

ECONOMIC PLANNING AND DEVELOPMENT OF NORTH-EASTERN STATES



MALESH BANERJEE
BIMAN KAR

Economic Planning and Development of North-Eastern States



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Three focal aspects of the volume are emphasis on regional planning, environmental development and industrial regeneration under composite investment programme.

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Preface

The North-Eastern region of India is a backward-looking research work on the economy of the North-Eastern states which have enormous wealth of resources, abundant and need careful attention for appropriate strategic development. The volume focuses attention on the growth of the states, the productive resources, the potentialities as well as growing aspirations and demands. However, it goes beyond the usual parameters of regional studies and concentrates on the future course of action recommended for accelerated and sustainable development within the region. It is a regional study in the sense that it is a study of the economic development of the region at a high level of development.

Part one of the book emphasises on the planning and growth of the economies of these states. It makes available the resources planning on a regional basis so that a two-stage flow of output and welfare redistribution is possible. This is based on the analysis of experience of agriculture, industry and other state experiments done so far in this region. The Plan encompasses the steadily changing ethnic ethos of the ethnic groups and at the same time corresponding transformation of the economies of these states under a composite and integrated development strategy. While analysing the experience of small states in various fields the book emphasises that development is not a matter of the region but a matter of the state.

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Introduction

Part I

Planning and Development

Changes and factors have made the study of economies of this world more attractive today. One of the post-war developments that was less visible every year and the other is the widespread violence that takes place almost everywhere. Economic growth, with dependency, administrations take care, politicians play the game and individual families fall victim to the merciless extortions. It is a pity that the area of the world that has had the most progress in the past few years is the one that has the most problems. The present volume is an attempt to explore the stages of these developments and to suggest some ways of turning a new chapter of prosperity.

Seven volumes, the seven parts, are like the different chapters of the same book. They are individually and collectively meant to lead to a new chapter of prosperity. We attempt to explore the possibilities and emphasize that an appropriate policy strategy can usher in a new chapter of prosperity. Originally the study of Asia has been highlighted and the concept of self-help has been laid out. We have tried to find out the possibility of these states themselves in economic

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Introduction

Amallesh Banerjee

Two important factors have made the study of economies of the north-eastern states attractive today. One is the prolonged destructive flood over four months every year and the other is the widespread violence that takes life almost everyday. Economic analysts wail despondency, administrations take arms, politicians play the game and individual families fall victim to the senseless extortions. It is a pity that the area of the country which heralded the independence before the rest of the country tested it has now become the area of unrest. The present volume is an attempt to explore the causes of those unrest, and at the same time, outlines an action programme for turning a new chapter of prosperity.

Seven sisters, the seven states, are like the different complexion of the rising sun. They are individually and collectively bright enough to blaze in glory. We attempt to capture those possibilities and emphasize that an appropriate planning strategy can usher in a new chapter of prosperity. Originally the state of Assam has been vivisected and the compact small states have come up. We attempted to find out the potentiality of these states, their experiences in different

fronts and pitfalls. However, the state of Assam still remains the main centre of attraction on different respects, for communications and opportunities. Even on serious economic assessment major states are counted in which Assam only finds place among the north-eastern states. In this perspective one will introspect the utility of this exercise. However, we attempted to examine the economy of this area as a compact unit without being absessed with the individual small states. The issues, therefore, come up are like these :

- (a) are the state and the economy different;
- (b) why differences among the states grow overtime;
- (c) does the development process so far augmenting the cohesion and prosperity of the states;
- (d) are the autonomous councils resolving the dissension?

Some aspects of these broader issues are taken up here, while major issues, connected with development planning, are examined in the next chapter.

States and Economy

States are administrative units in our federative structure. There were different categories of states and union territories. Some of the smaller sub-states blossomed into full states, and some union territories are also getting statehood. Although administrative steps and gradual process of maturity of administration that determines the statehood of an otherwise sub-state and union territory, this also implies that a gestation period is required for a historically backward administrative unit to become a full-fledged state. This signalling of manurity is an important factor for economics also. Protection culture, ethnic group, historically inherited area and backward zones are some of the indicators for formation of states. Area of a state and formation of state are thus continually changing, even apart from those factors, due to political expediency. New states are coming on any of these specious groups.

But economic basis of formation of a state is hardly considered. States are to be supported by their economic structure. Unless a small state becomes sufficiently viable on economic terms it will remain weak and even dependent on

central grants perpetually. But economic prosperity of a state unit depends on factor endowments, geographical position, private capital flow and government initiative. Again, without sufficient factor endowment even private capital does not flow if the state is logistically disadvantaged and market and infrastructure is not sufficiently developed. Commonsense conditions of industrial location are not sufficiently ripe in many states and hence the private capital flow is always shy. Hence, unless the governments fill up this gap in private capital flow in any significant extent, the state will languish in lagged process of development or underdevelopment. Then the governments in small states are always in resource crunch. Ultimately the central government is held responsible for backwardness of the state.

Constitutionally none of the three lists are comprehensive and the central list is more dominating than the state list while the central government can forcefully change a state government, it can hardly develop a state economically by one stroke. The fallacy of disproportionality between the central power and the state power on the one hand, and equal disproportionality between the political and economic power of a state itself are important issues impeding the development of a state. Implications of such state policy for planning and economic development of the country is examined in the next chapter. This will obviously lead to top sided development, concentration of economic power and inequality. Some states will grow at a rapid pace but some other may be lagging behind as a result of centralised planning. For the present some aggregate picture of the state finance may be pointed out as a synoptic condition of states, particularly, the smaller states. State fiscal deficits and debt are two key financial indicators. In an aggregate sense, as the RBI annual report 1997-98 indicates, between 1985-1998-99 the development expenditure and GDP ratio of the states is declining and that of non-development and GDP ratio is rising. More surprisingly, social sector/GDP ratio is declining significantly. Gross fiscal deficit as percentage of GDP of the states over last eighteen years, from 1980-81 to 1998-99, is rising; equally their revenue deficit is also rising. This indicates weakening resource position of the states; their own resource base is faltering. The debt burden is also rising due partly to

their own declining resource and partly to their rising debt to the central government.

About the disaggregated picture of our north-eastern states the position is worse. Of the total outstanding liabilities of the states loans and advances from the central government in 1997 constitute 68 per cent for Arunachal Pradesh, 43 per cent for Mizoram, 52 per cent for Meghalaya, 76 per cent for Goa, to take an example of another small state from other part of the country. All these indicate that financial resource base of the small states are not rising and their development depends on the central government initiative. This indicates a different development strategy when states are endowed with high physical resources but low financial power and where the conventional development theories are not applied.

Dissension and Development

Dissension prevails in north-eastern states, as in many other parts of the country ever since early seventies. When some of our north-eastern states under consideration were just on formative stage. It is a dissent against the existing structure of society, polity and economic programme and rising expectation which is often misguided by interested agents, national and international. Two types of forces have worked together to make a section of the people restless. On the one hand, spread of education and international information through modern media have made the younger generation to look forward for a better style of living as against their traditional social and cultural bounds, on the other hand, the development deficiency and infiltration of opportunities forces in the changing economic panorama of the hill regions have made the growing generation search for an alternative yet undefined and nebulous to them. The problem is not the formation of state or council which on the surface, appears to be main, but it is a problem of formulating a cohesive and complete vision of social and economic development and adjusting that with the existing administrative and economic pattern. The rapidly changing demographic and cultural background of the people of hill north-eastern states has to be equally consistent with the corresponding changes in economic programme. Growing

enlightenment and aspiration of the people has to be met with equally rapid change of economic programme which we try to outline in the next chapter.

