



**SOCIOLOGICAL
CONSTRAINTS TO
INDUSTRIAL
DEVELOPMENT
IN
NORTH EAST
INDIA**

**B. DATTA RAY
PRABIN BAISHYA**

ABOUT THE EDITORS

Dr. B. Datta Ray a pioneer in promoting research in social science in North-east India, during the last three decades, is a Freedom Fighter and a tamropatro holder. He is a former Principal, Women's College, Shillong and has authored and edited a number of publications.

Dr. Prabin Baishya a former Principal of S.B.M.S. College, Sualkuchi, Assam is a well-known economist and a analyst of North East India economic and industrial growth. He is well-known writer and his analytical papers are published in economic Journals and Magazines including *Economic and Political Weekly*.

**SOCIOLOGICAL CONSTRAINTS
TO
INDUSTRIAL DEVELOPMENT
IN
NORTH EAST INDIA**



Edited by

**B. DATTA RAY
PRABIN BAISHYA**

CONCEPT PUBLISHING COMPANY, NEW DELHI- 110059

CONTENTS

| | |
|--|----|
| <i>List of Contributors</i> | 10 |
| <i>Acknowledgements</i> | 12 |
| 1. Introduction | 13 |
| 2. Status of and Sociological Constraint on Industrial Development in North-East India -- <i>J.B. Ganguly</i> | 19 |
| 3. Social Resistance to Development: An Analysis of Situation of North-East India -- <i>M.N. Karna</i> | 31 |
| 4. Socio-cultural Factors of Economic Development with Special Reference to North-East India -- <i>Prabin Baishya</i> | 39 |
| 5. Industrialisation in North-East India: An Art of the Possible -- <i>A.K. Maiti and S. Chakrabarti</i> | 50 |
| 6. The Anomie of a Borrowed Economy (A preliminary enquiry into the anomic constraints to economic development of North-East India). -- <i>P.C. Dey</i> | 73 |
| 7. Impediments to Industrial Development in North-East--Some Sociological Issues -- <i>S.K. Agnihotri</i> | 76 |
| 8. Relative Contributions of Economic and Non-economic Factors to Industrial Backwardness of the North-Eastern Region -- <i>P.R. Bhattacharjee</i> | 81 |
| 9. Industrialisation of North-East India -- A New Perspective -- <i>Arunoday Saha</i> | 90 |
| 10. Cultural Issues Relating to Entrepreneurial Development in the North-Eastern Region -- <i>Keya Sengupta</i> | 96 |

- | | |
|---|-----|
| 11. Industrial Backwardness in North-East: Some Basic Issues and Policy Implications — <i>V.S. Mahajan</i> | 107 |
| 12. Limits to Economic Development of North-Eastern Region: An Analysis of Contradictions Between Economic Goals and Social Choices — <i>Gurudas Das</i> | 113 |
| 13. A Sociological View of the Multi-Faceted Problems of Industrialisation — <i>Sanjib Kr. Borkakoti</i> | 118 |
| 14. Industrial Development Needs Entrepreneurial Development in North-East India — <i>P.J. Goswami</i> | 123 |
| 15. Understanding Tribal Notion of Exploitation — <i>B.J. Deb</i> | 131 |
| 16. Status of and Sociological Constraints to Development of North-Eastern Region — <i>Anjan Thakur</i> | 135 |
| 17. Synopsis: Grass Root Entrepreneurship — <i>T. Cajee</i> | 144 |
| 18. Sociological Constraints in Development of Agro-Industries in North-Eastern Region of India — <i>D.N. Chakravarty</i> | 149 |
| 19. Community and Economic Development in Assam: The Experience of the 1980s — <i>Samir K. Das</i> | 158 |
| 20. Status of and Constraints to Industrial Development in North-East India — <i>N.N. Bhattacharyya</i> | 168 |
| 21. Some Aspects of Industrialisation in North-East India — <i>B.B. Kumar</i> | 174 |
| 22. Social Hindrances to Economic Development of Assam — <i>P.C. Dutta and B.C. Pradhan</i> | 178 |
| 23. Social Constraints to Industrial Development: The Assam Scenario — <i>Lipi Ghosh</i> | 183 |
| 24. Lack of Entrepreneurship and Industrial Development in Meghalaya — <i>M. Banerjee</i> | 190 |

| | |
|--|-----|
| <i>Contents</i> | 9 |
| 25. Risk, Transaction cost and Entrepreneurship Development in Arunachal Pradesh — <i>N.C. Roy</i> and <i>P.K. Kurl</i> | 201 |
| 26. Industrialisation and Entrepreneurial Development: A Study of Ziro Town in Arunachal Pradesh — <i>Amitava Mitra</i> and <i>Dani Chobin</i> | 208 |
| 27. Growth of Entrepreneurship in Arunachal Pradesh: Problems and Prospects—A Study with Reference to the Khampti Tribe — <i>M.C. Behera</i> and <i>Helina Mantaw</i> | 215 |
| 28. Status of and Sociological Constraints to Industrial Development in Arunachal Pradesh — <i>B. Panda</i> | 225 |
| 29. Sociological Constraints of Tribals on Industrialisation in Tripura — <i>S.S. Devbarman</i> | 237 |
| 30. Sociological Constraints to Industrial Development in Mizoram — <i>A.K. Agarwal</i> | 244 |
| 31. Sociological Constraints in the Economic Development of Manipur — <i>A. Rajmani Singh</i> and <i>Bibhuti B. Pradhan</i> | 252 |
| <i>Index</i> | 268 |

