

42	Preparation of an action plan for development after opening up of Moreh and Lunglei highway	NEITCO, Guwahati & Genesis Fintec Ltd., Kolkata	2004
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EXECUTIVE SUMMARY

Significance of opening up two Highway

➤ **Regional Co-operation - Indian & ASEAN context**

Regional Cooperation & ASEAN

- The growth of regionalism has been one of the major developments in international relations in recent years. All countries are now members of at least one block
- In recognition of importance of faster trade, transport bottlenecks have been narrowing in regional groupings leading to "deep integration" of the economies concerned.
- A welcome development has taken place in the ASEAN Countries in the recent times. The ASEAN leaders agree that economic prosperity in the future will hinge on closer ties and cooperation within the region. "Look East" Policy of the Government of India is a bold step in this direction.

ASEAN Economic Community (AEC)

- AEC seeks to lead the 10 ASEAN countries into a more streamlined and integrated economic community through the ASEAN Free Trade Area (AFTA), which strives to remove tariff and non-tariff barriers – to trade in goods and services and to investment – thereby making the ASEAN countries more competitive to direct foreign investors.
- A common market of more than 500 million consumers is expected to make ASEAN more viable for regional production networks by capitalizing on local competitive advantages and economies of scale.

India's Look East Policy:

- India has today got a new dimension to its Look-East vision, developing its north-eastern States by linking them to South-East Asia through road and rail links via Myanmar. It is part of a larger project to build Eurasian land and rail corridors that could connect Singapore to Istanbul and Europe via both India and China. The Trans-Continental Highway and railway could reach to the ultimate link up of China, Russia and Central Asia, bringing immense benefits to all the countries.
- In pursuance of India's "Look East" Policy, it has moved purposefully in developing a broad economic and strategic partnership with a dynamic country of South-East Asia.

➤ **New routes and creation of Accessibility**

- The real significance of the opening up of the two Highways viz. Moreh - Imphal and Aizawl - Lunglei lies in the fact that hitherto unavailable accessibility to certain markets & countries which was till now very difficult, is available.
- The opening of these two highways completes, in fact the only practical road access to the South East Asia from Central & West Asia. The following 8 countries now have become accessible through these new road routes:-
Myanmar, Lagos, Vietnam, Cambodia, Thailand, Malaysia, Indonesia and Singapore

➤ **New Markets & Opportunities**

- A good amount of market linkage can be established with four neighboring countries with which NE shares around 98% of its border, with the opening up of these two highways. This is an immense opportunity of linking NER with the markets of a number of countries in Asia region.
- Eventually, the border trade which has traditionally taken place only between India and Myanmar through Imphal – Moreh route, can now get a multi fold increase if:
 - the right approach is taken for hassle free movement of goods,
 - the potential and possibilities are recognized and
 - a time bound action plan is made and implemented in a time bound framework.

➤ **Significance of two Highways in the context of Asian Highway**

Asian Highway

- The route of the proposed Asian Highway ultimately passes into Myanmar. This proposed Trans - Asian Highway (with Sourashtra –Silchar Super Highway Project as a constituent) is being extended to Moreh, the border town of Manipur. The North Eastern part of our country provides the only access to the Asian Highway-1 for South East Asia. Hence the strategic importance of the connectivity of this region cannot be overemphasized.
- With the proposed Moreh to MaeSot (Thailand) Highway coming up, Manipur is poised to become the gateway to the South East Asia.
- More importantly it is a golden opportunity for the development of the North Eastern part of our country which has a bounty of untapped resources.

Concept of the Asian Highway Network

- *Capital-to-capital links*
- *Connections to main industrial and agricultural centers-*
- *Connections to major sea and river ports*
- *Connections to major container terminals and depots*
- *Connections to major tourist attractions*

➤ **Opportunities for economic development**

- Border trade opportunities
 - Border trade to or from Myanmar through these roads is the immediate opportunity for both the countries. Traditional border trade would now be supplemented by trade in terms of new merchandises. Beside Indo-Myanmar trade, huge volume of border area trade can be envisaged with some of the South Eastern countries.
- Scope for Market linked and Resource based economic activities in the hinterland:
 - Largely transit trade has taken place in the name of border trade. Very little volume of products are based on local resources of NER. However, now resource based products can find their market in connected countries.
- Opportunity for other parts of North East
 - The Opportunity is to be exploited by the products and the services from various other parts of North Eastern states which are connected directly or indirectly with Imphal and/ or Aizawl by roadway.

Border Trade

➤ **Relevance & background of Border Trade :**

- **NE – Myanmar Border Trade is imperative in the context of opening up of the two National highways:**
Imphal – Moreh (NH-39) and Aizawl- Lunglei (NH-54) highways would lead to the border trade route from North eastern states via Manipur and Mizoram in India respectively to

Myanmar. Therefore, this study has examined various aspects of border trade between North East and the neighboring country Myanmar.

➤ **Relevant Border Trade Routes:**

- NH-39 between **Imphal** and **Moreh** in Manipur and NH-54 between **Aizawl** and **Lunglei** in Mizoram will complement number of routes from various parts of North East to neighbouring country Myanmar, through **Moreh** border point and Champai (**Zorkhatwar**) border point respectively.

➤ **Present status of Border trade & Border area trade practices**

- In the Bilateral border Trade Agreement, 22 items have been identified and made open for exchange under the barter mechanism at the concessional rate of duty. Moreh-Tamu sector is more active for border trade. The Myanmar Government's has constructed a marketing complex at Namphalong just across the international border.
- All payment have to be made in US \$, (or) kyats, (or) and Rupies in Myanmar-India border area. In addition, normal trade through Banking Channel for freely importable and exportable items is also allowed. Both India and Myanmar being ACU countries, the denomination of value is ACU Dollar.
- Both, legal as well as illegal border trade activities are in vogue.

➤ **Present Commodity composition:**

○ ***India's exports to Myanmar***

Primary & semi finished iron & steel, Drugs, Pharmaceuticals & Fine chemicals, Machinery & instruments, Plastic & linoleum products, Manufactures of Metals, Rubber manufactured products except footwear, Transport equipment, RMG cotton including accessories, Iron & steel bar/rod & ferro alloy, Paper/wood products, Inorganic/organic/agro chemicals, miscellaneous processed items and electronic goods etc.