This transitional dynamics of the society and economies is misguided and exploited by foreign agents and interested groups. Ethnic and economic adjustment programme is being misdirected in negative direction. The efforts of constructive implementation of programmes are threatened and the chances of improving the conditions are wasted. It has been found in other parts of the contemporary world that nationalist questions has to be resolved by different factions with a forward looking spirit of accommodation within the national framework. Sectorial strife and the ethnic intolerance are detrimental to the process of growth and development with accommodation. Modern theory of social choice and welfare is antithetical with intolerance. Increasing social welfare is possible only when the different groups in the society are awoken with the spirit of adjustment and accommodation. Correspondingly economic and structural framework has to be adjusted. This is an arduous task which calls for great vision on the part of ethnic groups, administrators and political leaders.

Above all, most of the north-eastern states are late in the process of planned development which most of other states in the country have been experiencing over decades. A radical development programme is essential for rapid transformation of the north-eastern states. Planning process that we have been following has to be changed consistent with contagious regional factor endowments and aspirations of the growing generation. This will cover the widening gap of inequality among the states and will equally meet aspiration gap of the younger generations.

We can briefly identify the issues of search which have to be resolved in future course of action and which our different authors sought to highlight.

- (a) There has been a rapid rise in population due to internal and international migration. Settlement of Nepalese and people from neighbouring Bangladesh in an otherwise quiet homestead of hill population, gave rise to the problem of adjustment. Combined with growing original population, these new

population stream posed the problem of settlement all in respect of social, political and economic.

- (b) In this perspective the first step is the land settlement. Since the cultivable agricultural land is very limited in the hill region, the extended cultivation by the growing population created tension and land settlement requires careful programme for increasing output, and protection of environment.
- (c) Employment programme for the new educated generation of the region is an important issue, state governments are in diverse pulls. Employment generation and income propagation from old agricultural mode of cultivation has to be supplemented by new areas of manufacturing activities.
- (d) Political courage of accommodation among the various groups of Bodos and Santhals, Nagas and Kukis, Mizos and Reangs etc. are important for peaceful settlement of dissension. Historically, various ethnic groups lived for long time in harmony and peace and they will have to live together as they have been doing since long. But forceful extortion and annihilation are quite opposed to development. However, the aspirations of sub-nationalities have to be met with appropriate action.
- (e) Neglect of industrial programme is very burning issue. We shall see that during successive five year plans industrial progress and employment generation is very unsatisfactory in north-eastern states, as in many other states.
- (f) Development of infrastructure of rails and roads is an urgent issue that will hasten the process of development. To break the isolation and to bring the land-locked people of the hill states to the mainstream, massive programme of investment is essential.
- (g) The forest and environment is the very important asset of the hill economy. Forest land usurption, denudation, and occasionally natural calamities of flood and landslide are the urgent issues to be settled. Over three months during the monsoon every year Assam, Arunachal and adjoining states experience

devastating flood which destroys hearth and home of millions and crops.

- (h) Finally, the cultural conflict has grown among different ethnic groups who are now having greater mobility and interaction with other groups. Earlier bounds of cultural practice of different ethnic groups are now interacting in a national-international horizon. This openness of the societies brought overshooting shocks which have to be absorbed with increasing awareness and acquaintance.

It is an irony of our political and economic management overlast fifty years in free India that the valorous and nationalist people who have first held atop the free India flag under the Azad Hind Government have now turned sore and rigidly striving to be isolated from the mainstream. Surely greater warmth, vision and catholicity and positive programme will bring about turn of faith, co-operation and commitment of the people of the region to the nation at large. We outline an action programme in the regional frame of north-east in the next chapter.

Outline of the Study

It appears that physical planning is at a mismatch at the national level and outcome at the regional level is the violent expression of the feeling of neglect and deprivation. Regional exploitation of resources for regional and national development has to be balanced carefully. Growth and dimension of north-east is an expression of that asymmetrical outcome of the distance and centralised planning part one of the valuable facesses the central issues. Realistic regional planning to capture the asymmetrical relation between growth and distribution resulting in dissension has been set out in the part one. The resource base of the region calls for regional planning. Growth experience of different states and particularly Assam, the major state among the set of north-eastern states, signals for greater action programme to assimilate the dissension now prevailing in the region. Hill economy requires a different type of planning for hills and plains together so that forest and plain land and the dwellers

thereof are complimentary to each others' need. Planning for hill economy of Tripura is a symptomatic of that idea.

Although agricultural land for cultivation is limited in these states except Assam, agriculture did not flourish to the desired extent. On the other hand since the forest resources are abundant and the tribal and non-tribal, both depend on forest resources for food and fuel, the north-east economy of India is now faced with twin question of increasing the forest resources for food and fuel of the region as also to meet the requirements of export. Globalisation poses a serious problem of combining these two tracks with the fundamental question of protecting environment. As a case study of Arunachal Pradesh, it is found that not serious attention is given to strike that balance.

Next to ethnic violence, is the ownership of land as the most sensitive issue of contention. The traditional system of community ownership of land is now gradually giving way to private ownership. Development of land market and removing inequality in some ownership of land is a grievous problem in the north-east. This is for three reasons : the tribals are living on forest resources, the low availability of agricultural land and finally the jhum or shifting cultivation. Growth of population has made the land market competitive in the classical sense. Increasing number of people are, therefore, becoming landless. In fact small holding and landlessness is a serious problem of agriculture in these hill states. In the absence of non-farm employment in the rural area the problem of unemployment, marginal farming and landlessness are increasing in the rural area. This an important source of tension in all north-eastern states. Part II thus combine the theoretical and empirical issues of environment in the weak of globalisation and the serious problem of agrarian relation. It calls for serious attention of reform agricultural land for augmenting production and employment.

Energy production and consumption is an important indication of development. North-eastern states have abundant potentiality of energy generation. However, this vast possibility of hydel power generation from the boundless resources of water and utilization of those for small and big industries is still awaiting for exploration. The industrial map of north-east is still at incipient stage, and the small industries of different

states are catering to the local needs. Handloom industry and possibilities of other industries are discussed in the Part IV.

The novel experiment of Autonomous District Council and the North-Eastern Council is the centre of discussion in the Part IV. The debate between council or state is now at the forefront of national politics and development strategy. We argue in the Chapter II and in the Part IV also that potentialities of autonomous district council are yet to be reaped. Without the problem of small states, the autonomous district council can be para-state for prosperous development of small regions. Above all the small states in the north-east, the North-Eastern Council can stand out as a planning forum and implementing agency. The success of the autonomous district council and importance of NEC as an integrating agency has been examined in this part.

What is the financial position of the small states of the north-east? Are the financial institutions sufficiently disbursing credit to the small industries and farmers in this region? Part V highlights this position and also the centre state financial relation. It has been found that there is not enough possibility of augmenting the credit absorption of these states if industrial programmes are not carefully implemented. Small states are perpetually indebted to the central government which hardly pay serious attention to the income generation of these states. Big states receive major attention and small states receive little attention.