LIST OF CONTRIBUTORS

- Dr. S.K. Agnihotri, Indian Administrative Service, Shillong.
- Dr. Prabin Baishya, Former Principal, Sualkuchi College, Sualkuchi, Assam.
- Dr. M.C. Behera, Dept. of Tribal Studies, Rono Hill, Arunachal University, Itanagar.
- Dr. M. Banerjee, Anthropological Survey of India, Shillong.
- Dr. P.R. Bhattacharjee, Dept. of Economics, Assam University, Silchar, Assam-10.
- Dr. N.N. Bhattacharyya, Dept. of Geography, Gauhati University, Guwahati-14.
- Dr. Sanjib Kr. Borkakoti, Dept. of Economics, A.D.P. College, Nagaon, Assam.
- Mr. T. Cajee, Formerly of Indian Administrative Service, Shillong-3.
- Mr. Dani Chobin, Dept. of Economics, Arunachal University, Doimukh, Itanagar.
- Dr. S. Chakrabarti, Sociological Research Cell, Indian Statistical Institute, Calcutta-700 035.
- Dr. D.N. Chakravarty, Formerly Dean, Assam Agricultural University, Jorhat-13.
- Dr. Samir K. Das, Dept. of Political Science, Calcutta University, Calcutta-27.
- Dr. B.J. Deb, Dept. of Political Science, North Eastern Hill University, Shillong-14.
- Dr. Gurudas Das, Dept. of Economics, St. Anthony's College, Shillong.
- Dr. P.C. Dey, Dept. of Economics, Manipur University, Imphal-795 003.
- Dr. P.C. Dutta, Dept. of Statistics, S.S. College, Hailakandi, Assam.

- Dr. A.K. Agarwal, Dept. of Economics, NEHU, Aizawl Campus, Aizawl-Mizoram.
- Dr. J.B. Ganguly, Former Vice-chancellor, Tripura University, 4, Minapara Road, Calcutta-40.
- Dr. Lipi Ghosh, Dept. of South-East Asia Studies, Calcutta University, Calcutta-19.
- Dr. P.J. Goswami, Dept. of Economics, G.C. College, Silchar-Assam.
- Dr. M.N. Karna, Dept. of Sociology, North-Eastern Hill University, Shillong-14.
- Dr. P.K. Kuri, Dept. of Economics, Arunachal University, Itanagar, Arunachal Pradesh.
- Mr. B.B. Kumar, Formerly Principal, Science College, Kohima, Nagaland.
- Dr. V.S. Mahajan, 206, Sector 9-6, Chandigarh-17.
- Dr. A.K. Maiti, Sociological Research Cell, Indian Statistical Institute, Calcutta-700 035.
- Dr. Amitava Mitra, Dept. of Economics, Arunachal University, Doimukh, Itanagar.
- Ms. Helina Mantaw, Dept. of Tribal Studies, Rono Hill, Arunachal University, Itanagar.
- Dr. B.C. Pradhan, Dept. of Statistics, S.S. College, Hailakandi, Assam.
- Dr. B. Panda, Dept. of Economics, I.G. Govt. College, Tezu, Arunachal Pradesh.
- Dr. Bibhuti B. Pradhan, Dept. of Commerce, Manipur University, Imphal-3, Manipur.
- Dr. N.C. Roy, Dept. of Economics, Arunachal University, Itanagar, Arunachal Pradesh.
- Dr. Arunoday Saha, Dept. of Economics, Tripura University, Agartala-4.
- Dr. Keya Sengupta, Dept. of Economics, Assam University, Silchar-10.
- Dr. A. Rajmani Singh, Dept. of Commerce, Manipur University, Imphal-3, Manipur.
- Mr. Anjan Thakur, National Productivity Council, Guwahati.
- Mr. S.S. Devbarman, Scholar, Agartala, Tripura.

ACKNOWLEDGEMENTS

Papers included in this volume were presented in the seminar on Sociological Constraints to Industrial Development in North-East India held in 1996 organised by North-East India Council for Social Science Research, Shillong. NEICSSR is grateful to Indian Council of Social Science Research, New Delhi, Industrial Development Bank of India, Bombay and Meghalaya Industrial Development Corporation, Shillong for their generous financial support to undertake, this, study. We sincerely thank Professor R. Radha Krishna, Dr. Ranjit Sinha of ICSSR, Mr. S.K. Srivastava, Indian Administrative Service, Shillong and Mr. Brojen Bora, IDBI for their help. We take this opportunity to thank Mr. Ashok K. Mittal, Concept Publishing Co., New Delhi for undertaking the publication of this volume expeditiously. He has deep understanding of the serious challenges confronting the development of North-East India.

**B. DATTA RAY
PRABIN BAISHYA**

INTRODUCTION

North-East India is struggling with the problems of economic development. The region depends on imports of foodgrains and other products like fish, egg etc. on large scale in spite of vast land mass remaining unutilised in the marshy areas of the plains and particularly in the hills. In the industrial field, the region has only 1.8 per cent of the registered factories and employing less than 2 per cent of the factory workers of the country. Almost every item of mass consumption and every item of conspicuous consumption is imported from the rest of the country. In spite of the region having a long heritage of weaving every metre of mill made textile and every item of hosiery product is imported what is more, most of the few medium and small industries outside the corporate sector are owned and managed by non-local entrepreneurs who had been living in the region for a very long time, and contributing much to economic development of North-East India.

