



Some Aspects Of Socio-Economic Development In North Eastern Region Of India: Does It Go In Right Path?

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Introduction

Structural changes (namely Liberalization, Privatization and Globalization) initiated by the central and state governments from 1990s onwards started to restructure the government services in all sectors. In India almost sixty percent of the population involved in agriculture which accounts for only 18.20% of our country's Gross Domestic Product (GDP) (Jothilakshmi, *et al.*, 2011). The North East Region (NER) of India constitutes the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Flanked by hills and with the mighty Brahmaputra River slashing a central path between its north and south, the NER is bounded mostly by the international boundaries. Arunachal Pradesh lies to its north and Sikkim a little away in the northwest bordering China and Bhutan. Bangladesh and Myanmar lie to its southwest and east (Mandal, 2006). The torrential Brahmaputra deposits its rich alluvial silt along the banks of the plains of Assam. Tropical rain forest, rich in flora and fauna, spread their arms across Arunachal Pradesh into Assam. Assam is a land where Tea is the most powerful industry, handicrafts as a major occupation and martial art, a favoured sport. The western side of the northeast is connected to the eastern part of the Indian subcontinent by a narrow land corridor, only 22 kms, sometimes referred to as the Siliguri Neck or "Chicken's

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Neck". The eight states that comprise the region reflect ecological and cultural contrasts between the hills and the plains; there are also significant elements of continuity (Mandal, 2009). The economy of NER has got its definite identity due to its peculiar physical, economic and socio-cultural characteristics. Among various states of NER of India, the geographical area of Arunachal Pradesh is highest at 83,743 sq.km. In the economy of Arunachal Pradesh, structural transformation is a recent phenomenon. At the time of independence, this state lagged behind the other parts of the country in terms of development indices. The economy of the state is a mono-economy characterized by traditional slash-and-burn method of agriculture and few small and cottage industries. But since independence, economic development along with government sponsored urbanization has brought about significant changes in the structure of the economy.

Objectives: This paper attempts to search that does the recent speedy developmental activities in NER undergo in right way?

Materials And Methods

Data Sources: No primary data have been generated in this study. The whole study is based on the secondary data collected from various issues of Statistical Abstract and Economic Review of Northeastern States published by the Directorate of Economics and Statistics of different States of NER. The study has been conducted for the time period of 1993- 2006.

Literature Survey: Economic development scholars and third world analysts have effectively argued, through the use of economic data and statistics that high rates of population growth are economically unsustainable. The problem lies in a very simple calculation. The resources of a country, whether the land area and the infrastructural services, such as water and electricity, not even to mention nutrition and health care requirements, are established at a certain level and raising that level, as in expanding services and raising food production, are long term phenomenon. In other words, not only are resources in Third World Countries limited and barely able to keep up with a stable population figure? but they can only be increased and expanded at a gradual rate. Consequently, when population figures expand and grow beyond the ability of the resources themselves to expand, the end result is increased poverty and larger numbers of people demanding access to welfare service, from healthcare to education to subsidized basic goods. The point here is that accelerated population growth cannot

be match with accelerated expansion of services and food production, eventually leading, on the individual levels, to greater poverty and unemployment and on the national level, to a reduced capacity to attain economic development and growth. It is thus that "population growth is a major impediment to sustainable development," and high rates of population growth are an obstacles to development in general.

Explosive quantitative increase of Indian population is thinning down the quality of life of the mass due to skewed distribution of resources. Added problems are the rapid rate of urbanization, growth of large cities in volume without adequate infrastructural robustness, migration of the poor into already overcrowded cities, resulting into overburdening of the facilities available in urban hubs. One of the major areas of concern in the region is the unsatisfactory situation of both rural and urban poor in the field of mortality and health care.

In the recent projection, **Dyson (2004)** estimated that the population of India is likely to be 1.4 billion by 2026 and 1.6 billion by the year 2051. These projections were done by taking optimistic assumptions, such as the TFR will fall to around 2.1 births per woman by 2026-21, when life expectation will be approximately 67 years for males and 70 for females. The working age population will be approximately 1.5 times as large in 2026 as it was in 2001. If woman's participation increases, there will be an average annual addition of 8 million population to the labour force annually between 2001 and 2026. If recent trend in economic growth and employment intensity continue until 2026, there will be a significant increase in the level of unemployment. Even an annual economic growth rate of 8 per cent up to 2026 will not avoid future increase in unemployment level.

Almost all the countries in the world will have imbalances at regional and lower level in the equitable share in the national assets like natural resources, economic assets and manpower distribution. In order to reduce regional or sub-regional imbalances, planners and policy makers make efforts and evolve the strategies which are aimed at minimizing such imbalances.

Methodology: The present study has conducted in the northeastern region of India. The study discusses the level of development of agricultural sector, infra-structural facilities and some of the socio-economic indicators. To study the economic development of the region, banking, industries etc. will be discussed. The regional imbalance, literacy level, population structure are some of the factors responsible for the development of a region. For the completion of the study the analysis is being

made on the basis of published secondary source of statistical data. The study is being completed with viable suggestions which will helpful for the planners and policy makers of the region.

Results And Discussion

Demographic Profile: The NER covers an area of 2.63 lakh sq.km. which accounts for 7.9 per cent of total geographical area of the country. With a total population of 38.86 million, as per 2001 census, it accounts for 3.8 p.c. of total population of India. The share of population of NER, in comparison to all India, increased from 2.89 p.c. in 1951 to 3.78 p.c. in 2001. In terms of population, Mizoram is the smallest state among NER of India. The decadal growth rate of population (1991-2001) is the lowest in the state of Tripura 16.03 p.c. followed by Assam (18.92 p.c.) and highest in the state of Nagaland (64.53 p. c.) followed by Sikkim (33.06 p.c.). The region's growth rate of population (21.61 p.c.) is higher than the national average of 21.35 p.c. during 1991-2001. The density of the population varies from 13 in Arunachal Pradesh to 340 in Assam followed by 305 in Tripura. The density of the population of the region is 147.65 which is almost half of the national density (324) in 2001 while it was only 34.29 in 1951.

