11. A review of agrarian relations in Assam which should include updating land records while ensuring fixity of tenure and fair rents to actual cultivators. An appropriate committee should be appointed to undertake this task within a time bound period.

12 Expeditious action to establish the proposed ICAR Rice Research Institute at Barpeta in Assam.

13, The Nagaland Environment Protection and Economic Development Programme or NEPED's potential for mapping, conserving, developing and exploiting the enormous bio-diversity of the Northeast marks it out as a critical lead programme The necessary funding, manpower development and other support required for its careful evaluation and refinement for replication or adaption elsewhere in the Region must be made available in full measure

14 Other models of bio-diversity conservation and development that have been suggested or are under trial in other parts of the Northeast also merit support

Horticulture and Plantations

15 As in the case of plains agriculture, the Centre must get together with the states to give a new thrust to horticulture and vegetable gardening The Himachal model may offer some relevant leads This will include everything from plant breeding and tissue culture propagation, demonstration, training of manpower, including barefoot extension agents, post-harvest technology, marketing, cold storage, processing and pricing It should be possible to undertake a status review and evolve a package within six months.

16 The various commodity boards must have a credible presence in the Northeast Some do have an office in Guwahati and some small representation elsewhere But this is wholly inadequate Each of these Boards must set up a full-fledged regional office in the Northeast and well-manned field offices spread over the region The Silk Board should pay attention to the Northeastern sericultural varieties and also open centres in this region

17 A suitable framework should be developed for agro-processing through cooperativisation with corporate links where appropriate Land use policies and voluntary "acquisition" modalities should be evolved consistent with the customary tribal pattern of land ownership and use

18 It should be ensured that the process of modernisation and development does not subvert the salutary features of the social collectives operating at the grassroots in tribal areas, nor destroy bio-diversity through indiscriminate propagation of uniform varieties for the short-term profit of the corporate sector

19. Rubber and tea, both indigenous to the Northeast, must be defined as "forest species" and permitted to be cultivated on (degraded) forest lands without the compulsion of undertaking compensatory afforestation in double the area in non-forest lands as required under the Forest Conservation Act Such blanket restraints are inappropriate in a state like Tripura

20. MOEF should consider the present policy and allow Tripura to use degraded, unclassed, open, government forest land for rehabilitation of tribal families through rubber plantations. Immediately, 5,000 ha of such land should be released during the 9th Plan enabling the State to enlarge the rehabilitation project without insisting on alternative land being brought under compensatory afforestation.

21 The structure, staffing, role and culture of the Northeast Regional Marketing Corporation (NERAMAC) should be critically reviewed so that this and similar institutions are better able to fulfil their intended role. Such a study could be undertaken by one of the IIMs.

22 Mizoram and other states have proposed ambitious schemes for horticultural development. If these are fleshed out and prioritised, they should receive favourable consideration by the Planning Commission for inclusion in the Ninth Plan.

Fisheries and Animal Husbandry

23. The same approach of cooperativisation with corporate links as appropriate could be developed for the fishery and animal husbandry sector. Credit must be provided.

24. Two expert teams should immediately be set up in each of these sectors to recommend strategies for development including facilities for introducing and adapting known technologies in the region.

25 The NDDDB may be asked to suggest how dairying in the region might be promoted.

Irrigation

26 A special drive should be undertaken to un-block credit and revive the cooperative structure in Assam. NABARD, the lead bank and the Northeast Development Finance Corporation (NEDFi) could be requested to concert action in this regard and work out a specific package.

27. The ongoing schemes in Assam, Manipur and Tripura must be fully funded and expedited.

28 While Assam certainly requires further to augment irrigation, any additional investment must go hand in hand with plans to ensure full utilisation of the potential already created, effective maintenance and suitable revision of water rates so that maintenance costs are at least covered. The same applies to Manipur, Tripura and Nagaland.

29 The Tripura projects must be matched with adequate power supply. While we are recommending this, a close watch must be kept to ensure that the energy is actually available when required.

30 The Fultertal barrage and irrigation component of the Tipaimukh project should be taken up *pari passu* with completion of the dam.

31. Investigation of the Bairabi project in Mizoram should be completed expeditiously.

32. The possible adverse impact of the existing agrarian structure in Assam on land water management, including consolidation, should be examined.

