

## Reduction in Expenditure on Internal Security in Nagaland: Is it Feasible?

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December 3, 2013

The chief minister of Nagaland Neiphiu Rio, while presenting his government's Memorandum on 5th October to the 14th Finance Commission, highlighted the difficult financial position of his state inter-alia stating: "It is estimated that the cost of maintaining the Army and the Central Police Organizations in Nagaland in a year may exceed the (Annual) Plan size of the State, which is a modest Rs 2000 crore for the year 2013-14. While the Central government may have justified reasons for maintaining substantial defence establishment in the State, it is our view that with levels of insurgency being substantially reduced, the Central government could have invested more funds in building up technical infrastructure and facilities that could have benefitted the State as a whole..."<sup>1</sup>

The Chief Minister's statement may be construed to indicate that the Centre is spending more funds on security in juxtaposition to the needs of development of Nagaland. A question may consequently arise on whether the Central resources provided to the State for Plan-based development has been inadequate and also that the State should had been entrusted with greater responsibility for maintaining internal security as against the position prevailing now. Constitutionally, maintaining law and order within the State is the primary responsibility of the State. The moot point is whether the incumbent State government has the resources and capability to ensure internal security in Nagaland and is conscious of the attendant financial and strategic consequences thereof.

As far as the financial burden is concerned, the State already has huge manpower of nearly 140000 government employees (the police establishment consists of approximately 28000 regular personnel) on its rolls, which works out to approximately 7% of its total population of nearly 19.70 lakhs. The gross salary expenditure of the State is nearly 70% of its annual Non-Plan I expenditure, net of pensions and interest payments. The State hardly has any 'balance from its current revenues' to take on additional internal security expenditure or fund its own development activities because a meager 8% of its total revenue needs are met from its tax and non-tax resources. In this backdrop, the State has perforce to depend on the Centre to maintain a security establishment and sustain it on a long-term basis. In fact, the Nagaland government may actually welcome a greater disposition of central forces in Nagaland as that would alleviate its internal security burden with resultant financial relief. There is also a strong case for the Centre sharing the operating costs of the Reserved Battalions raised for Nagaland on a 50:50, which are not provided for in the institutional arrangements at present.

The Army's role is quite unique in Nagaland and its residual supportive role to the para-military forces/police forces viz. Assam Rifles/CRPF/BSF cannot be overlooked. Furthermore, the Army's presence (the Dimapur-based 3 Corps) in Nagaland in relation to the strategic needs vis-à-vis China and Myanmar needs no emphasis. Moreover, the Army's presence in the State has spin-offs from the revenue angle because a certain amount of tax revenue of Nagaland (a conservative estimate is Rs 50-60 cr annually) is generated from the CSD supplies and the Army transactions as well as turnover of goods and services for consumption and utilization by the Army units and their personnel within the State.

So far as the Central non-Army forces are concerned their role will undergo a change when the internal situation in the State gets qualitatively transformed from that of the prevailing ceasefire to a more affirmative control of the environment. This implies that the phenomenon of taxation by non-State elements and movement by Underground armed cadres in public will have to be counteracted with and obviated by both the State forces as well as the Central non-Army forces effectively. Disbandment of the UG armed cadres and their designated camps may be the ultimate aim of the Centre and the State authorities. In other words, a political accommodation between the Union and the various UG groups viz. NSCN (IM), NSN (K), NSCN (KK), etc is a sine qua non for reorganized disposition of the Central forces in the State. However, before such a prospective situation can be achieved, which may arise within the next 2-3 years, a qualitative change will be required to be brought about in the State police management strategy. A greater assertive role will, out of necessity, have to be assumed by the State government. Till such a situation emerges, sharing the responsibility of internal security management between the Union and State governments may be a realistic and an unavoidable option.

In the existing scenario, expenditure on the forces deployed by the Centre in Nagaland appears inescapable. In fact, this component of Union expenditure may be augmented for enabling redeployment of the State's financial resources from policing (actually the growth of State police expenditure may be controlled and not exponential) towards developmental activities. It is, therefore, essential that the competing demands among various States of the Union for Plan allocation is holistically managed by the Planning Commission so that economically unviable hill states like Nagaland affected by a high degree of cost-disability (goods and services taken to Nagaland as inputs for infrastructure building and also for direct consumption are at least 17% higher than other normal-plain States)<sup>ii</sup>, are not adversely affected in the economic development. The reduction in Plan Outlay of the State to Rs 2000 crores for 2013-14 as compared to Rs. 2300 crores in the previous year does not seem to be logical decision when viewed in the national context and growth scenario as well as price trend. Judicious decision in regard to Plan outlay and allocation of concomitant funds for Nagaland is the essence rather than pruning of the Centre's Non-Plan spending on the Army and other Central forces.

*Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.*

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1. Press Release issued by Govt. of Nagaland disseminating the text of the Chief Minister's Speech at the Meeting with the FFC on 5<sup>th</sup> October, 2013.
  2. 'Study on Developmental Disability Index for Hill States in India' prepared at National Institute of Public Finance and Policy in May 2013 at the behest of Planning Commission.