Development of human resources through liberalisation and globalisation has now become the strategy of the market economy. How the north-eastern states fair in this respect? It has been found that human resource development and entrepreneurship programme is no better in these states than the rest of the country but there is enough possibility of extension of entrepreneurs programme in these states for regeneration of industries and setting up cluster of new small scale industries. The Part VI thus highlights the new concept of development strategy—the human resource development.

Political Economy

We have been following the democratic process of economic

development. Democratic decision-making emphasises on the aggregate weightage and the dominant opinion based on number. The small states of our country are continually changing the political stand due to the alignment for the small ruling parties of the state with the ruling party in the centre. Economic development and even allocation of fund is often affected by larger political force at the centre. As such small states suffer and their potentiality of development remain untapped.

It is, therefore, necessary for the smaller states to have larger representation in the Assembly and Parliament so that they are treated as important in the number game. By special provision each smaller state should have larger number of representation in the Parliament.

In the entire industrial picture of these states massive public investment is required for infrastructure and communication development. It is well-known that public investment is very often guided by political economy. We, therefore conceive of a separate decision-making and implementing authority in the North-Eastern Council.

Regional Planning for Economic Development of North-Eastern India

Amallesh Banerjee

When the first five year plan was started some of the north-eastern states were not even born. From 1960 and 1970s the states of Nagaland, Mizoram, Meghalaya, Tripura have become full-fledged states. Most of the North-Eastern states are late-comers in our development process. Although they were union territories for long their requirements were met under central government programme. From fifth five year plan (1974-75 to 1978-79) onwards most of the north-eastern states came as full-fledged state to focus their own plan requirements. Incidentally, coinciding the reorganisation of Assam, the North-Eastern Council came into being in 1972. Thus from the beginning of the fifth five year plan we find three channels of actions in respect of north-eastern states; the central plan, the state plan and the North-Eastern Council. Besides, there were several special programmes of hill tribal and other direct action plans. It will be worthwhile to examine the progress of this area since

then and to compare the performance with other parts of the country. But one has to remember that the major thrust of Indian planning began with the second five year plan and strategy of development pursued since then continued upto fifth plan when some modification of that strategy began to be applied. Irony of our plan experience is that India exercised biggest democratic plan in the world, but still after fifty years of her experience, she has largest number of poor and illiterate in a single country. How the shift in the plan strategy from the fifth plan has worked and why there is a call for regional planning at a time when the economic development is supposed to be best tackled through market forces? These and some other issues of suitability of regional planning are discussed in this chapter. In the first part we briefly set the perspective with the inauguration of some will know plan experience the success and lapses in aggregate sense and then the north-eastern states as a subset in the over all experience of the country. Fundamentals of regional planning and the outline in the Part II. The North Eastern Council and Regional Planning Commission is discussed in the Part III. Conditions of regional planning success is examined in the Part IV. Planning and political economy is the conclusion in the Part V.

I. The Perspective of Plan Experience

After USSR, India was the first Asian country to embark on five year plan to make her rapid economic development. In our mixed economic character the government and the public sector are the two most important partners. The government, particularly central government decides on plan programme's which are mainly implemented through public sector. Over last five decades we have been following this command character of planning and industrial development which has been relaxed, bit by bit, from 1980 and towards final stage of globalisation in 1992. What has the aggregate experience in respect of sectoral growth, per capita income and welfare and regional development? The trend growth rate of GDP at factor cost between 1950-51 to 1995-96 was 4 per cent, industrial growth rate was 5.6 per cent, services was 4.9 per cent; and in the entire sectoral growth of more than 6 per cent was witnessed in

electricity, gas, public administration, banking, insurance and transport and communication; the lowest growth rate was in agriculture. Growth of saving and investment were also satisfactory; gross domestic saving rose from 11.9 per cent of GDP between 1950-51 to 1967-68 to 24.5 per cent in 1993-94 to 1995-96. Equally, gross capital formation were 14.1 per cent and 24.0 per cent at these two terminal points of the period. The absolute growth of production in primary, secondary and tertiary sectors were also remarkable. Total foodgrains production increased from 50.8 m. tonnes in 1950-51 to 198.2 m tonnes in 1996-97. The non-food agricultural output growth of oilseeds, cotton and sugarcane were more remarkable. In recent years of course, foodgrain output failed to keep pace with the growth of population. Similarly growth of industrial production has been fairly good; barring the fourth plan and eighth plan when the general industrial output growth were 4.2 per cent and 4.1 per cent respectively, growth rate was more than 5 per cent in every other plan and even 11 per cent during the sixth plan. This impressive record of absolute growth in aggregate in important sectors, of course, leave the position of many other areas and sub-sectors. Real economy reflected many sore points in socio-economic structure which have become glaring now and call for radical programme.

In a broad sense the objectives of growth with social justice and equity have largely been shattered and many areas of those failure have serious implication for democratic development. We identify some of those lapses in our plan process in order to formulate the rational for regional planning strategy.

(a) Economists now point out that entire social sector suffered a serious set back in the development process. Education, health and other basic needs have made quiet unsatisfactory progress. It appears that the legacy of old colonial outlook to the whole process of social management gave rise to bureaucratic and elitist structure increasingly imposing upon the vast multitude of social and institutional framework, social castes, gender, occupation and mode of culture is being viciated by this neglect of urgent social needs.

Rather than attempting a bold effort for transforming the social fairies by comprehensive planned action for social development, the elitist administration made every effort to

compromise with the in-built tension. Endless strife is going on in different parts of the country and more in north-eastern states, to have a space in the protected Zone of privileges and to share the benefits of resources or positions. The whole social structure is in turmoil and the planned process of development now is incapable of containing those over-heating dissension, Funds under different five year plans were distributed for fragmented schemes but countrywide comprehensive and collusive programme for social needs were lacking even today. What a kind of planned economic development we have been pursuing over fifty years which has planned way neglected the requirements of basic needs like primary education, primary health care, drinking water and shelter? These basic goods and felt needs were not the core part of our plan at any stage and reached only at the peripheral stage when in the fourth five year plan, basic needs idea drew attention of administrators. What are the basic goods for survival are only secondary part of our plans.

(b) A very important part of economic development is the land reform. Whether we look at it from the entitlement point of view or ownership of the factors of production point of view, it comes to something. In the entire agrarian development and the rural economy land reform is the fundamental step for rural transformation. The superstructure of endogenous growth and industrialisation is largely based on the resource accumulation from agriculture. Barring a few cases of West Bengal etc., we could barely make any dent on this important area of development.

(c) Planning for infrastructure received attention only currently. Rail, road and electricity extension and other social and financial infrastructure are the foundation of economic transformation. Vast area of the country, the entire north-eastern zone, the bindhas, the garwals etc. are well-known zones largely devoid of communication system.

(d) Geographical isolation, landlessness and social deprivation are important reasons for persistence of poverty. In spite of peace meal poverty eradication programme, people below the poverty line are still more than one-third of our population. We have spent about decades in estimating the index of poverty and measuring the actual number of people

below the poverty line, but fact remains that the direct attack programmes comprising several schemes could not make drastic change in the total perspective of poverty in the rural and urban area. For example the targeted public distribution that has been introduced recently to bring rural poor under public distribution system has not been working satisfactorily.