Migration: The growth of population of an area is determined by three factors, namely fertility, mortality and migration. Internal migration is the movement of population within the country. This have no much effect on the country's total population size and growth but its impact within the country's sub-regions may be substantial. The movement of people within a country indirectly reflects the level of development and regional imbalances in economic opportunities. The decision to move is influenced by a host of social, economic, political, cultural and developmental factors. Economic opportunity plays an important role in the movement of people from place to place in search of employment, better employment, transfer of job etc. It has been observed that migration is most responsive to economic opportunity and developmental activities.

Singh (2005) analysed the NSS data and concluded that the characteristics of migrants in terms of age , education, marital status and economic activity before and after migration show the selectivity of migrants. In context of industrial and agricultural development in the area, well previous migration always plays a significant role.

Education: Literacy and education may be regarded as important criteria to reflect the progress of individuals at the level of understanding in day-to-day activities. Education can affect lives of people in several ways. It enables women to assume more autonomy or power in traditional gender stratified family settings and also in more egalitarian ones, giving them greater control over their own lives and a stronger voice in matters affecting themselves and their families. Education can lead to changes in many aspects of women autonomy that impinge on reproductive behaviours- information autonomy, or knowledge of, and exposure to modern practices and information; decision making autonomy, or women's say in family decisions concerning their own lives and well being; physical autonomy, or physical mobility and confidence in dealing with the outside world in extracting the benefit from available sources, economic and social autonomy, or access to and control over economic resources and increased self reliance in terms of social status and acceptance (LeVine et al.,1991; Balk, 1994; Elo, 1992; Visaria, 1993; Mandelbaum,1988; Okafor,1991; United Nations, 1995).

In the recent years, female education has come to the forefront of development planning for tackling the problem of high fertility in developing countries. Social demographic research has played an important role in highlighting that more education in women results in marriage at later age, fewer children per family, less infant and child mortality rates and healthier, better-reared and educated children. Female education is perceived as an important factor not only in imparting new knowledge and information, skills and values for improving their participation in the labour force or earnings, but also in enhancing their status within and outside their immediate family. Thus, schooling is envisaged to have a long term effect on women's position in family and society (Jeffery and Basu, 1996). Education occupies an important position in the planned programmes of the Meghalaya Government. The North Eastern Hill University (NEHU) is the only university in Meghalaya and it is the direct responsibility of the Union Government. It is important to note that according to the census report of the Government of India, percentage of literate persons of Meghalaya was 49.1 p.c. in 1991 and in 2001, the percentage of literate persons has gone up to 63.31 p.c. but its All India rank has dropped down from 22nd position in 1991 census to 27th position in 2001.

Per Capita Income: NER as a whole is placed amongst the poorest regions in the country. The per capita income of the region is Rs. 12407 which is less than the national average of Rs.17978 (2001-02). Per capita income of Arunachal Pradesh at

current prices was higher than the nation's average by Rs. 1043 in 1993-94. However, since 1996-97, the per capita income of the state has been lagging behind the national average. The per capita income at constant prices during the year 2004-05 was estimated at Rs.19566.

The pattern of agricultural growth has however remained uneven across regions. The Net State Domestic Product (NSDP) of Assam in real terms i.e., at constant (1993-1994) prices has been estimated at Rs.1783.78 crore in 2003-2004 as against Rs.16788.37 crore in 2002-2003 and Rs.16172.81 crore in 2001-02. Thus, NSDP registered a growth of 6.24 p.c. in 2003-2004 over 2002-2003 as against a growth of 3.81 p.c. witnessed in 2002-2003 over 2001-2002. While the NSDP at constant (1993-94) prices during the year 2001-02 was Rs.193461 lakh. During the period 1993-94 to 2001-02 the NSDP at constant prices grew at a compound annual growth rate of 6.28 p.c. as compared to the Net National Product (NNP) growth of 6.29 p.c. The NSDP of Manipur at current prices for the year 2001-02 was Rs.320478 lakh. As compared to the previous year , it registered a growth of 8.82 p.c. compared to all India NNP growth of 10.27 p.c. During the period 1993-94 to 2001-02 , the NSDP at current prices grew at a compound annual growth rate of 6.82 p.c. as compared to the NNP growth of 6.29 p.c. The NSDP of Arunachal Pradesh at current prices for the year 2004-05 was Rs.224612 lakh. and at constant (1993-94) prices it was Rs.117853 lakh. The NSDP of Tripura at current prices for the year 2000-01 was Rs.418350 lakh registering a growth of 9.72 p.c. over the previous year's figure of Rs.381272 lakh . During the period 1993-94 to 2000-01 , the NSDP at current prices grew at a compound annual growth rate of 14.52 p.c. compared to the NNP growth of 13.73 p.c.. NSDP at constant (1993-1994) prices in 2000-01 was Rs 260739 lakh . During the period 1993-94 to 2000-01, the compound annual rate of growth of NSDP at constant prices was 7.04 p.c. while the NNP growth was 6.28 p.c. The economy of the state of Mizoram is mainly agrarian with agriculture and allied activities contributing 29 p.c. to the NSDP of the state. Jhum or shifting cultivation is the usual practice. Nearly 60 p.c. of the population is engaged in agriculture in this state. As in the other states of the north east, the per capita income of the State of Meghalaya has constantly lagged behind the national average.