▪ ***Imports by India from Myanmar: -***

Betel Nuts, Turmeric, Red kidney Bean (Rajma), Kuth roots, Gram Resin, Reed-brooms, Dry Ginger, etc.

➤ **Character of present Border Trade between NER and Myanmar:**

- Goods produced outside the region are mainly exported through Moreh-Tamu sector. Similarly, goods of third country origin are mainly imported from Myanmar. This is giving the border trade in this sector a character of transit trade.
- NER-Myanmar trade has not yet been organically linked with the local resource bases and production structures across the border.

➤ **Potential commodity/service composition for future border trade between NER and Myanmar:**

A) Potential Border trade in the nature of Transit trade:

- Items offering export potential from India are Insecticides, Medicines and Medical Equipment, Cotton fabrics, Cement, steel utensils, MS rods, GI sheets, Agarbati and perfumery compounds, Machinery and spares, Spices, Industrial raw materials, Chemicals, Plastics, Cosmetic, Milk powder, Cotton yarn, Textile and dress materials, Tyres and tubes, Cycles, Animal skin/hides, Motor cycles and vehicles, Agricultural implements, Other food items, Fertilizers, other consumer goods etc.
- Only some of these items are produced in North Eastern states and most are brought from other parts of India.

B) Potential commodities for border trade taking into account the resource base of the North East states and the demand pattern for different items in Myanmar:

- The products for export promotion from the region include processed fruits and vegetables, tea (blending and packaging), rubber products, medicinal plants and herbs, handloom products and silk etc.

C) Economic activities / services identified for border trade with Myanmar are:

- Teak processing, Electricity generation, Cutting and polishing of precious stones, Cutting and polishing of granite, Polishing and milling of pulses and oilseeds.

➤ **Constraints:**

- Proper infrastructure like railway linkages, containerization, warehousing facilities, documentation services is yet to be built.
- Indian traders may only trade with Myanmar in US\$ under the Asian Clearing Union stipulations. However, with the US sanctions, Letters of credit may be issued for Myanmar through a third country only.
- Security is one of the important factors, which has been hampering border trade.
- As the payment under barter system are to be received in the form of goods of equivalent value, delay in getting deliveries from Myanmar resulted in penalties of Indian traders by the RBI under FEMA.

➤ **Identification of threatened economic activities due to border trade**

- Fabric import hampers the saleability of fabric made locally as well as brought from other parts of India.
- Electronic goods retail shops of Indian brand, small repairing shops and servicing business, are threatened by the influx of cheap imported electronics goods.

➤ **Status of existing Infrastructure at border points:**

1. Moreh-Tamu sector:

Under construction / progress:

- Infrastructure pertaining to Land Customs Station are Weigh-bridge(40 MT) at LCS Complex, Circular Road around AR Hillock and Improvement of road from Gate No.2 to NH 39, Street Lighting, 40 MT Warehouse Godown, Convention Hall & Stay, Facility Centre, Compound Fencing around Trade Centre, Moreh Construction of road at LCS, Fencing of LCS, Road from Moreh PS to Gate No.1, Road at Nepali & Muslim Basti
- Other Border trade support Infrastructure development at Moreh or beyond Moreh' municipal agglomeration are Inland Container Depot between Moreh - Imphal and Guwahati, Construction of two trade centres at Imphal and Moreh, Industrial growth centre at Lamlai-Napet village, Integrated Infrastructure Development (IID) centre at Moreh, The Export Promotion Industrial Park (EPIP) project at Khunuta Chingjin.
- A branch of United Bank of India (UBI) functions at Moreh. Other nationalised Banks should also consider for opening their branches at Moreh.
- The present power situation in Moreh town is bad. A 33/11 KV new power station has recently been opened at Moreh. There is intense pressure on Moreh.

2. Zorkhatwar – Rih sector:

- Land has been acquired at Zorkhatwar for the Land Custom Station
- A police outpost has also been set up at Zorkhatwar
- Completion of the construction of Bailey Bridge between India and Myanmar at Zorkhatwar.
- Construction of a border township at Melbuk
- Setting up an export intensive area at Talbung, Marpara, Champhai

- Setting up an EPZ under Falta EPZ at Khawanuam, Tlabung
- Setting up a quality control laboratory at Aizawl, Champai, Tlabung
- NEC has approved the setting up of Special Economic Zone at Khawanuam during the 10th Plan of NEC Scheme. However this has been stayed for which Government of India is requested to re-consider the scheme and release the fund.

➤ **Action Plan for augmentation of border trade with Myanmar**

A) Action Plan for building / completion of Infrastructure projects at border points:

Moreh-Tamu sector:

- Objective of building additional infrastructure is to increase the volume of legal trade, allow speedy movement of materials and provide all facilities needed by the exporters and the importers at the LCS.
- Additional identified projects that are to be started/completed are Truck Terminal with material handling facilities at Moreh include LCS, Cold Storage at Moreh, Quarantine facilities, Integrated office cum residential accommodation for Security personnel, Inland container depot, Precious stone cutting and polishing center.

Zorkhatwar – Rih sector:

- There is hardly any infrastructure for effecting smooth border trade. The development objective of additional infrastructure in this sector is presently restricted to starting this route actively as soon as possible.
- Border trade should be started within 2006-2007. For this, the Myanmar Authority has set up BTP recently. The additional infrastructures required are warehousing Infrastructure at Zorkhatwar LCS, Construction of two trade centres at Border Township, Melbuk and Zorkhatwar.
- Further infrastructures needed within the Indian side are the road from Selling to Zorkhatwar which needs to be upgraded to a national high way.

B) Action Plan for capability development for export of Potential commodities to Myanmar through Border trade

- Processing, bottling and canning facilities need to be created in Assam, Tripura, Manipur.
- Packaged tea needs to be developed.
- Scope exists for developing automobile tyre units.
- Commercial exploitation of medicinal plants & herbs has to be taken up.
- Manipur State Drugs & Pharmaceuticals Ltd should take advantage of the opportunities available in Myanmar.
- Units need to be set up for manufacturing handloom products.
- Production of tassar, eri, muga and mulberry silk need to be commercially organised.