Agriculture is based on traditional low technology, subject to periodic ravages of floods and droughts in the plains while in the hills terrace cultivation through crop diversification on scientific basis is yet to replace shifting cultivation which destroys rich top layer soil and green coverage on a large scale. The household industries using age old technique, failing to bring innovation are gradually decaying due to its failure to cater the new taste of modern consumers. Thus the entire North-East India is caught up in a low productivity and low income syndrome.

The value system of the societies of the different ethnic and cultural groups of North-East India are mostly grounded to fatalism based on continuity and traditions, customs and usages. The potentialities created by modern science and technology are either really known or not readily available or not systematically applied owing to the advice to preserve the tradition and heritage.

The population is growing; markets are expanding and consumerism has caught imagination of the expanding middle class. But what is lacking is work culture. There is an antipathy to undertake new ventures in grain production, animal husbandry, poultry, fishery etc. so also lack of initiative for manufacturing, trade and commerce. The new generation feel that the benefits of planning over the years have been taken away or denied by non-indigenous working people engaged in industry, trade and commerce. There is a widening gulf between the youth and the non-indigenous people engaged in soiling their hands by undertaking new ventures in every field.

The current economic policy since 1991, has left the major initiative for economic development to private sector. Even the infrastructural development responsibility now lies with private initiative. Under this circumstance the genuine growth of local entrepreneurship would very much depend on the radical change in our outlook, the culture component of the people, the sons of the soil.

There is an urgent need to identify the factors responsible for inhibiting the emergence of local entrepreneurship in different sectors among the ethnic groups of North-East India societies. Is the quantum of capital made available since 1950 for industrialisation adequate? Or are the non-economic factors like the traditional soft life-style and the attitude of the bulk of the indigenous people, their surrender to fatalism responsible for this lack of economic development of North-East India? In spite of elaborate steps taken to provide infrastructure and financial incentive, industries have not come up in any significant way. Many a time when it comes to the question of setting up of an industry at a specific location, it becomes a problem as the local people are not ready for it. There is social resistance.

North-East India Council for Social Science Research held a seminar to examine the problem of social constraints to industrial development in North-East India in July 1996.

The papers presented to the seminar analyse the issue in a social perspective based on field data of the contemporary divergent societies in North-East India. The canvas is regional with local commitment to rapid development for the society.

The J.B. Ganguli argues that the expansion of the service sector, disproportionately to the growth of the primary and the secondary sector, indicate that the development that has taken place in the North-Eastern region is largely government-sponsored. He feels that in the present economic environment, development would depend more on the cultivation of the spirit of private enterprise and initiative. He finds

that the culture of enterprise is already in evidence in different parts of the North-East, but it has not yet assumed the character of a widespread phenomenon.

M.N. Karna questioned the validity of looking for the constraints to development within the existing social structures in the region. He expects the force of enterprise to emerge from within the North-East societies. He does not see much problem in inculcating a national, scientific and secular outlook in the value system of the tribal societies of the North-Eastern region. Ganguli and Karna advocated a revival of the spirit of community. P. Baishya describes the tribal communities of the North-Eastern region as transitional 'Asiatic Societies'. The impact of modernity has brought in conflicts between generations in these societies. One of the fallouts of this is the growth of extremism and insurgency. He foresees the emergence of indigenous bourgeois in course of time who, he says, would join hands with the immigrant capitalists in the act of exploitation.

A.K. Maiti and S. Chakrabarti argue that in view of the small size of the domestic market, general poverty and seismicity of the region, large scale industrialisation programme would be largely unsuitable here. Analysing data for registered industries, they argue that the exploitation of industrial labour is extremely high. So, among other measures, they urge for steps to increase the share of wages in the value of output.

B.J. Deb mentions the tribal notion of exploitation and in that context attempted to explain the tribal feeling against the outside forces. It (Deb views) is one of the major constraints to industrial development in North-East India.

A. Saha states that the North-Eastern region being a closed economy bounded mostly by foreign countries stands completely isolated. This complete isolation appears to be standing on the way of industrialisation of the region. If industrialisation is to take place in North-East India, that it must be integrated with neighbouring countries to break its isolation. Saha, therefore, advocates opening up of North-East economy to the neighbouring economies of the Asian Tigers of South-East and North-East Asia. This suggestion sparks off a lot of questions. Should industrialisation be thought of only for the sake of industrialisation? If the region is open up to the Asia Tigers, will there be any guarantee that one day it might not be a hinterland of the Multinational corporations? And should we allow the region to be taken over by the Multinationals? If unplanned economic development

is allowed to operate in a big way, the question of displacement and rehabilitation of the people has also to be thought of seriously. The benefits of the local population should be given priority first, before toying with the idea of opening the North-East India to the multinational companies.