Floods

33. The Assam Government, Brahmaputra Board and CWC should consult on inter se priorities as between Assam's short term flood proposals for the 9th Plan and the Pagladiya project for first claim on the PM's flood package. The Commission's own inclination is to support Assam's short term priority plan of around Rs. 500 crores for the period 1997-2002 for new embankments, anti-erosion works, drainage channels and construction of sluices and raised platforms.

34. Manipur's nine flood control schemes proposed to be completed during the 9th Plan at a cost of Rs. 45 crores should be funded.

35. Early action should be taken on the Northeast flood task force report which, apart from the Pagladiya project, should determine priorities for other flood management and drainage works.

36. Priority funding must go to the maintenance and strengthening of existing flood management works.

Forests

37. The Centre should provide authoritative clarification on the legal issue as to who has final authority to permit bona fide diversion of forest land in the Northeast

38. The terms of reference of the MOEF's high level Committee being limited to routine forest conservation strategies, it would be desirable for the Ministry to initiate a larger exercise aimed at producing a suitable Northeastern forest policy within the framework of the National Forest Policy that takes account of the specific ethos, needs and socio-political context of this region. The Government should constitute a body with strong Northeastern and other expert representation to undertake this task within a specific time frame.

Environment

39 The Brahmaputra Board in conjunction with the Assam Government must be charged with preparing short-term plans for protecting majuli island as best can be. There may be no complete solution, especially in the short or intermediate run, and interim answers could entail infructuous expenditure. As against this must be balanced the fortunes of the island's population and the cost of rehabilitating even part of it should there be galloping erosion Whatever remedies are devised must be implemented by a designated agency.

40 The Loktak Development Authority (LDA) should be strengthened and the National Hydro-electric Power Corporation (which manages the Loktak power project), the LDA and MOEF should concert action to study the impact of the Ithai Barrage and related factors on the phungdi, fisheries, and habitat of the brown-antlered deer and implement ameliorative measures

41 The Centre and the Meghalaya Government should jointly survey the nature, extent and consequences of rat-hole mining in the State and prepare a suitable conservation and restoration scheme Coal India might be asked to plan, supervise and assist in the implementation of a programme of scientific mining

Railways

42 Full funding for expeditious completion of the present clutch of sanctioned projects already under way, including the Bogibeel bridge

43 The Diphu-Karong and Bairabi-Saireng lines should be taken up in the interests of national integration The Commission accordingly suggests a suitable provision that will enable work to commence during the 9th Plan on these two lines and the Siliguri-New Bongaigaon conversion The construction capability of the Railways may be augmented commensurately.

44 The operating losses on the new lines proposed should be a charge on the general budget

45 There should be a fast and conveniently timed overnight train between Dimapur and Guwahati to enable passengers to connect with air services to and from Delhi and Calcutta

46 Early discussions should be initiated with Bangladesh for linking up the IR and BDR railway systems, particularly in the Karimganj and Agartala sectors India should be prepared to invest on such upgradation as the BDR system might require in order to carry the additional Indian traffic up to Chittagong This also include augmentation of related port capacity These options could offer quicker and more cost-effective solutions to some of the problems of the Northeast

47 India should offer to assist Myanmar which would like to extend its railway along the Chindvin X'alley, parallel to the Mizoram-Manipur border This would link with the main Yangon-Mandalay rail system and could form pan of the Trans-Asian Railway in which international interest has revived The Government of India was in fact earlier indirectly approached to provide coaching stock up to a value of 8-9 million dollars

Highways

48 In the interest of improved trunk connectivity, the four priority roads recommended by the 1994 Working Group should be developed as national highways These are (I) the 290 km Daboka-Lanka-Lumding-Haflong-Udarband-Silchar highway in Assam; (ii) the 241 km Kohima-Mokokchung-Amguri road providing an alternative connection between Assam and Nagaland, (iii) the 210 km Sairang-Manu highway linking Aizawl to Agartala, and, (iv) the 135 km Agartala-Udaipur-Sabroom highway in Tripura which is already included for upgradation in the PM's package These four new national highways were estimated to cost Rs.600 crores at 1993-94 prices This will have to be reworked Construction should be given over to the DGBR which may be enabled to raise additional task forces.

