

CHAPTER - 20

SPECIAL PACKAGE FOR NORTH EASTERN REGION (NER)

20.1 The North Eastern Region (NER) comprises Assam, Meghalaya, Arunachal Pradesh, Nagaland, Tripura, Manipur, Mizoram and Sikkim. A special focus on the economic development of the region has been recognized as one of the important elements of a strategy to handle the region's complex problems, including its peculiar geographical and locational constraints vis-a-vis other regions. In pursuance of Prime Minister's Special Policy Package for the development of the NER, introduced at the end of the Eighth Plan, 10 percent of the Ministerial/Departmental plan budget has been earmarked, alongwith scheme/programme specific concessions/incentives for the Region.

Sector-wise Progress/Performance of Textiles in NER during the Tenth Plan

20.2 Activities covering the decentralized Handlooms, Powerlooms, Sericulture, Handicrafts, Wool and Jute sub-sectors are the region's main source of gainful employment and income generation. These sub-sectors remain important due to their unique characteristics, exclusivity and flexibility for smaller production levels and export potential, besides being the major source of employment after agriculture. The region's woolen & silk fabrics, including the exclusive Muga/Eri silks as well as cane/ bamboo based crafts, have now become popular not only in the country, but also abroad on account of their uniqueness, quality and designs. However, lack of basic, financial and infrastructural facilities continue to limit the production of these items on a commercial scale.

20.3 The Government, recognizing the immense potential of handlooms, handicrafts, silk and jute based products in the region, is facilitating their promotion and development through various Plan schemes. These schemes / programmes are expected to provide the requisite impetus for their preservation/ continuation and prepare them to face the challenges of globalisation. Special policy incentives are also being given to the NER. These include raising the share of Central assistance upto 90 percent for all Centrally Sponsored Plan Schemes, and strengthening of the North Eastern Handicrafts & Handlooms Development Corporation (NEHHDC), now

under the administrative control of the Ministry of Development of North Eastern Region (DONER).

20.4 The concept of involvement of Non Governmental Organisations (NGOs) in the execution of plan schemes at the grass root level has been accepted, and in sectors like Handicrafts, most of the schemes are being implemented through the NGOs.

20.5 Difficulties in the utilization of funds is a greater impediment than the availability of resources. Funds are not being utilized due to a number of reasons, which include delay in submission of proposals, non release of the State Government's share in case of Centrally Sponsored Schemes, non-submission of utilization certificates, absence of infrastructure facilities, and absence of credible Non Governmental Organisations (NGOs) in the region. There is an urgent need to make a concerted effort to enhance the utilization of Plan funds in this region.

HANDLOOMS

20.6 The North-eastern Region has the highest concentration of handlooms in the country. Out of 25.4 lakh units engaged in the handloom activities, 14.6 lakh units (household and non-household) are in 5 NE States i.e. Arunachal Pradesh, Assam, Nagaland, Manipur and Tripura as per the Handloom Census. Over 53 percent of looms in the country are in NE States. In 1995-96, more than 65 lakh persons were engaged in weaving and allied activities in the country, of which, 50 percent belong to these States. All over the country, 20.2 lakh are domestic looms and 12.68 lakh commercial looms in the household weaving units. The share of 5 States of NE Region in total domestic looms in 82 percent. However, only 13.4 percent of commercial looms of the country are in these States. The contribution of these States to the total production of handloom fabrics in the country is around 20 percent. They are main items produced in the Region are traditional ones such as lungi, dhoti, gamcha, shawls, mekhla, etc., which do not have adequate commercial value. Therefore, there is a need for product diversification to include high value added products that will have high market potential.

Problems in the Handloom Sector in NER:

20.7 Handlooms in the NER basically cater to household consumption. The products lack proper designing, weave and colour matchings suitable for commercial production. Most of the looms are primitive looms and there is a resistance to shift to

modern looms. Scattered weavers' population lead to difficulty in making effective Government intervention. Government penetration becomes difficult due to resistance to accept the changes. Many areas are inaccessible for easy transportation.

