

48th meeting of National Development Council held on 19th February, 1999

Honourable Prime Minister and distinguished members of the National Development Council,

1. It gives me great pleasure to participate in this meeting of the National Development Council, which has on its agenda some vital issues in the planning process and economic development of the country. I am grateful to the Prime Minister for calling the meeting of the NDC though it should have been called much earlier.

2. This meeting called to consider the Ninth Plan gives us an opportunity to reflect about the strategies adopted and the achievements made in the previous Plans. The basic objective of any Plan ought to be improvement in the general standards of living of the common people, especially of the disadvantaged sections like the Scheduled Tribes, Scheduled Castes, Other Backward Classes, Minorities, Women, etc., alleviation of poverty and provision of employment. It needs to be recognized that these objectives have not been realized through the previous Plans. It does not speak well of the strategy adopted so far that, in a country of vast resources, about 36% of the population is still living below the poverty line. One has reservations about this figure of 36% also - we should face the truth. The NDC should explore the reasons for the failures in the past and should come up with a more effective strategy so that the expectations of the people are not belied any more.

3. The Ninth Plan document has addressed the twin problems of poverty and unemployment. And appropriately so, Planning or development can have no meaning if a very large section of the people continue to live in abject poverty and are unemployed. It should be our endeavour to harness the human resource available in the country and provide gainful employment to the unemployed in the country, be they educated, semi-educated or uneducated, so that everyone can contribute in the production and nation building process. The Plan should, therefore, be employment-oriented; every person should get employment as per his or her ability and skill. There has to be a definite time frame for solving the problem of poverty.

4. I do not think it will be possible to tackle these basic problems of poverty and unemployment without recourse to a radical policy of land reforms. Land reforms have been neglected in this country since independence, or given only lip service, with rare exceptions. Meaningful economic development, including industrial development, is closely linked to land reforms in this country most of

which still lives in its villages. The Ninth Plan document should, therefore, include land reforms as one of the priority areas.

5. Other important areas, which require our attention, are education and health, as these are directly related to the development of the poor. Eradication of illiteracy and development of minimum health facilities are necessary for the development of human resource.

6. Balanced regional development and removal of inter-regional as well as intra-regional imbalances have been essential components of the country's development strategy. However, even after 50 years of independence, the level of economic development of the north-eastern region continues to remain well below the national level. Benefits of economic development have not accrued in the same manner as in the rest of the country. North Eastern Council was set up in 1972 with the objective of balanced regional development of the north east. However, even today, none of the state capitals in the region, with the sole exception of Guwahati, has a rail link. Air services provide the main link with the rest of the country. These are expensive for the people of the region but essential. Unfortunately the number of flights in the region is grossly inadequate. The national highways are highways in name only, at least it is so in the case of NH-44 in Tripura, and their standard is not comparable to the national highways elsewhere in the country. Natural resources like petroleum and gas are not properly exploited. Despite an excellent potential for hydel power generation, the region is still dependent on other regions for power.

7. Long neglect of the region and our failure to exploit the natural resources are not in the national interest. Growing unemployment has enabled the forces inimical to the country's interest to mislead a section of the youth towards extremism. Insurgency in the region cannot be tackled as a security problem alone. Tripura's insurgency problem is rooted in the ethnic mix of its population and the historical changes that have taken place in the ethnic mix. The tribals who were reduced to a minority after partition are amongst the poorest in the country. A large segment of the non-tribal population consists of erstwhile refugees from East-Bengal who were not given adequate rehabilitation facilities. Thus even the non-tribals are economically backward. Socio-economic development of the region and taking the misguided youth back into the mainstream are necessary for national integration. Success depends on Central Government's attitude and help.