49. Maintenance of the NH 52 section between Balipara to Jonai should be entrusted to DGBR

50. The- following roads should also be given high priority in the 9th Plan proposals for upgradation of roads in the state sector:

- (I) North Guwahati Hajo-Barpeta-North Salmara, Assam (120 km). This will provide an alternative link to North Salmara where it will join NH-31. The existing section of NH-31 between these two points is highly vulnerable to floods and is also affected by militant activities.
- (II) Dudhnoi-Damra-Nangalbibra-Bagmara-Gasuapara-Dalu, Meghalaya (196 km). This road will connect NH-37 and NH-51 It passes through limestone and coal deposits and is the route for exports of coal to Bangladesh
- (III) Aizawl-Thenzawl-Lunglei-Tlabung(Demagiri), Mizoram (263 km) Shell limestone deposits in the area between Tuirial airfield and Sailungvar Tlang will be accessed with the construction of this road It will also provide a connection to the Karnaphuli waterway through Bangladesh to Chittagong in due course.

51. The other state highways, major district roads and other district roads proposed, including the Arunachal East-West Highway, should be integrated into a regional master plan for roads The States should be given financial and technical support to undertake the preparation of master plans These proposals should thereafter be placed before the Planning Commission for consideration and initiation of approved schemes for the 9th Plan Meanwhile, early action should be initiated on the basis of the recommendations contained in the Report of the Working Group, June 1994

52. Over and beyond this, there is need for a revised regional perspective plan for road development in the Northeast with international linkages. This should be related to and prioritised according to emerging opportunities and strategic requirements and could incorporate the NEC's proposal for a road all along the Indo-Myanmar border from Champhai in Mizoram to Vijoyanagar in Tirap, Arunachal Pradesh

53. As in the case of the Railways, Bangladesh might be approached with proposals for a road connection from Agartala to Akhaura and for the construction of a major new highway from Lunglei-Tlabung (Demagiri) in Mizoram to Chittagong This would open up both central and western Mizoram and the Chittagong Hill Tracts for development and tourism The Tlabung (Demagiri) connection will also provide access to the Karnaphuli waterway

54. The DGBR could be tasked to take on a larger role in road development and maintenance and other construction works in the Northeast as it is already engaged in building airfields, hospitals, schools and housing and has established its capability

55 The Rubber Board has constructed a short stretch of rubberised road in Tripura as this surfacing is better able to withstand wear and tear and heavy rain This pilot project should be critically evaluated under varied conditions as the technology could have a bearing on maintenance costs which are very high in the Northeast.

Civil Aviation

56 Guwahati should be made a regional hub for Indian Airlines so that aircraft stationed there can operate services without delays on account of late arrival of aircraft from Calcutta or Delhi because of fog or other weather or technical problems.

57. With the gradual lifting of the restricted area permit regime in the Northeast, and the opening of new trade and tourist opportunities, international flights should operate out of the region to destinations like Dhaka, Chittagong, Mandalay and Yangon in the first instance. Tourist packages could be developed around these services.

58 An integrated plan for the utilisation of the Guwahati international air cargo facility should be prepared by the Ministry of Commerce in consultation with the Northeastern states. Forward planning is essential and responsibility assigned for putting together all the linkages.

59 A study should be initiated for inducing short take-off-and-landing (STOL) aircraft into the Northeast circuit in view of the need to connect remote hill areas and provide feeder tourist, services Hotel operators using these STOL services or charters might work out combined holiday package rates

60 The IAF flies air supply and passenger sorties for the civil sector, mostly in Arunachal Pradesh, apart from servicing defence requirements This task was in the early years done by civil non-scheduled operators The Government should examine whether some or all these services could be returned to the civil sector and if it would provide a base load for expanding air taxi services to remote areas, keeping in mind the fact that air supply operations may well decline with the extension of the border road network.

Inland Water Transport

61. High priority should be accorded to IWT in the Northeast and enhanced transit and transshipment arrangement negotiated with Bangladesh along the lines indicated

62 The charter and competence of IWAI be enlarged with adequate financial support and a meaningful presence in Guwahati and Silchar. IWAI's 9th Plan outlay of Rs. 134 crores in addition to the spillover requirement amounting to Rs. 40 crores should be met.

63. Close liaison is necessary between the Central Water Commission and Brahmaputra Board on the one hand and the IWAI on the other so that water resource development meshes with the development of waterways.

64 The Central Inland Water Corporation (CIWTC) must be strengthened with a strong regional presence At the same time, private operators should be encouraged to take up component segments of IWT development and operation. Funding should be provided.

65. Modernised country craft development should be taken in hand to extend services to feeder routes. These should be some agency to study this matter and play a promotional role.