C) Action Plan for checking the illegal trade practices:

- Items of third country origin may be brought under the provisions of the India-Myanmar Trade Agreement or under the clearance of third country origin goods vide Luggage Rule 1944.
- Consider the expansion of the 22 agreed items with some of those items which are being traded in illegal channel, there is ample scope for improvement of the trade.
- Trade should be regulated through only one gate & border fencing should be undertaken in the area of Moreh
- Free movement regime should be restricted to tribals moving with head-loads comprising unauthorized local produce
- A composite check-post should be set up at Moreh comprising representatives from Customs, Immigration and Narcotics with local police providing protection

- There is also a need for raising additional units of the Assam Rifles for CI duties and border management. This has already been approved by the Cabinet Committee on Security.

D) Action Plan for simplification and facilitation of procedural aspects of Border Trade:

- Interaction between business chambers and associations and greater exchange of trade delegations should be increased.
- Trade facilitation and standardization of document will give the requisite impetus to enhance official border trade.
- Revision of the list of tradable items for border trade is of utmost importance to augment trade in high value products too, especially for Indian export.
- Indian companies could consider setting up trade oriented joint ventures or wholly-owned subsidiaries in Myanmar
- Trading under the Letter of Credit system should be made operational in both countries. Instead of the ACU dollar, Letter of Credit may be permitted with the Euro to counter trade transactions.
- The issue of composition of trade is as important as the trade volumes. It would be useful if India could consider adopting ASEAN harmonised Tariff Nomenclature (AHTN) .3 version of 8 digits in India-Myanmar trade.
- Reduction of tariff and non-tariff barriers.
- Establishing branches of Indian banks in the border area could solve the Indian traders problem in sourcing credit and foreign exchange.
- Developing favourable security environment along the trade routes is essential in order to reduce the unnecessary costs and risks borne by traders.
- Exports Promotion Zones could be set up in the border area.
- Cold chain infrastructure and warehousing facilities need to be enhanced at existing border points. A greater number of border trading points should be opened in the states of Mizoram, Nagaland, Arunachal Pradesh and Assam.
- **Suggested Model for Transportation of goods across ASEAN countries:**
A clear understanding on transit movement is yet to be operational. So it is required to formulate a Common Transport Policy (CTP) for ASEAN countries. This policy may be modeled on the TIR Carnet system prevalent in EU. The International Road Transporters Union (IRU) operates on this system.

➤ **Analysis of Social Cost and Benefits of the action plan for border trade:**

Social Cost:

- Certain change would take place in traditional way of life and living of a section of the habitats and tribal people in border area
- In some places, land characters need to be changed for the purpose of border area infrastructure building.
- Frequent movement of heavy duty goods carriers may cause threat to the easy movement of slow moving vehicles and people in the border areas.
- Indo-Myanmar border trade practice recognizes the bartering mechanism. There is every possibility of over / under valuation of the Indian products.

Social Benefits:

- Infrastructural development like roadways, railways and communications,
- Generation of demand for various services like hotels, restaurants, medical facilities, vehicle servicing, currency exchange, weigh bridges, information booths, etc.
- Border trade would synchronize the local resource base in Manipur and Mizoram in particular as well as NE region in general. This helps in bringing vertical **linkages** between local resource base, production structure and trade and ultimately leads in economic development.
- Border area infrastructure build up would benefit the people around the border area.

- Border trade would unify the interest of the people across the border. It will tend to strengthen the links between the people at the grassroots level.
- A substantial portion of illegal trade can be converted into official trade resulting in higher degree of contribution to the Government exchequer
- Larger market for the manufacturing sectors in North Eastern states as well as other parts of the country.
- Betterment in foreign currency earnings and Forex reserve
- Reduction of Insurgency and other related law and order problems
- The flow of trade by unifying the common interest of both the parties, may also help in normalizing the bilateral relations.

SCOPE FOR ECONOMIC ACTIVITIES & RELATED ACTION PLAN

➤ **Identified Potential Economic Activities In Hinterland Of Highways & Other Parts Of NER**

A summary of the sector-wise activities that have been identified by the study as having good future potential is as follows:

- **Within Natural Resource Based Sector:**
 - *Agriculture and related activities* like Horticulture, Commercial Floriculture, Sericulture, Animal Husbandry / Dairy Farms
 - *Forestry & Forest produce* like Aromatic & Medicinal Plants, Bamboo based industry
 - *Mining & Minerals* like Mineral processing and Mineral Products
- **Within Manufacturing Sector:**
 - *Agro Based Industry* like Milk Processing , Ice Cream, Agro Processing of fruits & vegetables, tea blending & packaging
 - *Infrastructure related Industry* like Cold Storage
 - *Cottage Industry* like Handicrafts and Handloom
- **Within Services Sector:**
 - Tourism, IT, Financial, Education, Healthcare, Transportation, Professional & Other services
- **Merchant Trade, including:**
 - Engineering products, Auto & Auto Components, Infrastructure Industry related products, Textiles, Drugs & Pharmaceuticals, Chemicals, Household & personal goods, Sporting Goods etc.

The market analysis, current status, SWOT analysis and other relevant information in respect of these activities is given separately in the Annexure.