(e) In the area of agriculture in general, while privately initiated green revolution (GR) has brought about some increase in foodgrain production in sixties and seventies the overall agricultural growth throughout the country has remained, as mentioned above, unsatisfactory; it is barely matching the growth of population. Food crisis, barring natural calamities, is not infrequent and that is due to supply constraints. In our diversified agroclimatic condition no single model of agricultural transformation is enough to capture the complexities of the problem which is beyond the conventionally defined green revolution. In the next section of regional planning we have more to examine in this respect.

(f) In the industrial front many important issues have cropped up under the rigid public sector action. The initial heavy investment bias under the public sector has benefited in building the capital structure but the matching wage-goods supply has not responded sufficiently. The public sector's investment in major industries led to the growth of some commanding heights of big projects mainly in limited field. The major part of public investments, therefore, went to the benefit of limited sections of upper strata of population having skill and quality. The domestic industrial base has developed but diffusion of industries to the down stream was limited. It had many implications. Apart from capital intensity, the big public investment under the public sector had some crowding out effect in the industrial sector and private investment at a wide scale grew only slowly at a limited scale. State-owned industrialisation had some serious effect on output, employment and efficiency, and entrepreneurship development so that the cumulative effect was serious.

(g) Since the heavy industry bias was not sufficiently balanced by the growth of small industry development, the consequent second tier and medium scale industries and small scale industries gap developed in the industrial sector.

But serious structural balance did develop, when the heavy industries supported by imported inputs developed under the public sector the balance of payment problem cropped up. The import of consumption and capital goods together created balance of payment problem and, particularly, the foreign exchange crisis cropped up again and again during the last decades which compelled the country to borrow from the IMF under structural adjustment scheme.

(h) From our limited point of view of regional development the inter-state growth difference become acute. Since different states were in different stages of development and initial conditions were different, the response of all the states were unequal. Particularly when the geographical conditions were vertically different and infrastructural improvements were seriously lacking the elitist high tech public investment brought about inter-state and inter-regional difference. Some of our studies in this volume brought out the various aspects of those regional imbalances.

We only briefly cited a few issues of our growth experience under five year plans and chose only two broad issues of special focus. First, the conventional theories of development did not work in our case. The sectoral balance and regional balance failed to come about in our case. Nor did the trickle down theory and big push theory work satisfactorily. Rather, the dualism compounded and the theory of convergence floundered in the process of development. Second, contagious small states where neither private investment nor public investment flow sufficiently, the development process languished and dissension out of desperation did develop. As mentioned above development gap led to aspiration gap and the people affected takes turn to the rigid action for further isolation instead of assimilation, absorption and growth.

How did the theory of unbalanced growth work to bring about changes in development of the states? Intensive public investment and consequent concentration of economic power in those regions had serious back wash effect in the adjoining regions and the forces of spread-of-benefits was weaker for various reasons of bottlenecks and dualism. Differences in growth rate of major Indian states reveal wide divergence. In terms of different development indices such as per capita income,

growth of industrialisation, employment opportunities and social welfare, Indian states and regions reveal wide variation. States of north-eastern region are behind many major states particularly Western and Southern Zones, in terms of per capita income and, the obverse of it is the percentage of people below the poverty line. For example, the head count ratios for rural poor as per official estimate are 7.2 for Punjab, 16.8 for Kerala but 48.3 per cent for Orissa and 24.5 per cent for Assam in 1987-88. The matter does not make difference if there is ranking of states in terms of opposite index, that is, capability measure which is a multidimensional index for measurement of capability improvement in different countries. Again, in terms of sectoral shares in NSDP and industrial classification of workforce of various states, it appears that there is a lot of difference among the major states. For example, in 1990-91 share of services in NSDP is 50 per cent in Tamil Nadu, 30 per cent in West Bengal, 33 per cent in Punjab and Haryana, 32 per cent in Orissa. Similarly share of secondary sector in NSDP is 33 per cent in Tamil Nadu, 27 per cent in West Bengal, 22 per cent in Punjab and Haryana, 20 per cent in Orissa and U.P. and the share of agriculture in NSDP is 17 per cent in Tamil Nadu, 36 per cent in West Bengal, 44 per cent in both Punjab and Haryana, 49 per cent in Orissa and 41 per cent in U.P. Hence, even the major states show wide divergence, and this is not comparable at all with the hill states of North Eastern Zone where agriculture and even the secondary sector are limited for sheer infrastructure and ecological reasons. Fifty years of centralised planning has thus, not tended the convergence growth of Indian states, and this is more prominent in different composite zones of the country—the North Eastern Zone, Jammu and Kashmir, Himachal Pradesh and U.P. Zone, Bihar and Orissa Zone, Andhra Pradesh and Madhya Pradesh Zone, or more broadly, the Western Zone comprising Gujarat, Maharashtra, Karnataka, Kerala and Tamil Nadu and Delhi, Punjab and Haryana, the Northern Zone J & K, Himachal Pradesh, U.P.; Eastern Zone, comprising Bihar, Orissa, Madhya Pradesh, Andhra; and thus the North-Eastern Zone. This is because :

- (a) difference in initial conditions of development,
- (b) devolution of fund,

- (c) public investment,
- (d) private investment, and
- (e) human development.

From all these points the north-eastern states fail to come upto the level of advanced and Western Zone.

The second point is that the dissensions find different types of expression depending upon,

- (a) historical antecedent,
- (b) external influence,
- (c) asset (land) ownership,
- (d) sectoral development and
- (e) ethnic and cultural moorings.

As far as the historical antecedent and cultural and ethnic identities are concerned, these have been sufficiently protected by Constitution. In fact the formation states are mainly to open the wider possibilities of the distinct culture and heritage of the people. It is now the most precious time to strengthen and consolidate the economic and cultural potentialities with the direct assistance and co-operation with the federal government. On the other hand, the federal government has to formulate rules and regulations for devolution of financial resources in favour of the smaller states on a different footing other than the standard norms of the major and stronger states.

However, in our open democratic system the greater the mobility of human being in different states the larger is the possibility of growth in respect of economic and culture. Culture is a dynamic compound of human behaviour, it always changes with interaction of the changes in the open world. It is the strength and vivacity of an ethnic culture that absorbs the interacting forces. Constant compartmentalisation of a culture in a geographical parameter is an expression of orthodoxy and stagnation. Dissension against constraints to growth have obviously to be attended so that it makes way for a strong emergence of a state and cultural unit. It is not external and distant help that will facilitate development, but rather consolidation and strengthened co-operative power that will bring the desired result. It is on this principle that we can now outline the regional development idea in a more broader sense.

II. Regional Planning

(a) *Regional Backwardness*

Planners of our country were not unaware of the regional backwardness that might develop due to uneven dispersal of industrial activities and scanty flow of benefits of development. The draft third five year plan envisaged such problem and, therefore, drafted special industrial development programmes for those areas. However, these schemes were peacemeal items for individual area and have to be integrated with the entire plan of the region. The third five year plan envisaged special scheme, for development of the backward regions such as :

- (a) special industrial location projects,
- (b) large projects as nucleus of regional growth,
- (c) technological development,
- (d) education and training, and
- (e) labour mobility.

In this way the benefits growing in one area will be distributed more widely. These schemes have given some benefits in some regions but not always to the desired extent due to limited number of such isolated schemes, and secondly, due to absence of complementary activities. Hence, the approach to ninth five year plan pointed out the necessity of balanced regional development.

