

## Recommendations for Andaman and Nicobor Islands

6D.1 The Govt notification of 2006 has transferred 29 subjects to the Panchayati Raj institution (all three tiers) and also the Municipalities. However, the simultaneous transfer of funds and also the staff has not yet been done. This should be done so that these institutions function in an effective manner. The local self government institutions have no control over the staff working for them. The release of Grants-in-aid is very irregular and this leaves the Panchayati Raj bodies totally handicapped. The procedure is also very cumbersome for releasing the grants-in-aid and is invariably bogged down in red tape leading to delays. A lot of projects which are not yet completed have been transferred to the Zila Parishads but sufficient funds have not been devolved. It is important that for creating and subsequently maintaining these assets, funds are devolved by the UT administration under the Non-Plan category. A special package may also be considered for all Tsunami related work which has been given to the PRIs like construction of inter village roads, water supply etc for which funds may be placed at their disposal. The entire system has to be streamlined. Delays in receiving grants leads to problems in utilization and results in huge spill over to the next fiscal year. This will prevent delays in the work being taken up. Care should be taken that adequate staff has been posted in the field so that the work can be executed.

6D.2 A one time package should be considered for the new Panchayat of North and Middle Andaman as bills of contractors worth about Rs. 32.5 crores have still not been settled. Unless this is done the new Zila Parishad is hampered in its ability to execute fresh work. The Zila Parishad may also be given a one time grant for setting up the new office and also for creation of revenue generating assets.

6D.3 PRIs functionaries should be given training and capacity building courses so that they are able to discharge their duties more effectively. Funds should also be provided so that tours are undertaken to other States so that the PRI system can be studied and then hopefully implemented in the Andaman & Nicobar Islands.

6D.4 Panchayats which are in far flung areas need more money as they have a relatively low tax base and less scope for generating remunerative revenue yielding assets. They should be suitably compensated by being provided more grants-in-aid from the UT government.

6D.5 There are considerable gaps in many villages for providing safe drinking water and lack of roads and bridges which hampers smooth transportation. Moreover, inter-islands transportation is very poor and thus essential provision reach these places with difficulty. The administration should devolve funds to the Panchayats to improve connectivity and provide drinking water with specially targeted schemes.

6D.6 Revenue generating projects should be created by the PRIs as the tax-base for these institutions are very low. These projects would also serve a felt need of the people as well as generate income for the local body.

6D.7 The role of the gram Panchayats needs to be strengthened in crucial services in the rural sector especially in agricultural extension services, fisheries, diary development, primary education and if possible primary health care. This is probably the nearest link in the chain and needs to be bolstered up.

6D.8 The Panchayati Raj institutions should also be equipped to provide housing facilities and other support to individuals rather than only focusing on community projects. Even providing limited relief from the effects of natural disaster could be undertaken by the PRIs if sufficient funds are devolved to them by the UT administration. This will have the advantage of providing immediate relief to the villagers.

6D.9 In keeping with the general increase in costs the PRIs members also have raised the demand for higher allowance for themselves. The UT administration may like to consider this demand on its merits keeping an eye on the availability of resources.

6D.10 The concentration of financial resources and human resources is mostly at the level of Zilla Parishad and there is a need for strengthening grassroots democracy by empowering the Gram Panchayats with more staff and devolution of funds. There is a system of hierarchy within the PRI system where the budget of the lower tier is approved by the higher tier. The UT administration may like to examine the matter in detail so that best practices are evolved for smooth implementation of the PRI system.

6D.11 The Finance Commission feels that in devolving functions to the PRIs there is a need for staggered approach which will gradually build the absorptive capacity of the system. There are problems with full devolution of functionaries to the PRI system as lack of control over field staff will jeopardize the normal functioning of the line departments. However, it is suggested that staff can be transferred to PRIs for certain duration during which period they will be accountable to their respective PRI.

6D.12 The 2<sup>nd</sup> Finance Commission had recommended removing the Panchayat Samiti from the three tier PRIs structure. In regard to the Panchayats, it was widely felt that there is need to have only a two tier setup instead of the present three tier. In any case, under the Panchayati Raj regulations, any territory with a population of less than ten lakhs need to have only a two tier system. In the case of these Islands, we need to retain only the Gram Panchayats and the Zilla Parishads and do away with the intermediate Panchayat Samitis.