➤ **Action plan for the identified potential economic activities**

Overall Action Plan

- Economic activities on the basis of available resources, which target market opportunity, can be augmented by active participation of the private investors-big, medium or small. Such enterprises of investors further need to be abetted by Governmental actions- direct or indirect. Therefore, the action plan consists of two major components, one is for Private Investors and other for Government Agencies.
- In view of its long international borders, NER is ideally suited for a ***border trade-led development strategy*** based on large scale export production and imports for export production. It would be the responsibility of the respective State Governments to
 - i) Provide conducive environment for growth of export activities,
 - ii) Arrange for supporting infrastructural facilities

- iii) Encourage local private investments. and
 - iv) Become pro-active in attracting foreign investments.
 - v) Encourage quality consciousness
- Time bound target oriented development initiative should be taken by integrating various schemes under number of institutional support mechanisms already available.
- A special drive for bringing Indian corporate Investment as well as FDI into the region should be made jointly by Banks, NEDFi etc.
- The region may be having plenty of exportable products, but awareness, initiatives and supporting facilities do not exist in abundance. Most importantly, the state of finances of the states imposes a very serious obstacle to any developmental initiative. Therefore, the government should look at public-private sector participation for economic activities

Specific Action Plan

- Specific Action Plans suggested for each sector are as follows.
 - (i) *Specific Action Plan for Natural Resource based Sector :*
 - New technologies which are not only "cost effective" but also "in conformity" with natural climatic regime
 - Technologies relevant to rain-fed areas specifically
 - Continued genetic improvements for better seeds and yields
 - Judicious land use resource surveys, efficient management practices and sustainable use of natural resources.
 - (ii) *Specific Action Plan for Manufacturing Sector :*
The general macro level issues that need to be addressed are set out below:
 - Ensuring availability of inputs/raw materials
 - Availability of Skilled Labour
 - Entrepreneurial Skill
 - Capital Requirements
 - Infrastructure Development
 - Marketing/Channels Of Distribution
 - (iii) *Specific Action Plan for Services led growth :*
Towards promotion of services exports from the North East, three areas offer excellent opportunities, namely (i) tourism, (ii) health care services and (iii) educational services. Both the Central Government and the respective State Governments have obvious roles to play.
 - (iv) *Specific Action Plan for Merchant Trade led growth :*
'Export and Prosper' is the message that must be spread. The North East Council may be actively propagate the message and prepare a new roadmap for trade-oriented development.

➤ **Action Plan concerning Policy Measures**

- For augmenting investment in various sectors of economic activities, certain macro level policy measures need to be carefully woven with micro level planning. These could be:
 - a) Investment related measures, including those in respect of:
 - State capital investment subsidy

- Development subsidy towards drawing power line, water, sewerage line, etc
- Cost of feasibility studies
- Extension of transport subsidy up to Calcutta , which is presently given up to Siliguri both for bringing raw materials and for delivery of finished / manufacture product.
- Central sales tax (CST) on purchase of raw materials & plant and equipment from outside may also be reimbursed.
- Exemption for VAT collection and payment to new units at least for 5 to 7 years.

b) Initiating marketing efforts to improve awareness amongst target investors/ consumers, such as:

- Improving law and order situation of the states with the support of Central Government
- Putting in place marketing initiatives for projecting investment potentiality of the states.
- Inviting Entrepreneurs from outside NE states to set up suitcase industries (raw materials imported from other state).
- Providing more information to entrepreneurs on how to set up an industry in the states and opportunities available. Seminar, meetings are to be regularly organized.
- Making collective & consolidated effort for creation and enhancement of corporate brand of the NE.
- Setting up of a "single window system"

7. Analysis of Social Cost-Benefit of suggested Action Plan for augmenting economic activities :

Social Cost of Action Plan - status:

For initiating any action plan, it is but natural that there would be some social costs that that the region will have to bear. These could be factors like less availability of land for food cultivation, environment related issues, displacement of local people, change in social fabric, immigration of people from outside the region etc. However concerned steps have been suggested in Chapter 6 of the Report to minimize such costs in the wake of future development.

Social Benefit of Action Plan - status:

The following are the chief social benefit that will accrue during the development of the proposed economic activity. The plans for maximizing such benefits have been discussed in details in chapter 6 :

- Agriculture, Forestry and related activities would primarily generate employment in rural sector & amongst Adivashis, Vanavashis etc.
- Similarly, commercial mining and power generation can be one of the major prime movers of economy, generating large employment opportunities as well as Government Revenue.
- in NE where generally per capita savings is less compared to the Indian average, merchant trading activity can attract large number of local investors who do not have any prior business exposure.
- Services like Tourism, Information and Communication Technology (ICT) would generate benefit of employment creation amongst the educated youth in urban as well as rural society. This benefit can be maximized by attracting investment from NE as well as from other parts of India.

INFRASTRUCTURE IN HINTERLAND OF HIGHWAYS:

One of the objectives of the study is to assess the infrastructure, which is available in the hinterland of the highways as well as its status and additional requirement so that focused action may be taken.

➤ **Assessment of existing Infrastructure in the hinterland**

For the sake of clarity and brevity, the assessment is being presented head-wise in Annexures and the Action Plan is being presented as a part of the main report. The existing Infrastructure is given in the following two annexures:-

- Manipur (Annexure 7.1.A)
- Mizoram (Annexure 7.1.B)

A. Action Plan to bolster Infrastructure - Manipur

➤ **Power**

- ❑ **The development objective(s):** To be self sufficient for power needs by 2009.
- ❑ *Suggested targets to be achieved: To achieve power generation to the tune of at least 2000 MW by 2009.*
- ❑ *List of identified projects*

Sl. No.	Name of Project	Capacity (MW)	Estimated Cost (Rs. in Crore)	Status
1.	Ngeha	3 x 1.000	15.64	None of these projects are taken up till date.
2.	Inhu – I	4 x 2.000	39.24	
3.	Inhu – II	3 x 1.000	15.43	
4.	Bualkot	3 x 1.000	18.72	
5.	Chakpi	2 x 1.000	12.97	
6.	Sanalok	3 x 1.250	22.25	
7.	Makokching	3 x 5.000	86.61	
	Total	37.750	210.86	

Few other Micro & Mini Hydel projects have been identified: (Ref: 7.2.1.3.1)
Schemes taken up as Central Sector Project

Sl. No	Name of Project	Capacity (MW)	Estimated Cost (Rs. in Crores)	Present status
1.	Loktak Down Stream HEP	90	557.83	Yet to start
2.	Tipaimukh HEP	1500	4735.42	

❑ **Diesel and Heavy Fuel based Generation**

No new project has been envisaged under the above category.