This broad idea of having regional development planning for the backward areas of this country can be construed in different backward state or states constituting a big Zone of the country with inter-state implications; secondly, the backward areas of a big state comprising some districts of the state; thirdly, backward area inhabited by a section of population or ethnic groups who were historically having a separate mode of life traditionally different from other advanced clans, groups or communities; fourthly, geographically inaccessible hill areas where logistic and infrastructural problem are specially lacking or, fifth, the dry and desert areas where living environment cannot easily be developed; these are naturally disadvantaged Zones. From economic planning point of view and resource endowment we can classify all these Zones in two category; the

naturally favoured Zone, having enough natural resources and the naturally disadvantaged Zones which do not have enough natural resources for rapid economic development.

(b) *Ethnic Groups and States*

Most of the north-eastern states, mentioned earlier were historically isolated separate entities. Even after their formation or integration with the bigger family of the states of the country they took time to blossom into full grown state. So the evolution of the statehood had been a prolonged process and perhaps, yet to be resolved finally. Contemporary effort of every diverse ethnic group or underprivileged sub-divisions or districts to be declared as state is only the desperate expression of that old feeling of separate identity geographically, culturally, politically and economically. However, all these parameters are continually changing in the process of fusion of the wider dynamics of social and economic transformation. A political goal of having a separate state does not necessarily mean the purity of the race or the clan to be maintained perpetually; nor does that mean that the special cultural traits can be guilt-edged in the whirlpool of rapidly changing taste and culture. This has been excellently historically proved in the evolving nature of the state and culture in the European countries. Science and technology and their application in production and living are making rapid change in human society; and those who have separated themselves from others in the past on the considerations of their own, have in many cases, come forward for reunification or integration. Besides, except the political states of a handful few advanced class in the socially such a statehood does not make much difference in the economic standard of the region.

We, therefore, view that the logic of economics and that of state are separate and one can hardly compensate the other. There is a strong economic possibility and investment logic which call for integrated action of the states in the development process. In the present context of our economy and the comparative position of the states after fifty years of planned development experience as pointed out above, regional planning is an important strategy to address the regional backwardness

and exploration of diverse natural resources for national advance. The fact is that factors which encourage separate state demand are mutually exclusive. One mono culture small state have to compare on another neighbouring equally mono culture state, if not for anything else, at least for natural factors of production and protection of resources which originate mostly in geographical condition. Besides, the states are not the cultural units alone; the financial position of a state is the fundamental strength. The present smaller states in the North-Eastern Zone, unlike some other small states like Kerala, Goa and Himachal Pradesh, entirely dependent on central government. Different aspects of this dependence be examined in some of the papers in the volume.

The present state of dualism in our economy in general and the north-eastern states in particular, is due to, as we stated above, in part the historical antecedent of these states and partly due to the planning process of our economy. The centralised planning process with public sector has widened the regional disparities. The big investment through the public sector and public undertakings were mainly concentrated in a few places or states which left out the smaller states particularly beyond the push process of development of planning. Chakraborty (1989) has rightly stated, "India's development pattern has exacerbated the dualism that was there at the start of the development process itself. This can prove fairly corrosive if it is left unchecked. However, it is not planning as such that has done it, rather it is the product of lack of appropriate planning." However, one planning strategy did not change as yet and the approach paper to the ninth five year plan (1947-2002) points out that "The issue of regional balance operates at both the inter-state and the intra-state level and that is more flexible than the political and administrative boundaries of each individual state. Growth and development are intimately related to the level of economic integration of the various parts of the country and the linkages that are formed between the backward and the more developed regions. In view of this it is necessary to move away from the concept of competitive policy formulation to a framework of comparative federalism, wherein neighbouring states adopt a common set of strategies for development of their backward areas in a co-ordinated manner." It is at this

Chart 2.1
Resources of the States

States	Total cropped area % of total	Forest Area % of Total	Minerals	Agro-Industries and Traditional Industries and Plantations	Manufacturing and Modern Industries	Main Agricultural Crops and Cash Crops
Assam	38.0	31.2	Mineral oil, coal, limestone, refractory clay, dolomite and natural gas	Tea plantation, handloom, sericulture, bamboo articles, cane, carpentry and smithy, brass utensils, Lac, elephant tusks.	Petroleum and petroleum products, sugar, jute, Paper, Plywood, fertilizer, rice mill, cement, ply	Rice, Cotton, Oilseeds, Sugar Cane, Fruits, Potato
Arunachal Pradesh	4.5	93.8	Coal, limestone, dolomite, Oil & natural gas, Graphites	Saw mills, rice mills, fruits processing, handloom, sericulture, paper printing, metal, chemical pro.		Rice, maize, millets wheat, horticulture apple, plum, cherries
Manipur	6.3	78.9		Handloom, rice mill, gur mill, leather goods, sericulture (eri, muga)		Paddy, wheat, maize
Meghalaya	41.1	70.3	Coal, silicate, Limestone, dolomite quartz and glass	Tea, Coffee	Cement, plywood beverage	Paddy, wheat maize

Mizoram	27.6	88.7	Handicrafts, paper pulp, flour milling rice, milling, saw mill, aluminium casting	Paddy, ginger, sugar, potatos, banana, pineapple, chillies, maize Rice
Nagaland	34.1	86.5	Plywood, handloom sericulture, piggery	Rice, jute, potatos, oilseeds, sugar cane, cotton, wheat, pulse, mesta.
Tripura	26.00	52.8	Tea, paper mill, jute mills, handloom, bamboo, cane, rubber	

stage of our realisation of regional balance that we proposed to have a regional planning framework for the north-eastern states.

III. North-Eastern Regional Planning

North-eastern states including Sikkim are a composite homogenous group. Hilly terrains and geographical contiguity provides a good opportunity for integrated development. The people and their occupation make a broad spectrum in which careful planning for development of the forest and plain areas will bring about a rapid transformation of the production, the people and the states. In this section we take first a look at their resource base of the region and then the outline of planning in different sectors.

Resources Base

Statewise, resources of the region are very rich and varied which require greater enterprise for development. The Chart 2.1 provides some description of the resource base of every station in region. Assam, Nagaland, Meghalaya, Mizoram have larger proportion of agricultural cropped area whereas Manipur and Arunachal Pradesh have only 6.3 per cent and 4.5 per cent cropped area. Major agricultural products are rice, wheat, maize, millet, oil seeds. Although nearly 90 per cent of population of the region are engaged in agricultural activities, only 10 per cent of population is dependent on fishery, forestry, orchard and plantation. Entire agricultural activities of this region lack scientific assistance, inputs, extension facilities, scientific and technological equipments, irrigation facilities, and training and servicing facilities. The hilly terrain undulating topography and varying temperature of these states require a different composition agricultural development other than green revolution.

Mineral Resources

As shown in the chart the entire Zone is rich in mineral resources. Coal, oil and natural gas, limestone, chromite, are sufficiently available in the region. The sillimanite deposit of

Meghalaya, chromite deposits of Manipur, dolomite of Arunachal Pradesh and Meghalaya are important mineral resources which are yet to be exploited fully. The oil potentiality of upper Assam and Nagaland is only partly exposed, coal fields of Meghalaya, Arunachal, Assam and Nagaland have around one thousand million tonnes of deposit. Clay and glass deposits of Tripura, Assam and Meghalaya are yet to be exploited. Similarly extensive study is required to know potential deposit of megnelite, base metal sulphides and other minerals of Meghalaya, Assam and Tripura.