8. There is a big gap in infrastructure for power generation, communication, irrigation, etc., in the region. Though the need for infrastructure development has been recognized in the Ninth Plan document, I find that there is too much emphasis on private sector participation. Private sector, especially in the infrastructure sector,

is almost non-existent in the north-eastern region. Therefore, massive investment by Central Government is needed to reduce this gap in the region. After the visit of Shri H. D. Deve Gowda, a High Level Commission under the chairmanship of Shri S. P. Shukla, the then member of the Planning Commission, was appointed to suggest necessary steps for bridging the gaps in infrastructure and Basic Minimum Services (BMS). The Commission recommended an outlay of Rs.1512.25 crores for Tripura for bridging the gap in Basic Minimum Services during the 9th Plan. However, no additionality for BMS has been released by the Central Government. Provision of BMS like health and medical cover, education, drinking water, village connectivity and housing are pre-requisites for economic development of the State and any delay in this critical sector will prolong the sufferings of our people and help the enemies of our country to exploit the conditions for their narrow economic and political interests. The Commission also recommended several measures for bridging the gap in infrastructure in the region. Provision of infrastructure like roads, bridges, power, irrigation, etc., will provide better access to the farmers and entrepreneurs of the State to advanced agricultural technology, marketing, irrigation facilities and power connections, which will go a long way in the rapid economic development of the region. The non-lapsable Central pool of resources, created recently, is far from adequate. Unless large investments are made for infrastructural development in the Ninth Plan, the north eastern region will continue to lag behind the other regions of the country.

9. I am aware of the limitation resources and the need for greater resource mobilization and fiscal discipline. However, there is also a need for greater appreciation of the socio-economic instability, the security environment and the administrative compulsions peculiar to the north-eastern region. In view of the low level of investment in the past, an economy which primarily agrarian, inadequate infrastructure, stagnating trade activities, and narrow tax base, Tripura has extremely limited capabilities of increasing internal resources. On the other hand, there are ever increasing additional liabilities on account of establishment charges and transfer of plan schemes to the non-plan side. The situation has worsened after implementation of the recommendations of the Pay Commission by Central Government, which increased the expectations of the State Government employees, and the State was compelled to announce similar benefits for its own employees. In view of our limited potential for resource mobilization, the Central Government has to provide the additionality on account of pay revision to the State Government.

10. The Central Government may also raise additional resources by unearthing black money and through progressive taxation so that the burden is not felt by the poor. There has to be an austerity drive and greater emphasis on eliminating non-essential expenditure. Dependence on imports needs to be reduced and exports increased so as to make foreign trade favourable to our country.

11. Central Plan Assistance for the Special Category States should be provided as 100% grant. The demand for setting apart at least 40% of Central Plan Assistance for Special Category States brooks no further delay in acceptance. In Tripura, interest payment constitutes 12.77% and debt servicing 16.12% of the total non-plan expenditure. The State Government will not be in a position to discharge debt obligations of this magnitude. Central Government should immediately consider waiver of the interest burden at least to enable the State to find resources for development activities.

12. The criterion of allocation of funds under major rural poverty alleviation programmes is one of the agenda items in today's meeting. The criterion is based on a poverty percentage of 45.01%, accepted for Assam and extended to all the north-eastern states. The State Government had conducted, in accordance with the guidelines of the Central Government, a BPL survey. The survey indicated a poverty percentage of 73.58. This figure regrettably has not been accepted by the Central Government. While a poverty percentage of 45.01% itself was grave injustice to Tripura, in view of its higher incidence of poverty, its downward revision based on so called 'adjustments' is compounding this injustice. The proposal before the NDC of 'weighted average' is even worse: combining the Task Force and Group of Experts and taking an average is totally artificial. This is absolutely unacceptable to the State Government. The 'adjustments' and 'weighted average' should be immediately withdrawn, and 10% of all developmental funds must be allocated to the north-east as per policy already accepted by the Central Government.

13. Tripura has a very long international border with Bangladesh. A few other north eastern States have border with Myanmar and Bangladesh too. This aspect as well as the proximity to South East Asia need to be exploited. Though there have been several rounds of discussions for getting trade and transit route for Tripura through Bangladesh, no positive outcome has emerged so far. The talks need to be continued more vigorously as this will not only help Tripura but the entire north-east region as well as the entire country. The export policy for the north east that was included in the PM's Package for the north east also needs to be formulated and implemented without further delay.