6D.13 With the creation of a separate revenue district of Middle and North Andamans, another Zilla Parishad has emerged last year for this new district. Resources are now required to be allocated separately for this new Zilla Parishad. In our view, instead of making an adhoc allocation, division of resources should necessarily be based on population share in both the Zilla Parishads and the cost of provisioning of public services fixed by the APWD. This would logically settle the issue of division of available resources between the two Zilla Parishads. However, in the matter of clearing past liabilities of the parent Zilla Parishad in so far as they relate to areas within the newly created Zilla Parishad is concerned, the Commission is of the view that a one-time grant amounting to the actual liability could be given to the new Zilla Parishad so that they could begin their operations with a clean slate.

6D.14 In case a decision is taken to dissolve the Panchayat Samitis, the 33.33% share of devolution that is being given to the Panchayat Samitis by the local administration should then be passed on to the Gram Panchayats based on the norms proposed by this Commission which is detailed elsewhere in the report of the Commission.

6D.15 There are three Village Panchayats and one Panchayat Samiti in Great Nicobar. These Panchayats fall within the jurisdiction of the South Andaman Zilla Parishad. Considering the fact that Great Nicobar is mainly inhabited by ex-servicemen settled here nearly 40 years ago and, therefore, having its own peculiar problems compounded by the fact that almost all the area was devastated by Tsunami thereby entailing rehabilitation on a massive scale particularly in the matter of construction of link roads by the Panchayats, the Commission is firmly of the view that a special grant of Rs 20 crores over and above the normal devolution would need to be given. The cost of construction of a road in Great Nicobar is estimated to be Rs 1.07 crores per km. The work done by them so far has been quite exemplary. But since a lot still needs to be done, they would need additional funds as also additional trained manpower to execute these works.

6D.16 There is need to amend the Andaman and Nicobar Islands Panchayat Regulations, 1994 so as to further empower the Panchayats in issues relating to administrative and fiscal matters apart from removing continuing irritants particularly in the matter of personnel management and speedy execution of development works. It would also be worthwhile for these Zilla Parishads to study the functioning of efficient Zilla Parishads in other parts of the country and adapt the best practice norms. A capacity building exercise needs to be undertaken at all levels of Panchayats sensitising them about the benefits of decentralisation and the steps taken in this regard in the last 15 years.

6D.17 The main concern of the Administration is that there should be transparency and accountability in the functioning of the PRI's. It is understood that an Evaluation Study of the schemes/projects undertaken by Panchayati Raj Institutions has been entrusted to NABCON and the report is expected by May, 2010. The Commission is confident that the LG would be able to resolve all current irritants thereby putting back the PRI's on the proper track.

## Municipal Corporation

6D.18 The Port Blair Municipal Corporation should finish getting its accounts audited by its Chartered Accountant and make serious efforts to remove all the shortcomings pointed out by the CA in his report and subsequently by the CAG. This should help in resolving the complaints of a Municipal Councillor who has levied stringent charges against the local body in various forums.

6D.19 Octroi is a regressive tax, yet it forms the bulk of the revenue raised by the Municipality. The 2<sup>nd</sup> Finance Commission had suggested to change its structure from weight based per unit rate to inflation linked ad-valorem rates so that the buoyancy of revenue collection could be sustained. This is yet to be implemented. It is suggested that the UT administration may give due consideration to gearing up the octroi system so that trade does not suffer and yet the Municipality does not lose its share of revenue. An expert committee could be set up for this purpose.

6D.20 The PBMC needs to gear up its administrative machinery so that grants-in-aid by the UT administration are fully utilised. The UT administration should take the desired steps in this regard by providing experienced administrative and technical staff so that the bottlenecks are removed and the corporation performs its statutory obligations satisfactorily.

6D.21 The 2<sup>nd</sup> Finance Commission had also suggested that the UT administration should provide specific grants to clear the water charges bill to Andaman Public Works Department (APWD). This has not been done and this Commission would urge the UT administration to intervene in the matter.

6D.22 The UT administration should also provide specific grants for creating tourist facilities as well as for a water desalination plant. This will help in improving the township. The township is being supplied water intermittently. Drinking water facilities need to be improved substantially.

6D.23 Water rates are low. Some headway was made by the local administration in 2008 when it enhanced the water charges from Rs 18 per month per tap to Rs 25 per month per tap in respect of domestic connections and a slightly higher increase in respect of commercial establishments and others. What is more, even this amount is not being collected diligently resulting in a debt of Rs 26 crores to APWD from where PBMC obtains the water. It is the view of the Commission that the water charges should periodically be further enhanced so as to at least cover the operating cost of the water services being provided to the citizens.