66. There has to be a policy for waterfront development and location of industries to generate traffic. Short navigation canals from such waterfronts or waterways to deepened beels with jetties and production/warehousing facilities around them might be envisaged. Ring embankments could offer flood protection.

67 An R&D facility needs to be developed to undertake studies with regard to types of river craft for different categories of waterways and cargo in the Northeast sector. Safety should be an important factor.

Transport Policy

68. The Planning Commission may immediately commission a transport optimisation study for the Northeast both in terms of capital and operational costs and work out appropriate inter-modal perspectives.

69. A similar study is indicated for international linkages and transit/transshipment arrangements with Bangladesh, Myanmar and Bhutan.

70. There is need to develop a legal frame for these purposes and a standard combined transport document for inter-modal traffic within the country and across international boundaries

Telecommunications

71 All administrative officers up to the taluka/block level should be provided with a fax connection in view of the difficult terrain and long delays involved in mail communication, especially in Arunachal Pradesh. DOT should do so by extending facsimile transmission facilities through the multiple-access radio relay system (MARR) which currently only provides for audio-quality pay-phone operations. This must be given top priority

72. The concerned departments should review the possibility of overall cost savings if the requirements of DOT, the Defence and para-military forces, police, AIR, DD and others can be served through common transmission masts, earth stations and other facilities, including shared sites and buildings.

73. Moreh (Manipur) has a separate exchange. This should be provided ISD facilities through VSNL in view of the new cross-border trade opportunities opening up. The same applies to Champhai (Mizoram) and other potential international trade centres. The Northeast's telecommunication links with Dhaka, Chittagong, Yangon, Mandalay and Thimpu should be suitably strengthened.

74. Special connections and links should be provided to designated points within the region as well as to Bhutan and Bangladesh for transmission of rainfall, water discharge and flood data in real time. DOT/VSNL should plan this in consultation with the Ministry of Water Resources in the interests of regional cooperation.

Broadcasting

75 Steps must be taken to ensure that competent staff in requisite strength is posted to the Northeast.

76 A broadcast training facility should be established in the region and could be developed as a department in any of the Central Universities if necessary. This would help bring into being a corps of regional broadcast personnel, both technical and programme/production.

77. Village Low Power Transmitters (VLPTs) should be selectively sanctioned in the other Hill States/regions which are in shadow areas and outside the signal reach of Doordarshan. The I&B Ministry should map such areas in consultation with the concerned States

78. Separately, Doordarshan should organise a crash training course for local youths who could at the throw of a switch enable Arunachal VLPTs even now to carry Doordarshan's Itanagar transmission and access the local news bulletin.

79. Banks should be encouraged to finance local entrepreneurs to extend cable coverage and generate employment

80 Immediate steps must be taken properly to staff and equip Doordarshan's DDG (NE) in Guwahati so that regional coverage is better planned and serviced.

81 AIR's community radio network should be expanded in order to cater to the developmental and cultural needs of diverse tribal communities. Appropriate funding and training arrangements should be sanctioned.

82. The four new radio uplinking stations planned to be established in the Northeast, in addition to the three currently in operation, should be brought on stream at an early date.

83. AIR Kohima must be allocated a second frequency as it is presented broadcasting in as many as 14 languages/dialects.

84. AIR should be encouraged to draw on its several tribal music units in the Northeast to establish a few outstanding regional choirs. Doordarshan could likewise support some regional ballet groups including Manipuri and Bihu troupes. The aim should be to create ensembles of international standards as the Northeast has something special to offer and must be institutionally supported to develop its creative talent

85. AIR's Northeastern music archives are being preserved on hard disc. The collection must be properly catalogued and stored. This project should be separately funded.

86 Close liaison should be established between the regional units of AIR and Doordarshan and the Northeastern Regional Cultural Centre at Dimapur.

Hydrocarbon Sector

87. Every effort must be made to discover and produce more gas in the Northeast to fulfill the commitments already made and maximise the return on existing investments as in the power sector. Adequate priority must be given to sites and structures that hold out promise of gas.

88. ONGC and OIL should significantly step up their investments in oil and gas exploration in the region

89. We commend the Petroleum Ministry's partnership-in-development proposal to transfer a small part of ONGC and OIL's equity to a Social Development Foundation that would entitle those losing land for oil/gas exploration and production to participate in profit sharing. This could serve as a model for other development sectors in the Northeast where there are special sensitivities about tribal and ownership.