D.N. Chakravarty draws the attention to the problems of agricultural development of North-East India. He pointed out a number of detrimental causes leading to the backwardness in economic and agricultural development. He, therefore, advocated for proper analysis of the socio-cultural and economic factors, as well as also the material and cultural conditions of the people of region. Besides these, he calls for proper assessment of the psychological hold of the people, the different areas of deficiencies of the region and protection of the rights of the people. Necessary incentives to modern use of agriculture should be encouraged for the overall economic development.

S.K. Agnihotri deals with the sociological issues leading to impediments to Industrial Development in North-East India. He cites a number of impediments faced by the region like regional dimension of industrialisation, emphasis on achieving financial targets, non-availability of income generated saving and capital formation, subsistence agriculture, mislocation of industries, land and land tenure system, etc. He also cited four major deficiencies in implementation of industrial projects like absence of systems approach in decision-making, required quality, competence and motivation of administrative manpower, socio-political environment and deficiency in planning process. He therefore suggests a number of possible ways in which the society responds to such a situation.

Gurudas Das limits his paper to five limits to Economic Development of North-East Region. Within these five limits, he raised a number of questions and issues as contradictions between goals and social choices. Having discussed the limits and the constraints caused by them, he seems a light at the end of the tunnel in the form of Plantation--as the plausible leading sector. He therefore concludes by saying that 'the only commercially viable sector is the plantation for the hills of the region where large scale private investment is possible.'

T. Cajee raises many issues. Why grass-root entrepreneurship is lacking among the local people of the state of Meghalaya especially in the state capital city of Shillong? He cited the attempts made by the earlier local entrepreneurs like Babu Jeebon Roy and Rev. J.J.M. Nichols Roy. But unfortunately the noble attempts made by these two stalwarts

seemed to have been buried six feet down along with their passing away.

Anjan Thakur dwelt into the historical past of the North-East Region as well as its present multifarious problems. He contended that the region is marked by its plurality of ethnic, religious and linguistic groups who are against different levels of development. Therefore, he suggests that a model must devise policies to avoid creating more division among the people so that industrial development can take its firm root.

P.J. Goswami feels that North-East India needs to have entrepreneurial development programme. He expects to North-Eastern Council and other agencies to undertake this programme.

Mrimoyee Banerjee stresses on two broad social issues: (i) norms of the traditional society impeding the process of industrialisation, and (ii) whether rapid industrialisation will bring about undesirable cultural disorganisation. Though Meghalaya offers considerable scope of industrialisation, the state is likely to continue to be industrially backward for a long time. She, therefore, suggests that there should be sufficient motivation, personal efficiency and self-confidence.

Samir K. Das, bases his paper on three premises:

- (1) The issue of globalization and Indian economy,
- (2) Ethnisation of market economy,
- (3) Operation of globalization and ethnic assertiveness.

Ethnic assertion acquired a new legitimacy but this itself bring negative efficiency, opined the author.

Sanjib Kr. Barkakoti and joint-paper by P.C. Dutta and B.C. Pradhan dealt with the issues like inter-disciplinary approach and interchange of ideas between the social scientists and entrepreneurs as well as sufficient attention to be made for development of agriculture. V.S. Mahajan stresses on developing a common market in North-East India notwithstanding the political barriers. P.C. Dey observes that the percentage of people under poverty line is less in North-East India than outside the region, but this situation might not be permanent.

N.C. Roy and P.K. Kuri hold that the local entrepreneurs of Arunachal Pradesh shy away from business activities as the institutions of market insurance are not developed properly.

M.C. Behera and Helena Mantaw point out that growth of private sector is less than the public sector in Arunachal Pradesh. A case study

among the Khamtis showed that there was no attempt at primary accumulation of capital and the production was mainly consumption-oriented. The entrepreneurs came mainly from the rich elite families.

S.S. Devbarman's paper on Tripura refers to the demographic changes and the impacts of this change in the state. The tribal society of Tripura has reservations regarding industrialisation. The issue of rehabilitation of the displaced persons in the process of industrialisation was raised.

A. Rajmani Singh and Bibhuti B. Pradhan, dealt with sociological constraints of development in Manipur. They hold that the prevailing family system, lack of business culture and dearth of social movement are responsible for slow industrialisation in the state of Manipur.

The future of North-East India depends on planned economic development. The rapid development of infrastructure is a vital requirement. Roads, public transport communication, adequate energy development, irrigation, flood protection measures and human resource development including public health education should be undertaken on a priority basis. Sociological constraints to economic development are not insurmountable. Development cannot be imposed from above. Planning should not only be people oriented but should be decentralised within a broad frame. North-East India should learn from the success and failures of industrial development especially from the developing countries.

Shillong

B. DATTA RAY
P. BAISHYA

STATUS OF AND SOCIOLOGICAL CONSTRAINT ON INDUSTRIAL DEVELOPMENT IN NORTH-EAST INDIA

— J.B. Ganguly

Why Industrialization in North-East India?

The economy of the north-eastern region is still predominantly agrarian. Since the beginning of the planning era, considerable amounts of investments have been made for the development of the social sector (health, education and culture) and the physical infrastructure. Constitutional reorganization effected in the region has led to the dismemberment of Assam and creation of new states, such as, Meghalaya, Mizoram, Nagaland and Arunachal Pradesh. Tripura and Manipur have also been upgraded into the status of full-fledged states. Structural decentralization in the administration of States by creating Autonomous District Councils has also been carried out.