Industrial development has not picked up in the north-eastern states due to various reasons. In spite of having such a vast deposits of natural resources the governments of these states are too weak and incapable to utilise those resources in industrial expansion. For example ONGC is yet to have a full assessment of oil and natural gas in the region. The two cement plants at Cherrapunji (Meghalaya), Bokajan (Assam) use only part of the potential. Assam, Meghalaya and Arunachal Pradesh are particularly rich in mineral deposit. About 50 per cent of country's total petroleum output and natural gas is produced in Assam. The state has public sector refineries and fertilizer factories. Similarly the Khasi Hills, Jaintia Hills and Garo hills are rich in minerals. Khasi Hills has about ninety per cent of the country's sillimanite. The Lohit and Tirah districts of Arunachal Pradesh are pregnant with possibilities of new industries as there are minerals, particularly coal and limestone deposits.

Plantations of tea and rubber are two major cash crops of the area. Assam itself has around 800 tea plants estates and about 60 per cent of foreign exchange earning of the country from tea is from Assam products. In about 2 lakh hectares of land produce about 4 million kg of tea and extend employment opportunity to about 3.0 million people in all. The economy of Assam is thus largely dependent on plantation industry earning 15 per cent of the states revenue. Rubber plantation in Tripura has also become an important cash crop.

As the chart shows, the major non-farm employment opportunities are in ancillary and cottage industries. Handloom and sericulture are two important traditional industries of all north-eastern states. Export quality handloom products are

produced extensively in Nagaland, Manipur, Tripura and other states. Sericulture of all varieties are extensively practised in all these states. Besides that, large varieties of cottage industries of forest products such as bamboo, wood cane and agro-processing, fruit processing and horticulture, are important sources of occupation in all these states.

It is, therefore, the integrated picture of resource base of the North Eastern economic Zone call for composite planning. However, the financial resource position of the states is not sufficient for development of these potentialities.

Financial Resources

Barring Assam, all the north-eastern states are heavily dependant on central government's assistance. The owned resources of the states, examined extensively in some of the papers in this volume, are very poor and they are virtually at debt trap to the centre. Plan allocations of these states, as presented in the Table 2.1, are just only to cover the running expenditures and the development expenditures are gradually tapering. The principle of devolution of central resources, as based on the standard rules formulated for the Finance Commissions, are unlikely to make any more difference. Plan allocation shows that all these states received substantial amount on social services; in the eighth plan almost one-third of the plan allocation went to the social services. Agriculture, comprising irrigation, flood control and forestry, which is the mainstay of the economy of the north-eastern states, received relatively less allocation. Several researches on the economy of this region indicate that the governments in these states give more importance to the social service activities as this will give immediate relief to the deprived population and also return support to the existing government. However, we consider, a different development strategy consistent with the topography and resource endowment of the region. Plan allocation has to be redirected with that objection in view and the sequential development of the different sectors of the region has to be integrated step by step.

Table 2.1
Foodgrain Production of N.E. States 1990-91 to 1996-97

Year	(Thousand Tonnes)							
	Arunachal	Sikkim	Mizoram	Tripura	Manipur	Meghalaya	Nagaland	Assam
1990-91	218.5	130.3	81.5	516.0	285.6	154.4	193.7	3441.8
1991-92	219.8	106.5	90.2	486.7	350.1	155.3	203.6	3379.2
1992-93	194.4	101.5	104.8	455.4	277.4	145.2	228.7	3447.0
1993-94	232.0	101.2	120.7	509.1	356.6	149.4	228.0	3535.0
1994-95	193.2	105.4	124.8	426.4	488.7	143.0	219.5	3489.2
1995-96	203.5	106.1	123.7	477.1	338.9	142.9	238.8	3561.2
1996-97	219.6	105.8	133.8	556.1	390.0	151.9	211.9	3532.1

Source : Economic Survey, 1997-98.

Outline of Planning Strategy

North-eastern states are historically and geographically, placed in a separate economic conditions, political and geo-physical boundaries and the topographical feature together have created the entire Zone a separate composite structure of administrative unit which has become almost like a separate country logistically detached from the mainland of the country. This artificial separation is aggravated by wrong planning and strategy of development.

As has been repeated again above, the mainstay of the north-eastern economy is the natural bounties, the agriculture and the environment. The forestry and the environment is the vast public commodity abundantly endowed by nature in the North-Eastern Zone. We have seen that in the entire area about 75 per cent land is uncultivable and forest land. The first plank of the regional development plan in the north-east should start from framing an agricultural development strategy comprising forestry, food production, irrigation and ancillary activities. In this composite activities of the north-east, the strategy of green revolution is not applicable. The following outline of the new strategy is an alternative scenario.

The food production possibilities of the states of this region is demonstrated in the Table 2.1. Although foodgrain production in the entire region over last one decade is not increasing in any marked way, the output can be increased with the application of better inputs, and improvement of productivity. However, the other components of agricultural products like fruits, pulses, mesta, oil seeds, potatoes, pineapple, banana, chillies can be increased. In fact non-food and food products together constitute the agricultural production and the total output can be increased with larger production of cash crops like jute, sugar cane, cotton and fruits, cardamom etc. Agriculture, forestry and small industries together constitute first package of the alternative plan—as envisaged in our regional planning for north-east.

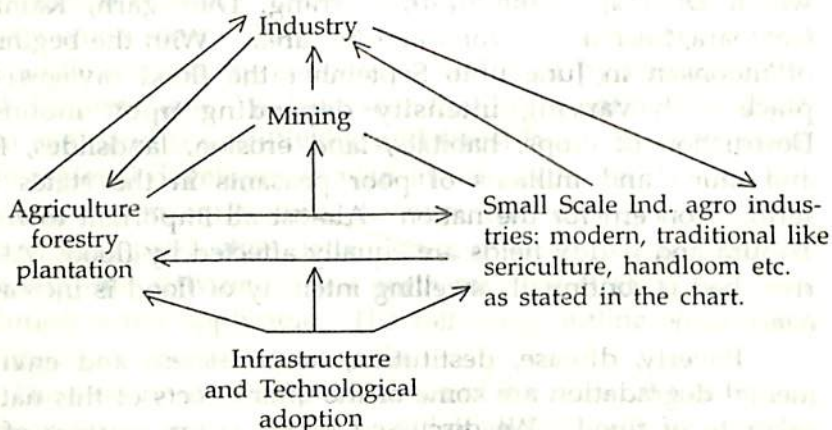
Irrigation and mining constitute the other two planks of the agricultural progress. The region has sufficient mineral resources, as mentioned earlier in the state resource chart and only a part of that deposit could be exploited.