The per capita Net State Domestic Product (NSDP) i.e., per capita income of Assam at constant prices (1993-94) has been worked out at Rs.6520 in 2003-2004 as against Rs.6221 in 2002-2003 and Rs.6066 in 2001-2002. Per capita income of Assam gradually increased from Rs. 5544 in 1990-91 to Rs. 5796 in 1997-98 which decreased

to Rs. 5664 in the next year (1998-99) and then increased to Rs. 6756 in 2004-05. The growth of gross state domestic product (GSDP) of Assam at constant prices (1993-94) increased from 4.5 p.c. in 2001 to 5.5 p.c. in 2003-04 but then it decreased to 5.3 p.c. in 2004-05. The percentage of urban population in Assam was 11.10 p.c. according to 1991 census which increased further by 1.8 p.c. according to 2001 census (12.90 p.c.). Thus more than 87 p.c. of total population live in rural areas and for which economy of the state depends on the development of rural areas.

The per capita income of Arunachal Pradesh at current prices was higher than the nation's average by Rs. 1043 in 1993-94. However, since 1996-97, the per capita income of the state has been lagging behind the national average. The per capita income at current prices during the year 2004-05 was estimated at Rs.19566 and at constant prices it was estimated as Rs.10266. The per capita income at constant (1993-94) prices was Rs.6813 in 2000-01 as compared to the all India figure of Rs.10313 in 2000-01. The per capita income at current prices in 2000-01 was Rs.10931 as compared to all India figure of Rs.16564.

As in other states of the NER, the per capita income of the state of Manipur has constantly lagged behind the national average. The disparity has been rising gradually. The per capita income at the current prices in 2001-02 was Rs.13213 as compared to the all India figure of Rs. 17947. The per capita income at constant (1993-94) prices in 2001-02 was Rs.7976 as compared to all India figure of Rs. 10754. The per capita income at constant (1993-94) prices was Rs.6813 in 2000-01 as compared to the all India figure of Rs.10313 in 2000-01. The per capita income at current prices in 2000-01 was Rs.10931 as compared to all India figure of Rs.16564.

The NER continues to be a net importer of food grains even for its own consumption. In spite of covering 7.8 p.c. of the country's total geographical area, NER produces only 4.0 p.c. of the country's total food grain production (as per 2002-03) while agriculture provides livelihood support to 70 p.c. of the population of NER.

Agriculture: Most of the agricultural practices in the hilly terrain of NER are based on jhum cultivation (shifting cultivation) excepting plain areas. The crop mix of perennial and season crops in jhum cultivation allows phased harvesting ensuring food security throughout the year and also provides needed diversity for nutrition and food preferences. The life and culture of the ethnic peoples of hill areas depend to a great extent on jhum cultivation (Karim and Mansor, 2011). As in the other states of the Northeast, Arunachal Pradesh's economy is mainly agrarian. Food grain production of

Arunachal Pradesh was 2.05 lakh MT in 1999-2000 registering a growth of 13.25 p.c. over the previous year's production. The food grain yield was 1126 kg/ha. In 1999-2000 compared to the same year. There is a great potential in Arunachal Pradesh in the Fishery sector also. But the problems of flood, under utilization of aquatic resources, unscientific method of production are very much in practice in the state. As in the other states of the north east, Tripura's economy is primarily agrarian and agriculture and its allied activities contributes nearly 34 p.c.% to the state's Net Domestic Product. Agriculture in Tripura includes traditional Jhum (shifting) cultivation (Mandal, 2006). After Kerala, Tripura is the largest producer of natural rubber and the rubber produced is of superior quality. The state also has the distinction of being the highest producer of True Potato Seeds in the country. Agriculture plays an important role in the State's economy and employs more than fifty percent of the total workforce of the State. It contributes nearly 30 p.c. to the State's NSDP in 1999-00. Agriculture not only supplies raw materials for industries outside the State such as cotton, jute, ginger etc. but also provides inputs to other few small agro-based industries in the State such as turmeric, paddy, maize etc. Production of cereals and pulses in Meghalaya: Almost three-fourth of the working population in Nagaland is engaged in the primary sector. Like the other states of the north east, Nagaland is predominantly an agrarian economy. Rice is the staple food and occupies about 70 p.c. of the total cultivated area, consisting about 75 p.c. of the total food grain production. Nagaland has been identified as a potential area for development of food processing industries in its geo-climatic conditions. The main crops such as rice, maize and wheat in NER are shown in **Table-1** in context of India. The total production of these three crops in NER is only 4% of India. The agriculture and allied sectors in Nagaland offer good inputs for development of a host of industries which could include floriculture, horticulture, rubber plantation and allied industries, sericulture, tea cultivation and processing, bamboo shot preservation, mushroom cultivation and processing, piggery, poultry etc. Sikkim's economy is largely **agrarian**, based on traditional farming methods, on terraced slopes. The state is gifted with abundant natural resources. The resources can be grouped into biotic or abiotic, both of which can be renewable. Biotic resources include agriculture crops, fodder and forests. The rural populace grows crops such as **cardamom, oranges, apples, tea** and **orchids**. **Rice** is grown on terraced hillsides in the southern reaches. Sikkim has the highest production and largest cultivated area of cardamom in India. Because of the hilly terrain, and lack of reliable transportation infrastructure, there are no large-scale industries. **Breweries**, distilleries, tanning and **watch**-making are the main industries. These are located in the southern reaches of the

state, primarily in the towns of [Melli](#) and [Jorethang](#). The state has an impressive growth rate of 8.3 p.c., which is the second highest in the country after **Delhi**. The economy of Sikkim is mainly based on agricultural and animal husbandry. Approx. 11 p.c. of the total geographical area is under agriculture. Agriculture is of the mixed type and still at the subsistence level rather than commercial level. The agricultural development can be achieved from the following suggestions quoted from the Asian Journal of Agricultural Research 5(1), 28-44, 2011.

1. Institutional changes in the farming sector
2. Increase in the cropping intensity of land,
3. Shift in the cropping pattern in favour of crops with higher productivity,
4. Improvement in the technique of cultivation.

These four factors are inter-related with each other. Institutional changes become necessary to create favourable conditions for agricultural growth, when the institutional arrangements in agriculture are not in shape to provide farmers with the right incentives and opportunities (Ghosh, 2011).