❑ **Transmission & Distribution**

The transmission and distribution system of the state is very weak. The original sub-transmission system of Greater Imphal was designed for 8 MW of power only. It has not been augmented adequately. To cope up with the increased demand of power in the state and to reduce the high T & D losses more sub-stations and associated lines have been constructed.

❑ **Rural Electrification**

As on 31.3.2004 the percentage of villages electrified stands at almost 80%. It is suggested that this figure should reach at least 90% by end of 10th plan.

❑ **Power reform**

The area where more thrust has to be given in the larger interest of the state are identified as follows:

- Addition of generation capacity
- Investigation of Hydro Power Projects
- Launching a vigorous drive to collect more revenue
- Reduction in commercial loss
- Expansion of transmission & distribution to commensurate load growth
- Cent percent electrification of villages by 2007 AD
- Power to all by 2012

- ❑ **Conclusion:** Manipur has Hydro Power potential of 1960 MW of which only 5% has been realized. Tapping hydro power potential of even up to 60% will generate 1176 MW which will not only meet the full power requirements but will help improve and stabilize the poor resource position of the State by earning revenue through sale of surplus power. Continued thrust would be required on power reforms.

➤ **Feeder Roads**

- ❑ **The development objective (s):** An effective road transport system can be the major catalyst for improvement of trade and commerce.
- ❑ **Suggested Targets to be achieved :** To increase surface roads by at least 2000 Km. by 2009 and to ensure that most parts / economic clusters of the state are connected with the stretch of Moreh-Imphal Highway by 2009.
- ❑ **List of identified projects with road map for implementation and additional requirements: (Ref: Para 7.2.3.3)**

➤ **Education**

- ❑ **The development objective(s), :** To provide free and compulsory education for all children up to 14 years of age & Improvement of educational infrastructure for imparting higher and technical education.
- ❑ **Suggested Targets to be achieved :** By the end of 11th annual Plan the State's endeavour to bring the entire population of the concerned age group to school.
- ❑ **List of identified projects with road map for implementation: (Ref : 7.2.3.3)**
The Government Degree Colleges have been suffering from the lack of infrastructure both in academic and physical aspects. Hence, along with the improvement in infrastructure it is highly imperative to appoint qualified and experienced full time lecturers for a sustained growth in educational pursuits.

➤ **Health Care Hospital**

- ❑ **The development objective(s),** Strengthening health care facilities in hinterland and specially the rural and remote areas & To carry out various health programmes and schemes to provide optimum health care facilities.
- ❑ **Suggested Targets to be achieved :** Objective is for attainment of "Health for All" and "All for Health" by the end of Tenth Plan period.
- ❑ **List of identified projects with road map for implementation as well as additional requirements (Ref: 7.2.4.3)** A whole lot of facilities in the Health Care area have been identified by the state Govt. and it is now time to expeditiously implement the same. That itself would go a long way in altering the state of affairs.

➤ **Water**

- ❑ **The development objective(s)**, The present water demand being much higher than the installed capacity, Accelerated Water Supply Programme has been started to ensure supply of water in the entire hinterland. Water being a basic necessity, no development in any respect can be expected without supply of water in the targeted areas. As such this should be a priority area.
- ❑ **Suggested Targets to be achieved** : The main work for Imphal Water Supply is to implement the work "Improvement of Water Distribution System including Upgradation of Old Plants – Estimated Cost : Rs. 2080.00 Lakhs" in a phased manner. Similarly other towns and rural have been covered with achievable targets.
- ❑ **List of identified projects with road map for implementation: (Ref: 7.3.5.3)**
- ❑ **Conclusion:** Detailed Project Reports are required to be cleared without delay so that targets can be achieved within the budget outlay. Thereafter the onus should be on the implementing agencies for timely completion of projects.

➤ **Tourism**

- ❑ **The development objective(s)**, : Tourism as an industry still remains underdeveloped. The reasons is the lack of tourist infrastructure at the tourist spots, prevailing Inner Line Permit System of Nagaland State, and law and order situation in the State and the prevailing social tension is also a hindrance to the entry of domestic as well as foreign tourists to Manipur. Hence, development of tourist infrastructure as well as removing the above hindrances must be properly dealt with in order to ensure the desirable inflow of tourists.
 - ❑ **Suggested Targets to be achieved**
 - Development of Tourist Homes/Complexes, Wayside amenities and Cafeterias
 - Restructuring of tourist spots and infrastructure facilities
 - Removing Inner Line Permit System
- All these must be attended to encourage tourist inflows at least to the level of 2000-01 by end of 2006-07 (end of Tenth plan).
- ❑ **List of identified projects with road map for implementation: (Ref: para 7.3.6.3)** : Priority basis for development of tourism: Construction of budget accommodation; Tourist complexes; Wayside amenities; Tourist reception centers ; Refurbishment of monuments; Special tourism projects; Adventure and sports facilities; Sound and light shows and illumination of monuments
 - ❑ **Conclusion:** To encourage Tourist inflow as well as remove social tension, State Sponsored Tourism Programmes and Festivals should be organised at regular intervals and invitations should be made through different organizations.

➤ **Other Infrastructure like Banking Storage, Market, Telecomm, Post Offices:**

The Infrastructure for Banking, Storage of Commodities, Market, Telecommunication and Private & Government Post office is not adequate nor has enough study been done on the need & viability of this infrastructure. It is high time to form task forces to go into the these Infrastructure needs and to get their recommendation implemented through concerned ministries.

