

DORJEE KHANDU
CHIEF MINISTER



ARUNACHAL PRADESH
Ph. (O) – 2212456
2212173
(R) – 2214306
2212341
Fax – 0360 – 2212439
Delhi – 011 – 23013915
23012152

D.O. No. CM (AP)/20-2007
September 23, 2007

Dear Shri Montek Singh Ahluwalia ji,

It is almost five months I took over as Chief Minister of Arunachal Pradesh. During this period, I tried to study, analyze and scrutinize many issues pertaining to development of Arunachal Pradesh. Strikingly, I came across the fact that there are literally thousands of schemes/projects lying incomplete for the want of funds. I immediately ordered my Planning Department to scrutinize the matter.

2. Scrutiny revealed that these schemes are lying incomplete for many years mainly for want of some additional funds. The reasons for incompleteness are many, but, time over-run, cost escalation, remote locations, inaccessibility, natural calamity, lack of skilled man-power, lack of back up system etc. are few of them. One more fact, which I must accept, is the weakness in our planning process which lead to thin spread of resources to many schemes/projects, taking up of non-viable projects, non-releasing the phase-wise funds to on-going schemes etc. However, now we have realized our shortcomings and necessary corrective action has already been initiated.

3. At my instance, a detailed study was carried out to gather, collate and compile data on all incomplete projects and based on the same a proposal for one time central assistance for completing long pending incomplete schemes was prepared in two volumes. Enclose herewith a copy of each of Vol.-I and Vol.-II of the proposal for your kind perusal.

4. The making of this proposal also gave us an opportunity to study and critically scrutinize our existing system of operation. During the meeting of State Planning Board, which is the apex planning body for my state, we came out with many radical reforms which will lead Arunachal Pradesh on the path of development at an accelerated pace. Chapter IV of the Proposal deals with these reforms, however some of them, I am reiterating here.

5. We have now decided that all the departments will critically examine their ongoing schemes and prioritize them. Once the schemes are prioritized the funding will be done based on this established priority only. In order to ensure the completion of important projects within the stipulated time and money, the concept of 'Non-divertible earmarked allocation' has been introduced by the planning department to have guaranteed funding in tandem with physical and financial progress. One bold decision was taken that under RIDF no new schemes will be taken and efforts and funds will be concentrated only to complete the on-going schemes.

6. We have also initiated a process to transfer the posts created under Plan head to Non-plan head to ensure that greater chunk of plan resources are made available for the plan programmes. We have also constituted a project screening committee under the chairmanship of the Chief Secretary to scrutinize and priorities all the major projects. On the financial side also many reforms have been initiated. We have enacted the 'Fiscal Responsibility and Budget Management (FRBM) Act, 2006' and pursuant to the provision contained therein 'Arunachal Pradesh Fiscal Responsibility and Budget Management Rules 2007' has been frame.

7. We need strong support from the Government of India to continue with thee reforms. Early completion of thousands of on-going schemes is the part of thee reforms and will go a long way for the development of my state. This will ensure that thousands of crores of money which are now locked in these incomplete assets are unlocked and the completed assets are made available for the use of the society. One of the most positive impacts will be in the form of bridging the rural-urban gap as most of thee schemes are in remote rural areas.

8. We are marching steadily on the path of hydro-power development, which will make my state resource surplus state in future. However, needless to say here that Arunachal needs strong support from the Government of India for the development. At present, we are at a very primary stage of development. The Eleventh Finance Commission in its report in 2000 has indicated that Arunachal Pradesh has lowest index (Only 59.71) of social and economic infrastructure. In one of these studies, CMIE has also ranked Arunachal Pradesh as the lowest with infrastructure index of only 0.44. Our road density at 21.93 kilometers per 100 sq kms is the lowest even in comparison to other North Eastern states.

9. The Planning Department has worked out the total requirement for completion of these on-going schemes will be **Rs. 2390.72 Cr.** in view of the foregoing submissions. May I sincerely request for your kind intervention to ensure that adequate financial assistance is provided by the Government of India to supplement our efforts.

With warm regards,

Yours sincerely,


(Dorjee Khandu)

Encl. As Above

Shri Montek Singh Ahluwalia,
Hon'ble Dy. Chairman Planning Commission,
Government of India,
Yojana Bhawan,
New Delhi.

A. GENERAL REFORMS INITIATED IN THE FINANCE & PLANNING PROCESS IN ARUNACHAL PRADESH

- Critically examine on-going projects and prioritize. **Funding based on established priority only.**
- Concept of '**Non-divertible earmarked allocation**'.
- Govt. decision that '**No New Schemes will be taken up under RIDF**'.
- Centrally Sponsored Schemes with **high dose of State matching share are being discourages**. Projects proposals shall be **routed through Planning Department** only.
- To transfer all posts under **Plan head to Non-Plan head**. An **Empowered Committee constituted** to scrutinize the proposals of the post creation.
- Project **Screening Committee envisaged to scrutinize and prioritize the major projects** under the Chairmanship of Chief Secretary.
- State Assembly has passed '**Arunachal Pradesh Fiscal Responsibility and Budget Management Rules 2007**' .
- Concentrated efforts made to **increase the State's own revenue from various sources**.
- One **Time Central Assistance for completing the last mile schemes**.

B. REFORMS INITIATED IN ROAD SECTOR

- Govt. has initiated **VRS package for Casual Staff in all Works Departments**. PWD has successfully implemented the programme. 70% of labourers have opted for VRS package thereby **saving of Rs. 30 Crore per annum** for meaningful investment towards asset creation.
- Govt. has taken decision to implement major projects funded under **Centrally Funded through TENDERS** only.
- Committee constituted for formulation of **Rules for Enlistment of Contractors in all Works Department**. The Draft Rule is under Scrutiny at the Govt. level.
- PWD has initiated a dedicated **website (<http://arunachalpwd.org>)** for dissemination of information. TENDERS are being posted irrespective of project cost for improved vigilance administration and increasing transparency.
- Aggressive **in-house Training Programmes are being organized** to enhance absorptive capacity of the human resources infrastructure. These are the follow up actions of decisions taken in NEC's Sectoral Summits initiated by MDoNER.
- Plan documents are now advocated from present **Programme Mode** to **Project Mode**. The concept is gaining acceptance already implemented projects through ACA, SPA etc. TENDERING and MONITORING possible with reduced number of projects.

The above paper submitted to Planning Commission, Govt. of India by Secretary (Planning), Govt. of Arunachal Pradesh on 30-10-2007.