The work force participation rate as per 1991 census is 40.44 p.c. The female participation rate in Sikkim is also much higher than the national average. This is an important aspect if the hill economy, as productivity is low and hence all the able-bodied people are employed in agriculture and other activities. Cultivators account for the greater majority of the people in the state, their percentage is 57.84 p.c. Agricultural labourers as a whole constitute only 7.81 p.c. of the workers in the state, house holds and other industries are negligible, but other worker (Tertiary Sector) at the state level represent a good percentage of population. The decreasing ratio of worker at the state level indicates the low level of economic diversification. The importance of agriculture can be judged by the high percentage of population approx. 65 p.c. engaged in it. Animal husbandry is an integral part of the house hold economy of the region. There are certain house hold industries also which substantially adds to house hold incomes. The past one and half decade has witnessed a tremendous upward swing in various development programs giving a new thrust to the North-east economy. This process has increased wage employment opportunities. Though most of the inhabitants are basically agriculture, they have diversified into tertiary jobs such as Government services. For higher agricultural production to meet the higher demand of food grains, the process of agricultural transformation is very urgent. In this process of transformation, a proper modification and replacement of existing institutions are

assumed to take place especially for those inefficient institutions which put an obstacle in the allocation of resources (Laha and Kuri, 2011). Inefficiency in resource allocation is main obstacle for the agricultural development in the region. Output cannot be increased without using additional conventional inputs and new technology.

Irrigation: The NER has considerable unexploited irrigation potential, especially in states like, the Imphal valley in Manipur and in Tripura. Till recently, about 19 p.c. of the total potential of 5.7 lakh hact. could be exploited in Assam, against the national achievement of 40 p.c. So far, Manipur could attain the level of about 10 p.c. of the total potential to cover 65000 hact. The potential in Tripura for irrigation has been assessed at 2.81 lakh hact. The topographical conditions in Mizoram, Meghalaya, Nagaland, and Sikkim are not favourable for groundwater irrigation schemes and therefore the development of surface irrigation has better prospects.

Power: The degree of economic growth is correlated with the generation and consumption of electricity. Although Mizoram possesses a vast hydel potential, the progress in this sector is still very slow. In Mizoram, power is generated by only two types- Hydel and diesel. As per Ministry of Power data, Mizoram's share in central sector stations in 2004 was 49.10 MW. Following table shows the installed capacity and power generated in Mizoram. As per Power Ministry data, 2004, share of Arunachal Pradesh in Central sector stations was 117 MW and installed capacity in the State sector was 45.43 MW. The total installed capacity was 162.43 MW. The percentage of villages electrified was 60.46% as on March 31, 2005. The percentage of rural household having electricity was 44.53% as on March 31, 2004. Per capita consumption of electricity is 68.61 KWh in 2000-01.

Tripura has two sources of power generation – Hydro and Thermal. The state also has natural gas, which can be used for thermal power generation. Out of the two major sources of power generation, thermal power accounts for more than 77% while the remaining is generated from Gomati Power Project (hydro). Due to the increase in the demand for electricity, the state is experiencing persistent power shortage and hence frequent power cuts are enforced upon. During 2000-01 the total installed capacity was 85.35 MW and total power generated was 318.38 MU, total purchase of power was 268.00 MU in 2000-01 which is 8.85 MU higher than that purchase in 1999-2000. The total unit sold to ultimate consumers in 2000-01 was 388 MU. Despite commendable successes, the position in relation to needs remains highly

unsatisfactory. It is observed that a large expansion of this source of energy is required. As such about 79.80 per cent of the villages and 100 percent towns are electrified which raises both the income and expenditure of the department .But it is found that expenditures far exceeds the income . Kutir Jyoti, a centrally sponsored scheme to give assistance to the people living below poverty line is providing electricity free of cost. Till 1997-98 , there were 6217 connections under this scheme which has gone up to 15688 in 1998-99 and to 37979 in 2000-01. As per Ministry of Power data, Tripura's share in central sector stations as on September 30,2004 was 93.10 MW , while the installed capacity in the state sector was 127.36 MW. The total installed capacity was 220.46 MW. As on august 31, 2004, the percentage of villages electrified was 820. the per capita consumption of electricity was 84.74 KWH as compared to the national average 355 KWH .The percentage of rural households having electricity was 28.50 p.c. . The rivers in the State of Meghalaya cascading into the rivers present an ideal scope for generation of hydel power. The projects in Meghalaya are Sunapani Hydel Project, Umtru Hydel Project, Umium Hydel Project, Tura Diesel and Nangal Bibra. Meghalaya consists of towns and thousands of villages situated in rural areas. Some of these villages are located in inaccessible parts of the State. The problem of rural electrification is a gigantic task. Despite the vast potential , the power generated within the state of Nagaland is quite insignificant. According to the Annual Administrative Report of the department of power, the total power generation was 3.21(MU) and the total purchase was 230 (MU) in 2000-01. Thus the state could generate only 1.39 % of the total power requirements.the state mainly purchase power from NEEPCO, NHPC and PGCI. As per Ministry of Power data, Nagaland's share in Central sector stations as on September 30, 2004 was 71.10 MW, while the installed capacity was 101.46 MW. It is important to note that, as on August 31, 2004, the percentage of villages electrified was 100 p.c. As compared to the national average of 355 kwh, the per capita consumption of electricity in Nagaland was 84.74 kwh and the percentage of rural households having electricity in the state was 47.16 p.c. Hydel power is area that has tremendous potential in the state of Sikkim. The capacity to tap 8000 MW of hydel power is there for the asking.