Steps initiated by Government of India during Tenth Five Year Plan

20.8 **Weavers' Service Centre**: Three Weavers' Service Centres are functioning in the North-East Region, one each at Guwahati, Agartala and Imphal. The Weavers' Service Centre at Guwahati has been upgraded as Regional Design Centre for the entire North-east region to improve the competitive needs of handloom products.

20.9 **Indian Institute of Handloom Technology**: Government of India had started an Indian Institute of Handloom Technology at Guwahati in the year 1982.

20.10 **National Handloom Development Corporation**: The Corporation has been operating three offices in NE States at Guwahati, Imphal and Agartala. The Guwahati office has been upgraded at the level of Regional Office. The Corporation has given the following facilities to buyer handloom agencies of the North Eastern States: (1) Full reimbursement of the freight under Mill Gate Price Scheme. (2) Depots for supply of yarn, recommended by the State Directorate of Handloom & Textiles of concerned States have been approved (3) 34 spot dyers training programmes have been organized in the last three years. Corporation also organizes Appropriate Technology Exhibitions to disseminate the latest technology to the handloom weavers for their benefit.

20.11 **North Eastern Handloom and Handicraft Development Corporation**: NEHHDC is a national level organization which takes care of the marketing needs of the Handloom Sector in North-Eastern Region.

Support through Schemes:

20.12 **Handloom Export Scheme**: During the Tenth Plan (2002-03 to 2005-06), nine export projects were sanctioned in the North Eastern Region - seven to Assam, one to Nagaland and one to Manipur, covering 420 weavers and a sum of Rs. 56.22 lakh was released.

20.13 In view of low capital base of the cooperative societies, limitation of low productivity rate of traditional loin looms, apathy of the State Governments in providing financial assistance to the cooperatives, the State Governments have not

been recommending an adequate number of proposals for the export projects. Because of these reasons, despite allocation of funds for export projects for North Eastern States and other developmental and welfare measures, the Office of the Development Commissioner for Handlooms found it difficult to release funds in North Eastern States.

20.14 **Welfare Schemes:** The details of funds released during the Tenth Plan up to 2005-06, to the North Eastern States under the Workshed-cum-Housing Scheme and Weavers' Welfare Scheme are as under:-

Workshed-cum-Housing Scheme:

20.15 Under Workshed-cum-Housing Scheme, in 2002-03, Rs. 350.00 lakh were released and 4903 units were sanctioned; in 2003-04, Rs. 700.00 lakh were released and 7470 units were sanctioned, in 2004-05, Rs. 700.00 lakh were released and 5808 units were sanctioned, in 2005-06, Rs. 860.00 lakh were released and 14121 units were sanctioned.

Weaver Welfare Schemes:

20.16 a. Thrift Fund Scheme: Rs. 0.53 lakh were released and 57 beneficiaries were covered.

b. New Insurance Scheme: Rs. 0.56 lakh were released and 936 beneficiaries were covered.

c. Health Package Scheme: In 2002-03, Rs.64.44 lakh were released and 13,870 beneficiaries were covered; in 2003-04; Rs. 73.88 lakh were released; in 2004-05, Rs.208.52 lakh were released and 34,355 beneficiaries were covered; and in 2005-06, Rs.379.47 lakh were released and 46,520 beneficiaries were covered.

20.17 During 2005-06, 3123 weavers from Assam were covered under the Mahatma Gandhi Bunkar Bima Yojana (MGBBY). However, under the Health Insurance Scheme (HIS) only a negligible number of weavers from Arunachal Pradesh were covered under the Scheme during 2005-06.

Deen Dayal Hathkargha Protsahan Yojana (DDHPY)

20.18 Under Deen Dayal Hathkargha Protsahan Yojana (DDHPY), the funding pattern, in the initial stage of operation, was kept as 75:25 between the Central and the State Government(s) as compared to the funding pattern of 50:50 between the

Central and the States in respect of States other than those covered under the NER, J&K & Sikkim. For such implementing agencies which have 100 percent beneficiary members as SC/ST/Women/Minorities, the sharing pattern between the Centre and the State was 75:25. This funding pattern was applicable under all the components of the scheme except the marketing incentive component. The funding pattern in respect of States under NE Region, J&K, Sikkim, Himachal Pradesh, Uttranchal, Jharkhand & Chattisgarh was further modified/revised to 90:10 between the Centre and the State, maintaining, however, the funding pattern under the marketing incentive component as 50:50.