An important consequence of such changes has been marked expansion of the tertiary sector comprising mainly the government services providing employment opportunities for the growing number of job-seekers. Joining politics as a profession has also become an avenue for many youths in the region. But such developments have not been matched by the expansion of the primary sector (agriculture and allied activities) or that of the secondary sector (industries) of the economy. Thus, structurally, the development process in North-East India has been unbalanced one, for which reason it cannot be a sustainable one. No wonder, the problem of educated unemployment in these States has already assumed serious proportions (see Table 2.1) threatening the social, political and economic stability, peace and order in the region.

TABLE 2.1 : Number of Applications on the Registers of Employment Exchanges in the Seven States (at the end of December 1986)

(in '000)

| State | No. of registrations effected during Jan. to Dec. 1986 | No of placements effected during Jan to Dec. 1986 | No of applicants on the registers at the end of Dec. 1986 |
|-------------------|--|---|---|
| Arunachal Pradesh | 3.5 | 0.4 | 15.2 |
| Assam | 209.1 | 5.2 | 812.3 |
| Manipur | 41.7 | 0.9 | 258.8 |
| Meghalaya | 5.6 | 0.2 | 22.7 |
| Nagaland | 4.3 | 0.4 | 20.4 |
| Mizoram | 7.7 | 0.6 | 30.6 |
| Tripura | 14.4 | 2.0 | 107.4 |

Source : Director General of Employment & Training, New Delhi, quoted in NEC, Basic Statistics of North-Eastern Region 1995, p. 142.

Numbers of applicants on the live registers do not exactly measure the numbers of unemployed; yet these figures are indicative of the fact that the North-Eastern States are saddled with the serious problems of growing number of job seekers. We may also get a broader perspective of the unemployment problem from the data about workforce participation, employment and unemployment scenario in the region. This is given in Table 2.2.

TABLE 2.2 : Workforce Participation, Employment and Unemployment in NER

| State | Workforce participation rates 1991 | Employment in organized sector (lakh) | Unemployment as a % of labour force (1987-88) |
|-------------------|------------------------------------|---------------------------------------|---|
| Arunachal Pradesh | 46.24 | — | 0.2 |
| Assam | 36.09 | 10.47 | 5.6 |
| Manipur | 42.18 | 0.56 | 2.2 |
| Meghalaya | 42.67 | 0.69 | 0.3 |
| Mizoram | 48.91 | 0.34 | 0.1 |
| Nagaland | 42.68 | 0.66 | 4.5 |
| Tripura | 31.14 | 0.98 | 4.4 |
| India | 37.46 | 268.19 | 3.8 |

Source : *Economic and Political Weekly*, May 21 1994, p. 1306.

The table shows that unemployment rates in Assam, Nagaland and Tripura are higher than the all-India rate of 3.8 per cent. Unemployment in the other four states are lower than the all-India rate, but it is so because their economies are predominantly subsistence agriculture based; therefore visible unemployment is not that prominent. Yet the extent of educated unemployment in all these states is quite alarming as the picture in Table 2.1 indicates.

The distortions in the structural process of development may be noted from the facts about the sectoral distribution of State Domestic Products of these States as given in Table 2.3. These data have been compiled by the Tata Consultancy Services.

TABLE 2.3 : SDP and its Sectoral Distribution in 1984-85 (at 1970-71 prices)

(Rs. crores)

| State | Sector | | | | | | Total |
|-------------------|---------|---------|-----------|--------|----------|---------|---------------|
| | Primary | | Secondary | | Tertiary | | |
| Arunachal Pradesh | 29.20 | (53.3) | 3.38 | (6.3) | 22.16 | (40.4) | 54.74 (100) |
| Assam | 664.30 | (50.8) | 173.00 | (13.3) | 469.40 | (35.9) | 1306.70 (100) |
| Manipur | 40.70 | (45.4) | 6.33 | (7.2) | 42.51 | (47.4) | 89.54 (100) |
| Meghalaya | 32.59 | (39.9) | 5.38 | (6.6) | 43.67 | (53.49) | 81.64 (100) |
| Mizoram | 7.71 | (28.9) | 0.67 | (2.5) | 18.33 | (68.6) | 26.71 (100) |
| Nagaland | 22.60 | (28.9) | 1.96 | (2.5) | 53.73 | (68.6) | 78.29 (100) |
| Tripura | 88.77 | (61.00) | 5.33 | (3.7) | 51.43 | (35.3) | 145.53 (100) |

Source : Tata Consultancy Services, A Perspective plan for NER Phase I, p. 86.

Note: Figures within brackets indicate percentages.

It may be noted from the table that the secondary sector consisting of mining and manufacturing activities accounts for very low proportion of SDP—much below one-tenth of that excepting for Assam—of each state. The tertiary sector includes construction, transport, power, services and others. For these states, however, the government services are the most significant item. The primary sector's contribution to SDP in Meghalaya, Mizoram and Nagaland is much below the level obtaining in other states. Even a cursory glance over the sectoral distribution of SDPs of the North-Eastern states will indicate the necessity of expansion of the secondary sector, in other words, development of industries, for accelerating the rate of growth of the SDP in a balanced manner and

providing employment opportunities for the working population.

The need for expansion of the secondary sector will be also clear from the facts about occupational distribution of main workers as revealed by the 1991 Census. The position is shown in Table 2.4.