6D.24 In order to augment water supply, given the limitation of water harvesting in Port Blair, it is heartening to note that the LG has initiated action in increasing the height of Dhanikari Dam by two meters as also laying of a submarine pipeline between Rutland Island and Port Blair as Rutland Island has a perennial source of fresh water. Also, there is an imminent need to construct Desalination Plants in different parts of the islands. This experiment has met with a fair degree of success in Lakshadweep and can be easily replicated in these islands.

6 D.25 PBMC has an outstanding debt of Rs 26 crores to be paid to APWD for supply of water. The Commission is not in favour of any waiver. PBMC should start making repayments to APWD in suitable annual instalments stretching over say ten years so that these arrears could be liquidated.

6D.26 The Municipality does not get any grants-in-aid under the Non-Plan budget head and hence its resources get flittered away in paying salaries. Hence little funds are left for development (the cost of construction is very high compared to the rest of the country) and thus the UT administration should allocate some grants-in-aid under the Non-Plan head. The quantum is mentioned elsewhere in the report.

6D.27 Subsidies need to be rationalised in the A&N islands. The entire economy of these islands revolves around govt spending. Hence, it is most important that subsidies need to be targeted carefully so that they stimulate the economy in a meaningful manner. Govt may consider subsidising airfares rather than subsidising passengers travelling by ships. In a discussion with the members of the Andaman Chamber of Commerce and Industry it was pointed out by one of its members that nowhere

in the world were ships used for transporting passengers over a distance of more than a thousand Kms barring the luxury liners. It was simply inconvenient, time-consuming, and air travel is the most suitable mode these days. Twenty or twenty five seater aircraft could be introduced which would also facilitate inter-island travel.

6D.28 With the closure of wood based industry now only tourism, fisheries shipping and construction for development of infrastructure projects are the avenues for future developments. Due to constraints caused by concerns on the environment front and defence requirements it is felt that tourism is the sector with the best potential. Clear cut policies need to be formulated and then implemented in a timely and in a transparent manner.

6D.29 The 2<sup>nd</sup> Finance Commission had recommended certain specific steps for promoting tourism. These are also endorsed by this Commission and they should be implemented. They mainly relate to Port Blair being made an international airport and being linked to the South East Asia tourist circuit. An instant success could be giving LTC facilities to govt servants for Port Blair & extending the journey to Singapore and Bangkok. The private sector should play a larger role in promoting tourism and the UT administrations should play the role of a facilitator.

6D.30 The 2<sup>nd</sup> Finance Commission had made a number of recommendations regarding improving the connectivity between the mainland and A&N Islands as well as interconnectivity between the islands. Some of the recommendations have been implemented. This Commission endorses the remaining recommendations and would like to them to be implemented urgently. Similarly the 2<sup>nd</sup> Finance Commission had made recommendation about the fisheries and industries sectors. Some of these have since been implemented in varying degrees. This Commission feels that the UT administration may try to implement the other recommendations.

6D.31 Conversion of land for commercial use may be made less stringent and time consuming so that tourism industry and other commercial activities may be promoted. Presently no clear cut guidelines are available for conversion of land. The Govt. may formulate tourism friendly guidelines and appoint a separate Sub-registrar for the purpose. Two bridges on the trunk road connecting Port

Blair and Mayabundar may be constructed and the existing road widened taking proper environmental clearances and ensuring security of tribal habitations in the area. This will open up trade and commerce within the Andaman Islands. Currently, the situation is deplorable and is a dampener for trade and commerce.

6D.32 The situation of health sector in the islands is very poor. The A&N have no big hospitals and the patients have to be shifted to the main land either to Kolkata or Chennai which is very expensive. (One patient has to pay for six tickets to be airlifted.) There is also need for setting of Medical/ Engineering College that will help in attracting students from the South East Asian countries and also from Maldives, Myanmar etc. This will also help in rejuvenating the economy. It will also be within the stringent environmental norms the islands are subject to unlike most other economic activities.