Action Plan to bolster Infrastructure - Mizoram

➤ **Power**

- ❑ **The development objective(s)** is to be self sufficient for power needs by 2012.
- ❑ **Suggested targets to be achieved:** To achieve power generation to the tune of at least 300 MW by 2012.
- ❑ **List of identified projects with road map for implementation: (Ref: 7.3.1.3)**
- ❑ **Transmission & Distribution:** An extensive network of Transmission and Distribution lines has been developed over the past few years for evacuating power produced in the various generating stations and distributing the same to the consumers. Presently 250 kms 132 KV lines and about 250 kms of Distribution lines are in advance stage of completion.
- ❑ **Rural Electrification:** Out of the total 699 nos. of inhabited villages as per 1991 Census, 691 villages have been brought under the coverage of rural electrification programme. Target has been set for Rural Electrification during the 10th Annual Plan Period.
- ❑ **Power reform:** Power Reform has been proposed in the following areas:

Reduction of T/D losses by 5% every year

- 100% metering at consumers premises, 100% metering at 11KV level and above, 100% metering at all levels to be completed within 2004-2005, Reconductoring of HT and LT lines in progress, Construction of new HT Lines with new DT's in progress, Construction of new 33 kV Sub Stations Tender under finalization for 2 Circles

100% Rural Electrification

- Master Plan Schemes for 100% rural Electrification submitted at a cost of Rs 42 crores
- ❑ **Conclusion:** Although Mizoram possesses a vast Hydel potential, the progress in this sector is still very slow, thus creating a huge gap between demand and supply of electricity. T & D losses are extremely high when compared with the international average of less than 10 per cent. It is highly imperative not only to generate more power but also to reduce transmission and distribution loss.

➤ **Feeder Roads**

- ❑ **The development objective (s),** To provide enough feeder roads to enable the economic activity in the hinterland to develop by enabling the products & service providers to reach the main lifeline highways.
- ❑ **Suggested Targets to be achieved :** To increase surface roads by at least 1000 Km. by 2009 and to ensure that most parts of the state / economic clusters are connected with the Aizawl - Lunglei - Zorkhatwar Highway by 2009.
- ❑ **List of identified projects with road map for implementation: (Ref: 7.3.2.3)**
- ❑ **Conclusion:** The proposed Trans- Asian Highway (Sourashtra –Silchar Super Highway Project) is touching Mizoram. With the proposed Kaladan Multi modal transport project proposing to link Sittwe in Myanmar to the Indian Ports on Eastern Coast through Mizoram, Mizoram is also poised to become the gateway to the South East Asia. As such the connectivity with the hinterland is a must for economic development.

➤ **Education**

- ❑ **The development objective(s), :** To provide free and compulsory education for all children up to 14 years of age & Improvement of educational infrastructure for imparting higher and technical education.

- ❑ **Suggested Targets to be achieved:** By the end of 10th annual Plan the State should endeavour to bring the entire population of the concerned age group to school and to achieve 100% literacy in the state.
- ❑ **List of identified projects with road map for implementation:** (Ref: 7.3.3.3)
- ❑ **Conclusion:** The State occupies top spot in Literacy rate at 96.16% Over the years the higher educational facilities have also expanded, There are now as many as 33 different kind of colleges functioning in Mizoram. The progress achieved is laudable but the lead must be maintained.

➤ **Health Care/Hospital**

- ❑ **The development objective(s):** Strengthening health care facilities in hinterland and specially the rural and remote areas & To carry out various health programmes and schemes to provide optimum health care facilities.
- ❑ **Suggested Targets to be achieved:** The health system in the state of Mizoram is based upon the Primary Health Care approach as envisaged in the National Health Policy of 1983 with the objective for attainment of "Health for All" and "All for Health" by the end of Tenth Plan period.
- ❑ **List of identified projects with road map for implementation showing: (Ref: Para 7.3.4.3)**
- ❑ **Conclusion:** A whole lot of facilities in the Health Care area have been identified by the state Govt. and it is now time to expeditiously implement the same. That itself would go a long way in altering the state of affairs.

➤ **Water**

- ❑ **The development objective(s):** There is a need to ensure supply of water in the entire hinterland, which is only partially covered and gets less than the minimal requirement of 40 lpd.
- ❑ **Suggested Targets to be achieved :** 261 habitations have been partially covered with drinking water supply at the rate of 10-40 lpd under the Rural water supply program. 16 out of the 22 towns have also been covered. The remaining towns also need to be fully covered. Also, it is now time to move on from the very minimal requirement to a comfortable level of water supply.
- ❑ **List of identified projects with road map for implementation: (Ref 7.3.5.3)**
- ❑ **Conclusion:** Mizoram has been suffering from acute shortage of water and the hilly terrain of the region adds to the problem. The infrastructure of Public Health Engineering Department is too inadequate and needs to be strengthened to cope with the continuously increasing workload.

➤ **Tourism**

- ❑ **The development objective(s):** There has been no tourism activity and accommodation facilities have been non-existent for the travelling public for a long time. There was shortage of accommodation in Mizoram, even in the state capital Aizawl. Hence, development of tourist infrastructure as well as removing the above hindrances must be properly dealt with in order to ensure the desirable inflow of tourists.
- ❑ **Suggested Targets to be achieved :**
 - Development of Tourist Homes/Complexes, Wayside amenities and Cafeterias
 - Restructuring of tourist spots and infrastructure facilities
 - Removing Inner Line Permit System

All these must be attended to encourage tourist inflows by end of 2006-07 (end of Tenth plan).

- ❑ **Conclusion :** To encourage Tourist inflow as well as remove social tension, State Sponsored Tourism Programmes and Festivals should be organised at regular intervals and invitations should be made through different organizations.

➤ **Other Infrastructure like Banking Storage, Market, Telecomm, Post Offices:**

The Infrastructure for Banking, Storage of Commodities, Market, Telecommunication and Private & Government Post office is not adequate nor has enough study been done on the need & viability of this infrastructure. It is high time to form task forces to go into the these Infrastructure needs and to get their recommendation implemented through concerned ministries.

Amenities along Highways

➤ **Field Survey findings including identification of Additional requirements along both highways**

Focus was on finding services, facilities & amenities related to Vehicles, Boarding & Lodging, Medical, Tele Communications, Personal & Provisions. Most such facilities were concentrated around Imphal and Moreh had very few of these amenities. A lot more such amenities in terms of quantity & quality would be required.