20.19 During the Tenth Plan an amount of Rs.69.49 crore was allocated for the NER states, out of which an amount of Rs. 64.87 crore was utilized.

20.20 The performance during the Tenth Plan period is as under:-

Table – 20.1
**Funds released during Tenth Plan under Deen Dayal
Hathkargha Protsahan Yojana in NE R**

(Rs. crore)

Sl. No.	Year	Budget Allocated	Actually utilized
1	2002-03	12.00	14.67
2	2003-04	11.77	10.84
3	2004-05	13.20	9.57
4	2005-06	11.30	11.29
5	2006-07	18.50	18.50 (Anticipated)
	Total	66.77	64.87

Proposed intervention

20.21 **Approach:** It is proposed to earmark 10 percent of the total proposed budget for the development of handloom sector in North East Region.

20.22 **Supply of Input:** Most of the yarn used by NE States is being transported from mills in South India. The expenditure for transportation of yarn from South to North East is for more than the reimbursement provided under the Scheme. Similarly, the co-operative societies in that area do not have adequate facilities to store yarn for further supply to the weavers. For opening yarn depots, they have to hire the godowns. The rent along with the other expenditure cannot be met from the depot operation charges provided @ 1 percent under the Scheme. Therefore, for supply of yarn as input, it is suggested to revise the re-imbursement rate of

transportation charges for NE States and J&K for yarn other than silk and cotton from the present rate of 3 percent to 4 percent and depot operation charges from 1 percent to 2 percent. However, when the above revision will be implemented the actual reimbursement from NHDC to the societies may come to 6 percent, whereas they get only 4 percent from Government of India. It is also suggested for a separate reimbursement rate from Government of India to NHDC for their yarn supply in North East and J&K preferably @ 7 percent for the yarn other than silk and jute. More yarn banks must be opened in this area and the operation of mobile van under Mill Gate Price Scheme should be made effective.

20.23 ***Role of NEHHDC and WSCs:*** NEHHDC should play a pro-active role in the identification of weavers' clusters, identifying the exact need of each cluster for training and welfare aspects and making suggestions for proper capacity utilization including training. WSC, Guwahati has been upgraded as a Regional Design Centre. A separate marketing cell may be created in WSC, Guwahati which will undertake proper market surveys to the fabric produced and suggest measures to make it market worthy.

20.24 ***Marketing:*** The suggestion that transport subsidy for NE handloom products under DDHPY should be made available for the transport of finished goods to cities having less than 10 lakh population and movement of handloom products within the region of NE needs consideration. Urban Haats/Handloom and Handicraft Development Centres need to be set up in different locations to alleviate marketing problems.

20.25 Funds released during the Tenth Plan to NER is given below:

Table 20.2

Funds released during the Tenth Plan to NER under various schemes in Handloom Sector

(Rs. lakh)

Sl. No.	Name of the schemes	Funds released / utilized (2002-03 to 2005-06)
1	Workshed-cum- Housing Scheme	2610
2	Thrift Fund Scheme	0.53
3	New Insurance Scheme	0.56
4	Health Package Scheme	726.31
5	Deen Dayal Hathkargha Protsahan Yojana	4637

Outlay proposed for Handlooms during the Eleventh Plan

20.26 A separate budget provision of Rs.408 crore is proposed for the development of the handlooms sector in the North East Region.

SERICULTURE

20.27 The thrust on development of sericulture in the North East Region is continuing. The region has a long tradition of silk production, especially of non-mulberry silks of the eri and muga variety. The Central Silk Board (CSB) is implementing Centrally Sponsored Schemes in the region for the development of sericulture and the silk industry with cost sharing between the Centre and States in the ratio of 90:10, respectively. The development of silkworm host plants, and the privatisation of seed production remains a priority.