TABLE 4 : Proportion of Main Workers to Total Population and Distribution of Main Workers by Type of Occupation as in 1991.
(in terms of percentage)

| State | Main workers | Cultivators | Agri. labourers | Household ind. processing, servicing & repairing | Other workers |
|-------------------|--------------|-------------|-----------------|--|---------------|
| Arunachal Pradesh | 45.22 | 60.36 | 5.12 | 0.19 | 19.47 |
| Assam | 31.19 | 50.90 | 12.08 | 0.88 | 11.11 |
| Manipur | 38.55 | 61.77 | 6.69 | 5.80 | 15.30 |
| Meghalaya | 40.32 | 55.31 | 12.51 | 0.40 | 14.75 |
| Mizoram | 42.09 | 61.35 | 3.28 | 1.02 | 22.61 |
| Nagaland | 42.29 | 72.65 | 1.41 | 0.38 | 17.19 |
| Tripura | 29.09 | 38.09 | 23.38 | 1.42 | 19.06 |

Source : Census of India, Paper 2 of 1992, as quoted in NEC, Basic Statistics of North-Eastern Region 1995, p. 14.

For the 1991 Census 'those who had worked for the major part of the year' that is, for at least 183 days, have been termed as 'main workers'. Even as proportions of population occupied as main workers are quite low, more than two-thirds of such workers are dependent on agriculture and allied activities for their livelihood. The North-Eastern States have a tradition of several cottage industries and a number of artistic and useful handicrafts. Yet this sector provides occupation for less than one per cent of main workers in Arunachal Pradesh, Assam, Meghalaya and Nagaland. Only in Manipur this proportion is 5.8 per cent while in Tripura and Mizoram these are 1.42 and 1.02 per cent respectively.

The Census category of 'other workers' include 'factory workers, plantation workers, those in trade, commerce, business, transport, mining, construction, political or social work, all government servants, municipal employees, teachers, priests, entertainment artists, etc.' Given the low level of employment in the organized sector (see Table 2.2) excepting for Assam, it may be safely concluded that most of the other workers in the North-Eastern States are outside the category of factory workers.

The problems of low level of workforce participation and growing unemployment viewed in the context of the predominance of the primary sector in the sectoral distribution of SDP and in providing livelihood for more than two-thirds of the main workers reflect the sectorally unbalanced pattern of growth being experienced by these states. Such a process cannot be a self-sustaining and robust process of growth. The problems of unemployment and poverty also cannot be tackled by such a pattern of growth. The process of industrialisation will help bring about occupational diversification and achieve higher rate of growth of SDP as development of industries will entail adoption of higher technology, rises in labour productivity and rates of accumulation and investment. This will also give a spurt to the growth of the primary sector by making it possible to modernize that sector by supplying inputs and creating increased demand for primary products and absorbing surplus labour thrown up by that sector. In fact, there is a kind of symbiotic relation between the growth of agriculture and that of industry.

Development of industries is not only required for bringing about structural balance in the economy and diversification of productive activities, for expansion of employment opportunities but also to make the process of development a sustainable one through maintaining ecological balance. Too much of dependence on farming of land for sustenance of the population will lead to depletion of renewable resources and destruction of bio-diversity. But the technology of production, operational scale and input-output structure of developing industries in the region should be in conformity with resource endowments and physiographical features of the North-Eastern states.

The Existing Industrial Scenario

Structurally, the industries sector is composed of the traditional household industries run by the innumerable households using traditional technology and using locally available forest resources and agricultural, plantation and horticultural products, and the industrial units developed in the modern organized sector which use the region's mineral resources as main inputs applying higher technology.

The third component of the industry sector relates to the tea plantation industry. Though plantation of tea crop is an agrarian operation, the final product comes out through manufacturing process.

In Table 2.5, the position about large and medium scale and small

scale industries in these states is indicated.

TABLE 5 : Number of Large and Medium and Small Scale Industries in N.E. States

| State | Large and medium scale industries No. of units on 31 March 1994 | Number of small scale units developed as in 1988 (provisional) |
|-------------------|---|--|
| Arunachal Pradesh | 17 | 374 |
| Assam | 118 | 10,210 |
| Manipur | 6 | 2,892 |
| Meghalaya | 7 | 1,000 |
| Mizoram | 1 | 1,866 |
| | | (estimated) |
| Nagaland | 16 | 509 |
| Tripura | 1 | 3,523 |

Source : NISIET, Guwahati, quoted by NEC, Basic Statistics of North Eastern Region, 1995, p. 149.

The actual number of working small scale units are much less. Principal characteristics of SSI units may be noted from Table 2.6.

TABLE 2.6 : Principal Characteristics of SSI Units (As in March 1988)

| State | Number of units | Employment (number) | Production (value in Rs. lakh) | Capacity utilization (percentage) |
|-------------------|-----------------|---------------------|--------------------------------|-----------------------------------|
| Arunachal Pradesh | 326 | 2,771 | 2,624 | 51.23 |
| Assam | 4,430 | 34,475 | 30,235 | 19.31 |
| Manipur | 2,078 | 10,216 | 2,988 | 65.37 |
| Meghalaya | 587 | 3,780 | 2,700 | 55.25 |
| Mizoram | 917 | 4,223 | 1,470 | 71.88 |
| Nagaland | 183 | 3,059 | 11,247 | 46.29 |
| Tripura | 809 | 10,069 | 2,957 | 40.76 |
| Total | 9,330 | 68,593 | 54,221 | |

Source : NISIET, Guwahati, quoted by NEC, *ibid.* p. 150.