#### Other issues of importance relating to Andaman and Nicobar Islands

6D.33 While the plan schemes would continue to be implemented by the local administration, the Commission would like to highlight some specific issues of importance. These are as under:

- a) Earlier, there were some wood based industries based in these islands. After intervention by the Apex Court, all of them have closed shop. As of now, there is absolutely no Industry in these islands save for some cottage industries whose functioning is almost primitive.

If we have to ensure that sufficient employment opportunities are created in medium term, it is imperative that a serious and concerted effort is made by the local administration to attract non-polluting and environment friendly industries to be set up in these islands. They could follow the example of the Electronic City set up in Verna in Goa some years ago. If this is not done, the potentially upward spiral of unemployment could create serious socio-economic tensions as has happened in some other parts of the country.

- b) Fish is a resource that is abundantly available in the waters surrounding these islands. Despite its easy availability, precious little has been done in the last 50 years to optimally tap this resource. There is need to step up deep sea fishing, create refrigerated cold storage facilities and commence export of high value marine products. It is time that serious consideration is shown towards this potentially vital economic activity which, if properly

implemented, would not only enhance the per capita income, create additional employment opportunities but would also be a significant foreign exchange earner in case Export Oriented Units are set up in these islands for these marine products. This has happened in a small island called Diu albeit in a limited manner by a private entrepreneur. It can easily be replicated in these islands as well. While Government can take the appropriate initiatives, private entrepreneurs can be encouraged and some kind of Public Private Partnership mode could be evolved.

- c) While acknowledging the fact that only 5.62% of land is available for development purposes in these islands since the balance land is covered either by notified forests or deemed forests, the Commission is of the view that the local administration should move the Apex Court to make available 'deemed forests' land for development purposes. Moving the Apex Court has become inevitable since the present Land Use Configuration is mandated by its various orders.
  
- d) In so far as Great Nicobar is concerned, an East-West Road had been in existence for long. This 42 km long road connects Campbell Bay with the uninhabited West Coast. The present position is that no maintenance is being undertaken beyond 16 km ostensibly because of exaggerated tribal concerns. Around 226 Shompens are loosely scattered in the area beyond the 16 km mark. Infact, the Shompens are very frequently visiting Campbell Bay for medical treatment and food. Nothing untoward has ever happened in the past as the Shompens are peace-loving and live in harmony with the settlers. By not maintaining the remaining 26 km stretch of the East-West Road, we are exposing ourselves to serious security concerns about possible setting up of temporary shelters/villages by foreign fishermen and the like along this potentially vulnerable West Coast. It would be difficult for our security agencies to detect intrusions in time and take effective counter measures in the absence of accessibility by land from Campbell Bay. Even the Coast Guard stationed here is bereft of any dedicated vessel for periodic surveillance. As such, this issue needs to be reconsidered by the Ministries concerned in the Govt. of India.

Likewise, a new North-South Road is being constructed by the Border Roads Organisation since most portions of the old North-South Road are submerged as a result of Tsunami. Here again, the road is proposed to be stopped at the last settlement which is located at the 36 km mark instead of carrying on right up to Indira Point which is the southernmost tip of India overlooking the Malacca Straits. Since the IAF is likely to have a base in the vicinity of Indira Point, it seems logical that connectivity should be extended at this point of time itself right up to the proposed base and Indira Point.

- e) While no favourable decision has been taken all these years for establishment of a Free Port at Campbell Bay for various reasons, what appears to be a viable proposition is to establish an International Container Transshipment Terminal in Great Nicobar. This would need to be examined in detail.

6D.34 Migration is now assuming serious proportions. This is reflected by the population figures which have jumped from 2.80 lakhs in 1991 to 3.56 lakhs in 2001. The estimated population in 2009 is 4.65 lakhs as per the figures provided by the Census Office in Port Blair. The Census Office further informed that the estimated migrant population in the Islands upto 2009 is 2.18 lakhs which account for 46.88% of the total population taking into consideration a decennial growth rate of 21% for the migrant population. While conceding that labour utilised for various developmental projects would need to be legitimately brought to these islands, the actual ground reality is that migration is much higher than the actual requirement of labour. This has resulted in encroachments on forest lands and harassment to particularly the Jarawas in the Middle Andamans. If this is not checked, it would result in disturbing the ecological balance, demographic profile apart from creating avoidable socio-economic tensions. The time has come for every visitor to obtain an Inner Line Permit for visiting these islands as is the case in Lakshdweep. As of now, such permits are required for only the tribal areas. It needs to be extended to all areas in the Andaman and Nicobar Islands.