14. Though the New Industrial Policy for North East was announced in December, 1997, the policy is yet to be implemented. Follow up action by the Ministry of Finance and other concerned Ministries is still awaited. Though entrepreneurs had shown some interest after the announcement of the new policy, undue delay in the implementation of the policy has turned them away from the north east.

15. Relaxations in PMRY norms are also far from satisfactory. The relaxation in age limit given to all categories in the north east has not been taken into account in the latest guidelines. The upper age limit needs to be fixed at least at 45 for all categories in the north east. The problem of unemployment in the North East is well known. There is a need for increasing the coverage under the PMRY or introduce a special programme with emphasis on self-employment. For this, the recommendations of Boparai Committee need to be implemented on priority.

16. It is ironical that despite availability of natural gas in abundance in the State, hardly any gas-based industry has come up. Exploration efforts of the ONGC are not adequate for attracting large industry. These efforts need to be intensified either by the ONGC or other agencies, domestic or foreign.

17. In case of north east, review of the forest policy is a long felt need. Large areas are categorized as forest land as a result of which development works for the tribal jhumias and primitive tribal groups cannot be taken up. This problem is very acute in Tripura as 60% of the land is categorized as forest land. Almost $\frac{1}{3}$ rd of the State's population comprising mostly tribal jhumias and primitive groups lives on forest land. Unless developmental schemes for these jhumias and primitive groups are permitted on forest land, poverty can never be removed from the State. Shukla Commission had recommended inclusion of "rubber" and "tea" as forest species. The policy for use of forest land should be suitably modified so that natural rubber and tea could be raised on forest land for rehabilitation of tribals.

18. The tribals in Tripura are amongst the most backward sections of the population. Special projects need to be taken up for the integrated development of the tribal areas. The Autonomous District Council established under the VI Schedule needs to be given greater powers through constitutional amendment.

19. Tripura has well developed Panchayati Raj Institutions. We were one of the first to set up democratically elected Panchayati Raj Bodies in the rural areas, and Municipal Council and Nagar Panchayats in the urban areas. These bodies are actively involved in all planning and development works. However, their effectiveness is constrained by inadequate devolution of resources due to non

availability of adequate resources with the State Government. I would suggest that additional Central assistance be provided for assisting and empowering these bodies. Any assistance to these bodies should, however, be routed through the State Government which would also be responsible for monitoring the progress.

20. Our Government has expressed its deep concern earlier over the increase in the Central issue price of essential commodities as well as urea and LPG, and demanded its immediate withdrawal. The Central Government needs to reconsider its decision in this regard at least in respect of the backward States/regions. Public Distribution System needs to be strengthened by distributing more essential items through PDS. Essential Commodities Act also needs to be made more stringent.

21. In so far as backward and resource-poor States like Tripura are concerned, Centrally Sponsored Schemes provide an important source of funds for development. We are, therefore, in favour of continuation of these schemes. Some of the schemes, which need to be implemented taking the local factors into account, may be transferred to the States, along with the resources, with an in-built provision to neutralize inflation in the years to come.

22. The regional disparity prevailing in the country will get further widened as a result of the policy of so called economic liberalization that the Central Government has been pursuing for the past eight years. Foreign investment in the entire north eastern region is negligible. The domestic industry is also free from any compulsion to invest in the north east. Against this background, the role of Central Government in developing the infrastructure in the north east assumes special significance.

23. Before I conclude, I would like to mention that the National Development Council has to play a more active role in the planned development of the country. The Council should not only finalize the Plan but take up periodic review of the implementation of the Plan. This will be more effective if carried out region-wise also. NDC ought to become a lively and living body for periodic discussions and taking decisions on important issues affecting the economic well being of the country.

Thank you.