Water management : Assam is the worst suffering state in flood every year. Destruction of mighty Brahmaputra could not be diminished even though the Brahmaputra Commission was formed long ago and Brahmaputra Flood Control Board was set up in 1982. Intensity of flood destruction increases year after year. Construction of dam and inter-state and international cooperation with Bangladesh, Bhutan and Nepal for water management of the north-eastern region is now perhaps the first of all task. Flood relief and flood damage of a decade would be higher than the cost of construction of dams. The irrigation projects' positive aspect of contribution for cultivation is important. About 16 districts of Assam are flood prone of which Dhemaji, Lakhimpur, Darrang, Dibrugarh, Kamrup, Goalpara, Silchar are worst affected areas. With the beginning of moonson in June upto September the flood ravages take place with varying intensity depending upon moonson. Destruction of crops, habitats, land erosion, landslides, flora and fauna and millions of poor peasants in the states is a serious concern for the nation. Almost all important towns of Tripura and paddy fields are equally affected by flood. As the river bed is continually swelling intensity of flood is increasing every year.

Poverty, disease, destitution, homelessness and environmental degradation are some of the after effects of this natural calamity of flood. We discussed social sector position of the north-eastern states in another paper in the volume. A simple conclusion is that poverty intensity only increases year after year as income source is being destroyed in successive year before what could be done as a replenishment by the poverty eradication programme in a year.

The hydro power generation in the north-eastern region is largely untapped. Power, irrigation and modern inputs combine provide the most powerful package for agricultural development in the region. The inter linkage of development, as shown above, in the first stage comprises food production in the plain and the non-food commercial crops in the hill and plain areas together with small scale industries. This is the low level development strategy where low level equilibrium persists. At this stage the extensive opportunities of output and employment will increase with the development of infrastructure and market

linkage. Infrastructure technology bears the vicious circle and leads to the second stage of development with the exploration of mineral and growth of medium and big industries. The technological defusion will then take place from the medium and big industry to the small industries. The income and employment generation at these two stages complete the development strategy of the region. We thus have two levels of development; one is the low level of development where poverty condition persists with stagnating agriculture, environment and small industries, and the other is the higher level of dynamics with defusion of technology and development of industries.



North-eastern states, therefore, require a massive investment programme warranted by vast resource endowment. Exploitation of water resources through construction of appropriate dams and generation of power is one part of that big push strategy. Similarly, land reform, rehabilitation of people and arresting the environment degradation by protecting the forest resources is another dimension of the strategy. In fact, planned habitation, plantation and protection of forestry is itself an exclusive programme. Land reform and rehabilitation of the tribals and shifting cultivators is an important programme. The sparsely distributed scanty population in the isolated hill terrain is itself an obstacle to development in this area. The organised settled rehabilitation supported by subsidiary non-farm occupation in small industries and infrastructure is the foundation of new and

modern development. It is a situation of settled village, settled in land and occupation with interlinked market that forms the nucleus of clustered life and development. The first tier of our development strategy consists of this programme. The infrastructure development, extension of market, mineral and industrial development is the logical second higher stage of transformation of the low level economy which is the primary level. This low level equilibrium is a development trap which is sustained by income generating activities of farm, forestry and plantation crops like tea, cardamom, citrus, apples and other cash crops. Soil conservation, afforestation and protection of environment and agro-based industries like perfumery, floriculture, horticulture and medicinals are the composite mutual supporting activities for sustaining bio-diversity and development.

When transportation and infrastructure develop, the secondary sector development of industries and the tertiary sector development of tourism take place. We, therefore, take the infrastructure and technological adoption as the kingpin of development dynamics in the hill economy. As stated, this process breaks the vicious circle of low level development, establishes inter-sectoral, inter-sectoral and inter-state linkage in the separated hilly regions states and groups of people. In a sense, it opens the society, the economy and the administration for efficiency, greater capability and greater absorption capacity overriding the narrow bounds of class, clan and culture.

IV. North-Eastern Planning Commission and North-Eastern Council

(a) N-E Planning Commission

The regional planning obviously requires a Regional Planning Commission (RPC), quite apart from the national planning commission connected with the central government and the State Planning Board as a part of the state government. The RPC will be regional planning forum comprising the homogeneous group of states of the special region. This decision-making body will discuss in threadbare the regional economic problems and formulate the structure of implementation. While

one Central Planning Commission at Delhi makes decision on macro aspect at national level, the regional planning commission, for example one for north-eastern states, will decide issues of contiguous states and allocates fund accordingly.

N-E Regional Planning Commission will consist of representatives of Central, State, NGO and several district councils that have come up in different states in the region. The different development councils will submit special development blue-prints for all-round development of the Council areas. The RPC will allocate funds for such inter-state special schemes. This will give the authority of the autonomous councils their due importance as a development agency and examine their plans for integration with the state and regional planning.

The decentralized decision and devolution of fund is the important democratic process now being practised in some states, to wit, West Bengal. Given the traditional panchayat system in the tribal society, a RPC for North-Eastern Council will be a fitting apex body. The RPC with representatives of different administrative and development units will be able to formulate planning agenda for the government and private bodies and NGOs.

Consistent with our objective of regional planning the RPC will harmonize the interest of different ethnic groups either in the government or in autonomous council or NGOs. The prevailing distance among the different groups and clans and sub-clans will find a forum for common deliberation and programme for common interest. This will institutionally assimilate the intra-clan, inter-clan, inter-district interest-economic, social and cultural. When all small clans are intensely bickering for identity in all respect, the deliberative and the planning forum of RPC type will evolve a symmetrical programme for mutual interest and development.

In our vast country historically diverse streams of socio-economic condition prevail which, as mentioned above, have been intensified in different aspect. In a closer perspective these differences can be adjusted. Dictates from distance capital of the country sometime give rise to dissension due to gap of communication and understanding. In the north-east this is particularly true because the diverse cultural sub-clans now

have awoken for establishing their identity, sometime even at the cost of others. The North-Eastern Planning Commission will go a long way in evolving such a much-needed cohesion. Language, culture, settlement and land, forest ownership and protection of environment are some commons which have to be promoted and preserved. Apart from pure economic points which will obviously be the first priority, the RPC will, therefore, play a leading role in cultural assimilation and advance. For example, we talked of above, the issue of settlement and land reform. The RPC can hammer out a common plan for settlement of the hundreds of unsettled population of hill tribes mainly engaged in shifting cultivation or nomadic life.

We thus find that the RPC is a new innovation in the regional development strategy where diverse issues, other than pure economic, prevail. For historical reason these issues are hard and have to be heeded and hammered out along with the economic issues. The RPC is, therefore, partly different from the Central Planning Commission, although it is an extension of the Planning Commission of the central government. Given the complexities of the situation of the region, the greater is the opportunity of interaction in decision and action plan, the easier will be the process of assimilation and integration.

Our Plan for a Regional Planning Commission is more important now than ever. As we are going for market economy private investment will indiscriminately create problem for common interest and common goods like forest and environment. The RPC will, in that case, be an excellent forum for indicative planning with power to harmonize the private plan, state plan, ethnic interest and group interest.

Our plan for RPC is not for supplanting the NEC, rather, it will be complimentary one for strengthening, the implementation of the techno economic programmes. Again the RPC is more than NEC in the sense that the former will have a greater freedom for harmonization of economic and non-economic issues as well. Nor is it an addition to the regional cultural forum which has no economic function and which is purely an entertainment unit with little defusion effect. The RPC combines the economic, social and ethnic issues and work under the Planning Commission of India, although with additional regional functional overtone.