90 The possibilities of a gas/oil exchange and gas grid linkages with Bangladesh may be explored as a part of a wider energy exchange regime in South Asia.

91. In order to expedite the creation of roads and other necessary infrastructure for exploration in remote areas, oil companies should be permitted to undertake these works entirely at their own cost instead of the current practice of their depositing 60 per cent of the cost with the concerned state government and then finding the work delayed or not done as the money goes into the consolidated fund and is not reallocated to the PWD which must execute the job The matter may be pursued with the States concerned.

92. The lingering controversies over certain aspects of the gas required for the Assam Gas Cracker Project must be expeditiously resolved at the highest level. This major project should not be allowed to stall any further as Assam will otherwise be required to bear the high opportunity cost of delay

Coal

93. Steps should be taken to explore external market opportunities for Northeast coal and an infrastructure plan, including roads and ropeways, developed to exploit emerging opportunities.

94. Coal India should be charged with rehabilitating the private mining industry in Meghalaya in consultation with the State Government and private landowners.

Power

95. Full funding must be provided to on-going power projects to ensure that further cost and time overruns are avoided in this critical sector.

96 The Department of Power should concert action to refine its perspective power development programme for the Northeast, currently under preparation, in consultation with the Brahmaputra Board, NEEPCO, Power Grid Corporation and the concerned States, taking account of all

pending and proposed hydel, thermal and gas-based stations on the anvil These projects should be ranked and efforts made to secure funding.

97. System efficiency must be improved by urgent steps to reduce T&D losses and improve PLF. The CEA or Power Grid Corporation should undertake a quick study of critical gaps and linkages within three months with priority funding.

98. A similar expert assessment should be made of the additional generation that can be brought on stream by meeting fuel deficits, whether of gas or coal. Every effort should be made to meet these deficits which will also improve the financial health of the units/agencies concerned. Any modest bridging finance required for this purpose should be provided.

99. Determination of who should execute the Karbi Langpi, Kameng and Loktak Downstream projects should be speedily resolved to avoid delay and further cost escalation.

100. The proposed power tariff regulatory authority should be brought into being as early as possible, or this might even be done separately for the Northeast as an interim arrangement, as a prelude to reorganisation of the Assam and Meghalaya electricity boards. Consumers would prefer reliable supplies and service to notional subsidies that do not really benefit them.

101. Consideration should be given to corporatising the remaining five electricity departments in the Northeast so that they are insulated from political pressure and patronage in pricing, staffing and forward planning. There has to be a new culture if the huge power potential of the region is to be realised.

102. External funding for power development in the Northeast has dried up barring OECF, and private investors, though interested, are shy because they are unsure about the returns. Efficient SEBs/power corporations can attract commercial borrowing, institutional lending and private investment, Indian and foreign, provided the Government is willing to underwrite these transactions particularly in regard to mega projects. We accordingly recommend that the Centre guarantee these borrowings on suitable terms and conditions related to Northeast realities and opportunities.

103. The Brahmaputra Board should be greatly strengthened commensurate with its transcending role and responsibility in the Northeast It must have a meaningful presence in all the States, especially Arunachal where it has a major task ahead of it. The necessary funding and personnel should be made available for this purpose.

104. The Brahmaputra Board has sought Rs 50 crores to undertake the Dihang and Subansiri cascade studies This should be sanctioned so that DPRs are available and prioritisation per se and investment decisions can be taken well within the 9th Plan period. Some modest additional funding should be earmarked for initiating any necessary pre-investment infrastructure pertaining to these projects.

105. The Brahmaputra Board, and all other water resource and development agencies in the Northeast, must be mandated to the fullest transparency so that public confidence and

accountability are both enhanced. Early public hearings and consultation with NGO groups could provide rewarding. Delays in implementing mega projects would be disastrous and it is imperative that compensatory action to mitigate all environmental impacts and ensure protection of bio-diversity is assured.

106. A Barak Valley-Barail Upper Catchment Authority should be legislated and funded through a surcharge on energy generated by the Tipaimukh Project. Similar catchment area authorities should be routinely established as part of all major and medium projects in the Northeast as a means of avoiding traditional catchment-command area tensions and using large dam construction as spearheads for major area development in otherwise sequestered and neglected regions. Tuirial, Tuivai, Ranganadi, Doyang, Kameng and other projects would be immediate candidates.