In the entire North-Eastern region only 9,330 small scale units were in working condition in 1988 providing employment for 68,593 persons. In terms of capacity utilization, the picture is quite gloomy. No wonder, as many as 3,065 units of SSI out of a total of 12,395 closed down.

The position about the household sector will be known from the fact that in 1992 there were 95,129 craftsmen in the seven North-Eastern states taken together, who produced handicrafts of the value of Rs. 6613.1 lakhs. (NEC, *ibid.*, p. 155). In the powerloom industry, out of 1,638 authorized powerlooms only 629 were installed as in 1988. But only 153 of installed powerlooms were active in that year. There were 6 mills with authorized spindles of 1,45,340 in 1988. But number of installed spindles were 1,00,042 (*ibid.*, p. 152). In 1988 there were 13,726 handlooms out of which active commercial ones number only 1,343.

From the above facts it is evident that the household sector is still far from becoming an important area of industrial activity to expand employment opportunities and income. The process of industrialisation in the modern organized sector also, because of certain structural characteristics, has not been an overall growth boosting one. Tea industry was developed by foreign enterprise and capital mainly as an export-oriented activity, manifesting an enclave type of highly organized capitalist sector surrounded by subsistence form of low technology and non-surplus generating farm economy. It had almost no spin off effect on expanding productive activities in the non-farm sector. After the foreigners left, tea gardens have come to be run by Indian entrepreneurs, most of whom hail from outside the region.

The same trend continues even in the post-Independence period. A majority of the industries set up in the modern organized sector, which are not state enterprises, have been developed by outside enterprise. Role of local capital and enterprise in the starting and running of these units has been minimal. The majority of the industrial workers have come from outside the region. These industries have been using up local resources without generating perceptible multiplier effect on the growth of regional employment and income. Leakage of resources and income from the region is dampening the process of accumulation and industrial growth on a sustainable basis.

The Structure of Industrial Economy to be Built Up

Nearly 70 per cent of the territorial spread of the North-Eastern States (2.55 lakh sq. kms.) covers hill terrain interspersed with innumerable hill streams and a number of rivers. No wonder, hill hamlets are widely scattered. The level of urbanization is also quite low: only 13.89 per cent of the population lives in towns. The region's surface transport link

with the rest of India is only through a narrow corridor in North Bengal. Water transport facility between NER and other parts of the country is also restricted since this involves passing through the waterways in Bangladesh. Moreover, there is a growing opposition from different ethnic groups to the extension of railway lines into the territories of their respective states out of an apprehension that easy flow of traffic will result in rising rate of migration of population from outside. For the same reason these groups are strongly against the abolition of the Inner Line pass system restricting entry of people from other states.

For all these reasons prospects of development of transport and communication network are seriously handicapped. In such a scenario, the industrialization programme in these states need to be structurally decentralized by setting up of small scale and household industries based on the locally available agricultural, forest and other resources using labour intensive technology and producing goods and services for meeting both local demands and exports to other regions. For the latter purpose stress needs to be given on high value low-volume products.

There are, however, certain lines of production, such as, oil refining, natural gas based industries, mineral extractions, etc where production will have to be organized on a scale that will enable enjoyment of economies of scale. These should preferably be in the public sector. Of course, in the current milieu of the country's economic system and ideology the government has been encouraging and providing incentives for the private sector to start industrial units in the region. But taking up of mega projects and location of very big industries in the region using high-tech operations creating opportunities mainly for skilled labour from outside the region will not help the process of development of the people and surrounding area of their locations. On the contrary, it will cause large scale displacement of people from their habitats and means of livelihood. Payment of compensation and alternative locations for settlement can hardly be adequate and effective as the past dismal experiences in this regard in different parts of the country would suggest. Such a programme of industrialisation will only help create enclaves of high-tech industrial activities in the midst of primitive method of eking out of an existence depending on traditional non-surplus generating economic operations.

In our view, it is the small scale and household sector which should occupy the core position in the successful industrialization programme

in the NE states as a means for diversifying productive activities, generating surplus for enhancing the overall process of accumulation and investment without which economic development on a sustained basis will not be feasible. Economic development must not mean jobless growth. It must expand employment opportunities on a wider scale and growth of income.

Sociological and Cultural Dimensions of Industrialisation

The process of industrialisation through the development of small scale and household industries on a wide scale will entail application of necessary entrepreneurial skill in mobilizing capital, adopting higher technology for turning out cost-effective output of goods and services, marketing of output etc. The traditionally run household and cottage industries will have to compete with the high-tech large scale industries. The former cannot survive such competition without adopting appropriate technology, improved management system and, of course, government support at least up to a certain period of time. Such a pattern of development need to be preceded by social development, that is, spread of literacy, education and training in the required skills, etc., and the promotion of the culture of entrepreneurship. The whole process involves changes in the social framework through the propagation and absorption of new ideology and values.