Proposals for the Eleventh Plan

20.28 Establishment of Regional Silk Technological Research Station: The Central Silk Technological Research Institute, Bangalore is the only Institution conducting research on silk technology (Post-Cocoon). It is proposed to set up the Regional Station in the North-Eastern Region to cater to the regional problems, because the Bangalore center is not easily accessible.

20.29 The Regional Research Station will address issues relating to Muga and Eri silk processing. It is proposed to strengthen the Central Muga and Eri Research and Training Institute at Lahdoigarh (Assam) with required staff and infrastructure.

Strengthening of Central Muga and Eri Research and Training Institute

20.30 The Institute has been suffering for want of scientific man-power as well as equipment and infrastructure. It is necessary that the Institute work on non-conventional techniques to achieve the goals of productivity and quality. It is therefore proposed to strengthen the Institute with required man-power and facilities.

Outlay/expenditure on Sericulture during Tenth and Eleventh Plan

20.31 The overall outlay during the Tenth Plan was Rs. 86.50 crore, and the expenditure was Rs. 91.47 crore till July, 2006. Developmental schemes (mostly under CDP), with an approximate outlay of Rs. 85.00 crore, are almost exclusively oriented towards the North Eastern Region, of which the Central share will be Rs. 60

crore. In addition, another Rs. 35.00 crore from other heads, totaling to Rs. 95.00 crore from CSB during Eleventh Plan will also be deployed in the Sericulture sector.

HANDICRAFTS

20.32 The North-Eastern Region has predominantly tribal traditions, and nowhere is this reflected more than in the region's unique and varied handicrafts. NER, including Sikkim, has 8.87 lakh handicraft artisans as per the Census conducted by NCAER in 1995-96. This works out to approximately 18.63 percent of the total artisans population in the country. The important crafts of this region are Cane and Bamboo, Mat weaving, Basketry, Wood work, Brass craft, Artistic textiles/Hand-block printing, Tribal Jewellery, Stone work, Terracota, and Jute Handicrafts.

20.33 Although the handicrafts of this region are of good quality, utilitarian in nature and diverse in their range, yet they have not gained access to markets in mainland India or overseas. The crafts of this region also suffer on account of logistics problems, difficult terrain and the prohibitive cost of transportation.

Plan Schemes / Programmes for Handicrafts in the NER

20.34 The office of the Development Commissioner (Handicrafts) has considerable presence in North East. The following offices are functioning in the Region:

1. Regional Office and Regional Design and Technical Development Centre at Guwahati.
2. Handicrafts Marketing and Service Extension Centres at Agartala (Tripura), Aizwal (Mizoram), Imphal (Manipur), Itanagar (AP), Kohima (Nagaland), Shillong (Meghalaya), Gangtok (Sikkim) and Gauripur, Joharat in Assam.
3. Bamboo & Cane Development Institute at Agartala.
4. Departmental Training Centres in Cane & Bamboo.

Bamboo & Cane Development Institute, Agartala (BCDI)

20.35 BCDI was set up at Agartala during the year 1974 with a view to: -

- Develop proper techniques for the treatment and preservation of Cane and Bamboo to protect them from insects, fungus, etc.
- Disseminate these techniques in various crafts pockets by giving practical demonstrations.

20.36 As Cane and Bamboo craft has immense potential to generate employment, value addition and exports, the BCDI serves as a delivery mechanism to cater to the entire needs of the industry.

North Eastern Handicrafts & Handlooms Development Corporation

- The North Eastern Handicrafts and Handlooms Development Corporation Limited (NEHHDC) was set up in March, 1977, at a time when most of the States in the North Eastern Region did not have their own organization for the promotion and development of Handicrafts and Handlooms.
- NEHHDC looks after developmental and promotional needs for products and design development, training and up gradation of technologies and facilitates the marketing of finished products of this region.
- In the Tenth Five year Plan the administrative control of NEHHDC was shifted to Department of North East Region (DONER). However, NEHHDC still continues to receive assistance from the Office of the DC (Handicrafts) to undertake various promotional and developmental activities.