107. An early inter-state meeting should be convened by the Centre at the highest level to secure full agreement on and approval for the Tipaimukh project which could have a transforming effect on the southern tier of the Northeast. The sum of Rs. 50 crores sought by the Brahmaputra Board for initiating work on the project during the 9th Plan should be made available with the assurance that further funding will be forthcoming to accelerate construction.

108. Since the Tipaimukh Project could also benefit Bangladesh, further design optimisation and cost-benefit sharing to mutual advantage should be explored.

109. Investigations of the twin Chhimtuipui (Kaladan) hydro projects in southern Mizoram should be conducted with an eye to investigating the possibility of navigation down the river to Sirtwe (Akyab) and the sea. The cooperation of the Myanmar authorities should be sought. The Kaladan is reportedly already navigable for a considerable stretch in Myanmar up to Paletwa.

110. Initial planning should be taken in hand to tie the Northeastern and Eastern electricity grids in view of the expected growth of generation in the Northeast and Bhutan. A situation must be avoided such as currently prevails when surpluses in the eastern grid cannot be transferred to the adjacent power-short northern and southern grids. In fact, the Northeastern grid is poised to be and must become the lynchpin in improving the national and regional hydro-thermal mix in the interests of system stability, peaking efficiency, flexibility and improved maintenance.

111. Even in the intermediate period, power generation could become the cash-strapped Northeast's largest source of resource mobilisation. Power planning and implementation of projects to tap the region's hydro/energy potential must, therefore, be seen as an essential element of national power strategy linked to plans for establishing a sub-regional or South Asian energy exchange grid.

Industry, Handloom and Handicrafts

112. The National Institute for Design, Ahmedabad, should be invited to play a lead role in establishing design bureaux for a variety of textiles and crafts in the Northeast with special funding. The Handloom and Handicrafts Boards and the HHEC should also be geared to the task.

113. Special emporia and exhibition centres should be established within the region, in the rest of the country and at suitable locations abroad in order to promote the marketing of these wares.

114. Disputed areas along inter-state boundaries in the Northeast should, if possible be declared or treated as development zones with the mutual consent of the parties concerned. They could be used for the development of infrastructure and industrial areas that could attract investment for the production of manufactures for export or for meeting some of the region's consumer requirements

115. Export processing or special economic zones should be established with all necessary infrastructure at suitable locations in the Northeast to attract export industries. Joint ventures could be floated with Bangladeshi and other entrepreneurs to exploit the Northeast and export markets.

Urbanisation and Spatial Planning

116. Master plans be prepared/reviewed for all State capitals, larger towns and potential growth centres with expert assistance. This is all the more necessary in the fragile hills where unregulated construction, high-rises and lack of infrastructure have degraded the urban environment and caused serious traffic and sanitation problems.

117. In cases of urban expansion or potential township development around new airports, railheads, industrial centres and other growth poles such as the Shillong satellite town, Lengpui airport (Mizoram), and Nangalibra (East Garo Hills), the Government should freeze land prices and any new construction within a given radius. This will ensure urban standards and enable the state to retain the capital appreciation of land through betterment. This will provide a source of funding through regulated sales for approved purposes and preclude land speculation designed to fill private coffers

118. The Imphal Capital plan that has been prepared should be carefully evaluated and funded in phases.

119. The Assam Rifles are reportedly to evacuate the remaining portion of the Kangla Fort premises in the heart of Imphal. The Fort is a hallowed Meitei heritage site which should be restored as a centre of Meitei culture and history as may be determined by a special committee. This project should be assisted through a core grant from the Centre

120 The same should be done for Gargaon, the ancient Ahom capital near Nazira, and Sibsagar in Assam and other heritage/historic sites These places recall the pride and glory of the Northeast.

Trade and Transit

121. An inter-ministerial task force be set up to review the entire Northeast border and inter-country trade issue, with particular reference to Bangladesh, Myanmar, Southeast Asia and Southwest China, and to report on trade opportunities, related manufacturing possibilities in the Northeast, required infrastructure and communication links, banking and warehousing facilities, necessary customs and security arrangements and manpower needs.

122 A similar review should be made of Indo-Bangladesh trading possibilities and transit routes in relation to the Northeast and the neighbouring countries and of the transport re-connections or new facilities that might be useful and mutually advantageous to both sides.

123 The Ministry of External Affairs might examine what consular or other offices need to be established in the Northeast to facilitate trade and movement.

124. Serious consideration should be given to establishing one or more export processing/special economic zones to promote external trade from the Northeast.