The literacy ratio and educational attainments of the younger generation in the North-East States have been steadily rising. Considerable progress has also been achieved in the field of higher education—both general and technical. Access of the people to medical and health care facilities has been widening. Development of infrastructure, such as, roads and transport facilities, communication lines, power-supply, administrative bodies covering even the remote areas, etc. combined with political development involving creation of more states and the Autonomous District Councils, etc. have been opening up the possibilities of achieving further social development. Yet certain constraints have been impeding the process of modernization and change. Traits of localism, primitivism, self-sufficiency, etc. are still quite in evidence.

The process of industrialisation is one of the facets of the process of modernization, and the North-Eastern States have been making efforts to achieve social, economic, political and administrative developments

on an unprecedented scale. Necessarily, the cultural matrix has been also changing. Such a process cannot be frictionless, and it is quite evident in the form of ethnic disturbances and growing differentiation in the social framework.

The process of development in these states has been predominantly government-induced and government-financed. But progressively the individual initiative within the framework of community support has to carry forward the process of development an important component of which must be the process of industrialisation. This calls for the cultivation of the spirit of enterprise and initiative. In this respect these states are at a disadvantage in the sense that the value of the legitimacy of entrepreneurship is still not very strong here. Because of several restrictions on free movement of, and transactions in, inputs including manpower between the rest of India and this region and reservation of jobs, trading rights, etc., the market system is not opening up and various vested interests are emerging in the society. This trend has been leading to the rise of the rentier class, and the share of rent in the total income has been rising. This acts as a brake on the growth of accumulation of capital for investment in productive activities and cultivation of the spirit of enterprise and risk-taking.

According to the psychological approach to the process of economic development, "a society with a high level of achievement will produce more energetic entrepreneurs who, in turn, produce more rapid economic development . . . it must satisfy us to have learned that high need for achievement leads people to behave in most of the ways they should behave if they are to fulfil the entrepreneurial role successfully as it has been defined by economists, historians, sociologists . . ." (McClelland 1971: xii-xiii). There is truth in this assertion which explains the slow pace of development of entrepreneurial skill in this region.

J.A. Schumpeter has outlined the role of the entrepreneur in bringing about economic development. The entrepreneur carries out new combinations which may mean the introduction of a new good and that of a new method of production, opening of a new market, finding out of a new source of supply of raw materials or half-manufactured goods and carrying out of new organization of any industry (Schumpeter 1961). Schumpeter has not, however, discussed the social and cultural environment that favours the growth of enterprise. In fact, the mainstream economists starting with the premise that an individual has the basic motivation to maximize his gain, assume that "entrepreneurial activities

will emerge more or less spontaneously when economic conditions are favourable." The favourable conditions are: availability of capital, access to markets, labour supply, raw materials and technology. But it is being growingly realized by the sociologists, anthropologists, historians and psychologists that "noneconomic factors such as social norms and beliefs, psychological motivations for achievement, the legitimacy of entrepreneurship", etc. help create conditions favourable for development of entrepreneurship in the society (Berger 1992 : 3-4).

In the light of such an approach Berger has defined entrepreneurship as "innovative and value-adding economic activity. The individual, for example, who takes a few battered vehicles and turns them into a taxi service, thus providing new services, new employment opportunities, and a new source of tax revenues may be considered an entrepreneur" (*op. cit.*, 8). In this sense the culture of entrepreneurship is in evidence in different parts of North-East India, but it has yet to assume the character of a widespread phenomenon.

There are several government schemes in operation, such as, the establishment of District Industries Centres, provision of financial assistance and loan for employment generation among unemployed youths, TRYSEM, etc. and several official bodies for providing technical and marketing assistance for starting and running of small industrial units by the local entrepreneurs. One of the latest in the series is the establishment of North-Eastern Development Finance Corporation. Annual flow of resource from the centre for the planned development of this region is also quite substantial. Undoubtedly this has been bringing about some growth and diversification of economic activities under the initiative of local entrepreneurs. But the initiative and enterprise of individuals for surplus-generating productive activities, particularly manufacturing activities, are still not a widespread phenomenon. The reason for this has to be searched for in the cultural milieu. The culture of entrepreneurship has still not been a vibrant force of social change in the region.

One vital impediment for entrepreneurial urges in the region is too much of bureaucratization and centralization of the decision-making process. All plans of development of this region are ultimately formulated and determined by the Centre. Even the North Eastern Council has very little freedom to formulate plans for implementation for the integrated development of the region. Of course this regional planning body itself has also failed in associating local talent and leadership in carrying out

its objective of fulfilling regional aspirations. Easy flow of money for implementing exogenously formulated development schemes and other projects has been leading to growing corruption in social and political life. Such an environment is not congenial for the flourishing of the culture of entrepreneurship.

REFERENCES

- Berger, B. (ed.) (1992): *The Culture of Entrepreneurship*, Tata McGraw Hill, New Delhi.
- E.P.W. Research Foundation (1994): Social Indicators of Development for India-II: Inter-State Disparities, *EPW*, May 21.
- McClelland David (1971): Psychological Approach to Modernization as quoted in A.R. Desai (ed.), *Essays on Modernization of Underdeveloped Societies*, Vol I, Introduction.
- North Eastern Council (1995): Basic Statistics of North Eastern Region.
- Schumpeter, J.A. (1961): *The Theory of Economic Development*, OUP.
- Tata Consultancy Services, (N.A.): A Perspective Plan for North Eastern Region, Vol I.