- ❑ **The development objective(s):** As has been assessed, there are hardly any appreciable amenities along this highway. It is imperative to take this up as a priority area. The objective is to create International standard amenities along this highway so that the movement of men & materials along this highway is facilitated.
- ❑ **Suggested Targets to be achieved:** The target should be to reach the numbers mentioned above for the respective amenities within a year. Further amenities ought to be added as shown in the chart below within a couple of years.
- ❑ **Additional requirement: (Ref: 7.4.3.3 for Moreh- Imphal stretch of the highway & Ref: 7.5.3.3 for Aizawl – Zorkhatwar stretch of the highway)**
- ❑ **Suggestions with regard to setting up of amenities:** Initially State Government should take initiative to build amenities either on their own or in Public Private sector Participation. Once the initial initiative has been taken by the Municipal & civic bodies, private sector would come forward to meet the requirements. Encouragement is also needed from Banks & civic bodies to the private sector to set up amenities.
- ❑ **Conclusion:** If these Highways are to be opened up in the true sense, setting up of these amenities would be a must.

Analysis of Social Cost and Benefits of the action plan for Infrastructure

- **Social Cost analysis & plan to minimize social cost:**
 - Certain change would take place in traditional way of life and living of a section of the habitats in hinterland Through & concerned bodies it would have to be ensured that the unique skills are made use of and gainful employment is created through the use of such cultural or artisanship related skill sets.
 - In some places, land characters need to be changed for the purpose of infrastructure building. This may also entail usage of some portion of agricultural land into non-agricultural purpose. Engagement of local / affected populace in the infrastructure projects would mitigate the major part of the cost.
 - Frequent movement of heavy duty goods carriers may cause threat to the easy movement of slow moving vehicles and the people, specially children and the school goers in the areas adjacent to highways. This would call for creating awareness through campaigns & NGOs with regard to road safety & regulations.
- **Social Benefits:**
 - Economic benefits to reach the people on a broader scale. Generation of demand for various services like : Hotels & restaurants, Telecommunication, medical facilities, vehicle servicing, currency exchange, weigh bridges etc.
 - Enable the cheapest goods to reach people in remote areas and improve living standards and enable vital needs like medicine and health care services to be fulfilled and hardships of life to be lessened.
 - Better cultural exchanges with the people across the border and strengthening of the links between professional groups, trading communities across the border.
 - Opportunity for earning from their immovable assets once the overall infrastructure develops.
- **Action Plan to maximize social benefit**
 - **Infrastructure development should also be focussed around resource base / economic activity clusters.**
 - **Main thrust has to be given to the major connectivity in the region** i.e. air, rail & road connectivity, so that this aspect of being isolated is taken care of. This by itself will enable the region's potential to be unleashed.
 - Wherever significant primary activity takes place (i.e. clusters) the priority must be given to Infrastructure in those areas. This way the clusters would realise their potential and the economic benefits would reach the people in the heartland where primary production is taking place.
 - **Infrastructure in terms of Roads, Power, Water, Health & Education should be given top priority in the region without much credence to viability issues**, as the social benefits would far outweigh the perceived non-viability. In any case, in the long term viability would also not be a problem as such investments would also go a long way in abating the insurgency problems & social unrest and thereby lead to an upsurge in economic activity itself.

MAJOR CONNECTIVITY IN THE NE REGION

The region as a whole has to be well connected to ensure that economic activity takes off.

Highways

- **Critical highways which will provide access to the two relevant highways:-**

NH No.	Routes/ National Highway
Towards Moreh	
36	Nagaon-Dabaka-Dimapur (Manipur Road)
37	Junction with NH No. 31B near Goalpara – Guwahati -Jorabat – Kamargaon – Makum - Saikhoaghat
39	Numaligarh-Imphal-Palel-Indo Myanmar Border
Towards Aizawl - Zorkhatwar	
40	Jorhat – Shillong - Indo Bangladesh Border near Dawki – Jowai
44	Shillong - Passi Badarpur – Agartala – Sabroom
54	Dabaka-Lumbing-Silchar-Aizawl-Tuipang
53	Junction with NH No. 44 near Badarpur-Jirighat-Silchar-Imphal
State Highway	Aizawl – Champai – Zorkhatwar

Action Plan for Highway connectivity:-

- **The development objective is :**
 - To provide access to the two Link Highways of Moreh-Imphal & Aizawl-Lunglei.
 - To provide access and connectivity for movement of men & materials throughout the NE Region of India.
- **List of identified projects**

National Highways covered under NHDP of NHAI in Assam State

NH No.	Route	Length Covered under NHDP (KM)
31 C	(Srirampur – Rakhaldubi)	93
31	(Rakhaldubi – Jalukbari point)	163
37	(Jalukbari – Nowgong)	128
36	(Nowgong – Doboka)	38
54E	(Doboka – Silchar)	309
	Construction of new bridge over river Brahmaputra near Saraighat on NH-31	
	(A) Total Length	731
	BOT Basis	
36	(Doboka – Nagaland Border)	120
52	(Arunachal Border-Baihata Chariali)	323
54	(Silchar-Mizoram Border)	40
44	(Meghalaya Border – Tripura Border)	164
53	(Silchar – Manipur Border)	53
	(B) Total Length	700

- ❑ **Suggestions on identified projects:**
 - The bridge over Brahmaputra near Saraighat should ideally be a rail & road bridge and not just a road bridge.
 - In tune with the ground reality, the portions of the Highway ear-marked as BOT projects should be taken as regular NHAI projects to be funded under NHDP. It is felt that taking up these projects on a BOT/BOOT basis in the current scenario would not be a practical proposition and such attempts would only delay more important projects.
- ❑ **Additional requirement of the Highway connectivity :**

NH no.	Particulars of Project
37	Naogaon to Numaligarh - Four laning
39	Golaghat to Moreh Four laning
54	Silchar to Aizawl - Four laning
State Highway	Aizawl to Champhai (Zorkhatwar) – Convert to National Highway (four lane)
	Total

Rail Links

Currently only Assam has a railway network, which is shared to some extent by Nagaland. The rest of the states do not have any rail networks of their own. Rail Network of Assam is given in **Exhibit – 8.2.1.B**

Action Plan for Rail connectivity:-

- ❑ **The development objective(s):**
To provide convenient rail connectivity for the NE Region so that mass rapid mode of transport in the region is available to business, official travelers and tourists alike.
- ❑ **Identified projects:** The following projects have been approved by the Prime Minister:

Name of Project	Amount sanctioned (Rs in cr)	Suggested Implementation		Status
		Time	Agency	
Jiribam – Tupul (near Imphal) railway line	727	2010		Under Implementation
Moreh to Imphal & onwards into Myanmar	Cost yet to be determined	2015	RITES/ IRCON / North Eastern Frontier Railway	DPR yet to be made

□ **Additional requirement of Rail Links :**

Areas which require rail linkages	Possible amount required (Rs in cr)	Suggested Implementation		Possible funding source
		Time	Agency	
Rail link from Bairabi-Kolasib- Aizawl	To be determined by technical consultants	2015	RITES/ IRCON / North Eastern Frontier Railway	Central Funds+ Railway budget fund
Conversion from Meter gauge to Broad gauge in a phased manner for the	To be determined by technical consultants	2015	RITES/ IRCON / North Eastern Frontier Railway	Central Funds+ Railway budget fund

In spite of no commercial viability in the short run, rail links to these places must be established as the viability is bound to come later.

- **Conclusion:** This is the right time to start connecting the region through rail links, which would give a much required fillip to the economic activities in the region.

Air links

The current situation of airports in the North East is not very good and has been hampering the coming in of airlines. However, lately some private airlines have started coming in. The current status of facilities at different airports of NER are given in Exhibit – 8.3.1

- **Following air links would provide the required connectivity for the region**

State	Places considered for air connection		
	Existing / Top priority	2 nd priority	3 rd priority
Arunachal Pradesh	Itanagar, Bomdilla, Daporijo, Ziro, Along, Passighat, Tezu, Rupa	Sepa, Anini	
Assam	Guwahati, Jorhat, Silchar, Lilabari, Tejpur	Dibrugarh	Dhubri, Kokrajhar
Manipur	Imphal, Ukhrul	-	Churachandpur, Moreh
Meghalaya	Shillong	Tura	-
Mizoram	Aizawl, Lunglei, Lwangtlai, Champhai	-	-
Nagaland	Dimapur, Kohima	Mokokchung	-
Tripura	Agartala, Kailasahar	-	Udaipur

Cities outside the region proposed to be connected

Particulars	
Outside the country	Bangladesh -Dhaka, Sylhet, Jessore, Chittagong Myanmar – Mandalay Thailand -Bangkok, Chingmai China - Hongkong

Action Plan for Air connectivity :

- ❑ **The development objective(s) & Target:** To provide convenient air connectivity for the NE Region so that the fastest mode of reaching the region is available to business, official travelers and tourists alike. For this the infrastructure facilities at various airports needs to be strengthened and some of the feasible but non-operational airports need to be made operational.
- ❑ **List of identified projects with road map for implementation :- Suggested modification of the existing infrastructure required**

Locations	Enhancement of Infrastructure
Guwahati, Dimapur, Lilabari, Agartala, Umroi	Upgradation & modernization of Guwahati Airport– regional hub for the North East - in progress Upgradation & moderniation of other airports

- ❑ **Additional Infrastructure required at** Guwahati, Imphal, Tezpur, Jorhat, Dibrugarh, Silchar, Kamalpur, Kailashahar and Shillong etc in tha shaape of nightlanding facilities, Increased runways & new terminal complexes. Guwahati needs to be turned into an International standard airport.
- ❑ **Suggested Policy Changes for boosting air linkage:** Reduction in customs duty on import & leasing of aircraft, reduction in landing & parking charges in the NR airports, supply of Aviation turbine fuel at bonded rate, upgradation of facilities & increased runways are suggested.
- ❑ **Conclusion:** Establishment of proper air linkage & Airports of International Standards would go a long way in attracting investments into the region.

CONCLUSION – THE ROAD MAP TO THE PROSPERITY OF NE REGION

For the report to be meaningful & truly useable, it is necessary to draw out the crux of the report by way of a **Vision & outline a Strategy to achieve that vision:**

A. THE VISION - A HISTORICAL OPPORTUNITY FOR THE NE REGION:

- The North Eastern region may no longer be **considered an isolated region**. The large border is **an opportunity so is the formation of Asian Highway**.
- **The strategic importance of these two stretches of highways cannot be overemphasized.**
- The proximity with ASEAN countries & the newly provided access offers an immense opportunity for a **“Border trade – led growth”** of the region.

B. THE STRATEGY

HOW TO AVAIL OF THE OPPORTUNITY OFFERED BY THE NEWLY OPENED MARKETS & ACCESSIBILITY!

- Move on from transit trade to locally produced goods by **unleashing the potential of the region,**
- The social benefit can be maximized only if the **region’s resource base is utilized to produce market-linked commodities**. That would enable the economic benefits to trickle down to a wide cross – section of people.
- **Projects that come up now must make use of the produce of the primary sector** of the region – this would provide a solution in the long run to the painful insurgency problem.

ENSURE PROACTIVE ROLE OF THE GOVERNMENT

- **It has to be Infrastructure FIRST.** The **need of the hour is to pump money into the Infrastructure – rural, urban as well as industrial.**
- The **government has to ensure connectivity to this region in a big way** - in the form of Road, Rail & Air. Ensure the infrastructure like **Power, Water, Health & Education to support the economic activity** in the hinterland.

WORK FROM THE STRENGTH OF THE REGION

- The region's strength lies in the following main areas:
 - *Agriculture and related activities* like Horticulture, Commercial Floriculture, Sericulture, Animal Husbandry / Dairy Farms
 - *Forestry & Forest produce* like Aromatic & Medicinal Plants, Bamboo based industry
 - *Infrastructure related Industry* like Cold Storage
 - *Cottage Industry* like Handicrafts and Handloom
 - Tourism
 - Merchant Trade.
- A **special drive for bringing Indian corporate Investment as well as FDI through a definite and credible theme.** The lure ought to be the **booming infrastructure and the inherent strengths like Bio-diversity, Flora, Tourism** etc. Solid business sense would lure investment into the region.
- For this, **promulgation of NER as a Brand is a must,**

In conclusion, there is a great opportunity, which has sprung up due to the opening up of these highways, right there, to be grabbed by the North Eastern Region. It can take the leap and prosper, or languish and watch the world go by.