125. Bangladesh and Myanmar trade and industrial delegations may be invited to visit the region and vice versa.

126 The Commerce Ministry should consider opening an office and setting up one or more permanent exhibitions and showrooms in the region. Travelling railway and steamer exhibitions might be exchanged between India and Bangladesh with strong Northeastern participation.

127. The Government should commission a study (or a joint study with Bangladesh) of the costs and benefits to both countries from trade and transit, including the use of Chittagong port as an entrepot for the Northeast. This should include the extent of upgradation of infrastructure, if any, required in Bangladesh in various sectors for handling Indian traffic. Indian assistance should be forthcoming for consequent investments.

128. The programmes and related infrastructural requirements under this heading will need to be separately funded Likewise, it would be desirable to earmark a fund for trade promotion and some suppliers credit to support the Northeast's external trade.

Tourism

129. It would be desirable to establish a Northeast Tourist Development Corporation with core funding to plan and spearhead domestic and international tourism in the region.

130. The new NTDC should sit with the NEC and respective state tourist departments to plan the development of tourist sites and related infrastructure as a basis for marketing integrated tour packages.

131. With Guwahati soon to become an international airport (but without necessarily waiting for that), steps should be taken to evolve special international packages in consultation with travel and tour operators in neighbouring countries like Bangladesh, Bhutan, Nepal, Myanmar and Thailand and further afield, especially Japan

132. The Restricted Areas Permit (RAP) regime has been ended in Assam, Meghalaya and Tripura and should be simplified and relaxed for specified areas elsewhere such as the Imphal Valley.

133. Inner Line Permits should be readily issued at all major tourist offices, railheads, airports and state entry "gates" along national highways.

134 Low budget tours should be organised for trekkers, campers and young people.

135. The Railways should offer special holiday tour/travel concessions during holiday seasons or festivals for all those visiting the Northeast from a distance of more than, maybe, 300 km from Siliguri. The same facility may be extended to those travelling more than 300 km from their nearest railhead in the Northeast to destinations beyond Siliguri.

136. Charter flights should be permitted for Northeast package tours.

137. Northeast tourism must be well advertised through tourist offices, travel agencies and airlines in all states and abroad

138. Tourist training courses should be started in the region to turn our competent tour operators and guides, hotel staff and other personnel.

Monitoring and Implementation

139. Appropriate monitoring agencies should be established or designated to ensure that speedy and cost-effective implementation as well as the provision of all required linkages. This would vary as between the hundreds of small and scattered BMS programmes and larger and more lumpy infrastructural projects

140. Transparency could be one important means of creating awareness and accountability, especially at the grassroots. All State Governments/departments and Central agencies must be required to inform the relevant public of the programmes initiated and funds provided with data, name of agency, details of contracts, target dates, etc., in the local language/media and/or through village and town meetings and simple publications.

141 Village and district planning boards where they exist, tribal councils, and other credible agencies should be mobilised and placed in programme/ project monitoring committees.

142. East state may be requested to set up a state-level implementation and monitoring committee that could also oversee maintenance It should preferably be chaired by the Chief Minister and the membership could include some non-officials. These bodies should make a quarterly or half-yearly review of programmes/projects so that timely action can be taken to correct lags, tackle bottlenecks and ensure schedules and quality control.

143. The NEC may consider setting up an evaluation and monitoring cell to receive periodic reports from the states so as to enable it effectively to monitor overall progress in all sectors.

144. The Comptroller and Auditor-General may be requested to consider devising suitable means, whether through a newly-constituted Northeast audit wing or otherwise, to secure a special audit of programmes and projects under the PM's package and all other accelerated development programmes/projects that are being proposed.

145. The Prime Minister may consider ordering a periodic macro review of his Northeast

Initiative in consultation with the Northeast Chief Ministers This will help track progress, assess performance and chart the way forward.

Banking and Finance

146 The banking system in the Northeast must make enhanced efforts to improve the CD ratio.

147. Industrial finance should be considered part of priority sector lending.

148 All-India institutions should consider cross-subsidisation of interest-rates just as Indian Airlines subsidises its Northeastern fares.

149 Incentive packages for industry such as the five year tax holiday, transport subsidy and industrial; growth centres have not worked as intended. A more effective package including reintroduction of a capital investment subsidy would be desirable.