Other development partners

- Each State in North East has a Corporation (**State PSU**) to look after the development and marketing of handicrafts. These Corporations are actively engaged in the welfare of the artisans by providing the benefits of various schemes of the State, as well as those of the Central Government.
- The other development partners in the North East are the North Eastern Development Finance Corporation (NEDFI), and the Cane & Bamboo Technology Centre (CBTC), who get assistance under various schemes of the Office of DC (Handicrafts).
- The concept of involvement of Non Government Organization (NGO's) in the execution of Plan schemes **at the grass root level has been accepted and in the Handicrafts sector almost 90 percent of the schemes are being operated through NGO's.**

Outlay/ Expenditure on Handicrafts of the NER during the Tenth Plan

20.37 During the first four years of the Tenth Plan (i.e. 2002-03 to 2005-06) a total amount of Rs.2, 775.27 lakh was released under various schemes being implemented by DC (Handicrafts) in NER.

Problems experienced in the implementation of schemes

20.38 During the course of implementation of various schemes, the following problems were experienced:

20.38.1 The Schemes of the DC (Handicrafts) are implemented as grant-in-aid schemes through Central/State Government Corporations/Apex agencies, NGOs, etc. It has been observed that the proposals, received in this office are not necessarily need-based and are also not closely monitored by the implementing agencies. The number of proposals received from State Government Corporations is far less as compared to the number of proposals received from the NGOs. Many of the schemes, which are implemented on cost sharing basis (such as opening of new emporium/renovation of emporium, Craft Bazars, Expos and Exhibitions on Grant-in-aid basis, Facility Centres, etc.) are not being fully leveraged by the State Government Corporations/State Apex Bodies/NGOs, etc.

20.38.2 In the Handicraft Sector, major constraint is the cost of transportation. This is accentuated by the fact that most of the artisans are located in remote areas and do not have access to the main transport routes. They are also scattered over a difficult terrain, and, large-scale commercial production of many items becomes difficult.

20.38.3 The State Governments do not give desired priority and financial allocation to this sector. Moreover, a separate and dedicated department for handicrafts development does not exist in most of the States. Therefore, the focus on the affairs of the Handicrafts Sector is lost because it is clubbed with other industry sectors for the purpose of administrative control. In order to address this problem, the Office of DC (Handicrafts) had advised all the NER States to formulate a perspective long term development plan for the handicrafts sector, indicating the priority areas as well as their commitment to provide for their share of expenditure as per parameters of various schemes. Unfortunately all States have not so far responded to this request.

Special needs of the Handicrafts Sector in NER:

- Assistance for offsetting high transport costs.
- Dedicated and exclusive set-up for the development and promotion of handicrafts in the States.
- Enhancement of marketing opportunities through an umbrella organization.

- Removal of infrastructural bottlenecks like road networks, transport, Internet connectivity, Power supply & communication links, etc.
- Rationalization of Taxes, Tariffs and other levies among all States of NER on items of handicrafts and inputs.
- Setting up of raw material banks, permanent marketing infrastructure like Malls, Urban Haats, Trade Facilitation Centres of International Standards, Warehouses within the NER and in mainland India.
- Enhanced allocation to the handicrafts sector by the States
- Augmentation of handicrafts exports.

Vision for the NER in the Eleventh Plan

- To achieve an export turnover of 500 crore by the end of the Eleventh Plan
- Putting in place needed infrastructure like SEZ/EPZ and Trade Facilitation Centres of International standards.
- To facilitate flow of credit to handicraft artisans to the tune of 200 crore
- To develop entrepreneurship through a dedicated initiative with the help of the best professionals in the country.

20.39 The following steps will have to be taken to ensure this:

20.39.1 An autonomous authority comprising of representatives from trade/professionals will have to be set-up, with support from State/Central Governments for the focused development and export of handicrafts products exclusively from the NER.

20.39.2 Identification of an ideal location and a willing partner for establishing and managing the SEZ/EPZ.

20.39.3 To undertake focused product development for Expos through International/National Institutions/professionals with assistance from the Ministry of Commerce.