Industries: Industrially, the NER continues to be the most backward region in the country, and the states in the region hardly have any industrial base, except perhaps Assam, because of its traditional tea, oil and wood based industries .To some extent Meghalaya has made some headway in setting up of small and medium industries. There are a number of factors contributing to the lack of industrial growth in the

region like poor infrastructure, inadequate supply of electricity, violence and extortion etc. The growth of all industries; large, medium and small has been uneven. The number of functioning large and medium industries in the NER has been negligible. The status of industries in the NER is shown in the **Table-2**. It is important to note that in the state of Assam, the number of large and medium industrial units decreased from 129 in 1999 to 120 in 2003. This declining trend has been observed in the states of Arunachal Pradesh and Nagaland while in the states of Meghalaya and Tripura the number of units increased. Thus, industrially Arunachal Pradesh is a backward State. Not only Arunachal Pradesh, but the other States of NER except Assam and to some extent Meghalaya have failed to gear up industrial development in their States. As on 31-03-05, there are only 14 industrial estates in Arunachal Pradesh. The necessity of industrialization is a means of achieving rapid growth and prosperity has long been recognized in the strategy of development of any region and Tripura is no exception. It is unfortunate that the state is yet to emerge out of industrial backwardness. The Central Government has declared the entire state as 'A' category backward area for the purpose of giving central investment subsidy. It is to be noted that the state of Mizoram is a notified backward area and is categorized under "No Industry State". The state perhaps, is the most industrially backward state in the country. As on March 2000, number of large and medium industries is only one. This represents very sick position in industrial sector of Mizoram. In the state of Meghalaya, industries have been classified into two groups, viz., registered manufacturing industries and unregistered manufacturing industries. In both these counts, Meghalaya can be identified as one of the industrially backward states in the country. Due to inadequate industrial infrastructure, lack of mineral resources and transportation, the industrial growth is limited in Nagaland. Despite vast endowment of natural resources, Nagaland is considered as one of the most industrially backward states of the country. The industrial structure of Nagaland may be classified, based on resource uses into agro – based industries, mineral based industries, forest based industries and other industries. In case of medium scale industries in Nagaland, there were virtually no industries during the 60's. Handicraft and handloom production only met domestic needs. From 1970 onwards a few medium scale local resource based industries have come into existence. In case of Small Scale Industries (SSI), these began to emerge since 1970s based on local resources.

Small Scale Industries: The Handloom industry plays a vital role in providing employment to a huge no. of population as it is a labour intensive industry. The NER has the highest concentration of household units in the Handloom sector in the country

and more than 50% of weavers belong to the NER states. **Table-3** shows the trend of growth of Small Scale Industries (SSI) in the states of NER during the period 1997-98 to 2002-03. Over the period (1997-2003) highest percentage of growth rate occurred in the state of Nagaland (252.95 p.c.) followed by Meghalaya (41.28 p.c.) and Mizoram (35.47 p.c.) while it is the lowest in both the states of Arunachal Pradesh and Manipur (12.25 p.c.). By observing the percentage increase over the previous year, it is to be noted that for different states it ranges from 1.00 p.c. to 37.92 p.c. Highest variation is observed in the state of Nagaland ranges from 15.78 p.c.(1997-98) to 37.92 p.c.(1998-99).

In case of Tripura, it ranges from 1.00 p.c. (2002-03) to 3.90 p.c.(1997-98). The process of setting up large and medium scale industries in the State of Tripura is not satisfactory due to several constraints like limited size of market , lack of skilled and semi skilled manpower , inadequate infrastructure , insurgency and extremist problems . Development of small scale industrial sector (SSI) therefore, is the only alternative to the economic backwardness of a state lies in its significance for generation of employment with low capital cost. In spite of the vast scope, the development of SSI in Tripura still remains at a very nascent stage, although as a result of a few policy measures taken and support provided like financial and technical, the SSI sector has grown considerably in the recent years, yet it is not satisfactory in the context of regional or national growth rate. For providing employment opportunities in the rural areas and thereby strengthening the rural economy, Khadi and Village Industries play an important role. The Mizoram Khadi and Village Industries Board was formed in March 1986 as a non-profit making body. The board provides financial assistance to registered individuals, institutions, co-operatives and departmental units. The total no. of units registered upto 31-03-2001 has reached 5772. It also provides technical guidance and training. However, the topography of Mizoram enjoys a varied climate condition which facilitates the successful introduction of Mulberry, Eri, Muga and Tasar. The total no. of farmers engaged in sericulture activities during 2000-01 was 3332 and the production of raw silk during 2000-01 was reported to be 2064.88 kg. only. The major crafts of Meghalaya are cane and bamboo, carpets, musical instruments, jewellery, fibre crafts, textiles etc. The Nagas have a rich tradition of art and craft . The major crafts of Nagaland are artistic textiles , cane and bamboo straw etc. woodware , metalware , bangals and beads , gems and jewellery . The art of weaving is still popular among the Naga women , especially in the rural areas . Handicrafts and handloom industry has the potential to promote income and employment generation in a big way. The high quality traditional handicrafts and

handloom products enjoy a good market, both nationally and internationally. The traditional crafts like carpet weaving, cane and bamboo crafts, spinning wool, handmade paper and Thangka paintings are famous and enjoy government patronage in as far as training is concerned. However, marketing of the product depends on growth of tourism promotion outside the State by the Government and adequate supply of input and infrastructure support. It is striking to note that Sikkim has to focus on “product differentiation” as Sikkim faces competition from other north-eastern States.

Results of the third census of SSI unit reveal that while 3.11 p.c. of the total no. of persons employed in the SSI sector on the country (24932763), where employed in the NER, percentage of output in NER is not in tune with the no. of units and the no. of persons employed. It is also observed that of 3 p.c. of the total SSI units which exist in NER and which provided around 3.11 p.c. of the total employment produced goods and services equivalent to 1.78 p.c. only. As per Draft Report of the Task force on Development Initiatives for the NER, Sept. 2005, Gross out put of NER is estimated as Rs. 5024.41 Crores while for all India the figure is 2,82,269.98 crores.