150. The recently-established North-Eastern Development Finance Corporation (NFDFI) should be adequately funded by the Government, RBI and all-India financial institutions so that it can perform its assigned role effectively. On its part, NFDFI should endeavour to become a catalyst for development in the region.

151. The expert group on Industrial Development of the Northeastern Region under Dr (Mrs.) I.K. Barhakur, proposed a one-time grant of Rs 20 crores to NFDFI. This was to fund studies in the fields of technology, infrastructure, institutional finance, and marketing in the region. We recommend early action on this recommendation.

152. An inter-disciplinary group should be set up under the Deputy Governor of the Reserve Bank now designated to look after the Northeast to examine how banking and financial institutions norms and procedures may be suitably adapted to respond to the special land laws and other features obtaining in the region.

153 The State Governments, on their behalf, should make a sincere effort to create an investor-friendly environment to attract private capital to their states.

Additional Resource Mobilisation

154 The Northeastern States should make a concerted effort to rein in non-plan expenditure and to tap the potential inherent in professional tax, sales tax, motor vehicles tax and agricultural income tax.

155. All Northeastern States or those segments of the tribal population hitherto exempt from income tax should voluntarily accept the principle of a tax on income in accordance with the ability to pay, subject to the proviso that the net proceeds or additionality be credited to a special development fund for the concerned state/DC for a stipulated period of, say, 15 years. The rates of income tax in the region could be marginally lower than the all-India rates in all slabs for an initial period.

156. States should be required to set up upper catchment area authorities to be funded by a surcharge on all new hydro-electric generation. Apart from generating revenue, this could prove cost saving by ensuring widespread participation and cooperation in implementation.

157. Development Area Authorities should be set up around all new infrastructural and other growth centres and empowered to collect a betterment levy on the capital appreciation in land values which constitutes an unearned increment from development.

158. State acquisition and sale of land in urban development projects or grant of leaseholds subject to periodic revision should be mandated as a means of financing development and discouraging land speculation.

North Eastern Development Council

159. All security functions be formally delinked from the NEC which should be detached from MHA and placed under the Planning Commission.

160. The Council should be chaired by a public figure of high standing who should be located in Shillong. Further, he should be an ex-officio Member of the Planning Commission with ministerial rank.

161. The Secretary of the NEC should enjoy the rank of a Secretary to the Government of India.

162. The NEC should be redesignated the North East Development Council (NEDC) with all concerned Chief Ministers as Members.

163. There is good reason to include Sikkim in the NEDC as it shares similar problems and lies beyond the common Siliguri gateway.

164. It would be desirable to forge a close nexus between the NEDC and the Brahmaputra Board in view of the close planning and development linkages involved.

165. In the interest of better coordination among the various Central Ministries/Departments/Agencies/Public Undertakings concerned with the Northeast, the NEDC should have a central coordination committee in Delhi under the Chairman NEDC and serviced by the Adviser (Northeast) in the Planning Commission.

166. The NEDC should have an NGO Wing as a focal point for liaison and coordination with credible NGOs in the region on development issues including those pertaining to the environment and gender concerns.

167. The example of Meghalaya's Economic Development Council, a strategic policy planning body of political and public figure, industrialists, district council representatives, academics and NGOs, offers a useful model for emulation by other states. A Regional Economic Development Council should be set up under the aegis of the NEDC.

Political Infrastructure

168. The Northeastern Vice-Chancellors and the UGC should together formulate a well-thought out and coordinated programme for the development of higher education in the region. This should lead to the establishment in each university of certain centres of excellence with relevant area studies and language departments. Between them, these Centres should provide a spectrum of disciplines that attracts the best and brightest from the region and the rest of the country

169. The ICSSR and ICHR should be supported to undertake, expedite or strengthen research into and the writing of Northeast history texts for different levels of learning and scholarship.

170. Though matters of security and law and order are beyond the competence of the Commission, it was repeatedly brought home to us that the pace and progress of development and investment is closely related to the security environment. We accordingly flag issues such as additional funding for police housing that were brought to our attention for separate consideration by the appropriate authorities.

171. It is incumbent on all political parties to make everybody aware that peace, development and employment go hand in hand and that whatever be the assistance and support from the rest of the country, the salvation of the Northeast is in hands of its own people

172. All sections of the 9th Plan bearing on the Northeast may be collated and separately published as a "Northeast Plan" for wide dissemination within the region and outside.

173 A special effort might be made the Planning Commission to prepare and project a perspective plan "Northeast 2015" that offers a vision of the future.