20.39.4 To establish a convention and exhibition center of international standard at Kolkata, to facilitate round the year access to importers and exporters for trade in handicrafts from the NER.

20.39.5 An aggressive sensitization/awareness campaign jointly with banks to facilitate the flow of credit under the Credit Guarantee Scheme.

20.39.6 Engage the services of topnotch professional institutions like IIMs for developing and executing a customized EDP module specific to the needs of the NER.

Outlay for the Eleventh Plan

20.40 The plan outlay for NER is proposed at Rs.193 crore, out of total outlay of Rs.1812 crore. The scheme-wise details are given in para 13.20.

JUTE SECTOR

20.41 Raw jute and Mesta are grown mainly in the states of Assam, Tripura and Meghalaya and the fibre extracted is traditionally used to manufacture items for the local market like gunny bags, carpets, floor coverings, etc.

20.42 The schemes for North East Region will cover all the states. A market promotion scheme for the North-East has been proposed under Mini Mission IV of the Jute Technology Mission. The scheme aims at setting up enterprises for handicrafts, spinning, weaving, wet processing, hand made paper. It will promote the development of entrepreneurship in the diversified jute sector. These programmes will be carried out by setting up operating units: a Jute Diversification Support Centre (JDSC), and a Jute Diversification Support Extension Centre (JDSEC).

20.43 The above objective will be fulfilled through the following activities.

- Specific training programmes
- Awareness generation programmes
- Enlarge the scope for the consumption of jute in non-traditional fields
- Develop skills among weavers, entrepreneurs and crafts-persons.

Institutional/Infrastructural support provided for the sector in the NER:

20.44 The National Centre for Jute Diversification (NCJD) is implementing the following schemes in NER in the Jute Sector

20.44.1 **Jute Service Centre Scheme.** Under the scheme, service and extension centres are set up to disseminate information, create awareness about new technologies for manufacture of jute products. The Centre also provides training to entrepreneurs to enable them to operate commercially.

20.44.2 Jute Raw Material Bank Scheme. The scheme aims at the establishment of raw material banks for fulfilling the requirement of jute yarn, providing information about diverse application of jute, creation of awareness amongst entrepreneurs and organizing technical work shops on the applications for jute.

20.44.3 Market Support Scheme. The scheme aims at facilitating small entrepreneurs and NGOs to gain exposure through participation in national level exhibitions, local fairs, buyer-seller meets and provides linkage of demand centre with producers of jute for meeting the demand of jute.

20.44.4 Design & Product Development Scheme. The scheme aims at keeping beneficiaries abreast of latest designs through workshops, product evaluation, engagement of specialized design agencies and development of prototypes etc. During 2005-06 (till November, 2005), 56 activities were conducted and 1400 persons were trained.

20.44.5 The Indian Jute Industries Research Association (IJIRA), Kolkata (IJIRA) has set up its North Eastern Regional Centre at Guwahati, Assam. The Ministry of Textiles has sanctioned the necessary budgetary provision for the centre and the promotion of industries based on natural fibres in the North Eastern Region. The Powerlooms Service Centre (PSC) run by IJIRA is rendering services to the decentralized Powerloom Units of Assam for improving their productivity. The Handicrafts sector is also getting the benefit of R&D work by IJIRA.

Recommendations for the Eleventh Plan

20.45 Under the Market Support Scheme, a provision will be made to organize buyer/seller meets and other promotional activities in NER.

20.46 The Raw Material Bank Scheme will be given a higher allocation.

POWERLOOMS

20.47 The Powerlooms sector does not have a presence in the North Eastern Region, except in Guwahati, where about 2700 conventional looms have been installed. They employ 7,000 workers approx. Most of the looms are used to produce Acrylic Shawls. The PSC at Guwahati is under IJIRA. It is stated for modernization during the current year. The Sub-Group on the Powerlooms sector has kept a special provisions for the development of the North Eastern Region to remove the existing

inadequacy in the weaving sector. It is, therefore, recommended that new PSCs may also be set up in the states of Manipur & Tripura at a cost of Rs. One crore each. A new CAD Centre may also be set up at the Guwahati PSC with Government assistance.