The state economy of Tripura is characterized by low capital formation, inadequate infrastructure facilities, geographical isolation and communication bottlenecks, inadequate exploitation and use of forest resources, low industrial field and high unemployment problem. Financial performance of Assam during the Tenth Plan period under the various sectoral heads i.e., Agriculture and Allied Activities, Rural Employment, Irrigation and Flood Control, energy, Industry and Minerals, Social Services and other sectors has shown progress and the state government has been in position to utilize 86.4 p.c. of the agreed outlay. Although a late starter in the planning and development process, due to sustained efforts and investment in development activities since 3rd Five Year Plan, the state of Nagaland achieved significant progress particularly in the sectors of Road, Transport, Water Supply, Power, Education and Health. During the 40 years, almost all the villages in the state are now covered by public Transport. Total length of roads in the state has reached 10255 Kms. while the state covers an area of 16579 Sq. Km. and there are 4 National Highways passing through the state (NE News Letter, Feb. 2007).

Tea Industry: Tea is indigenous to India and is an area where the country can take a lot of pride. This is mainly because of its pre-eminence as a foreign exchange earner and its contributions to the country's GNP. In all aspects of tea production,

consumption and export, India has emerged to be the world leader, mainly because it accounts for 31% of global production. It is perhaps the only industry where India has retained its leadership over the last 150 years. Since independence tea production has grown over 250%, while land area has just grown by 40 p.c. There has been a considerable increase in export too in the past few years. Total net foreign exchange earned per annum is around Rs. 1847 crores. The labour intensive tea industry directly employs over 1.1 million workers and generates income for another 10 million people approximately. Women constitute 50 p.c. of the workforce.

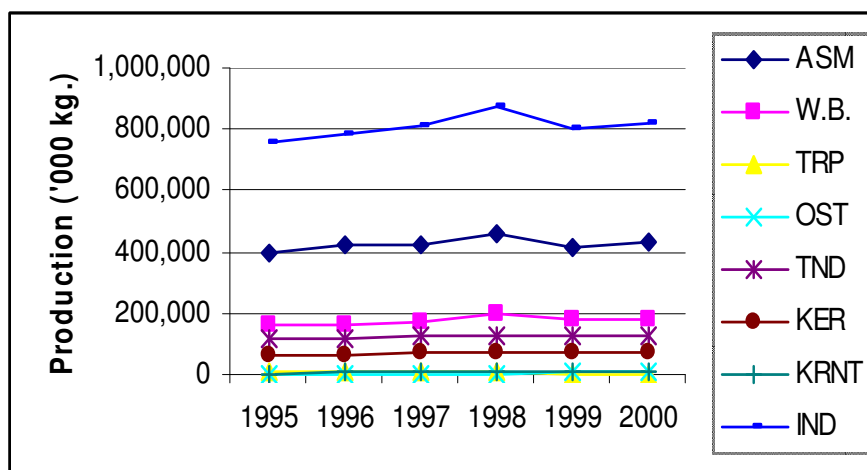
The tea industry of NER is the world's largest tea growing region having 16 p.c. shares, and is the largest producer and exporter of tea in India (share 55 p.c.). The production of tea in the state of Assam was of the tune of 438.9 thousand tones during the period 2002-03 which increased to 454.1 thousand tones in 2003-04 but decreased to 443.3 thousand tones in 2004-05. However, Indian tea producers suffered the most in terms of drop in average tea auction price compared with other auction centres around the world between January to October 2002 (***Business Standard - Saturday, January 11, 2003***). The following **Table-4** shows the picture of Tea industry in NER (Annual export) during the 5-year period (2000-04).

The Assam government has decided to offload a majority stake, and, along with it, management control of Assam Tea Corporation (ATC). It has already invited expression of interest for the move. The divestment of ATC could be either through outright sale of a 74 per cent stake in the company, or through long-term lease of individual gardens. The state government, however, is believed to prefer the option of leasing out its gardens on a long-term basis, to selling off a controlling stake in the company. The corporation, created by taking over sick tea gardens in the '70s, has, by now acquired a total of 14 tea gardens scattered over the six districts of the Brahmaputra and Barrak valleys. The combined capacity of the 14 gardens is around 8 million kgs. The corporation also has about 10 factories to process tea leaves to produce black tea. According to the ATC annual report, average production over the past five years was between 6 to 6.5 million kgs. (***The Telegraph- Monday, November 05, 2001***).

The fig-1 shows the annual production of tea in Assam (ASM), Tripura (TRP), West Bengal (WB), other states of North India (OST), Tamil Nadu (TND), Karnataka (KRNT), Kerala (KER) and India (IND) during the period 1995-2000. The graph shows that Assam's share is the highest (53 p.c.) in country's total production (754 million kg.) in 1995 which decreased to 52 p.c. in 2000. However, during the period

the production increased by 7.28 p.c. in the state while for the country, the production increased by 9.21 p.c. In this regard Karnataka stands at the top with 20.81 p.c. followed by west Bengal (12.74 p.c.) and Tamil Nadu (11.34 p.c.).