Table 2.2
Seventh and Eighth Plans Allocation for North-Eastern States

States	(Rs. crores)												
	Agriculture, Irrigation and Flood Control	Rural Dev.	Spl. Area Programme	Energy (including IREP)	Industry and Minerals	Transport and Broad-casting	Communi-cation and Tech. ment,	Science and Environ-ment	Social Ecology, and Service	Others	Total		
Arunachal	7	110.10	7.45	—	36.90	9.75	127.55	0.50	0.20	—	104.45	2.60	400.00
Pradesh	8	180.96	36.32	—	151.96	24.49	343.93	—	0.47	47.34	321.63	47.90	1155.00
Assam	7	639.75	128.50	10.10	486.50	103.10	166.20	2.50	5.00	—	498.25	60.10	2100.00
	8	776.61	186.66	11.84	1196.85	322.76	294.86	—	4.62	116.99	1642.04	108.77	4662.00
Manipur	7	134.60	19.35	—	36.42	24.30	72.50	1.00	2.50	—	120.87	18.46	430.00
	8	245.49	14.50	—	187.45	39.80	160.60	—	4.00	24.00	255.00	47.26	979.00
Meghalaya	7	8.55	12.08	10.00	71.50	19.35	83.50	0.60	1.70	—	122.12	32.60	440.00
	8	149.26	37.59	10.67	172.23	42.70	207.29	—	1.93	61.91	274.63	70.79	1029.00

Mizoram	7	58.90	3.70	—	28.20	13.35	59.55	0.70	0.20	—	81.70	13.70	260.00
	8	83.10	130.25	—	104.00	44.25	103.10	—	1.95	31.30	212.45	52.60	763.00
Nagaland	7	88.00	19.80	8.00	33.80	28.20	102.50	3.50	0.85	—	100.20	15.15	400.00
	8	109.50	96.50	10.50	60.80	49.00	161.70	—	1.00	28.90	225.80	100.30	844.00
Sikkim	7	64.55	3.97	—	34.94	8.72	46.68	0.47	0.80	—	62.96	6.91	230.00
	8	69.00	11.80	—	135.50	20.80	85.00	—	2.50	19.00	167.90	38.50	550.00
Tripura	7	121.80	29.95	—	48.00	16.25	53.00	1.27	2.50	—	161.04	6.19	440.00
	8	279.00	73.75	90.00	121.25	64.60	105.00	0.50	2.25	27.25	350.30	16.10	1130.00
NEC	7												675.00
	8												1160.00

Note : 7, 8 mean 7th plan and 8th plan.

Source : Seventh and Eighth Five Year Plans.

(b) North-Eastern Council

The NEC has come into being on 7th November, 1972, along with reorganisation of Assam, following a Presidential Order on 1st August, while inaugurating the Council it was hoped that it will be instrumental in initiating major programme for regional development and to be recognised as Regional Planning Authority. It was hoped that the NEC will work as a catalytic agent of development in the region.

However, the allotment of the NEC was meagre at the initial stage of fifth and sixth plans. The amount has increased to some extent in the seventh and eighth plans, (Table 2.2). The actual expenditure was Rs. 4.87 crores in 1974-75, Rs. 15.86 crores in 1976-77, Rs. 65.33 crores in 1978-79 and Rs. 114.48 crores in 1980-82.

The basic objective of the NEC programmes was to have balanced and integrated development. The main thrust of development remain on industries—mineral based particularly. However the mineral exploration and setting up industries remained slow. The council has made some techno-economic feasibility studies. However, the setting up of industries did take place only in a few cases such as cement. The development of limestone, coal, petro-chemical are yet to make any satisfactory headway. Similarly, in irrigation and land reform no substantial progress could be made. Terrace cultivation suffer from lack of minor irrigation and settled cultivation of Jhumias was also limited. Hardly any progress could be made on land reform issue. The Council has made some progress in setting up some units of small scale industries. Number of studies indicated that number of small farmers has increased in the north-eastern states. It requires a comprehensive plan and programme with the agreed participation of the state governments and Councils. We, therefore, proposed the formation of the Regional Planning Commission for formulation of regional Plan and NEC to remain as an implementing agency.

It appears that the Dhebar Commissions (1961) and the Dube Committee recommendations and objectives for tribal development are yet to be realised even partially. Article 46 and the Article 244 and the Sixth Schedule of the Constitution provided enough provisions for the development of the tribal

people according to their own genius. But still dissension persists because :

- (i) the progress of work supposed to be done under the council was slow,
- (ii) communication, the major hurdle, did not develop,
- (iii) land settlement,
- (iv) encroachment to tribal land,
- (v) flow of external people, and
- (vi) employment and income problem with the growth of population and decline and denudation of forest land.

But most fundamental is the development of power of the people of the area in a concerted way which was envisaged under the NEC but did not come about. Some of our papers in this volume discussed the performance of the NEC and land settlement but have come to the same conclusion.

We, therefore, proposed that NEC be only the executive body and the North Eastern Regional Planning Commission as an extension of the Central Planning Commission of the country, be formed.

As we stated above the fund allotted for the council was also very insufficient against the task of rapid transformation of a late comer backward Zone. Central government should allot more fund under the NEC for implementation of schemes for water management, industrial development and transport and communication. Resources of the region have to be harnessed for the country and not for the region alone. Hence allocation of fund need specially be considered not on the basis of population but on the basis of potentialities of the region.

V. Constraints to Development : Political Economy

We discussed the potentialities of the North-Eastern Zone and the possibilities of development under North Eastern Regional Planning Commission. However, there are some constraints which are partly physical, partly cultural and partly political.

We discussed the structural constraints which have been long over due. Development of agriculture infrastructure, industries, flood control and forestry are neglected areas. The development gap and expectation gap, mentioned earlier,

prevails in different parts of the country in varying degrees. But this is most acute in the north-eastern region. Along with economic measures, the political aspirations of the different ethnic groups have also to be met. We discussed earlier that age old identity of such ethnic groups has to be satisfied with the spirit of accommodation. Our proposal for NERPC is a plank for that larger process of deliberation. It requires a behavioural and social approach which is different from technocratic approach now being pursued.

Psychological constraints is an important factor. It is the logical and natural process that population will increase partly due to the high birth rate and partly due to new settlement, if not so much from outside but from intra-clan and intra-state mobility within the region. This process of social dynamics has to be taken as a natural course, as we mentioned earlier. No single state can be clean in that respect in the modern society. The obstacle lies in obsession which has to be overcome by accommodation, enlightenment and also by material distribution.

Obstacle also lies in external disruption. Being border Zone, largely devoid of modern facilities, it is easy to induct any kind of dissension or destruction from outside the area of the country. Such subversion has to be tackled with due measures.

Obstacle also lies in internal political arrangement of our country. Given the historical factors the north-eastern states should have greater representation in our polity. Our democratic process will be poorer if smaller states do not find their pride of place in the management of the country. The democratic system must find out some device for greater weightage of smaller states, particularly those of north-eastern states, some of which even did not have a minister in the central government over last fifteen or twenty years. Overriding party mechanism must make way for underprivileged states.

The democratic system provides greater advantage for growth and development when the people become more participatory, receptive, accommodating and also assertive. Freedom opens the opportunity for advance and also imposes responsibility. Economic and political freedom that our democratic process offers to individual and communities has to be harnessed for constructive development with full spirit of

tolerance and talent. north-eastern Zones will be a leading example of this participatory growth in our co-operative federal structure in the years to come.

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