Fig – 1: Annual State-Wise Tea Production

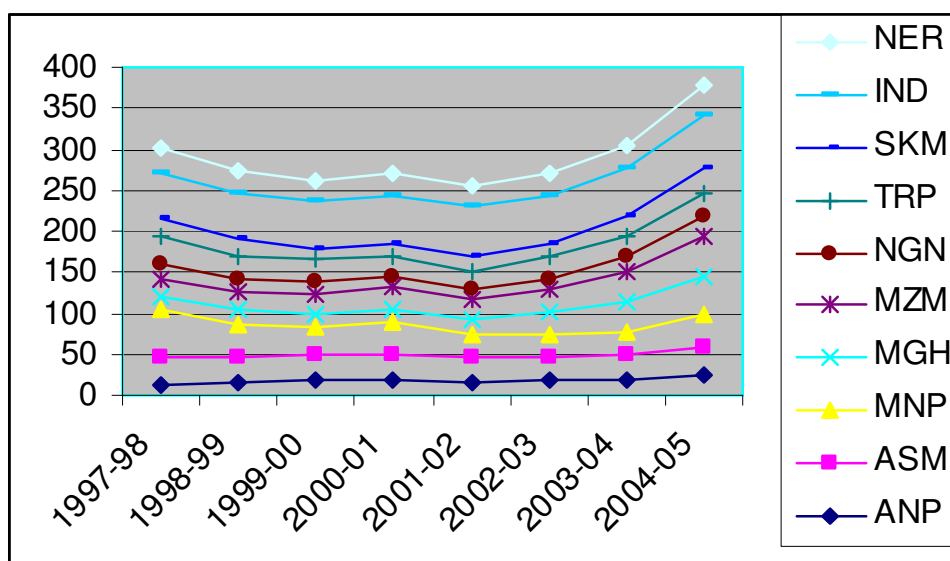


The credit-deposit ratio (CDR) of banks in NER have fallen from 47 p.c. as on end of March 1991 to 26 p.c. as on end **Banking:** Financial infrastructure is essential for economic development. Banks have expanded there network extensively particularly during the last two decades in different states of NER. The number of branches of scheduled commercial banks (SCBs) in NER was 1935 in 1996 which gradually increased to 1941 in 2001 but then it decreased to 1915 in 2003. After 2003 it started to increase again and stands at 1952 as on March 31, 2005. The figure was 1920 as on March 31, 2004. With respect to NER (1952), the percentage of number of branches in Assam is 63.27 and with respect to India (28958) it is only 1.81 p.c. However with respect to India (66970 nos.), there are only 2.87 p.c. branches in NER as on March, 2004 which increased by 1.67 p.c. as on March, 2005. The no. of scheduled commercial bank branches operating in the State of Arunachal Pradesh was 68. The credit deposit ratio was 24.40 p.c. as compared to the national average of 66 p.c. as on March, 2005. During the financial year 2004-05, there were 228 bank branches of all type of commercial banks. Out of these 138 branches in rural areas, 44

branches in semi-urban areas and rest 46 branches in urban area are functioning in the State. In all Schedules Commercial Banks, total deposit was Rs. 232100 lakhs in March 2004, which rose to Rs. 265100 lakhs in March 2005. On the other hand, total credit was 59100 lakhs till March 2004 which rose to Rs. 78600 lakhs in March 2005. The credit deposit ratio stood 29.65 % as compared to the national credit-deposit ratios of 66.04% as on March 31, 2005. As on March 31, 2004, the no. of scheduled commercial bank branches in Mizoram was 78 down from 79 as on March 31, 2000. The CDR was 38.37 p.c. as on March 31, 2004. Commercial Banks located in Meghalaya have an important role to play in its development particularly in the rural areas. As on March 31, 2003, the number of scheduled commercial bank branches in the State of Meghalaya totaled 180. The deposit stood at Rs.2164 crore and credit stood at Rs.623 crore. The credit deposit ratio was a low 23.79 p.c. as compared to the All India average of 59.37 p.c. as on March 31, 2003. Financial assistance in the form of short or medium term loans etc. should be more liberal for the State of Meghalaya where the economy is underdeveloped. : As on March 31, 2004 the number of scheduled commercial bank branches in Nagaland was 69 down from 70 as on March 31, 2000. As compared to the national average of 58.72 p.c., the CDR in Nagaland was as low as 16.84 p.c. as on March 31, 2004.

March 2003. But after that it has increased to 35 (as against the national average of 66) as on the end of March 2005. The CDR of banks of all the states of NER including NER and India as a whole for the periods 1997-98 to 2004-05 are shown by **figure -2**. It is important to note that during the period (1997-98 to 2004-05) CD ratio decreased in case of Manipur (25.42 p.c.) and Tripura (14.70 p.c.). The highest percentage increase observed in case of Meghalaya (200 p.c.) followed by Mizoram (121.74 p.c.) and Arunachal Pradesh (84.62 p.c.) and the state of Assam is the lowest (3.03 p.c.) followed by Nagaland (27.78 p.c.) . However, percentage increase in the CD ratio in NER(16.67 p.c.) is low as compared to the all India

Fig – 2: Credit Deposit Ratio of SCBs in the NER



Note: Figures are as on end of March of respective year. (Source: RBI)

Corruption and its Impact: In India, corruption attacks the fundamental values of human dignity and political equality of the people and hence there is a pressing need to formulate a fundamental human right to corruption-free service. Corruption affects India at all levels of governmental decision-making and in the distribution of state largesse. India is ranked 72nd out of 91 countries in the Corruption Perception Index, 2001, prepared by Transparency International (TI). Corruption in India not only poses a significant danger to the quality of governance, but also threatens in an accelerated manner the very foundations of its democracy and statehood. Corruption and indiscipline survive on each other's willingness to accommodate, tolerate and provide encouragement. Corruption affects governance in a significant manner and it is anti-poor. For instance, a substantial portion of foodgrains, sugar and kerosene meant for the public distribution system (PDS) and for welfare schemes for the poor, including the Scheduled Castes (S.C.s) and the Scheduled Tribes (S.T.s), goes into the black market. Hardly 16 per cent of the funds meant for the S.T.s and the S.C.s reach them (Consultation Paper on Probity in Governance, National Commission to Review the Working of the Constitution, 2001). The rest are misappropriated by members of the political and official classes and unscrupulous dealers and businessmen. Like other

social evils, the problem of corruption brings out numerous responses. A corrupt government that rejects both transparency and accountability is not likely to respect human rights. Probity in governance is a sine qua non for an efficient system of governance and for socio-economic development. An important requirement for ensuring probity in governance is the absence of corruption. No development process will have any meaning and relevance if corruption as an institutionalized process interferes with people's struggles to realize their right to development. In NER, corruption is everywhere and it is rampant. Channelized corruption from top to bottom is much strong, none can protest against it. Political consciousness is very poor especially in NER of India. Hardly 20% of government grant is utilized for the developmental activities.

Action Taken by the Government: Considering the geographical features and special characteristics of the NER, Central Government has been resorting to formulating different strategies and schemes even by making special attention in respect of the respective areas administered by the different Ministries. The programmes are aimed at improving the socio-economic infrastructure, creation of job opportunities, up gradation of culture, education and creating economic base for bringing people to the main stream of the country. Despite abundant natural resources, the states of NER in general has remained backward because of pressure on limited resources, perpetual problem of floods, over dependence on agricultural, poor irrigation, poor road and rail links, inadequate telecommunication linkages and ethnic disturbances. Besides all these factors, lack of transparency of the political leaders is the main obstacles in attaining the actual development of the region. The natural resource endowments and education levels of the population not with standing, the NER represents one of the least developed – economically and industrially – regions of the country. The State Government of Sikkim has already identified areas for setting up of growth centres for industries. The new Industrial Policy provides a list of locations for setting up of the new industrial units. The Government of Sikkim has already declared Rangpo-Gangtok, Melli-Jorethang and Jorethang-Rishi and Ranipool-Gangtok as industrial corridors for giving the land to the investors on a lease basis.

Findings: To control the population growth, it is not emphasized on the proper implementation of family planning programme. The success of family planning programmes in the 21st century depends on various social factors. Social disapproval of family planning impedes the adoption of different methods for birth control. Thus,

IEC (Information, Education, Communication) component of family planning programmes needs to be strengthened in order to increase the use of contraceptives and thereby to control the population growth. One of the main challenges before the region is to reduce the problem of unemployment. From rural to urban movement of people for economic opportunities creates indirectly regional imbalances in the region.

Discrimination on grounds of gender continues to characterize labour relations in the region. Facilities and even wages are accorded on grounds of gender and not based on the quality of work. The most common form of gender discrimination relates to wages, women still considered as secondary earners, justifying lower wages than those received by men. Channel based Corruption in every public activity is very much rampant which blocks the development in one side and in other it creates the income inequality. Primary sector is far reaching to be modernized, as result NER is a great food importer. Being a hydro power house, there is acute shortage of power. If all the hydro power potentialities are harnessed, NER will be a great power exporter and can fulfill the 60% demand of the country.

Conclusion And Recommendation

To meet the needs of the growing population, it is necessary to tailor the management options such as shifting sowing window, growing heat tolerant varieties etc. to overcome the ill effects of changing climate arisen due to jhum cultivation (Srivani et al.,2011).

The government should give priority to set up various technical and professional institutions to enhance the capacity and improve the quality of education and training of the people of NER along with the projects for the development of transport and communication system for linking whole of NER with the main stream of the country. The government must devise a system which ensures equal opportunities among men and women. It is suggested that wages should be based on the quality of work, not on gender.

The governments of the region should develop an economic system which is not overly dependent on loans. While NER should not be isolated economically, it should maintain the integrity of the national economy. It is most important to develop a balanced economic system that is open and transparent and eliminates corruption, collusion and nepotism as well as the monopolistic systems which provide protection and privilege only to small political and economic elite.

Developmental activities should be based on the principles of sustainable development with due emphasis on the efficient and sustainable use of natural resources. During the planning, the authority should take into account region's ethnic and religious diversity and demographic conditions. For the industrial development including tea industry, the central government should give special attention and grant special package.

Table-1: Food grain production in NER as on 2002-03 (in '000 tonnes)

	Rice	Maize	Wheat	Total Food grain
NER	5350.0	260.00	127.00	5927.00
All India	72653.0	10303.0	65096.0	174188.0
NER as percentage of All India	7.36	2.52	0.20	4.00

Table- 2: Large and medium industries in NER (as on March 2003)

State	No. of units in 1999	Percentage	No. of units in 1999	Percentage
ANP	17	9.55	15	7.04
ASM	129	72.48	120	56.34
MNP	12	6.74	12	5.63
MGH	10	5.62	49	23.00
MZM	1	0.56	1	0.47
NGN	7	3.93	5	2.35
SKM	N.A.	N.A.	3	1.41
TRP	2	1.12	8	3.76
NER	178	100	213	100

Source: Draft Report of the Task force on Development Initiatives for the NER, Sept. 2005 & IIE, Guwahati.

Table-3: Trend of SSI Growth in North Eastern Region

State	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
ANP	4,456 (7.00)	4,546 (2.01)	4,694 (3.26)	4,750 (1.19)	4,797 (1.00)	5,022 (4.70)
ASM	34,258 (6.84)	36,482 (6.49)	38,303 (4.49)	40,419 (5.52)	42,947 (6.52)	45,193 (5.23)
MNP	5,322 (3.08)	5,447 (2.35)	5,587 (2.57)	5,778 (3.42)	5,868 (1.54)	5,974 (1.81)
MGH	2,982 (8.87)	3,247 (8.87)	3,505 (7.94)	3,778 (7.79)	4,044 (7.04)	4,213 (4.18)
MZM	3,907 (6.40)	4,313 (10.39)	4,490 (4.10)	4,610 (2.67)	4,970 (7.94)	5,293 (6.49)
NGN	712 (15.78)	982 (37.92)	1276 (29.93)	1,600 (25.39)	1,969 (23.06)	2,513 (27.63)
SKM	294 (4.60)	306 (4.06)	322 (5.53)	333 (3.08)	341 (2.39)	351 (2.92)
TRP	1,798 (3.90)	1,867 (3.83)	1,931 (3.31)	1,967 (1.86)	2,000 (1.67)	2,020 (1.00)

Note: Figures in brackets are the percentage increase over the previous year figure

[Source: Basic Statistics of NER, 2006]

Table-4: Picture of Tea Industry in NER

Year	2000	2001	2002	2003	2004
Production	846	854	826	857	830
Imports	14	17	22	7	25
Exports	207	183	201	173	190

Consumption	653	673	685	697	710
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Source: Report of the Meeting of the Committee on Financial Sector Plan for NER, March 2006.

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